

# BEST EXECUTION AND CLIENT ORDER HANDLING POLICY FOR PROFESSIONAL AND RETAIL CLIENTS

APPLICABLE TO SOCIÉTÉ GÉNÉRALE ENTITIES IN THE  
EUROPEAN ECONOMIC AREA & UNITED KINGDOM

(Head office, Branches, and Subsidiaries)

Version 2.3

April 2023

Société Générale is a French credit institution authorised and regulated by the Autorité de Contrôle Prudentiel et de Résolution (the French Prudential Control and Resolution Authority, the ACPR), subject to the control and the supervision of the ACPR, the Autorité des Marchés Financiers (the French Financial Markets Authority, the AMF) and the European Central Bank (ECB).

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## 1. PURPOSE OF THE POLICY

### 1.1 Introduction

This policy (**Policy**) provides clients with information on the client order handling and best execution arrangements that Société Générale (**Société Générale, we, or us**) has in place, as required by the revised Markets in Financial Instruments Directive<sup>1</sup> as transposed into national laws and regulations, the Markets in Financial Instruments Regulation<sup>2</sup> and their implementing measures (**MiFID II**).

### 1.2 What is best execution?

MiFID II requires us to take all sufficient steps to obtain the best possible result for professional clients (**Professional Clients**) and retail clients (**Retail Clients**) within the meaning of Annex II of MiFID II, when executing orders (or receiving and transmitting orders to a third party) on their behalf in respect of financial instruments (as defined by Section C, Annex I MiFID II, (**Financial Instruments**)) (**Best Execution**), taking into account execution factors such as price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order (**Execution Factors**). Best Execution does not mean that we can guarantee that the best price will be achieved for every single client order. However, we will look to ensure that we are acting, to the extent that it is possible, in the best interests of our clients.

### 1.3 Our overriding duty

We have an overriding duty to act honestly, fairly and professionally in accordance with the best interests of our clients. We will always endeavour to act in the best interests of our clients, irrespective of whether the activities and/or products are technically outside of the Best Execution regime.

We do not owe you any fiduciary responsibility as a result of the matters set out in this Policy, over and above the specific regulatory obligations placed upon us or as contractually agreed with you.

### 1.4 Updates to the Policy

This Policy may be updated from time to time and shall be reviewed on an annual basis or upon any material change to our execution arrangements. A material change means a significant event that may impact the Execution Factors.

The latest version of the Policy is available on our website: <https://wholesale.banking.societegenerale.com/en/compliance-regulatory-information/market-regulation/mifid/>.

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<sup>1</sup> Directive 2014/65 of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast)

<sup>2</sup> Regulation 600/2014 of 15 May 2014 on markets in financial instruments and amending Regulation (EU) N° 648/2012.

## **2. SCOPE OF THE POLICY**

### **2.1 Geographical and entity scope**

With the exception of the below, this Policy will apply to all Société Générale group legal entities and branches located in the European Economic Area (together **Entities**) duly authorised to provide the relevant investment services, without making a distinction on whether the client is resident in the EEA, and regardless of where the transaction is executed.

This Policy will not apply to:

- (a) Boursorama;
- (b) Gilbert Dupont

Entities may not offer all the products and/or services referred to in this Policy. Where an Entity does not offer a particular product and/or service, the parts of the Policy relevant to that product and/or service will not be applicable to that Entity. This does not affect the application of the remaining parts of the Policy. When there are differences between a local and Group Policy, the most stringent of them will be enforced.

### **2.2 Scope of services and products**

This Policy will apply when we provide the following investment services (**Services**):

- (a) executing orders on behalf of clients; and
- (b) receiving and transmitting client orders to third parties for execution,

in respect of the Financial Instruments set out in Annex 1 of this Policy.

This Policy will apply to securities financing transactions (**SFTs**) in so far as they relate to Financial Instruments.

### **2.3 Clients**

This Policy applies when we provide a Service to a Professional Client or a Retail Client. Clients should have received a formal notification from us informing them of their client categorisation.

This Policy does not apply when we provide Services to Eligible Counterparties<sup>3</sup>.

### **2.4 How we determine whether Best Execution is owed to a client**

#### **(a) Retail Clients**

We consider that we always owe Best Execution to Retail Clients.

#### **(b) Professional Clients**

We will assume that we are acting on behalf of a Professional Client and, as such, owe Best Execution:

- (i) when we receive an order from a Professional Client and we execute that order on a riskless principal basis or by acting as the agent of the Professional Client;

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<sup>3</sup> As defined in Annex 2 of this Policy.

- (ii) when entering into a transaction with a Professional Client on a principal basis<sup>4</sup>, to those Professional Clients who legitimately rely on us to protect their interests (**Legitimate Reliance**).

## 2.5 Legitimate Reliance

The following considerations will be taken into account on a cumulative basis when determining whether a Professional Client places Legitimate Reliance on us:

- (a) **whether we or the Professional Client initiates the transaction** – where the Professional Client initiates the transaction, this suggests that it is less likely that the Professional Client will be placing reliance on us. We may communicate trade ideas, relevant market opportunities or indicative prices to the Professional Client as part of our general relationship and we do not consider that this means that we will be deemed to have initiated the transaction;
- (b) **shop around** – where market practice suggests that the client takes responsibility for the pricing and other elements of the transaction and the market practice is to obtain quotes from various sources, it is less likely that the Professional Client will be placing reliance on us;
- (c) **relative levels of transparency within a market** – if we have ready access to prices in the market in which we operate and the Professional Client does not, it is more likely that the Professional Client will be placing reliance on us; and
- (d) **information provided by us and the terms of our agreements with the client** – where our arrangements and agreements with the Professional Client (such as our terms of business and this Policy) state that we will not provide Best Execution, it is less likely that the Professional Client will be placing reliance on us.

## 2.6 Quote-driven activity

Typically, in respect of our quote-driven activity, we assume that there is no Legitimate Reliance placed on us by Professional Clients and, as such, we do not owe Best Execution.

We may choose to make markets in instruments by quoting prices at which we are prepared to deal with the Professional Client. The prices quoted by us will be our risk prices and may be different to the rest of the market (e.g. on a regulated market (**RM**) or multilateral trading facility (**MTF**)). It will be up to the client to determine whether they wish to accept the price. If a Professional Client accepts our price, we will enter into the transaction on a principal basis.

If a client accepts a quote, once its life span has expired (i.e. when the quote has technically expired), we have the right to accept the trade on the basis that the client wishes to trade at that level, but we may also reject it on the basis that the quote has expired.

## 2.7 Riskless principal and agency execution

Riskless principal execution is where we receive an order from a client and we execute that order with the market on a back-to-back principal basis, such that we are counterparty to both the client and the market but we are never exposed to market risk throughout the execution of the transaction; both sides are executed simultaneously, and the transaction is concluded at a price where we make no profit or loss, other than a previously disclosed commission, fee or charge for the transaction.

Agency execution is where we receive an order from a client and directly execute that order with the market for and on behalf of the client (without being counterparty to the transaction).

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<sup>4</sup> With the exception of riskless principal.

## 2.8 Specific instructions

When we receive a specific instruction from a client as to how we should execute an order (or a particular aspect of an order) and we accept the specific instruction (**Specific Instruction**), we will execute the order in accordance with the Specific Instruction. A Specific Instruction in respect of a particular aspect of an order includes circumstances where the client instructs us to execute the order on a particular venue, at a particular time or at a particular price.

When we execute an order (or the relevant aspect of the order) in accordance with a Specific Instruction, we satisfy our obligation on that aspect of the order to provide Best Execution. Nevertheless, Best Execution still applies on all aspects of the order (if any) not covered by the Specific Instruction.

**Specific Instructions may prevent us from taking the steps designed and implemented in this Policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those Specific Instructions.**

## 2.9 General provisions relating to Direct Electronic Access (DEA)

When client orders are transmitted to a trading platform by DEA, they will be treated as a Specific Instruction. To the extent that a client transmits an order by DEA through our systems and the client instruction only relates to part of the order, we will apply Best Execution in accordance with this Policy in respect of those aspects of the order not covered by the Specific Instructions.

## 3. HOW WE PROVIDE BEST EXECUTION

### 3.1 Execution factors

In our provision of Best Execution, we take into account the following Execution Factors:

- price;
- costs payable by the client as a result of execution;
- speed of execution;
- likelihood of execution;
- size and nature of the order;
- likely market impact;
- risks relevant to the execution;
- nature of the market for the Financial Instrument, and;
- any other consideration deemed relevant to the execution of the order.

### 3.2 Execution criteria

#### (a) General

The Execution Factors have not been listed in any particular order of priority. In order to determine the relative importance of the Execution Factors, we take into account the characteristics of:

- the client, including the categorisation of the client as retail or professional;
- the client order, including whether the order involves an SFT;
- the Financial Instruments that are the subject of the client order;
- the Execution Venues<sup>5</sup> to which the client order can be directed; and
- any other criteria that we consider relevant.

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<sup>5</sup> As defined in section 5.1 of this Policy.

As a general principle across all products and services, we will use our commercial judgement and experience on the basis of available market information to take all sufficient steps to obtain the best possible result for our clients (i.e. provide Best Execution) (**General Principle**). The specific steps that we will take, however, will vary significantly depending on the nature of the service and product. The Schedules to this Policy provide information on how the Execution Factors are prioritised for each class of Financial Instrument (**Asset Class**).

**(b) Retail Clients**

Our provision of Best Execution will be determined primarily in terms of total consideration, which is the sum of the price of the relevant Financial Instrument and execution costs (**Total Consideration**). Total Consideration includes all expenses incurred which are directly related to the execution of the order (such as execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order).

**(c) Professional Clients**

We will tend to regard price as the most significant Execution Factor in respect of the execution of a client's order. However, on the basis of the General Principle, there may be circumstances where we consider other Execution Factors to be as important, if not more important, than the price. Specific instances are set out in the Schedules to this Policy.

## **4. CLIENT ORDER HANDLING**

### **4.1 General principles**

When we execute an order on behalf of a client, we will ensure that we apply the following general principles:

- that the execution of the order is promptly and accurately recorded and allocated;
- where we receive comparable orders, we will carry these out sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impractical, or the interests of the client require otherwise;
- we will inform Retail Clients about any material difficulty relevant to the proper carrying out of orders promptly upon becoming aware of the difficulty. We will similarly inform Professional Clients on a best efforts basis;
- where we are responsible for overseeing or arranging the settlement of an executed order, we shall take all reasonable steps to ensure that any client Financial Instruments or client funds received in settlement of that executed order are promptly and correctly delivered to the account of the appropriate client; and
- information in respect of pending client orders will be treated as confidential, to the extent permissible by law, and we will take all reasonable steps to prevent the misuse of such information. Further details in respect of the confidentiality procedures which we have implemented are provided in the summary "Conflicts of Interest Policy" which is available on our website:

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

### **4.2 Limit orders**

- In the case of client limit orders (as defined by MiFID II), in respect of shares admitted to trading on a RM or traded on a Trading Venue which are not immediately executed under prevailing market conditions, we will take measures to facilitate the earliest possible

execution of that order by making public immediately that client limit order in a manner which is easily accessible to other market participants (by submitting the order for execution to a RM or an MTF, or ensuring the order is published by a data reporting services provider located in an EU member state and can be easily executed as soon as market conditions allow), unless:

- express instructions are given by the client not to publish; or
- the order is large in scale compared to normal market size (as defined by MiFID II).

#### **4.3 Aggregation and allocation**

We will not carry out a client order or a transaction for our own account in aggregation with another client order or any transactions for its own account, unless the following conditions are met:

- it is unlikely that the aggregation of orders and transactions will work overall to the disadvantage or detriment of any client whose order is to be aggregated;
- we disclose to each client whose order is to be aggregated that the effect of aggregation may work to its disadvantage in relation to the particular order; and
- aggregated orders and transactions are fairly allocated.

#### **4.4 Restrictions**

Where we are subject to internal trading restrictions, it may not be possible to accept your order and you will be notified of this fact at the time of order receipt.

#### **4.5 Affiliates and connected parties**

We will only use a connected party to execute a client order if we determine that it is in the best interests of the client to do so and that any conflicts of interest that may arise are prevented or managed appropriately.

#### **4.6 Internalisation**

We may execute orders internally. Orders will only be internalised when it is determined, in accordance with this Policy, that, taking into account potential conflicts of interest, Société Générale is the appropriate Execution Venue and such internalisation is in the best interests of the clients.

#### **4.7 Execution costs**

When providing Services, we may charge the client a fee, commission, mark up or spread in the execution price.

#### **4.8 Inducements**

We will not receive any monetary or non-monetary benefits from third parties which are not in compliance with the applicable rules.



## 5. EXECUTION VENUES

### 5.1 Execution venues that we use

We use a number of execution venues to execute orders on behalf of clients. Execution venues means Regulated Markets (**RM**s), Multilateral Trading Facilities (**MTF**s), Organised Trading Facilities (**OTF**s), Systematic Internalisers (**SI**) – including SG's own SI, market makers, other liquidity providers and entities in third countries that provide similar functions (together **Execution Venues**). RMs, MTFs and OTFs are referred to as **Trading Venues**.

A list of Execution Venues on which we place significant reliance in meeting our Best Execution obligations (according to Asset Class, client classification and whether the transaction is an SFT) can be found at:

<https://wholesale.banking.societegenerale.com/en/compliance-regulatory-information/market-regulation/mifid/list-execution-venues-made-available-societe-generale/>

The list may be amended from time to time.

### 5.2 Factors used to select an Execution Venue for execution of a client order

When executing orders on behalf of clients, we select Execution Venues in a manner that is consistent with our approach to taking sufficient steps to provide Best Execution, which is set out in section 3.1 of this Policy. Specific factors that we consider when selecting an Execution Venue depend on the Asset Class of the Financial Instrument and the nature of the service in question.

(a) **Quote driven activity**

**For quote-driven activity**, we will always be the liquidity provider and, as such, the Execution Venue to our clients in respect of quote-driven activity. Depending on the circumstances, Société Générale will be acting as an SI, a liquidity provider or a market maker.

(b) **Agency and riskless principal activity**

**For agency and riskless principal activity**, the factors that determine our selection of an Execution Venue for the execution of a client order are detailed in section 3 and the Schedules to this Policy, which provide information at Asset Class level (**Execution Venue Selection Factors**). As an overarching approach, when prioritising the Execution Venue Selection Factors, we will apply the General Principle.

We note that, due to the nature of a particular order or the client's requirements, there may only be one Execution Venue where such an order can be executed.

(c) **Assessment**

We regularly assess the Execution Venues made available to us for the purposes of implementing this Policy.

Factors that we consider as part of this process include:

- the Execution Factors;
- clearing and settlement facilities;
- market liquidity;
- whether the client has consented to the order being executed outside a Trading Venue;
- Execution Venue trading controls;

- scheduled actions; and
- other factors that we consider relevant to the provision of Best Execution.

## 6. SELECTION OF A BROKER WHEN RECEIVING AND TRANSMITTING ORDERS

In certain RMs where we are not a member, we may use third party brokers or our affiliates. Brokers, to whom we transmit orders for execution (**Brokers**), are selected by us after a thorough due diligence process where we take into account the following factors, including, but not limited to: Execution Factors, a good reputation, market share, good coverage of market venues and mechanisms, settlement factors, lower cost of execution, best execution policy, commercial terms completed (execution fees, funding cost) and broker connectivity.

## 7. EXECUTING ORDERS OUTSIDE A TRADING VENUE

In providing Best Execution on financial products admitted to trading on a Trading Venue, we may, when considering the Execution Factors, decide to execute a client order outside a Trading Venue. Execution of orders outside a Trading Venue may imply some risks such as the counterparty risks. We will only execute a client order outside a Trading Venue if that client has provided their prior express consent and we continue to act in the best interests of the client by doing so.

Société Générale may source liquidity using third party liquidity providers, including market makers. Payment for Order Flow (**PFOF**) is the practice of an investment firm which executes client orders (as a broker) receiving commission both from the client originating the order and also from the counterparty with whom the trade is then executed (the market maker). In the United Kingdom, Société Générale (as broker and as market-maker) will not enter into any PFOF arrangements.

## 8. TRADING OBLIGATION IN DERIVATIVES AND SHARES

Pursuant to our obligations under Article 23 of MiFIR, we shall ensure that any trades we undertake in shares traded on a Trading Venue take place on an RM, MTF, SI or third country trading venue assessed as equivalent under MiFID II (**Share Trading Obligation**)<sup>6</sup>.

We will also ensure that, pursuant to our obligations under Article 28 of MiFIR, we conclude any transactions<sup>7</sup> with financial counterparties and non-financial counterparties exceeding the EMIR clearing thresholds in derivatives, pertaining to a class of derivatives that has been declared subject to the trading obligation by ESMA<sup>8</sup> on Trading Venues or third country trading venues that have been deemed equivalent under MiFID II (**Derivatives Trading Obligation, together Trading Obligations**).

Where the Share Trading Obligation and the Derivatives Trading Obligation (as appropriate) are applicable, we will apply best execution to the order only taking into account permitted execution venues.

We will not accept any Specific Instruction that would be in contravention of Trading Obligations.

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<sup>6</sup> Subject to the exceptions provided for under MiFIR.

<sup>7</sup> With the exception of exempted transactions under MiFIR.

<sup>8</sup> As a pre-requisite, the derivative asset class must be subject to the clearing obligation.

## **9. MONITORING AND GOVERNANCE**

### **9.1 Ongoing monitoring**

We have implemented a governance framework to monitor, on an ongoing basis, the effectiveness of the arrangements described in this Policy. In respect of our investment service<sup>9</sup> of execution of orders on behalf of a client, we have a dedicated committee which, using an independent market data provider, conducts post trade analysis. The committee assesses the results achieved for clients compared to the pricing levels available on relevant markets.

For execution derived from quote-driven activity, in order to check the fairness of the price of the transactions executed, we will benchmark our proposed prices against external (when available) or internal reference prices. As part of this analysis, we will consider the prices from multiple sources (e.g. Brokers, Trading Venues).

If any potential deficiencies are detected in our arrangements, we will take steps to ensure that these are remedied as quickly as possible.

## **10. PUBLIC REPORTING REQUIREMENTS**

### **10.1 Quality of execution**

This requirement has been suspended until February 2023, pending cancellation.

### **10.2 Execution venue**

We will publish data on our top five Execution Venues and Brokers on our websites:

Link for Société Générale SA et Société Générale Option Europe :

<https://wholesale.banking.societegenerale.com/en/compliance-regulatory-information/market-regulation/mifid/information-the-identity-execution-venues-and-brokers-and-the-quality-execution/>

<https://wholesale.banking.societegenerale.com/en/compliance-regulatory-information/market-regulation/mifid/information-sur-lidentite-des-plates-formes-dexecution-des-negociateurs-sur-qualite-dexecution/>

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<sup>9</sup> As defined in Annex I Section A of MiFID II.

## SCHEDULE 1

### AGENCY LENDING SERVICES

#### AGENCY LENDING SERVICES SCOPE OF APPLICATION

This Schedule 1 sets out the approach to Best Execution in regards to Agency Lending services: where a client instructs us to lend its securities to borrowers on its behalf in exchange for collateral and may also ask us to invest on its behalf any received cash collateral as documented in the legal agreement in place between us (the Securities Lending and Repurchase Agency Agreement (SLRAA)) or where Agency Cash Reinvestment is performed on a standalone basis (Agency Lending Services).

The Client and the Borrower are principal to the transaction and have signed Master Agreements between themselves to govern securities lending and/or repurchase transactions, and are able to meet mandatory requirements such as regulatory reporting.

When Société Générale acts as the agent lender, it is referred to as “the Agent”.

#### 1. APPLICATION TO AGENCY LENDING SERVICES

We will owe Best Execution in respect of **Agency Lending Services** business. The lending fee/rebate rate that we are able to achieve will be a significant factor, but there are other factors which affect a loan and its price so the following relevant Execution Factors are ranked as follows:

- (a) price: we will endeavour to generate a competitive return assessed across a client's portfolio of lendable assets (rather than on an individual transaction basis);
- (b) costs: we will take into account costs associated with execution (including costs to us). These could include, but are not limited to transaction costs, our capital costs and when we are an authorised borrower or counterparty;
- (c) likelihood of execution: counterparties may be looking for certain trade attributes which can impact their ability to trade or impact trade pricing. These may include, but are not limited to, dedicated execution set-up (via a triparty agent for instance), netting opinions, collateral and dividend status of a client;
- (d) likelihood of settlement: if we become aware that a particular execution strategy may compromise the likelihood of settlement, we may not pursue that strategy. This covers both settlement of the underlying loan/cash investment and the ability to settle client transactions (e.g. sale of loaned securities);
- (e) size: large transactions will be filled by clients that have the required number of securities/amount of cash; and
- (f) other factors: any other relevant considerations, including duration of loans or lending/collateral parameters and/or counterparty restrictions imposed by a client and/or whether a proposed borrower meets credit risk criteria as defined by us from time to time for risk management purposes.

Subject to Specific Instructions, price and costs (including costs to us) are likely to be the most important factors.

#### 2. EXECUTION VENUES:

Most of the Financial Instruments covered by the SLRAA are not admitted to trading on a Trading Venue, and, as such, transactions in respect of such instruments will be executed outside an RM, an MTF or an OTF. This typically limits market transparency to enable

meaningful comparison of lending rates. Securities lending transactions are entered into on a bilateral basis between the client and a borrower. Hence, we typically execute **Agency Lending Services** client orders on an OTC basis, acting as agent against one of a panel of borrowers who maintain a relationship with us and which the client has approved. Additionally, where liquidity for a particular security permits, we may also execute client orders on a relevant Execution Venue that specialises in securities lending transactions.

When a security is lent, the borrower agrees a fee if the collateral is other securities or a rebate interest rate if the collateral is cash. This fee or rebate is dependent on many factors including size, client limits, dividend rate, collateral flexibility and client type. Therefore, two trades completed at the same time with the same counterparty could be justifiably transacted at a different fee/rebate. For these reasons, Best Execution monitoring may be more relevant at an overall client performance level rather than at an individual trade level.

### 3. ALLOCATION OF ORDERS

When a given security is available from one or several clients, and approved Borrower(s) request this security, a fair allocation algorithm will be used to determine each client's participation in the trade based on a set of objectives criterion aiming at ensuring fairness between clients. All portfolios are treated in a non-preferential manner such that no single portfolio may be systematically favoured over another one.

### 4. MANAGEMENT OF COLLATERAL TRANSFORMATION

Restrictions set by Clients including regarding the list of Authorised Borrowers and/or regarding expected Collateral, can limit SG ability to distribute on an agency basis Clients assets.

In these cases, when Société Générale is an Authorised Borrower, Société Générale may borrow from the Clients at market level, and then enter on its side into trades to transform the collateral and/or lend against a wider range of Borrowers, thus facilitating the distribution of assets ("collateral transformation trades").

In doing so:

- (a) the Clients benefit from higher utilisation of its assets and additional revenues based on market level for the given trade characteristics,
- (b) Société Générale on its side enter in trades with different characteristics, and is typically exposed to risks (e.g. credit risk against some borrowers not authorised by Clients; collateral received of lower quality than the ones in the Clients Collateral Schedules; particular operational constraints, for instance in terms of same day settlement for Borrowers driven by the need to cover their fails) that Client are not willing to accept as well as extra costs (e.g. capital charge; transactions costs ; processing costs). The economic results of these collateral transformation trades could result in a trading gain or a loss for Société Générale, with neither impacting the Clients.

## **5. SPECIFICS OF INDEMNIFIED AGENCY SECURITIES FINANCE TRANSACTIONS SERVICE**

Within our Indemnified Agency Securities Financing Transactions service offer:

- in the normal course of business Clients self-execute their orders,
- in case of default of an authorized borrower, Société Générale may lead the default management process, including in particular calculation of termination amount, and may as well indemnify its Client in case of collateral shortage.
  - In this service Best Execution does not apply as we do not execute orders on your behalf for MiFID II Instruments.

## **6. SPECIFICS OF CASH INVESTMENT ON A STANDALONE BASIS:**

Within our Cash Investment on a standalone basis service, an execution will arise where you instruct us to subscribe for, or redeem, units in certain funds. Here the application on Best execution will rely on the Execution Factor of speed.

- (a) Speed: this is the only Execution Factor that will apply. We will always try to execute your order in a timely fashion. We will endeavour to process any orders received before any relevant cut-off time in accordance with any agreed documentation in place with you and the terms applicable to subscriptions or (as the case may be) redemptions for the relevant fund. The price is static during any subscription or redemption period; however, "speed" is not relevant with respect to the point during any subscription or redemption period at which an order is placed.
- (b) Price: due to the nature of the instruments (e.g. units in a fund) there is only one price per subscription or redemption period, as applicable. This means that "price" is not a relevant factor for these transactions.
- (c) Other factors: there will commonly be only one method of purchasing or redeeming units, for example via the manager, administrator, transfer agent or general partner of the fund, and this limits the applicability of the other factors. For example, venue selection is not relevant where there is no choice of venue.

## **7. LIMITED SCOPE OR APPLICABILITY**

When a client gives us a Specific Instruction, either relating to an order or a particular aspect of an order, we will execute, so far as is reasonably possible, in accordance with that Specific Instruction.

## SCHEDULE 2

### COMMODITY PRODUCTS

#### 8. SCOPE OF PRODUCTS

This Schedule 2 covers all commodity derivative products admitted to an EMEA, RM as well as OTC commodity derivatives.

Spot commodity<sup>10</sup> products do not fall within the meaning of Financial Instruments, nevertheless we are subject to obligations to treat clients fairly and to manage any conflicts that may arise relating to spot commodity product transactions.

#### 9. SCENARIOS

- When we are executing an order on behalf of a Professional Client, we will owe Best Execution when we receive that order and execute it on a riskless principal basis or by acting as the agent of the Professional Client. Unless otherwise stated in a Specific Instruction, we will rank Execution Factors as follows: price, likelihood of execution and the remaining factors are generally given equal ranking.
- When we enter into a transaction with a Professional Client on a principal basis, we will owe Best Execution to those Professional Clients who legitimately rely on us to protect their interests (Legitimate Reliance). Unless otherwise stated in a Specific Instruction, we will rank Execution Factors as follows: price, likelihood of execution and the remaining factors are generally given equal ranking.
- When we are executing an order on behalf of a client in accordance with a Specific Instruction, we will assume that, by following the Specific Instruction, we have fulfilled our Best Execution obligations.
- When a client requests a quote in respect of a listed derivative where we do not offer a firm risk price and we look for the opposite interest through market makers, we consider that we owe the client Best Execution. Unless otherwise stated in a Specific Instruction, we will rank Execution Factors as follows: price, likelihood of execution and the remaining factors are generally given equal ranking.
- When a client requests a quote and we offer a firm price, we will apply Best Execution if there is Legitimate Reliance. Unless otherwise stated in a specific instruction, we will rank Execution Factors as price, likelihood of execution and the remaining factors are generally given equal ranking.
- When a client requests a quote and the final price is dependent on the quality of our hedge execution, we will owe Best Execution. Unless otherwise stated in a Specific Instruction, we will rank Execution Factors as follows: price, likelihood of execution and the remaining factors are generally given equal ranking.

#### 10. COMMON EXCEPTIONS

- When requested by the client or otherwise, certain orders may require the involvement of a third-party broker to execute the order, especially when the order is large in size. In those circumstances, minimising market impact will play a larger role as an Execution Factor.
- Where a client order is received, and we have discretion over execution but there is only one possible Execution Venue for that product (either because it is the only venue to offer the

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<sup>10</sup> As defined in Annex 2.

contract or because the client specified the contract), this order will be considered analogous to a Specific Instruction. By executing on that Execution Venue, we will satisfy our Best Execution obligations in relation to that aspect of the order. We will provide Best Execution in relation to other aspects of the order in accordance with this Policy.

- In relation to volume weighted average price (**VWAP**) orders, these will generally be undertaken by executing a mix of passive and aggressive orders through a trading schedule which is designed to achieve VWAP overall. We will not guarantee that the best price is achieved for the overall order. While we will endeavour to provide VWAP to the client, this is not in our control over the course of the trading day. However, we will apply Best Execution principles to both the passive and aggressive orders. For passive orders, Execution Factors other than price may be weighted as more significant, in particular likelihood of execution.
- PSC/COR Metals<sup>11</sup> does not act as an Agent nor as a Riskless Principal, as defined in 2.7 of this policy; LME Members may act only as principals (Part 3, Trading Regulations, LME Rulebook). The LME is a dual capacity market whereby members operate on both a proprietary basis and on behalf of clients at the same time and by the same traders; all client orders are filled against the house book. A principal relationship does not mean that an LME Member does not take on quasi-fiduciary responsibilities when executing orders for clients. SG has an over-riding duty to act honestly, fairly and professionally in accordance with the best interests of our clients.
- SG assumes Best Execution is owed when entering into a transaction with a Professional Client on a principal basis when that Professional Client legitimately relies on SG to protect their interests (Legitimate Reliance). The features of the LME Market are such that when we enter into LME transactions with Professional Clients, the conditions of the European Commission cumulative Four-Fold test are met and accordingly Professional Clients do not legitimately rely on us to protect their interests.
- When a client submits a "price level", "on stop", "at market" or other similar order together with a "rings and kerbs only" instruction, we shall, unless agreed otherwise with the client when we accept the order, interpret this as an instruction that the client's order is to be filled: (i) only during LME ring or kerb sessions; and (ii) only by us executing transactions in the ring or kerb.

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<sup>11</sup> PSC/COR Metals Desk Volcker/FBL Classification is Market-Maker



## SCHEDULE 3

### EQUITY AND EQUITY DERIVATIVES PRODUCTS

#### 1. SCOPE OF PRODUCT

This Schedule 3 covers all equity and equity derivative products admitted to an EMEA, RM as well as OTC equity derivatives.

#### 2. SCENARIOS

We will use our commercial judgement and experience on the basis of available market information to take all sufficient steps to obtain the best possible result for our clients taking into consideration the factors listed in 3.1 and the criteria listed in 3.2 (i.e. provide Best Execution) (General Principle).

- Unless otherwise stated per client instruction, we will generally consider price as the most important single execution factor. However, there may be circumstances where taking into account all factors price may not be the strongest factor. For example:
  - Where a venue has the best price but where we determine the quality and nature of the venue may be detrimental to subsequent orders to fulfil the clients order. For example, this could be the case on venues such as Systematic Internalisers (SI's) operated by proprietary market-making firms.
  - Where an order in an illiquid stock is received and the best price available on a venue is not in sufficient size to completely fill the order, we may judge that is better to forgo the liquidity on the venue if we determine it may be detrimental to the subsequent full fulfilment of the order, due to adverse signalling of intention.
- When we execute an order consecutively to investment advice, we will owe Best Execution. Unless otherwise stated in a Specific Instruction, we will rank the Execution Factors as follows: price, likelihood of execution and the remaining factors are generally given equal ranking.
- When a client requests a quote on listed derivatives where no firm risk price is offered and we execute the order with a third-party market maker under the rules of a RM, we will apply Best Execution. Unless otherwise stated in a Specific Instruction, we will rank Execution Factors as follows: price, likelihood of execution and the remaining factors are generally given equal ranking.
- When a client requests a quote where we offer a firm price, we will owe the client Best Execution if there is Legitimate Reliance. Unless otherwise stated in a Specific Instruction, we will rank Execution Factors as follows: price, likelihood of execution and the remaining factors are generally given equal ranking.
- When a client requests a quote and the final price is dependent on the quality of our hedge execution, we will owe Best Execution. Unless otherwise stated in a Specific Instruction, we will rank Execution Factors as follows: price, likelihood of execution and the remaining factors are generally given equal ranking.
- For dynamic portfolio swaps and total return swaps, we will apply Best Execution if there is Legitimate Reliance. Where we owe Best Execution, it applies to the execution of the swap but Best Execution will be monitored through the hedge of this swap.
- As part of our clients' order risk hedging, we reserve the right to manage our positions in a way that respects the integrity of the markets and limits our impact on them.

### 3. COMMON EXCEPTIONS

- Where we have discretion over the execution of a client order but there is only one possible Execution Venue for that product (either because it is the only Execution Venue to offer the contract or because the client specified the contract by currency), the order will be considered analogous to be a Specific Instruction. By executing the order on that Execution Venue, we will satisfy our Best Execution obligations in respect of the relevant aspect of the order. We will execute other aspects of the order, for example speed of execution, in accordance with this Policy.
- In relation to volume weighted average price (**VWAP**) orders, these will generally be undertaken by executing a mix of passive and aggressive orders through a trading schedule which is designed to achieve VWAP overall. We will not guarantee that the best price is achieved for the overall order, as, while we will endeavour to provide VWAP to the client, it is not in our control over the course of the trading day. However, we will apply Best Execution principles to both the passive and aggressive orders. For passive orders, Execution Factors other than price may be weighted as more significant, in particular, likelihood of execution.

## SCHEDULE 4

### FIXED INCOME PRODUCTS

#### 1. SCOPE OF PRODUCTS

Fixed income markets generally include debt instruments, certain interest rates, credit, and currency derivatives, securitised products, structured finance instruments, contracts for difference, futures and options which reference interest rates, credit, currency, and other underlying products.

Spot FX<sup>12</sup> does not fall within the meaning of Financial Instruments, nevertheless we are subject to obligations to treat clients fairly and to manage any conflicts that may arise relating to Spot FX transactions.

#### 2. SCENARIOS

##### Fixed income Financial Instruments

For transactions in fixed income products, we consider that Best Execution will not apply unless we understand that there is Legitimate Reliance by Professional Clients.

We will assess whether there is Legitimate Reliance on the basis of the cumulative following conditions:

- (a) when a Professional Client requests us to provide a quote to them (i.e. a request for quote) and that client has initiated the transaction, it is less likely that the Professional Client will be placing reliance on us. We may communicate trade ideas, relevant market opportunities or indicative prices to Professional Clients as part of our general relationship but we do not consider that this means that we will be deemed to have initiated any transaction;
- (b) the nature of the market and our Professional Clients' general activity suggests that these clients approach a number of different firms, we are being placed in competition with those firms and that these clients are taking their own responsibility for the pricing and other elements of the transaction; and
- (c) the relative levels of transparency within a market are such that we believe that Professional Clients may have ready access to prices in the market in which we operate and such pricing transparency allows these clients to make their own assessment of Best Execution.

#### 3. COMMON EXCEPTIONS

##### Fixed income listed derivatives

In respect of transactions in futures and options which reference interest rates, credit, currency and other underlying products, we consider that we may owe Best Execution to clients. When Best Execution is owed, we will rank the Execution Factors as follows: price, likelihood of execution and the remaining factors are generally given equal ranking. However, if our client provides us with a Specific Instruction, we will execute the order according to that Specific Instruction.

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<sup>12</sup> As defined in Annex 2.

### **Primary market orders and 'fixing' orders**

Where a client places an order in a primary market (e.g. government bond fixed, average price auction order or corporate bond issuance 'book-build' order), or places a foreign exchange 'fixing' order, we consider these to be Specific Instructions, and any Best Execution obligations owed by us will be met by following these instructions.

### **4. FIXED INCOME EXECUTION VENUES**

For transactions in fixed income Financial Instruments, Société Générale will be the sole Execution Venue. However, when executing certain client transactions, we may place significant reliance on other Execution Venues to meet any Best Execution obligations owed to our clients.

## SCHEDULE 5

### STRUCTURED SOLUTIONS

#### 1. SCOPE OF PRODUCTS

This Schedule 5 covers cross-asset structured solutions where Société Générale enters into a transaction on a principal basis.

#### 2. SCENARIOS

- (a) When a Professional Client requests a quote and a firm quote is offered, Best Execution is not owed unless there is Legitimate Reliance placed by the client. We assume that there is no Legitimate Reliance placed on us by Professional Clients in this scenario; and
- (b) When the request is for a "bid price" or the restructuring of a product held by the client then:
  - (i) if the product is a security issued by us (or our affiliates) or a derivative instrument initially traded with us, we would consider that Legitimate Reliance is placed on us and we would owe Best Execution obligations to the client; or
  - (ii) if the security was not issued by us (or our affiliates) or the derivative instrument was not initially traded with us, we would not consider that we owe Best Execution to clients unless there is Legitimate Reliance. We would assume that there is no Legitimate Reliance placed on us by Professional Clients in this scenario.
- (c) When we execute an order consecutively to the provision of investment advice, we will owe Best Execution as we consider there to be Legitimate Reliance.

#### 3. COMMON EXCEPTIONS

We will apply Best Execution in certain circumstances when, due to the unique contractual structure entered into between us and the client, it is not possible to observe any comparisons with other transactions or Financial Instruments. Therefore, we shall provide Best Execution if a transaction is: (a) an OTC transaction; (b) structured/customised to the particular client; (c) not one of a series of similar deals to which we are counterparty; and (d) there is nothing comparable in the market.

## ANNEX 1

### LIST OF FINANCIAL INSTRUMENTS SUBJECT TO THIS POLICY

1. Transferable securities;
2. Money-market instruments;
3. Units in collective investment undertakings;
4. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
5. Options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;
6. Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on an RM, an MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;
7. Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of this Annex and not being for commercial purposes, which have the characteristics of other derivative Financial Instruments;
8. Derivative instruments for the transfer of credit risk;
9. Financial contracts for differences;
10. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Annex, which have the characteristics of other derivative Financial Instruments, having regard to whether, inter alia, they are traded on an RM, OTF, or MTF; and
11. Emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme).

## ANNEX 2

### GLOSSARY

<b>ACPR</b>	Autorité de Contrôle Prudentiel et de Résolution.
<b>Agency Lending Services</b>	Where a client instructs Société Générale to lend its securities to borrowers on its behalf in exchange for collateral and may also ask Société Générale to invest on its behalf any received cash collateral as documented in the legal agreement in place between Société Générale and the client (the Securities Lending and Repurchase Agency Agreement) or where Agency Cash Reinvestment is performed on a standalone basis (Agency Lending).
<b>AMF</b>	Autorité des Marchés Financiers.
<b>Asset Class</b>	The product groups set out in the titles of the Schedules of this Policy.
<b>Best Execution</b>	An obligation under Article 27 MiFID II that requires Société Générale to take sufficient steps to obtain the best possible result for Professional and Retail Clients when executing orders on their behalf in respect of Financial Instruments.
<b>Boursorama</b>	A legal entity within the Société Générale group.
<b>Brokers</b>	Legal entities (including Entities and third party entities), to whom Société Générale transmits a client order for execution.
<b>DEA</b>	Direct electronic access, which is an arrangement where Société Générale permits a client to use its trading ID to electronically transmit orders relating to a Financial Instrument to a trading platform.
<b>Derivatives Trading Obligation</b>	The obligation under Article 28 MiFIR.
<b>ECB</b>	European Central Bank.
<b>Eligible Counterparties</b>	A client that has been classified as an eligible counterparty in accordance with Article 30 MiFID II.
<b>Entities</b>	All Société Générale group entities to which the Policy applies.
<b>Execution Factors</b>	The factors that Société Générale will take into account in order to obtain Best Execution for a client, as set out in section 1.2 of this Policy.
<b>Execution Venue</b>	RMs, OTFs, MTFs, SIs, market makers, other liquidity providers and entities in third countries that perform a similar function.
<b>Execution Venue Selection Factors</b>	As set out in section 5.2 of the Policy, the factors that determine the selection of an Execution Venue by Société Générale for the execution of a client order.

<b>Financial Instruments</b>	The Financial Instruments listed in Section C Annex I of MiFID II.
<b>General Principle</b>	As set out in section 3.2 of this Policy, as a general principle across all products and services, Société Générale will use its commercial judgement and experience, on the basis of available market information, to take all sufficient steps to obtain the best possible result for clients (i.e. provide Best Execution).
<b>Gilbert Dupont</b>	A legal entity within the Société Générale group.
<b>Legitimate Reliance</b>	When Société Générale enters into a transaction with a Professional Client who legitimately relies on Société Générale to protect their interests.
<b>MiFID II</b>	Markets in Financial Instruments Directive 2014/65/EU and implementing measures as transposed into national laws and regulations.
<b>MiFIR</b>	Markets in Financial Instruments Regulation (EU) No 600/2014.
<b>MTF</b>	Multilateral trading facility as defined in Article 4(1)(22) of MiFID II.
<b>OTC</b>	Transactions entered into outside the rules of a Trading Venue or third country trading venue.
<b>OTF</b>	Organised trading facility as defined in Article 4(1)(23) of MiFID II.
<b>Payment for Order Flow (PFOF)</b>	The practice of an investment firm which executes client orders (as a broker) receiving commission both from the client originating the order and also from the counterparty with whom the trade is then executed (the market maker)
<b>Policy</b>	This Best Execution and Client Order Execution Policy.
<b>Professional Client</b>	A client that meets the criteria laid out in Annex II of MiFID II.
<b>Retail Client</b>	All clients that are not Professional Clients or Eligible Counterparties.
<b>RM</b>	A regulated market as defined in Article 4(1)(21) of MiFID II.
<b>Services</b>	The services to which the Policy applies as set out in section 2.2 of the Policy.
<b>SFT</b>	Means securities financing transactions as defined in Article 3(11) of Regulation (EU) 2015/2365.
<b>Share Trading Obligation</b>	The obligation under Article 23 MiFIR.



<b>SI</b>	Systematic internaliser as defined in Article 4(1)(20) of MiFID II.
<b>SLRAA</b>	Securities Lending and Repurchase Agency Agreement.
<b>Specific Instruction</b>	As defined in section 2.8 of this Policy, when Société Générale receives a specific instruction from a client as to how to execute the order (or a particular aspect of the order) and we accept the specific instruction.
<b>Spot Commodities</b>	A contract, for the sale of a commodity, under the terms of which delivery is scheduled to be made within the longer of either two trading days or the period generally accepted in the market for that commodity, as the standard delivery period.
<b>Spot FX</b>	A purchase or sale of foreign currency, which is generally settled within two business days.
<b>Total Consideration</b>	The sum of the price of the relevant Financial Instrument and execution costs.
<b>Trading Obligations</b>	The Share Trading Obligation and/or the Derivatives Trading Obligation.
<b>Trading Venues</b>	RMs, MTFs and/or OTFs.
<b>VWAP</b>	Volume weighted average price.