

Disclosure to clients regarding Foreign Exchange (“FX”) Sales & Traders Practices

The purpose of this General Disclosure Statement is to clarify the nature of the trading relationship between you and the Corporate & Investment Bank at Societe Generale (“SG”) and to disclose relevant practices of SG when acting as a dealer, on a principal basis, in the wholesale FX markets.

This General Disclosure Statement supplements any other disclosures or agreements regarding such matters as SG may provide to or agree with you including, without limitation, terms of business, if applicable, any master agreement for financial transactions between a client and SG, SG’s general disclosures as a swap dealer, SG’s risk disclosures or such other disclosures as may be provided by SG from time to time.

SG offers a client-driven, full-service FX model with comprehensive global coverage, execution and extensive trading capabilities in a broad range of currencies in FX spot, forwards, futures, swaps and options. As such, SG may act on a regular basis as principal in the FX markets not only for the specific product for which you are requesting pricing but also for other correlated products.

Unless otherwise explicitly agreed, SG does not trade in an agency capacity nor does it act as fiduciary, financial advisor or in any similar capacity on behalf of a counterparty and thus does not undertake any of the duties that an entity acting in that capacity would ordinarily perform. Where agreed execution terms dictate that SG exercises discretion in the execution of an order, SG will assume a fiduciary obligation limited to achieving favourable execution of the order in line with your instructions, taking into account market conditions and SG’s available execution capabilities. SG’s sales and trading personnel do not serve as brokers or agents to a client. Any statements made by SG should not be construed as recommendations or investment advice. A counterparty is expected to evaluate the appropriateness of any transaction based on its own assessment of the transaction’s merits and all facts and circumstances in connection therewith.

This disclosure is not intended to conflict with or override any relevant law, regulatory rule or other applicable requirement in any jurisdiction in which SG operates the terms of which may vary depending on the precise nature of your relationship with us and the jurisdiction(s) in which we operate.

Market Making and Pricing

Acting as market maker means that SG manages a portfolio of positions for multiple counterparties’ competing interests as well as SG’s own risk management needs. In addition, as a market maker, SG may receive requests for quotations and multiple orders for the same or related currency pairs.

SG acts as principal and may trade prior to or alongside a counterparty’s transaction, execute transactions for itself or facilitate executions with other counterparties, manage its risk or source liquidity. These activities can have an impact on the prices we offer a counterparty on a transaction and the availability of liquidity at levels necessary to execute counterparty orders. These activities can also trigger stop loss orders, barriers, knock-outs, knock-ins or similar conditions. In conducting these activities, SG endeavors to employ reasonably designed means to avoid undue market impact. Although SG always aims to act in its client’s best interest, such activity may detrimentally affect the price you receive or whether a barrier, stop or other specified level has been reached. Also, you should be aware SG may pre-hedge client orders, with the intention of facilitating order execution and reducing potential market impact, so as to improve the conditions for the client.

SG may seek to satisfy the requests of all of its counterparties and its independent risk management objectives, but it retains discretion with respect to how to satisfy its counterparties, including with respect to order execution, aggregation, and pricing. SG is not required to disclose to a counterparty when the counterparty attempts to leave an order, that SG is handling other counterparties’ orders or SG orders ahead of, or at the same time as, or on an aggregated basis with, the counterparty’s order.

Unless otherwise disclosed, SG will generally provide you with a single “all-in” price which will include the price of the financial instrument, (including any bid/offer spread). For foreign exchange transactions additional amounts may apply, including: (a) the costs related to execution including execution venue fees, clearing and settlement fees and other fees paid to third parties involved in the execution of the transaction; and (b) any sales commission or mark-up (“sales margin”) determined taking into consideration a variety of factors including, but not limited to credit and capital charges, processing and service & relationship costs.

The price, costs and sales margin for these products will vary depending on the client and the transaction. The inclusion of costs and/or sales margin will apply to requests for quotes and orders unless otherwise specified.

SG will use its access to liquidity channels to attempt to execute the full size of your transaction subject to the prevailing market conditions and your instructions. SG will assume that partial fills are acceptable to you unless otherwise agreed. A partial fill occurs where SG is unable to satisfy the whole of your transaction and hence only provides you with a partial execution of your requested transaction.

Market volatility may result in the price of a financial instrument moving significantly from the time of receipt of your order to the time of order execution. SG will attempt to reflect such price movements, whether positive or negative, in the price provided to you.

Electronic trading

SG operates within a consistent framework when executing electronic trade requests in response to its indicative pricing, and reserves the right to accept or reject trades. More specifically, SG applies a number of pre-trade acceptance controls that may result in a trade rejection, which include but are not limited to credit and settlement risk limits, market risk limits, trade frequency and pricing consistency checks which may be referred to as “last look”.

“Last look” in particular is a control used on electronic platforms to provide risk mitigation for timing latencies, technology issues, market disruptions and certain trading behaviours. When applied, it will make a comparison between the last refreshed price and the trade request price, and will reject the trade if the price difference is above a price tolerance threshold. It may be combined with a “holding period”, in which case SG will attempt to execute the trade request during a certain period of time and will reject the trade if the price difference is still above the threshold after the “holding period”.

For the vast majority of products, an asymmetrical “last look” is applied only after a number of successive occurrences where a difference above a threshold is observed between the requested price and the last updated price (asymmetrical in this case means that the price move will be considered in one direction only).

Execution of orders

Specific execution requirements should be agreed with your SG contact in writing or on another recorded medium prior to the placing and execution of the resultant order. Where no specific execution instruction has been agreed, and within the realms of its obligation to execute client orders fairly, SG will decide, in its discretion, whether to work an order, which orders to execute, when to execute them and how to execute them.

Orders include, but are not limited to, stop-loss orders, take profits, at best orders and orders on a fixing. There can be no assurance that we will be able to fill your order at the exact level stated in your order, unless otherwise pre-agreed by both parties in writing, or on another recorded medium. However, we will make reasonable effort to execute the order with the best possible outcome. We will accept your order within this operating framework. Failure on your part to object to us acting as outlined above will be deemed as consent to us so acting.

For certain order types in certain products, the addition of execution costs and / or sales margin by SG may impact the price at which the order is executed in the market. As principal, SG always attempts to execute an order to make an appropriate return on the transaction, taking into account SG’s position, including its inventory strategy and overall risk management strategies in SG’s discretion. The sales margin applied will be pre-disclosed for limit orders on FX spot. This does not apply to other order types or instruments.

Execution of Fixing Orders

Unless we inform you otherwise orders submitted to SG for execution at WMR or ECB FX Spot fixings will be executed with you in riskless principal mode by our Client Facilitation desk which will obtain pricing and execution of the transaction via its panel of liquidity providers, as required.

When executing orders for you in these circumstances, SG will pass on the executed level received from the liquidity provider used and an additional mark-up representing our execution fee.

Fixing orders referenced to other market benchmarks will be passed to SG's Principal Trading desk whenever SG's Client Facilitation desk is not able to execute such orders via its panel of liquidity providers. If the order is authorised by SG's management for execution, it will be executed as described in the "Execution of orders" section above, taking into consideration our regulatory duty to manage any conflicts of interest fairly.

Information Handling

As an international participant in the market, SG has policies and controls that are designed to protect a counterparty's confidential information. The use of this information internally within SG is based on the "Need to Know" principle.

Nevertheless, unless otherwise agreed, SG may use the economic terms of a transaction in order to source liquidity and/or execute risk-mitigating transactions. In addition, as part of its obligations as a regulated entity, SG also shares counterparty information as required by its global regulators.

With regard to executed transactions, SG analyzes this information on an individual and aggregate basis for a variety of purposes, including counterparty risk management, sales coverage, and counterparty relationship management.

We may also analyze, comment on, and disclose anonymised and aggregated information regarding executed transactions, together with other relevant market information, internally and to third parties, as market color.

If you have questions after reading this General Disclosure Statement or concerning SG's dealings with you, you can contact us at SGFXDisclosure@sgcib.com (and contact your senior SG representative). This General Disclosure Statement is also available at <http://swapdisclosure.sgcib.com/fx-disclosure> and may be updated from time to time in order to address changing regulatory, industry and other developments.

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