

SOCIÉTÉ GÉNÉRALE CORPORATE AND INVESTMENT BANKING

SYSTEMATIC INTERNALISER PRE-TRADE COMMERCIAL POLICY

UNDER MiFID II / MiFIR

UPDATE FROM

08 SEPTEMBER 2020

Société Générale is a French credit institution (Bank - Investment services provider) authorised and regulated by the Autorité de Contrôle Prudentiel et de Résolution (the French Prudential Control and Resolution Authority - ACPR), and under the prudential supervision of the European Central Bank- ECB. Société Générale is a French société anonyme (limited company) with share capital of € 1 006 509 557,50, as of January 2015, whose registered Head office is located at 29 boulevard Haussman - 75009 PARIS (France), registered with the Paris Trade and Companies Registry under number 552 120 222.

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1. PURPOSE OF THIS COMMERCIAL POLICY

This document (the “Policy”) provides information on the commercial policy and the pre-trade transparency processes of the investment banking activities of Société Générale S.A. that are operating in the European Economic Area (EEA) together referred to as “SG CIB”, “we” or “us”.

The Policy describes the standards for governing access to SG CIB firm quotes where it is acting as a Systematic Internaliser (“SI”) published by the application of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (“MiFIR”) pre-trade transparency requirements.

It shall apply from January 3rd, 2018.

The Policy is made available to SG CIB clients through the following webpage:

<https://wholesale.banking.societegenerale.com/en/compliance-regulatory-information/market-regulation/mifid/>

Any update or modification of the Policy shall replace earlier versions and shall be deemed immediately applicable once published on this web site.

1.1. PRE-TRADE TRANSPARENCY REQUIREMENTS

MiFIR¹ provides that investment firms shall give access to their firm quotes in respect of those shares, depositary receipts, ETFs, certificates and other similar financial instruments (“Equity Instruments” or individually an “Equity Instrument”) as well as those bonds, structured finance products, emission allowances and derivatives (“Non-Equity Instruments” or individually a “Non-Equity Instrument”) traded on a trading venue for which they are SI and unless a waiver or a specific exemption or suspension applies². Société Générale s.a. (“SG”) is a systematic internaliser (“SI”) on several financial instruments and operates under the following mic code (market identifier code): **XSGA**.

The list of financial instruments for which SG is a systematic internaliser is available on the following webpage:

<https://wholesale.banking.societegenerale.com/en/compliance-regulatory-information/market-regulation/mifid/list-financial-instruments-for-which-societe-generale-systematic-internaliser/>

MiFIR provides that SIs must determine in a commercial policy the categories of clients to whom their firm quotes are made available in an objective and non-discriminatory way.

1.2. DEFINITION OF FIRM QUOTES

Firm quotes are executable prices provided by a SI on a given financial instrument that guarantees a bid or ask price up to the amount quoted, without negotiation. Indicative quotes that are provided for information but that are not actionable are not firm quotes and therefore are not published or otherwise communicated to clients other than the client for which it is intended.

1.3. PRE-TRADE TRANSPARENCY WAIVERS

SG is established in France and is therefore operating its SI activities under the supervision of the Autorité des Marchés Financiers (“AMF”). The waivers applicable to the MiFIR pre-trade transparency regime related to its SI activities are those granted by the AMF. The details of these waivers are available in the AMF General Regulation.

SG CIB complies with its MiFIR pre-trade transparency obligations in accordance with the implementation of the MiFIR requirements by the AMF and specifically by applying the relevant pre-trade transparency waivers.

Liquidity, Size Specific to the Financial Instrument (SSTI), Standard Market Size (SMS) and traded on a trading venue status (TOTV) data/information are provided by the ESMA and updated regularly. As of the date of this publication the current transitional data are available on the following web page:

<https://www.esma.europa.eu/policy-activities/mifid-ii-and-mifir/mifid-ii-transitional-transparency-calculation>

¹ Articles 14 and 18

² See the indicative ESMA pre-trade transparency diagram in Appendix II

2. SG CIB PRE-TRADE TRANSPARENCY ARRANGEMENTS

2.1. EQUITY INSTRUMENTS

2.1.1 FIRM QUOTES PUBLICATION

Firm quotes provided by SG CIB on Equity Instruments are made public on a regular and continuous basis during normal trading hours where at least all the following conditions are fulfilled (“SG CIB Equity Firm Quotes”):

- SG is a SI on the Equity Instrument either due to SG activities reaching the SI determination thresholds or because SG opted-in for the SI regime on a voluntarily basis;
- there is a liquid market for the Equity Instrument;
- there is no exceptional market conditions;
- the quote on the Equity Instrument is below or equal to the Standard Market Size (SMS);
- the Equity Instrument is traded on a trading venue (TOTV);
- the AMF has not granted a waiver for the Equity Instrument or suspended pre-trade transparency for that Equity Instrument.

SG CIB Equity Firm Quotes are published through the following mechanism:

Equity asset classes	Publication mechanism
Shares	CBOE SI data services
ETFs	CBOE SI data services
Depository Receipts	CBOE SI data services ³
Certificates	Not Applicable ⁴
Other similar financial instruments	Not Applicable ⁵

The Société Générale SI for Equity Instrument will be available during the opening hours of the primary markets.

The SG CIB Equity Firm Quotes can be updated by SG CIB at any time and remain valid for a reasonable period of time. They are publicly accessible through the market data flow provided by CBOE.

2.1.2 ACCESS TO FIRM QUOTES

Client access to firm quotes is subject to at least the following preliminary conditions:

- clients will need to be accepted in accordance with SG CIB’s on boarding and due diligence processes and be classified under MiFID II;
- client has entered into any relevant client agreement applicable to the trading of the considered Equity Instrument;
- clients have obtained and provided to SG CIB a legal entity identifier (LEI); and
- all relevant trading, custody and settlement accounts have been set up with SG CIB.

Clients can access SG CIB Equity Firm Quotes SI in two ways:

- Our sales traders can provide quotes to clients by manual or voice means (e.g. facilitation).

³ Only a few are liquid as of 08/09/20

⁴ No instrument in this category is liquid as of 03/01/18 according to <https://www.esma.europa.eu/policy-activities/mifid-ii-and-mifir/mifid-ii-transitional-transparency-calculation>

⁵ No instrument in this category is liquid as of 03/01/18 according to <https://www.esma.europa.eu/policy-activities/mifid-ii-and-mifir/mifid-ii-transitional-transparency-calculation>

- Client orders which are sent to SG CIB electronically (direct market access, algorithms) or directly to the SG CIB Algorithms may also be executed against SG CIB's quotes. When a client order is 'in limit', the Smart Order Routers (SOR) may execute either all or part of the order with SG CIB acting as a SI provided it is showing a price at, or better than, a price on another accessible trading venue in compliance with our Best Execution policy⁶.

SG CIB may limit the number of transactions it undertakes to enter at the published conditions in relation to Equity Instruments from the same client in a manner that is objective and consistent with our risk management policy. The maximum number of transactions entered into by SG CIB at the published price is set to one transaction.

SG CIB published quotes maybe be updated at any time and can be withdrawn under exceptional market conditions⁷.

SG CIB may refuse access to its quotes by clients in compliance with a prudent risk management practices (including regulatory risk) and when such execution would have a material adverse effect on market prices.

2.2. NON-EQUITY INSTRUMENTS

2.2.1 FIRM QUOTE PUBLICATION

Firm quotes provided by SG CIB on Non-Equity Instruments are made public where at least all the following conditions are fulfilled ("SG CIB Non-Equity Firm Quotes"):

- SG is a SI on the Non-Equity Instrument either due to SG activities reaching the SI determination thresholds or because SG opted-in for the SI regime on a voluntarily basis;
- SG CIB is prompted for a quote by a client outside a trading venue⁸ and agrees to provide a firm quote;
- the transaction for which SG CIB provide the firm quote is not exempted of MiFIR pre-trade transparency (e.g.: certain central banks transactions);
- the size of the quote provided is below or equal to the Size Specific To the financial Instrument (SSTI);
- there is a liquid market for the Non-Equity Instrument;
- the Non-Equity Instrument is Traded On a Trading Venue (TOTV);
- the AMF has not granted a waiver for the Non-Equity Instrument or suspended pre-trade transparency for that Non-Equity Instrument.

SG CIB Non-Equity Firm Quotes are published through the following mechanism:

Non-Equity asset class	Publication mechanism
Bonds (all bond types including ETCs and ETNs)	Trade Web APA
Structured Finance Products (SFPs)	Trade Web APA
Securitised derivatives	Trade Web APA Websites listed on www.warrants.com
Interest rate derivatives	Trade Web APA
Equity derivatives	Trade Web APA
Commodity derivatives	Trade Web APA SG Markets (for certain Commodity derivatives)
Foreign exchange derivatives	Trade Web APA

⁶ SG CIB Best Execution Policy is available here: <https://cib.societegenerale.com/en/who-are/compliance-regulatory/market-regulation/mifid/>

⁷ As further detailed in article 14.1 of the Commission Delegated Regulation (EU) 2017/567 of 18 May 2016

⁸ Regulated Market, Multilateral Trading Facility, Organized Trading Facility or should an equivalence be recognized by the ESMA, a comparable third country trading venue

Credit derivatives	Trade Web APA
C10 derivatives	Trade Web APA
Contracts for Differences (CFDs)	Trade Web APA
Emission allowances	Trade Web APA
Emission allowance derivatives	Trade Web APA

The publication mechanism of firm quotes related to package orders that are eligible to MiFIR pre-trade transparency is determined based on the asset class of its components.

SG CIB published quotes may be updated at any time and can be withdrawn under exceptional market conditions.

These publication mechanisms are accessible through the following web sites:

Publication mechanism*	Accessibility
Trade Web APA	http://www.tradeweb.com/
Websites listed on www.warrants.com	http://warrants.com/home/
SG Markets	https://info.sgmarkets.com/fr/

The price and other terms and conditions of the publication mechanism for the provision of the SG CIB Non-Equity Firm Quotes are available on the linked publication mechanism website.

2.2.2 ACCESS TO FIRM QUOTES

Client access to firm quotes is subject to at least the following preliminary conditions:

- clients will need to be accepted in accordance with SG CIB's on boarding and due diligence processes and be classified under MiFID II;
- client has entered into any relevant client agreement applicable to the trading of the considered Non-Equity Instrument, including any master agreement;
- clients have obtained and provided to SG CIB a legal entity identifier (LEI); and
- all relevant trading, custody and settlement accounts have been set up with SG CIB.

SG CIB clients can access SG CIB quotes through the following SG CIB systems:

- quotes provided to clients through one of SG CIB electronic execution systems ("Electronic Systems");
- quotes provided to clients by manual or voice means ("Manual Systems").

SG CIB Non-Equity Firm Quotes are solely accessible through these systems for a size that is identical to the size of the initial quote and to clients that:

- belong to the same category (as defined in Appendix I) as the client to which the initial quotes were provided;
- use the same SG CIB system as the client to which the initial quote was provided Electronic System or Manual System);
- if the Non-Equity instrument is a cleared derivative, use the same clearing house (central clearing counterparty) as the client to which the initial quote was provided.

Due to their non-standard features and taking into consideration the credit risk of the client, SG CIB Non-Equity Firm Quotes on non-cleared derivatives are not accessible to clients other than the client prompting for a quote.

Clients can also access SG CIB firm quotes on certain commodity derivatives through SG Markets. By its nature, this system is deemed to comply with the quoting obligation under MiFIR without further arrangements.

SG CIB may limit the total number of transactions it undertakes to enter at the published conditions in relation to Non-Equity Instruments in a manner that is objective and consistent with its risk management policy. Once the maximum number of transactions is reached in relation to a SG CIB Non-Equity Firm Quotes, the published quote is no longer accessible. The maximum number of total transactions entered at the published price is set to one.

SG CIB may deny access to its quotes by clients in compliance with a cautious risk management practices (including regulatory risk) and when such execution would have a material adverse effect on market prices.

When refusing access to it published quotes by clients, in particular when (i) clients belong to a different category than the one of the clients to whom the published quotes is offered⁹ or (ii) the lifespan of the offered quote is expired, SG CIB front office operators will offer a different quote to these clients. This quote will reflect the price that is applicable to these clients, and the difference between this quote and the one initially published reflect the relevant risk adjustments and commissions applicable to their category and the difference of market conditions between the moment they requested the quote and the one the published quote was requested.

⁹ According to section 2.2.2 of this policy

APPENDIX I – CONTERPARTY TYPE

Category code	Counterparty type
1	States and Central public administrations
2	Municipalities assimilated to sovereign risk
3	National organisations assimilated to central administrations
4	Guaranteed organisations in public sectors assimilated to sovereign risk
5	Public organisations of external commercial insurances
6	Central Banks
7	National financial organisations assimilated to central banks
8	Multilateral development banks with preferential weighting
9	International financial organisations benefiting from preferential weighting
10	Banks and credit institutions
11	Investment companies similarly regulated to banks
12	Multilateral development banks other than those benefiting from preferential weighting
13	Local administrations and organisations in public-sector without preferential weighting
14	Municipalities not assimilated to sovereign risk
15	Commercial and Industrial companies
16	Public industrial and commercial establishments
17	Investment companies not regulated similarly to banks
18	Insurance companies
19	Pension funds
20	Mutual insurances
21	Private administrations and associations
22	Collective Investment entities /funds
23	Ad hoc companies or vehicles
24	Private individuals
25	Individual entrepreneurs

APPENDIX II – INDICATIVE ESMA PRE-TRADE TRANSPARENCY DIAGRAM

