

OMB Number: 3235-0123  
Expires: February 28, 2010  
Estimated average burden  
hours per response..... 12.00

SEC  
Mail Processing  
Section

MAR 01 2010

Washington, DC  
105

**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**



10035247

Information Required  
Securities Exc

Pursuant to Section 17 of the  
Rule 17a-5 Thereunder

SEC FILE NUMBER

8-66679

CW

REPORT FOR THE PERIOD BEGINNING 1/1/09 AND ENDING 12/31/09  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: group Citicorp Derivatives Markets Inc. (Filed as Confidential Information)

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

111 Wall Street

(No. and Street)

New York N.Y. 10005  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

John McCoy 212-657-8435  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

KPMG, LLP  
(Name - If individual, state last, first, middle name)

345 Park Ave. New York NY 10154  
(Address) (City) (State) (Zip Code)

- CHECK ONE:  
 Certified Public Accountant  
 Public Accountant  
 Accountant not resident in United States or any of its possessions.

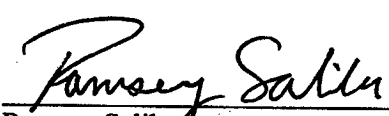
FOR OFFICIAL USE ONLY

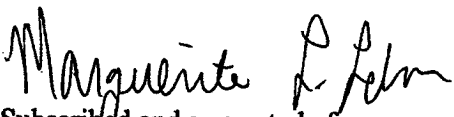
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

February 26, 2010

State of New York            )  
  ) ss:  
County of New York         )

I do hereby affirm that to the best of my knowledge and belief, the attached financial statements as of December 31, 2009 and supplementary schedule are true and correct, and that neither Citigroup Derivatives Markets Inc. (the Company) nor any principal officer or director has any proprietary interest in any account classified solely as that of a customer. I do hereby certify that the attached financial statements as of December 31, 2009 and supplementary schedule will promptly be made available to the Company members and allied members whose signatures do not appear below.

  
\_\_\_\_\_  
Ramsey Saliba  
Chief Financial Officer

  
Subscribed and sworn to before me  
this 26 day of February 2010

**MARGUERITE L. LEBON**  
Notary Public, State of New York  
No. 41-4238815  
Qualified in Queens County  
Commission Expires July 26, 2010

**CITIGROUP DERIVATIVES MARKETS INC.**  
(A wholly owned subsidiary of Citigroup Financial Products Inc.)

Statement of Financial Condition

December 31, 2009

(Dollars in thousands, except share data)

**Assets**

Cash	\$	3,096
Financial instruments owned and contractual commitments, at fair value:		
Exchange-traded options		164,710
Equity securities		2,475,835
		2,640,545
Receivable from affiliates		10,180
Property, equipment and leasehold improvements, net of accumulated depreciation and amortization of \$30,290		7,800
Other assets		47,059
	\$	2,708,680

**Liabilities and Stockholder's Equity**

Liabilities:

Short-term borrowings with affiliates	\$	439,883
Deposits received for securities loaned		204
Financial instruments sold, not yet purchased, and contractual commitments, at fair value:		
Exchange-traded options		193,796
Equity securities		561,316
		755,112
Payables to brokers and dealers		1,137,290
Payables to affiliates		11,783
Payables and accrued liabilities		18,518
Subordinated indebtedness to CGMHI		50,000
		2,412,790

Stockholder's equity:

Common stock (\$.001 par value. Authorized 1,000 shares; issued and outstanding 100 shares)		—
Additional paid-in capital		123,717
Retained earnings		172,173
		295,890
Total stockholder's equity		295,890
Total liabilities and stockholder's equity	\$	2,708,680

See accompanying notes to financial statements.