

**RISK OF TITLE TRANSFER FINANCIAL
COLLATERAL ARRANGEMENTS RELATED TO
FUNDS
SUBCONTRACTING OF SAFEKEEPING OF
FINANCIAL INSTRUMENTS**

1 - Risk of title transfer financial collateral arrangements related to funds

According to Delegated Directive of 7 April 2016*, when using title transfer collateral arrangements, Investment Firms shall highlight to professional clients and eligible counterparties the risks involved and the effect of any title transfer collateral arrangement on the client's financial instruments and funds.

[*COMMISSION DELEGATED DIRECTIVE (EU) 2017/593 of 7 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to safeguarding of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits.]

Where you provide funds to us under a title transfer collateral arrangement or if we exercise a right of use in relation to funds that you have provided to us by way of collateral under a security collateral arrangement containing a right of use, we draw your attention to the following Reuse risks and consequences:

(i) any rights, including any proprietary rights that you may have had, in funds will be replaced by an unsecured contractual claim for the return of funds subject to the terms of the relevant Collateral Arrangement;

(ii) in the event of our insolvency or default under the relevant agreement your claim against us for the return of funds will not be secured and will be subject to the terms of the relevant Collateral Arrangement and applicable law and, accordingly, you may not recover the full value of your funds (although your exposure may be reduced to the extent that you have liabilities to us which can be set off or netted against or discharged by reference to our obligation to return funds to you);

(iii) in the event that a resolution authority exercises its powers under any relevant resolution regime in relation to us any rights you may have to take any action against us, such as to terminate our agreement, may be subject to a stay by the relevant resolution authority and:

- your claim for the return of funds may be reduced (in part or in full) or converted into equity; or
- a transfer of assets or liabilities may result in your claim on us, or our claim on you, being transferred to different entities although you may be protected to the extent that the exercise of resolution powers is restricted by the availability of set-off or netting rights;

(iv) the provision of title transfer collateral to us, our exercise of a right of use in respect of any financial collateral provided to us by you, the return of funds may give rise to tax consequences that differ from the tax consequences that would have otherwise applied in relation to the holding by you or by us for your account of funds;

2 - Subcontracting of Safekeeping of Financial Instruments

Where Societe Generale holds financial instruments on custody on your behalf, we draw your attention to the fact that:

- Societe Generale may deposit your financial instruments or cash with a sub-custodian in a jurisdiction outside the European Economic Area. Consequently, they may be subject to the law of that jurisdiction and to different regulatory requirements. Your rights relating to those financial instruments or cash may differ accordingly.
- Societe Generale carries out due diligence in the selection, appointment and periodic review of its sub-custodians regarding notably the expertise and market reputation of the sub-custodian as well as any legal requirements related to the holding of financial instruments that could adversely affect clients' rights. Societe Generale's liability towards you in respect of acts and omissions of the relevant sub-custodian and in case of insolvency of the relevant sub-custodian are set out in the relevant custody agreement.
- Financial instruments held on your behalf by Societe Generale may be pooled with financial instruments belonging to Societe Generale's other clients, and held in an omnibus account, and may be recorded in the name of Societe Generale, in accordance with applicable laws. Subject to the terms of the custody agreement, Societe Generale may only have an unsecured claim against the sub-custodian on your behalf.
- Cash held for you will be held by Societe Generale as banker.
- The terms on which security interests and lien are granted to Societe Generale are set out in the relevant custody agreement. Where your financial instruments or cash are held in a jurisdiction outside the European Economic Area which require the grant of a security interest or lien in order to recover debts that relate to Societe Generale's clients or the provision of services to its clients, Societe Generale may also grant security interests or liens over your financial instruments or your cash enabling a sub-custodian to dispose of your financial instruments or of your cash, only where this is required by applicable law.