

Restore Confidence in the Financial System 2011 – Citigroup

WHEREAS, the Securities and Exchange Commission is proposing the reinstatement of a rule that was eliminated in 1994, that would require companies to report each quarter their average daily or monthly amount of outstanding short-term debt, the maximum level of those borrowings and their weighted average interest rate.

WHEREAS, Mary Schapiro, Chair of the SEC, has commented that: “Under these proposals, investors would have better information about a company’s financing activities during the course of a reporting period — not just a period-end snapshot,” and “With this information, investors would be better able to evaluate the company’s ongoing liquidity and leverage risks.” (Opening Statement, SEC Open Meeting, September 17, 2010)

WHEREAS, data compiled by Bloomberg <http://www.bloomberg.com/news/2010-11-10/wall-street-collects-4-billion-from-taxpayers-as-swaps-backfire.html> states that: “For more than a decade, banks and insurance companies convinced governments and nonprofits (e.g., Bay Area Toll Authority in Oakland, CA, Cornell University in Ithaca, NY) that financial engineering would lower interest rates on bonds sold for public projects such as roads, bridges and schools.” That has cost these entities “more than \$4 billion”.

BE IT RESOLVED that the Board of Directors report to shareholders (at reasonable cost and omitting proprietary information) by December 1, 2011, the risk management structure, staffing and reporting lines of the institution and how it is integrated into their business model and across all the operations of the company’s business lines.

Supporting Statement: Restoring public trust and confidence in the financial system and in the corporations and institutions that operate in the financial services sector will not be accomplished alone by the Dodd-Frank financial reform legislation, which was signed into law in July 2010, unless it is accompanied by greater transparency and accountability across the sector.

The proponents of this resolution have discussed with the Company the issue of risk management, including the structure and processes that are in place to protect the institution, its clients and customers and financial system as a whole through counterparty exposure. This has included discussions about the suitability of innovative tools and mechanisms and boutique services that are offered in business operations between lenders, borrowers, dealers, underwriters and investors in both individual institutions and across the industry. Continuous monitoring, testing and strenuous evaluation of these instruments for soundness, suitability, integrity and safety is needed and can be advanced through the adoption of this resolution.