

CSDR TERMS FOR PROFESSIONAL CLIENTS AND ELIGIBLE COUNTERPARTIES (ECPs) REGARDING
ALLOCATIONS AND CONFIRMATIONS FOR CLIENTS OF SOCIETE GENERALE GLOBAL MARKETS



January 2022

CSDR Terms for Professional Clients and ECPs January 2022

We, Societe Generale (“We” or “Us”) hereby notify you (“You”) of the terms that will apply to certain of our transactions with You¹ in light of the entry into force of the settlement discipline provisions of the European regulation known as the Central Securities Depositories Regulation (“CSDR-SD”).

Background

In summary, CSDR-SD imposes various obligations on market participants in an attempt to lessen the extent and impact of failed settlement of relevant instruments. Such instruments are securities, money market instruments, emissions allowances and units in collective investment undertakings which settle through a central securities depository (“CSD”) based in the European Economic Area (“Relevant Instruments”). In particular, it imposes the following obligations:

- An obligation on the failing party to pay penalties imposed by the CSD in respect of such failed settlements, and
- An obligation to share settlement information in a prescribed manner.

In order to enhance the effectiveness of some of its objectives, CSDR-SD obliges investment firms to establish contractual arrangements with their professional clients² regarding the exchange of allocations, confirmations and settlement information for settlement of Relevant Instruments. Hence, the terms below allow Us and, if applicable, You to achieve compliance with such contractual arrangement obligations.

Further Information

For further information, please refer to the following:

- the “Explanatory Note for use with Professional Clients” in respect of Allocations and Confirmations published by AFME at <https://www.afme.eu/Key-issues/CSDR/CSDR-Model-Contractual-Provisions>
- the CSDR Q&A published at <https://wholesale.banking.societegenerale.com/en/compliance-regulatory-information/market-regulation/csd/>

Penalties

In respect of penalties imposed for failed settlements in accordance with CSDR-SD, We would like to inform You that we currently expect to follow the CSDR Settlement Discipline Penalties Market Practice for Bilateral Claims published by AFME from time to time. This can be found on AFME’s website using this link: <https://www.afme.eu/Portals/0/CSDR%20Settlement%20Discipline%20-%20Bilateral%20Penalty%20Claims%20August%202021.pdf?ver=2021-09-02-091345-440>

¹ If you are an investment manager or otherwise act in an agency capacity, references to “You” shall be interpreted as you on behalf of each of the principals you represent in respect of Relevant Instruments traded with Us.

² For the purposes of this obligation, a ‘professional client’ means any entity which belongs to the list of per se professionals under Section I of Annex II of MIFID 2 (ie. Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast)), irrespective of the fact that We might have, generally or for some specific transactions or services, categorised such entity as a non-professional client e.g. an eligible counterparty.

New Terms for Allocations and Confirmations for Professional Clients and ECPs

In light of the above, We hereby notify You that if You belong to the list of entities in the per se professional category under MIFID 2, regardless of Your actual categorisation, the Allocations and Confirmations Terms for Professional Clients and ECPs set out below (the “terms”) shall apply to each of the Transactions between us referred to in such terms and shall supplement any existing contractual arrangements between us relating to such Transactions.

We reserve the right to terminate or amend the terms by notice to You via our website or otherwise at any time and for any reason, including in the event that CSDR-SD is amended in any way. We shall assume that You have accepted and agreed to the terms if You continue to conduct transactions with Us, or accept services from Us, relating to Relevant Instruments on or after 1 February 2022.

Please note that the industry association AFME has published some standard clauses which may be used by industry participants to achieve the above contractual arrangement obligation relating to settlement information. These can be located at <https://www.afme.eu/Key-issues/CSDR/CSDR-Model-Contractual-Provisions>. Our terms are substantially the same as such standard clauses.

If you are a retail client, the terms below will not apply to you. However, please refer to our CSDR Notice to Retail Clients.

Allocations and Confirmations Terms for Professional Clients and ECPs

These terms that are intended to ensure compliance with certain aspects of CSDR and shall be without prejudice to any existing terms of business between us having a similar subject matter.

Following Us notifying You of the execution of a Transaction, You agree to provide Us a written allocation with all the information referred to in Article 2 of the Settlement Discipline RTS, each within the timeframes stipulated in that Article. You agree that where You send Us such written allocations, this also constitutes written confirmation of Your acceptance of the terms of the Transaction.

You may provide the written allocation and written confirmation by any communication procedure agreed between You and Us.

We shall confirm receipt of the written allocation and written confirmation within the timeframe required under Article 2 of the Settlement Discipline RTS.

You shall not be required to provide the written allocation and written confirmation upon execution of a Transaction where You grant Us access to, or otherwise make available to Us, on an ongoing basis, the information referred to in Article 2 of the Settlement Discipline RTS.

For the purpose of these terms:

“CSDR” means Regulation (EU) No 909/2014 and the Settlement Discipline RTS as they may be modified from time to time;

“Settlement Discipline RTS” means Commission Delegated Regulation (EU) 2018/1229 as it may be modified from time to time; and

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“Transaction” means any transaction which You undertake with or through Us which is within the scope of Article 5(1) CSDR, except where an exemption under Article 2 of the Settlement Discipline RTS applies.

These terms and any non-contractual obligations arising out of or in connection with them shall be governed by French law. The Paris commercial court shall have exclusive jurisdiction to settle any dispute arising out of or in connection with these terms.