

Societe Generale SA, Societe Generale
International Limited
SG Americas Securities, LLC
Société Générale Capital Canada Inc.

EMIR/MiFID II Pricing and Fee Disclosure Document for Clearing Services on European
Central Counterparties

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1. Business Activity Structure

Societe Generale SA (“SGSA”), Societe Generale International Limited (“SGIL”), SG Americas Securities, LLC (“SGAS”) and Société Générale Capital Canada Inc. (“SGCC”) (together SGSA, SGIL, SGAS, and SGCC are referred to herein as “SG”) are part of the Societe Generale Group¹.

2. European Markets and Infrastructure Regulation (EMIR)

On 16 August 2012 the European Market Infrastructure Regulation (EMIR) came into force in the European Union effecting changes in the legal and regulatory landscape for central counterparties in the EU (CCPs) and clearing members of such CCPs, in relation to both listed and OTC cleared derivatives.

Part of this regulation created an environment within which direct clients of Clearing Members (“CM”) could facilitate clearing of OTC derivatives to their clients without those clients becoming direct clients of the CM, a concept known as ‘indirect clearing’.

3. Markets in Financial Instruments Directive II / Markets in Financial Instruments Regulation (together MiFID II)

As part of the recently recast MiFID the concept of indirect clearing arrangements was both expanded to include exchange-traded derivatives (ETDs) under the newly implemented Markets in Financial Instruments Regulation (MiFIR) within Article 30 and updated within EMIR in order to align the two approaches. These changes were achieved via two new Commission Delegated Regulations (Delegated Regulations).

On 21 November 2017, the two documents were published in the *Official Journal of the European Union (OJEU)*:

- Delegated Regulation ((EU) 2017/2154) (MiFIR Indirect Clearing RTS), which supplements the Markets in Financial Instruments Regulation (Regulation 600/2014) (MiFIR) with regard to regulatory technical standards (RTS) on indirect clearing arrangements); and
- Delegated Regulation ((EU) 2017/2155) (EMIR Indirect Clearing RTS), amending Delegated Regulation (EU) 149/2013 with regard to RTS on indirect clearing arrangements, to reflect a mandate under Article 4(4) of the European Market Infrastructure Regulation (Regulation 648/2012) (EMIR).

These Delegated Regulations applied starting from January 3, 2018.

The aim of the Delegated Regulations is to:

¹ It should be noted that SGAS and SGCC are 3rd-country, non-EU registered investment firms that are primarily subject to regulation by their home regulators. In the case of SGAS, SGAS is a U.S. registered broker-dealer and futures commission merchant regulated by the Securities and Exchange Commission, the Commodity Futures Trading Association, the Financial Industry Regulatory Authority and the National Futures Association. SGCC is a Canadian registered dealer regulated primarily by the Investment Industry Regulatory Organization of Canada.

- simplify and clarify the requirements relating to managing the default of a direct client providing indirect clearing services;
- adapt account structures to rationalize the offering of indirect clearing services;
- allow indirect clearing services to be provided in chains going beyond the client of a direct client, with certain limitations, so long as appropriate and equivalent protection is ensured throughout the chain; and
- set out homogenous requirements for indirect clearing arrangements relating to both over-the-counter and exchange-traded derivatives.

3.1. Fee Disclosure Requirements

One of the objectives of EMIR is to provide greater transparency in relation to the services provided by CCPs and clearing members and to that end it imposes new disclosure requirements related to the fees charged for services.

- EMIR Article 38 (1) requires that a CCP and its clearing members shall publicly disclose the prices and fees associated with the services provided (including discounts and rebates and the conditions to benefit from those reductions).
- EMIR Article 39 (5) requires that a clearing member shall offer its clients, at least, the choice between omnibus client segregation and individual client segregation and inform them of the costs and level of protection associated with each option.
- EMIR Article 39 (7) requires that CCPs and clearing members shall publicly disclose the levels of protection and the costs associated with the different levels of segregation that they provide.
- Additionally, MiFIR Indirect Clearing RTS Article 4(2) requires that a clearing member providing indirect clearing services in relation to ETDs shall offer its clients, at least, the choice between basic omnibus segregation and gross omnibus segregation.

This document is intended to provide customers and prospective customers with information relating to the costs and fees associated with different segregation account types to be offered by SG. As with most clearing firms, SG's cost structure is client-specific and based on a large number of factors, many of which are set forth herein. This Supplement may be updated from time-to-time, as SG comes into possession of information from CCPs regarding their costs for certain account types and other relevant information. Customers are encouraged to review this Supplement, along with other important EMIR & MiFID II-related disclosure documents provided by SG relating to its clearing services and contact their Account Executive / Relationship Manager to agree on the actual account type costs to be charged.

Clearing: Fee Considerations for EU CCP's²

3.2. Overview

SG fees are based on a number of different criteria, the most important being a client's individual circumstances, and may vary over time (for example, to take into account changes in the legal, regulatory, tax or business environment). Some of the common factors which may be taken into account as of the date of this Supplement are set out in the table below. As a general matter, there is a correlation between the level of protection chosen by the client and the overall costs charged by SG. Typically, our internal and external costs will be higher for the services associated with providing the higher levels of protection, for example, as provided by individual segregated accounts.

The table below is provided as an illustration of the criteria, not necessarily exhaustive or determinative, which may be used in consideration of the level of fees to be applied:

Products, CCPs and execution		Lower Fees	Higher Fees
Products	Listed or OTC cleared	Listed Products	OTC Products
CCPs	Choice of CCP	Dependent on individual CCP fees	
	Account opening, maintenance and transactional costs charged by each CCP	Dependent on individual CCP fees	
Processing	Straight-through processing	STP Markets	Non-STP Markets
Execution method	Direct, electronic or voice	Direct / Electronic Execution	Voice Execution
Account Types and Volumes		Lower Fees	Higher Fees
Type	Direct OSA / ISA Basic / Gross Omnibus Indirect Client Account ³	Direct Basic Omnibus Segregated Account ('OSA') & Basic Omnibus Indirect Client Account ('BOSA')	Direct Individual Segregated accounts ('ISA') Gross Omnibus Indirect Client Account ('GOSA')
Number of Accounts	Number of Position Accounts required to be held at the CCP	Low Numbers of Accounts	High Number of Accounts
Volume of Transactions	Number of Transaction cleared	High Volumes of Transactions	Low Volumes of Transactions
Collateral Allocation and Settlement		Lower Fees	Higher Fees
Type of collateral	Cash or Non-Cash	Cash Collateral	Non-Cash Collateral
Settlement Frequency	Excess margin at CCP	Auto repay on	Auto Repay off
Settlement	Cash or Physical Delivery	Cash Settlement	Physical Delivery
Allocation	Pre- or Post-Clearing	Pre-Clearing Allocation	Post-Clearing Allocation
Additional factors		Lower Fees	Higher Fees
Internal Operational costs		Low Internal SG Operational Costs	High Internal SG Operational Costs
Application of Client Asset Protection Rules to Client Cash Collateral		Client Agreement subject to Title Transfer Collateral Arrangements	Client Agreement subject to CASS Client Assets Protection or other local Client Asset Protection rules

² It should be noted that these fee considerations may not apply for clearing services on non-EU CCPs. Please refer to the Appendix to understand when indirect clearing services are offered by the various SG entities.

³ A GOSA attracts additional requirements and has specific terms and conditions in comparison with BOSA, including relating to (i) information provided to any relevant clearing member or clearing house, (ii) pricing and (iii) legal documentation. If the Client elects for a GOSA, they should contact their usual account executive to discuss this further.

Credit and Internal Risk Weighting of Client		High Client Credit Rating	Low Client Credit Rating
Capital and Liquidity Costs		Low Capital and Liquidity Impact on SG	High Capital and Liquidity Impact on SG
Impact on Default Fund contributions and concentration risk margin requirements arising from provision of services to the Client		Low Impact on SG's Default Fund Contributions	High Impact on SG's Default Fund Contributions
Default Management	Porting or Leapfrog / liquidation	Liquidation	Porting or leapfrog

Direct Basic Omnibus Segregated Accounts ('OSA'), Direct Individual Segregated Accounts ('ISA'), Basic Omnibus Indirect Client Accounts ('BOSA') and Gross Omnibus Indirect Client Accounts ('GOSA')

As tabled above, clients may incur higher fees if they opt for ISAs or GOSAs rather than OSAs or BOSAs. The higher account maintenance fees reflect the additional operational complexity of the ISA / GOSA which require additional reconciliations and movements of cash and non-cash collateral. Please note GOSA accounts are not supported for permissible indirect clearing long chains to avoid risks stemming from false assumptions related to the level of protection that may be achieved in a long chain scenario.

The OSAs, BOSAs, ISAs and GOSAs will be subject to the following fees types and maximum fees:

Fee Type	Description	Fee	
		OSA / BOSA	ISA / GOSA
CCP Charges	CCP charges directly incurred by us in connection with your positions and collateral. (pass-through of costs)	Yes	Yes
Third Party Charges	Third party charges directly incurred by us in connection with your positions and collateral. (pass-through of costs)	Yes	Yes
Account Opening Fee	Charge per CCP account opened.	None	£5,000 per account
Account Maintenance Fee	Charge per CCP account per month.	None	£10,000 per month
Portfolio Fee	Charge based on the balance of assets held.	None	75 bps
Funding Charge	To meet intra-day shortfalls incurred on your supporting margin payments to CCPs. (daily shortfalls will incur a funding charge across all account types)	None	Market overnight rate plus 325 bps

Please note the fees and charges are indicative and are subject to individual negotiation and are also subject to change or amendment from time to time. All amounts referred to in this document are exclusive of value added tax (to the extent applicable).

4. Minimum Account Fee

SG may also apply a minimum account fee (MAC) to those clients whose activity is below thresholds set by SG.

5. Additional Services

5.1. Overview

SG fees are also based on the extent to which any additional services are extended to a Client. These may include, but are not limited to the following services:

- Single Currency Margining
- Non-Cash Collateral transformation
- Margin Financing Facility

The fee charges for additional services are likely to be higher with the level of complexity of the solution provided.

6. Discounts and Rebates

Customers may be able to benefit from certain discounts or rebates with regard to SG clearing services. Such discounts or rebates, and the conditions to benefit from such reductions, should be discussed with your SG account executive.

7. CCP Fees

As above, SG will pass on to the client any costs charged by CCPs for holding those accounts. See Appendix 1 for a summary of the CCP fee disclosures currently available. This will be updated from time to time to reflect the publication of any new fee schedules connected with EMIR & MIFID II account structures by CCPs.

Appendix

CCP Fee Summary As per Section 5: “Direct Basic Omnibus Segregated Accounts (‘OSA’), Direct Individual Segregated Accounts (‘ISA’), Basic Omnibus Indirect Client Accounts (‘BOSA’) and Gross Omnibus Indirect Client Accounts (‘GOSA’)”, CCP charges directly incurred by us in connection with your positions and collateral will be passed on to you. For those EMIR authorised CCPs where SG is a clearing member⁴, information of individual CCP account fee structures under EMIR & MiFID II are available through the CCPs websites, links tabled below:

Societe Generale International Limited (“**SGIL**”), Societe Generale SA (“**SGSA**”), SG Americas Securities, LLC (“**SGAS**”) and Société Générale Capital Canada Inc. (“**SGCC**”) currently propose to offer an exchange traded derivatives indirect clearing service to qualifying clients on the following exchanges as Clearing Member (“**CM**”) or Direct Client (“**DC**”) of a CM as indicated below:

Central Counterparty (“CCP”)	Non SG Clearing Memberships	SGIL	SGSA	SGAS	SGCC	Links to CCP / CM disclosures
Nasdaq Clearing AB		CM	CM	DC via SGIL	DC via SGIL	CCP: http://www.nasdaqomx.com CM: SGIL: https://sgildisclosure.societegenerale.com/en/market-regulation/indirect-clearing/ SGSA: https://wholesale.banking.societegenerale.com/en/compliance-regulatory-information/market-regulation/clearing-and-prime-brokerage-activity/
Eurex Clearing AG		CM	CM	DC via SGIL	DC via SGIL	CCP: http://www.eurexclearing.com CM:

⁴ Currently, SGAS is a clearing member of ICE Clear Europe and a member of ICE Futures US.

						<p>SGIL: https://sgildisclosure.societegenerale.com/en/market-regulation/indirect-clearing/</p> <p>SGSA: https://wholesale.banking.societegenerale.com/en/compliance-regulatory-information/market-regulation/clearing-and-prime-brokerage-activity/</p>
Cassa di Compensazione e Garanzia S.p.A. (CC&G)		CM	CM	DC via SGIL	DC via SGIL	<p>CCP: http://www.ccg.it</p> <p>CM:</p> <p>SGIL: https://sgildisclosure.societegenerale.com/en/market-regulation/indirect-clearing/</p> <p>SGSA: https://wholesale.banking.societegenerale.com/en/compliance-regulatory-information/market-regulation/clearing-and-prime-brokerage-activity/</p>
LCH.Clearnet SA		CM	CM	DC via SGIL	DC via SGIL	<p>CCP: http://www.lchclearnet.com</p> <p>CM:</p> <p>SGIL: https://sgildisclosure.societegenerale.com/en/market-regulation/indirect-clearing/</p> <p>SGSA: https://wholesale.banking.societegenerale.com/en/compliance-regulatory-information/market-regulation/clearing-and-prime-brokerage-activity/</p>
		CM	CM			<p>CCP: http://www.ecc.de</p>

European Commodity Clearing AG				DC via SGIL	DC via SGIL	CM: SGIL: https://sgildisclosure.societegenerale.com/en/market-regulation/indirect-clearing/ SGSA: https://wholesale.banking.societegenerale.com/en/compliance-regulatory-information/market-regulation/clearing-and-prime-brokerage-activity/
LCH.Clearnet Ltd		CM	CM - OTC Cleared DC - Listed Derivatives	DC via SGIL	DC via SGIL	CCP: http://www.lchclearnet.com CM: SGIL: https://sgildisclosure.societegenerale.com/en/market-regulation/indirect-clearing/ SGSA: https://wholesale.banking.societegenerale.com/en/compliance-regulatory-information/market-regulation/clearing-and-prime-brokerage-activity/
LME Clear Ltd		CM	DC via SGIL	DC via SGIL	DC via SGIL	CCP: http://www.lme.com/en-gb/lme-clear/ CM: SGIL: https://sgildisclosure.societegenerale.com/en/market-regulation/indirect-clearing/
ICE Clear Europe Ltd (for ICE Futures Europe)		CM	DC via SGIL	DC via SGIL	DC via SGIL	CCP: https://www.theice.com/clear-europe CM:

						SGIL: https://sgildisclosure.societegenerale.com/en/market-regulation/indirect-clearing/
ICE Clear Europe Ltd (for ICE Futures US Energy Division)		DC via SGAS	DC via SGAS	CM	DC via SGAS	CCP: https://www.theice.com/clear-europe CM: www.sgasdisclosure.com
BME Clearing SA	Altura Markets, Sociedad De Valores, S.A.	DC	DC	1st Indirect Client Via SGIL	1st Indirect Client Via SGIL	CCP: http://www.bmeclearing.es CM: To be confirmed
KDPW CCP S.A.	Societe Generale, Warsaw branch	DC via SGSA	CM	N/A	N/A	CCP: http://www.kdpw.pl CM: To be confirmed

Please note SGSA, SGIL, SGAS and SGCC do not currently intend to provide an indirect clearing service in relation to over the counter derivatives.

Disclaimer

This document provides a high-level indication of SG's fee charging structure as it relates to EU CCPs. It does not provide all the information you may need to make the decision on which account type is suitable for you. It is intended as a basis for further discussion and for further detailed information regarding the costs of an omnibus or individual segregated account as offered on EU CCPs. Please contact your Account Executive or usual SG contact for further information.

SG shall not in any circumstances be liable, whether in contract, tort, breach of statutory duty or otherwise for any losses or damages that may be suffered as a result of using this document. Such losses or damages include (a) any loss of profit or revenue, damage to reputation or loss or any contract or other business opportunity or goodwill and (b) any indirect loss or consequential loss. No responsibility or liability is accepted for any errors, misstatements or omissions in this document or any differences of interpretation of legislative provisions and related guidance on which it is based. This paragraph does not extend to an exclusion of liability for, or remedy in respect of, fraudulent misrepresentation.