SFTR NOTE

Compliance Note

SYNTHESIS

General Information

Title	SFTR Note	
Purpose	Presentation of SFTR regulation EU 2015/2365	
Scope of application	Geographic	EU
	Functions	N/A
	Legal Entities	All Entities within SG Group strading Securities Financing Transactions
Owner	CPLE/WSB/REG/DEF	
Publication date	10/2025	

Versionning

Version #	Date	Modifications/triggering event	Done by	Reviewed by
1	2024	Document Creation	Ngoc Que Phuong DUFOURNET TRAN	Charles DENNIEL
1	13/10/2025	Review and update of the document to include elements of SG Code SFTR section (in order to remove it)	Arthur CHABERT	Charles DENNIEL

Documents associes – reference du code SG

Titre du document & Date	Propriétaire
B-13-I-0-4 Provision applicable to Regulatory Reporting on Compliance	CPLE/WSB/REG

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1. THE REGULATION

1.1. Context elements

The Securities Financing Transactions Regulation (Regulation (EU) 2015/2365, hereafter "EU SFTR") came into force on January 12th 2016. SFTR follows the FSB Policy Framework aiming to improve a transparency framework in which details of SFTs can be efficiently reported to trade repositories (TRs) and information on SFTs and TRS is disclosed to investors in collective investment undertakings. It aims to reduce risks by improving transparency in the securities financing markets. It contains 3 main pillars: (1) **Collateral Reuse Requirements** [1] (2) **Transparency to Fund Investors Requirements** [2] and (3) **Reporting obligations** details how counterparties should report SFTs to a trade repository to provide transparency to regulators on the use of SFTs by market participants (**Article 4 of** Regulation (EU) 2015/2365).

For the reporting obligation, SFTR Delegated and Implementing Regulations came into force on 11 April 2019 with a phased-in implementation which took place on 11 July 2020 for Investment Firms and Credit Institutions, Central Securities Depositories (CSDs) and Central Counterparties (CCPs).

1.2. Principles and definitions

The obligation of transparency of the reuse of Collateral entered into force on 13 July 2016. The SFTR requirements for the reuse of collateral apply to all transactions that are governed by a collateral agreement. SFTR defines collateral agreements as a Title Transfer Collateral Arrangement (TTCA) or Security Collateral Arrangement (SCA) with the prior express consent of the counterparty providing the collateral.

The transparency obligation for investors came into force in 2017 (13th January for Article 13 and 13th July for Article 14). Concerned Entities , in coordination with their legal department and their business lines, ensure that their periodic reports and pre-contractual documents comply with SFTR requirements for existing and future funds.

With regard to the SFTR reporting obligation (Article 4), the Delegated Regulation (RTS) and the Technical Implementation Regulation (ITS) entered into force on 11th April 2019 with a gradual implementation from 11th July 2020 for Investment Entities, Credit Institutions, Central Securities Depositories (*CSDs*), Central Counterparties (*CCPs*).

The United Kingdom version of SFTR ("*UK SFTR")* entered into force on 31st December 2020.

1.3. Sanctions

The national competent authorities of each Member State of the European Union, to which the BU / SU or the Relevant Entities belong, may apply administrative penalties and other measures, including monetary penalties, for non-compliance with SFTR's obligations. The regulation provides for monetary penalties in the following cases:

- if a Relevant Entity does not fully comply with the collateral reuse transparency requirements, it may be subject to administrative monetary penalties of at least EUR 15,000,000 or up to 10% of its total annual turnover;
- if a Relevant Entity does not fully comply with the SFTR reporting obligation, it may be subject to administrative monetary penalties of up to EUR 5,000,000 or up to 10% of its total annual turnover.

Relevant Entities managing investment funds and responsible for the publication of regulated documents (pre-contractual documentation, periodic reports, etc.) that do not comply with the requirement of transparency with regard to investors may be subject to the sanctions provided for by the national law of the EU Member State (to which

[1] *'reuse' of financial instruments which have been provided as 'collateral' is submitted to several conditions, so that clients and counterparties understand the risks involved and give their consent to the reuse.*

[2] *managers of UCITS and alternative investment funds (AIFs) have to perform detailed disclosures to their investors related to the use they make of securities financing transactions (SFTs) and total return swaps.*

the fund belongs) in accordance with the provisions of the directives referred to: "UCITS IV" 2009/65/EC and "AIFMD" - 2011/61/EU.

1.4. What types of Securities Financing Transactions (SFTs) are eligible to SFTR?

- **Repurchase Transaction / Reverse Repurchase Transaction** - transaction generally carried out via a master repurchase agreement ("MRA") or a Global Master Repurchase Agreement ("GMRA")
- **Security (or Commodity) Lending / Borrowing** – transaction generally carried out via a Master Securities Lending Agreement ("MSLA") or Global Master Securities Lending Agreement ("GMSLA")
- **Buy-sell back transaction or sell-buy back transaction** - a transaction not governed by a repurchase agreement or a reverse repurchase agreement but with similar characteristics
- **Margin lending transaction**. Such transactions are typically usually executed via a Prime Brokerage Agreement ("PBA").

In-scope counterparties to a SFT are required to report details of the SFT, its conclusion, termination and any modification to a registered Trade Repository (TR) on a trade date + 1 basis. Collateral that is not identifiable by trade date + 1, for example, where collateral baskets are being used, may be reported no later than settlement date (value date) + 1. Collateral updates are reported based on end of day positions.

1.5. Who is subject to SFTR obligations?

The following table summarises the applicability of the SFTR obligations to Societe Generale SA, its branches and subsidiaries in or outside the EU depending on the counterparty

			SG SA & its global branches	SG SA EU subsidiaries (and their branches)	SG SA non-EU subsidiaries
SFTR Obligation	Reporting	EU Counterparty*	SG and the counterparty report	SG entity and the counterparty report	Seule la contrepartie déclare
		Non-EU Counterparty*	Only SG reports	Only SG entity reports	Out of Scope
	Collateral re-use transparency	EU Counterparty	SG receiving collateral is eligible	SG Entity receiving collateral is eligible	SG Entity receiving collateral is eligible
		Non-EU Counterparty	SG receiving collateral is eligible	SG Entity receiving collateral is eligible	Out of Scope
	Transparency obligation for Investors	Non counterparty criteria	Out of Scope	UCITS & AIF managing entities are eligible	Out of Scope

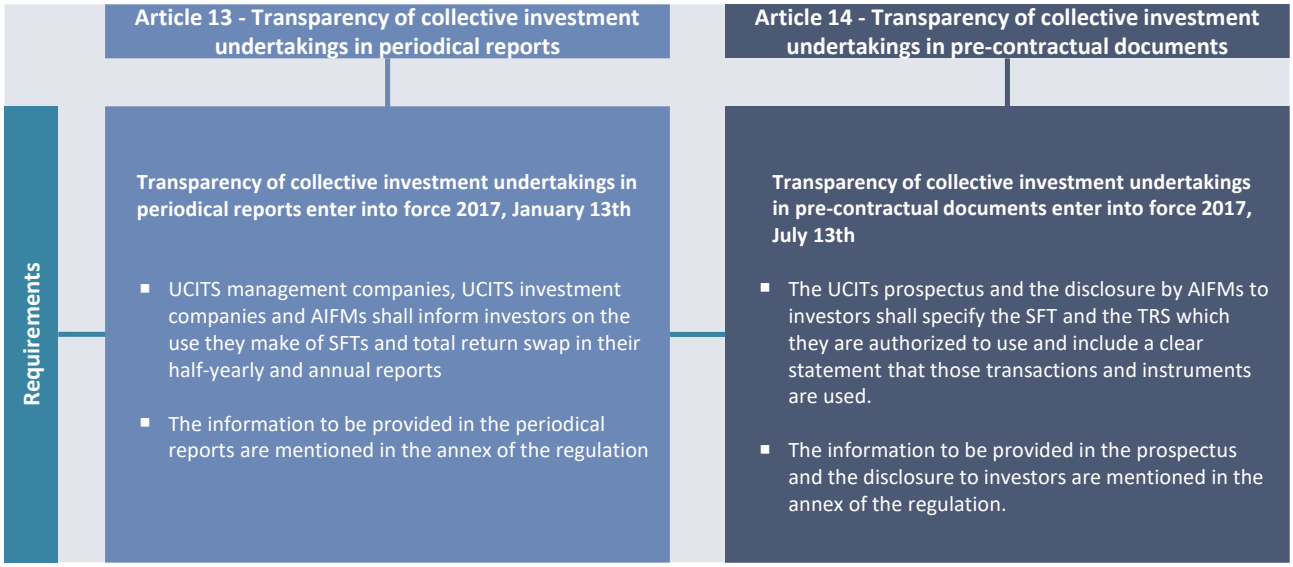
'* the counterparties can be FC or NFC. If the counterparty is a branch, it is the location of the entity where the transaction is booked that determines the SFTR reporting obligation

2. TRANSPARENCY OBLIGATIONS

2.1. Obligation of Transparency for Investors

Societe Generale Group Asset Managers Relevant Entities (for UCITS or AIFs) located in the EU when using Securities Financing Transactions (SFTs) or Total Return Swaps (TRS) in their fund strategies must comply with the following transparency requirements:

- inform investors about the use of SFTs and TRS in their periodic reports (semi-annual and annual for UCITS, annual for AIFs). Section A of the Annex to Regulation (EU) 2015/2365) indicates the minimum information to be provided;
- indicate the use of SFTs and TRS in the UCITS and AIF pre-contractual documents (investor information specified by AIFMD). Section B of the Annex to Regulation (EU) 2015/2365) indicates the minimum information to be provided.



2.2. Obligation of Transparency of Collateral reuse

Specific scope

The SFTR requirements for the reuse of collateral **apply to all transactions that are governed by a collateral agreement (not just SFTs).** SFTR complements certain provisions of MiFID II – 2014/65/EU.

The collateral reuse transparency obligation applies only to financial instruments (as specified in Section C of Annex I to MiFID II - 2014/65/EU, excluding cash collateral).

SFTR defines collateral agreements as a *Title Transfer Collateral Arrangement* (TTCA) or *a Security Collateral Arrangement* (SCA):

- Title Transfer Collateral Arrangement (TTCA): refers to an agreement, including repurchase agreements, under which a collateral provider transfers full ownership of the financial collateral to a collateral taker for the purpose of securing or covering the performance of financial obligations as defined by the Collateral Directive (2002/47/EC);
- Security Collateral Arrangement (SCA): means an agreement under which a party deposits financial instruments as collateral in favour of a counterparty while retaining full ownership of them as defined by the Collateral Directive (2002/47/EC) incorporating a clause for the reuse of collateral received/deposited.

This includes all transactions where the collateral received can be reused, including for example cleared, and not centrally cleared, derivatives transactions. **Financial instruments received as a Variation Margin (VM)** being linked to market volatility and risk exposure, and not necessarily deposited in a segregated account, are subject to SFTR's collateral reuse transparency requirements. The Initial Margin (IM) received is not subject to these requirements, as the initial margin is strictly segregated from the deposit account. Collateral exchanged between a clearing house and a clearer agent can be reused and is subject to SFTR requirements.

Examples of warranty contracts that qualify as TTCA mainly include:

- agreements involving SFTs that provide for the full transfer of ownership of the financial instrument to the collateral, i.e. reverse repurchase agreements and securities borrowing transactions (such as those executed under MRA, GMRA, MSLA, GMSLA);
- agreements governing OTC derivatives not cleared centrally through a clearing house in which the collateral taker receives full ownership of the collateral published as VMs via an ISDA framework agreement and a Credit Support Annex (CSA);
- netting arrangements, in which a clearing client (whether futures, securities or cleared swaps) provides collateral to Societe Generale Group on a TTCA basis (or in accordance with an SCA with right of reuse).

An example of SCA is a pledge agreement with right of use, in which the securities are pledged as collateral to the collateral taker and can be reused in the event of default by the customer.

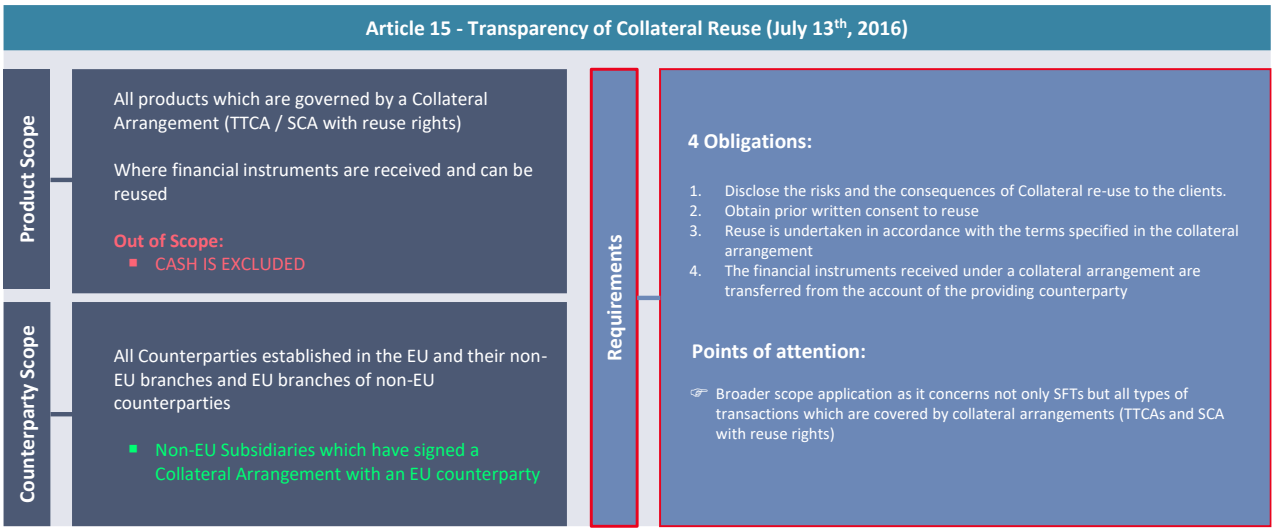
Right to use collateral

Under a TTCA or SCA with a right of use, the collateral taker is allowed to reuse the financial instruments received during the transaction. At the end of the transaction, the collateral taker is required to return to the provider the transferred financial instruments or equivalent as well as the rights associated with the financial instruments.
According to SFTR, re-use means the use by a counterparty, for its own account or on behalf of another counterparty, including any natural person, of financial instruments received under a collateral agreement. Such use includes the transfer of ownership or the exercise of a right of use but does not include the liquidation of a financial instrument in the event of default of the provider counterparty.
This "right of use" does not include the reuse of a financial instrument in the event of default.
Relevant Entities with the right to reuse financial instruments received as collateral governed by collateral agreements are subject to the following two mandatory conditions:

- inform their counterparties in writing of the risks and consequences of entering into a collateral agreement with the right to reuse the financial instruments received as collateral. These risks are specified in the Information Statement;
- obtain from their counterparties their express and prior consent evidenced by a signature, or any other legally equivalent manner, of a guarantee agreement. This consent expresses, for the purposes of the SFTR, that the collateral provider has expressly agreed to provide collateral through an TTCA or SCA with a right of use.

As a best practice of the Societe Generale Group, it is recommended that the Entities Concerned:

- send the Information Statement by post or electronically to existing counterparties already in relation to the relevant Entity;
- add to the counterparty entry procedures a step that includes the transmission of the Information Statement to the counterparty by:
    - publishing the document on the relevant entity's business website and informing counterparties of the location of such document;
    - or by sending the disclosure document by email to counterparties;
    - or by including the content of the Information Statement in the relevant framework agreement on a case-by-case basis (at the level of the Relevant Entity).


Article 15 - Transparency of Collateral Reuse (July 13th, 2016)
Product Scope
All products which are governed by a Collateral Arrangement (TTCA / SCA with reuse rights)
Where financial instruments are received and can be reused
Out of Scope:
CASH IS EXCLUDED
Counterparty Scope
All Counterparties established in the EU and their non-EU branches and EU branches of non-EU counterparties
Non-EU Subsidiaries which have signed a Collateral Arrangement with an EU counterparty
Requirements
4 Obligations:
1. Disclose the risks and the consequences of Collateral re-use to the clients.
2. Obtain prior written consent to reuse
3. Reuse is undertaken in accordance with the terms specified in the collateral arrangement
4. The financial instruments received under a collateral arrangement are transferred from the account of the providing counterparty
Points of attention:
Broader scope application as it concerns not only SFTs but all types of transactions which are covered by collateral arrangements (TTCAs and SCA with reuse rights)

3. REPORTING OBLIGATIONS

3.1. Who is subject to SFTR reporting obligations?

The following table summarises the applicability of the SFTR reporting obligations to Societe Generale SA, its branches and subsidiaries in or outside the EU depending on the counterparty

			SG SA & its global branches	SG SA EU subsidiaries (and their branches)	SG SA non-EU subsidiaries
SFTR Obligation	Reporting	EU Counterparty*	SG and the counterparty report	SG entity and the counterparty report	Seule la contrepartie déclare
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'* the counterparties can be FC or NFC. If the counterparty is a branch, it is the location of the entity where the transaction is booked that determines the SFTR reporting obligation

In addition to the table, the following are subject to the reporting obligation:

- A **counterparty established in the EU** including all of its branches (this includes EU and non-EU branches); and
- third country entities where the SFT is entered into **through an EU branch**,
- **UCITS manager** as responsible for reporting on behalf of the UCIT fund;
- **AIF manager** as responsible for reporting on behalf of the AIF (case where AIF is counterparty),[3]
- ;
- **an entity established in the EU** (including its foreign branches) **carrying out collateral reuse**, or an entity established in a **third country with a branch established in the EU reusing collateral**, or where such re-use relates to financial instruments provided as collateral under a collateral arrangement by a counterparty established in the EU or by an EU branch of a counterparty established in a third country.

3.2. Dual-sided reporting regime

Both in-scope counterparties must report details of their side of the SFT to a TR within EEA. The same applies for UK counterparties facing UK counterparties. Trades between EEA counterparties and non-EEA counterparties (including UK) are not subject to Pairing and matching, the scope for fields reconciliation is set out in the regulation.

Where the reporting is done on a bilateral basis (i.e. where both parties are established in the EEA or operating through a branch in the EEA), 96 data fields over 153 in total are subject to matching criteria.

[3] *Cf. Article 4.3 of SFTR EU 2015/2365 Regulation*

3.3. Mandatory delegated reporting

The responsibility for reporting lies with the in-scope counterparty **except** where a financial counterparty enters into a SFT with a non-financial counterparty (NFC-),which does not exceed the limits of at least two of the following criteria:

(a) balance sheet total: EUR 20 million;
(b) net turnover: EUR 40 million; and
(c) average number of employees during the financial year: 250 [4]

in which case the financial counterparty is responsible for reporting on behalf of both parties;

In the other cases where the FC does not face an NFC-, delegated reporting – on a voluntary basis- is permitted. In this case, the counterparty that has delegated its reporting remains the *Entity Responsible for the Reporting* (also used under EMIR REFIT).

3.4. Exemptions to the reporting obligation:

The following entities are not subject to the reporting obligation: (1) Members of the ESCB [5] and other member state bodies performing similar roles; (2) EU public bodies charged with or intervening in the management of public debt; and (3) Bank of International Settlements.

SFTs entered into with members of the ESCB are completely exempt from SFT reporting – neither party needs to report. However, SFTs with ESCBs are subject to transaction reporting under MiFIR. Under UK SFTR, SFTs against the Bank of England are not reportable by UK counterparties under UK SFTR or UK MIFIR.

Any transaction, meeting the above-mentioned eligibility rules, must be declared when it is carried out between two entities with different legal personalities identified by unique codifications (Legal Entity Identifier – LEI):

- **intra-group transactions are subject to SFTR reporting** ;
- Internal transactions, two activities/businesses under the same unique identifier, are not affected.

For example:

- a transaction between the Treasury and Markets departments belonging to the same entity;
- a transaction between a department of the head office and a branch belonging to the same entity

ESMA has clarified in its guidelines that the following transactions are not eligible for SFTR reporting obligations:

- loans to retail customers governed by consumer credit legislation;
- private bank loans and Lombard loans not linked to securities financing;
- syndicated loans and other loans to businesses for business purposes;
- central depository overdraft facilities and clearing house borrowing facilities;
- intraday credit/overdraft;
- self-collateralization of the central bank;
- give-up and take-up in the execution and clearing chain;
- transactions on commodities concluded for operational and/or industrial purposes;
- issuance transactions.

[4] *Article 3(3) - EU Accounting Directive (2013/34/EU)*
[5] *ESCB: network composed of the European Central Bank (ECB) and the 27 national central banks (NCBs) of the EU Member States.*

3.5. Third country entities

A third country entity who is a counterparty to a SFT is not required to report that transaction however details of the transaction may still need to be reported by its counterparty. Therefore, **third country entities may still be impacted by SFTR as their counterparties will need to receive certain information from them (for example a Legal Entity Identifier - LEI) in order to allow them to meet their reporting obligations.**

A third country entity operating through a branch in the EU is subject to the reporting obligations.

Agency lending programmes

Beneficial owners/ lenders (domiciled in the EU) who lend securities through agency lending programmes, are required to report the loans under SFTR. Beneficial owners and borrowers will require a significant amount of information from the agent lenders in order to meet their reporting requirements.

The identity of the end beneficial owners may be undisclosed in most cases at the onset of the shell/ omnibus transaction between the borrower and the agent (Undisclosed agency lending). However, the borrower will have to be informed about key data from the lenders with all the required granularity - including for intraday allocations – by T+1. **Without the allocation data, the borrower will not be able to fulfil its reporting obligations.**

There are a number of **vendor platforms solutions through which agent lenders will go** in order to send lenders allocations to a Trade Repository, the platform will then match borrowers' trades to lender allocations, thus allowing allocation data to be transmitted to borrowers.

For agency transactions, the principal lender is considered to be the counterparty rather than the agent and, if it is an in-scope counterparty it will have its own reporting obligation. **If lenders are located in third countries, they still have to transmit all the data to the borrowers**, through their agents, who, in turn, will often use the services offered by reconciliation vendor platforms.

Pre-matching platforms aim to assist lending agents to whom lenders have delegated their reporting and thus aim to transmit key data to borrowers such as the legal entity identifiers (LEIs) of end-beneficial owners, the Unique *Trade Identifier (UTI)* of lenders allocations, allocation quantities, and some collateral data [6]. These platforms also allow for the exchange of UTIs between counterparties for transactions executed bilaterally or on principal basis.
The reconciliation on some key data fields on pre-matching platforms between borrowers and lenders, correct life cycle events sequencing in agreement between borrowers and lenders – especially on trade closures - have impact on subsequent reporting under SFTR.

In addition, any back reporting in the past [7] for agency lending requires some coordination between borrowers, lending agents and reconciliation platforms in order to resend the corrected data and reconcile key fields as of a past event date before re-sending corrected trades to the TR.

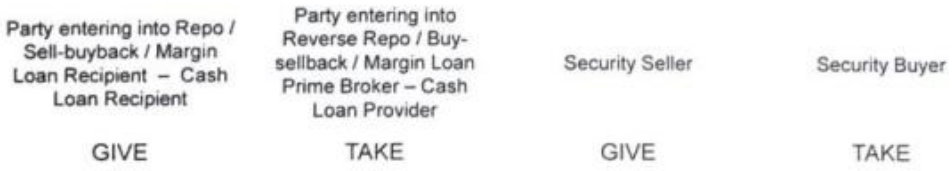
[6] *Some features of agency lending are described in following note from AMAFI - Cf. note agency lending https://amafi.fr/download/pages/i6AVEy63rT9a6y4HRDKUlV7iMEilqNn1hl5J9MA2.pdf*

[7] *In the case where there are some trade closures from the borrower or the lender, ESMA states "SFT will be treated as non-outstanding starting from the day following the Maturity date", there is only one day to correct data.*

3.6. Reporting Content

There are four reporting tables (counterparty data, loan and collateral data, margin data and re-use and funding sources data). The data required to be reported is tailored to the specific SFT type however generally the following information is required:

- **Unique Trade Identifier** Each SFT is given a Unique Transaction Identifier (UTI) allowing modifications to be tracked through the life of the SFT. The party who is responsible for generating the UTI is set out in a decision tree provided by ESMA in the final implementing technical standards;
- **counterparties** to the transaction (and beneficial owner if not the counterparty;
- **details of agent lenders**, brokers and triparty agents are also required. Identified by LEI;
- Securities Lending **loan value**, repo **principal amount,** Margin Loans and Short market values
- Currency of the above-mentioned amounts;
- **Repo rate**, securities lending **fee** or rebate rate, margin lending rate
- **Value dates, termination date, event date;**
- **Loan Price**, daily **market value** for securities lending;
- Maturity dates and first callable dates;
- Termination optionality;
- Margin data for cleared SFTs;
- Lifecycle event information;
- Side of the trade ("TAKE" or "GIVE" depending collateral direction)



- **Collateral** – type, cash amount, security quality, market value, price, haircut, LEI of issuer, method of transfer, all substitutions of collateral; parties are required to report collateral re-use at legal entity level on a per ISIN basis. The requirement applies to any non -cash collateral that is received in a SFT and subsequently used in another SFT.

The full set of reporting tables can be found in the SFTR RTS.

3.7. Legal Entity Identifier

In order to comply with the reporting obligation for SFTR, the reporting counterparty will, if applicable, require an LEI identifier for the following parties: (1) Counterparty (2) Entity responsible for the reporting (3) Broker (4) CCP (5) CSD (6) Triparty agent in case it applies (7) Agent lender LEI, a key mandatory for scenarios where an agent lender is involved. LEIs can be purchased from an LEI issuing organization; these can be found on the Global Legal Entity Identifier Foundation's (GLEIF) website. A LEI must be renewed on an annual basis.

4. APPENDIX

Links - regulatory texts references are available via the following links:

- SFTR Reporting (europa.eu)
- SFTR RTS
- SFTR ITS
- UK SFTR library | FCA