



SOCIETE GENERALE
Corporate & Investment Banking



**CLEARED OTC CLEARING SERVICES
REQUEST FOR PROPOSAL (“RFP”) FOR EEA
CUSTOMERS**

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Introduction

Thank you for your interest and requesting a Cleared OTC Pricing Proposal from Societe Generale Prime Services.

This Request for Proposal (“RFP”) form has been designed to allow prospective EEA customers to request OTC Clearing Services from Societe Generale SA, Societe Generale International Limited and/or SG Americas Securities, LLC (collectively “SG”) in accordance with the FRANDT requirements¹.

If customers have any questions on how to complete this form, or regarding the information required, please do not hesitate to ask your contact at SG.

Any information supplied to SG will be treated as confidential and only used in relation to assess customers and provide an OTC clearing services proposal. If customers would prefer to share information, such as portfolio data, under a Non-Disclosure Agreement (“NDA”) then we would be happy to send SG’s standard NDA.

Please note that customers have the choice to use the below form for a RFP or any other form of their choice.

¹ As set out in Commission Delegated Regulation (EU) 2021/1456 of 2 June 2021 supplementing Regulation (EU) No 648/2012 (“EMIR”) of the European Parliament and of the Council specifying the conditions under which the commercial terms for clearing services for OTC derivatives are to be considered to be fair, reasonable, non-discriminatory and transparent.

The OTC Clearing Services Onboarding Process – An Overview

SG's Cleared OTC onboarding process has been designed to meet the FRANDT requirements and enhance the customer experience, following a standardised process whilst recognising that no customer onboarding is the same.

A description of the onboarding process, with a timeline, can be found on the applicable SG Disclosure website:

[Societe Generale SA](#)

[Societe Generale International Limited](#)

[SG Americas Securities, LLC](#)

The Request For Proposal ("RFP")²

To begin this process, all EEA customers must complete an RFP form in order for SG to be able to assess their requirements and provide clear pricing and terms. Customers can complete the form provided below or submit their own.

The Proposal

SG will review the risk and capital impacts of the portfolio(s) to be cleared, along with other contractual requirements and take into account any existing commercial arrangements with SG, as applicable. A full credit review will not be completed at this stage.

SG will then supply customers with a completed Proposal detailing fees, scope of service, any non-standard contractual terms, collateral and haircuts, etc. Indicative clearing limits may be supplied at this stage but could require more due diligence in order to be officially confirmed.

If the customer accepts SG's Proposal this will be submitted for internal business approval before proceeding to onboarding.

As part of an internal review at this stage, SG may reject a customer before issuing a Proposal. If applicable, a notification will be sent, without undue delay of this rejection.

Onboarding

If the customer agrees to the Proposal, SG will proceed to the onboarding stage. Depending on the customer's requirements and their familiarity this may include a presentation on the OTC clearing process, operational characteristics and points to consider as a customer.

Customers can expect KYC and tax reviews as well as legal negotiations to start at this point. Onboarding and legal negotiation can lead to new customer requirements during this process and, for this reason, final credit review is not completed until clearing documentation is ready to be executed and all final credit terms and provisions are understood.

The final stage will be to open accounts both within SG, and externally, and to advise customers on set-ups that they will need to perform themselves.

² The form for RFP provided below has been prepared for use in the context of over-the-counter derivatives subject to mandatory clearing under Article 4 of EMIR, in keeping with the obligation under FRANDT being applicable to such derivatives and is not intended to be used in the context of exchange traded derivatives.

Customer Information

Name of Customer (Full Legal Entity name is required)	<input type="text"/>
LEI (Legal Entity Identifier) of Customer	<input type="text"/>
Country of Incorporation	<input type="text"/>
Counterparty Size (NAV / TNW / Equity)	<input type="text"/>

COUNTERPARTY STATUS UNDER EMIR

Please indicate which category applies; information regarding EMIR counterparty categories is provided in Appendix 1 of this document. Customers are responsible for determining their own status. Customers are also asked to provide confirmation as to whether they are subject to the clearing obligation.³

Please tick as applicable

Financial Counterparty above one or more Clearing Thresholds (FC+)	<input type="checkbox"/>	Non-Financial Counterparty above one or more Clearing Thresholds (NFC+)	<input type="checkbox"/>
Small Financial Counterparty below all the Clearing Thresholds (SFC)	<input type="checkbox"/>	Non-Financial Counterparty below all Clearing Thresholds (NFC -)	<input type="checkbox"/>
Please check this box to confirm this entity is subject to the clearing obligation.			<input type="checkbox"/>

SECTOR OF ACTIVITY

Please indicate the sector of activity of this entity.

(The Appendix 2 contains a list of sectors that can be used for both financial and non-financial counterparties)

³ In accordance with Articles 4a or 10 of Regulation (EU) No 648/2012 (“EMIR”)

Additional Required Information

In order to enable SG to provide an accurate and suitable OTC Clearing Service Proposal we need to understand the full extent of services required by a customer. This can include, and is not limited to, the products and portfolio to be cleared, volumes and any specific requirements (legal, credit, collateral, etc.).

Portfolio information will be used to determine the operational and capital implications of clearing for a customer. Therefore, any information supplied needs to be as accurate as possible.

In the course of providing a proposal, SG reserves the right to request additional information not fully described in this document, for example this could be evidence of Parental Guarantees or company organograms.

This will be made clear to the customer during the course of the Proposal process, taking into account the customer's KYC status with SG as well as any other documents already known to SG.

Mandatory information

Portfolio

In order to provide an accurate proposal to customers, SG will need to assess the capital impact of a customer's portfolio as well as any specific operational requirements.

We will need to assess the risk of the portfolio, primarily the Initial Margin as well as other sensitivities such as DV01. Therefore, please provide information on the portfolio to be cleared. This can be a sample portfolio, an IRS DV01 ladder or a general description of the content of the portfolio.

Portfolio templates can be provided upon request.

At a minimum, the information required is:

1. Products to be cleared (IRS / CDS / FX)
2. CCPs where these are to be cleared
3. Notional of positions by direction, tenor and currency/index or name
4. Volume
5. Average trade size per tenor
6. Any other business in other asset classes that could be part of the new relationship

We understand that this could be an indicative portfolio that a customer may use to compare with other CSPs – please provide as accurate a representation as possible as to what the portfolio will look like.

If customers would like to supply their actual portfolio information, a Non-Disclosure Agreement can be put in place to protect any trade details supplied to SG. Please advise your Sales Representative if you require this

Please record portfolio information here

Entity-level Financial Information

If you will be a new customer to SG, we will need information on the financials of the entity that requires clearing services. This could be a fund prospectus or the latest audited financials and will depend on the entity type. Your SG sales contact will advise you of this requirement as part of this process.

Product Scope

In principle, FRANDT applies only to products in scope of the Clearing Obligation as defined by EMIR⁴.

However, SG has determined that any request by EEA customers to contract for clearing services for Cleared OTC products will follow the same FRANDT-compliant process regardless of the underlying instruments required to be cleared.

Eligible Collateral

SG will provide an eligible collateral schedule, with applicable haircuts, as part of the Proposal supplied. This is subject to change from time-to-time, and updates will be made available to customers as required. SG generally mirrors collateral accepted by the CCPs as standard, with some exceptions (e.g. MBS (mortgage backed securities) cannot be accepted).

However, if customers are aware of any non-standard collateral requirements please provide these details to the SG Sales Representative as part of this process.

Please record any non-standard collateral requirements here.

⁴ According to Article 4(1) and Article 5(2) of EMIR, Commission Delegated Regulation (EU) 2015/2205, Commission Delegated Regulation (EU) 2016/592, Commission Delegated Regulation (EU) 2016/1178 and ESMA Public Register for the Clearing Obligation under EMIR (<https://www.esma.europa.eu/document/public-register-clearing-obligation-under-emir>)

Specific customer requirements

We expect that some customers will have specific up-front requirements in terms of contractual terms. These could be, for example, clearing limits, pricing or credit provisions.

Please clearly provide any additional operational, legal, risk or other contractual requirements.

Please record any additional clearing service requirements here.

Appendix 1 – EMIR categorisation overview applicable to EEA customers

EMIR defines parties to derivatives contracts as either Financial Counterparties (“FCs”) or Non-Financial Counterparties (“NFCs”).

An FC is an investment firm authorized in accordance with MiFID II (2014/65/EU), a credit institution authorized in accordance with CRD IV (2013/36/EU), an insurance undertakings or reinsurance undertakings authorized in accordance with the Solvency II Directive (2009/138/EC), an Undertaking for the Collective Investment in Transferrable Securities (UCITS) (and where relevant its management company) authorized in accordance with the UCITS IV directive (2009/65/EC), except if that UCITS is set up exclusively for the purpose of serving one or more employee share purchase plans, an institution for occupational retirement provision (IORP), a central securities depository authorised in accordance with CSDR Regulation (909/2014), and an Alternative Investment Fund (“AIF”) that is either established in the Union or managed by an Alternative Investment Manager(AIFM) authorized or registered in accordance with Directive 2011/61/EU, The definition of FC includes all (i) EU AIFs irrespective of the location and status or the AIFM and (ii) non-EU AIFs managed by an authorized or registered AIFM in the EU. AIFs that are securitization special purpose entities or established solely for employee share purchase plans are excluded from the new FC definition. Any third country⁵ entity that would fall into one of these categories, were it established in the EU/EEA is also regarded as an FC for the purposes of EMIR.

FCs should be distinguished between FC+ and Small Financial Counterparty (“SFC”). The determination on whether an entity is an FC+ or an SFC will be made using the same Clearing Thresholds that apply to NFCs. All FCs have the obligation to notify ESMA and their national regulator if they decide not to calculate their position or if their activity exceeds one of the Clearing Thresholds.

An FC that exceeds the Clearing Thresholds for at least one asset class when they elect to calculate annually the aggregate month-end average of the preceding 12 months or does not calculate its position will become subject to the clearing obligation across all asset classes and will be considered as a FC+. The position needs to be calculated at the group level, or, for UCITS and AIFs at the level of the funds. An FC that does not categorise itself will be classified as FC+ by default.

An NFC is an undertaking established in the EU/EEA which is neither a financial counterparty under the above definition, nor a central counterparty.; in other words, a non-financial company or corporate entity. Equally a third country entity that would not meet the definition of a FC, if it were established in the EU/EEA, would also be regarded as an NFC. Counterparties in this category are also differentiated by the scale and nature of their OTC derivatives activity. An NFC whose activity, excluding normal hedging for commercial purposes, exceeds certain defined thresholds (as set out in the “Clearing Threshold test” below) is regarded as an NFC above the threshold (or NFC+), and is subject to broadly the same requirements as FCs.

All EU/EEA NFCs have the obligation to notify ESMA and their national regulator if they decide not to calculate their position or if their activity exceeds one of the Clearing Thresholds. An NFC that exceeds the clearing threshold for one asset class will now only become subject to the clearing obligation in that particular asset class, rather than in respect of all asset classes, (as it was previously the case) when they elect to calculate annually the aggregate month-end average of the preceding 12 months. If they don’t calculate, they will continue to be subject to the clearing obligation in all asset classes.

⁵ EMIR refers to any jurisdiction outside the EU/EEA as a third country.

Clearing Threshold test: FCs and NFCs may calculate, every 12 months, their derivative aggregate month-end average position for the previous 12 months. These positions must be aggregated at the level of the group to which they belong. These average positions must be compared with the following clearing thresholds:

- Credit derivatives / Equity derivatives – EUR 1 billion in notional value
- Interest rate derivatives / Foreign Exchange derivatives – EUR 3 billion in notional value
- Commodity derivatives & other derivatives – EUR 3 billion in notional value

Appendix 2 – Corporate sectors for financial and non-financial counterparties

Taxonomy for Financial Counterparties

- **AIFD** - an Alternative Investment Fund (AIF), as defined in point (a) of Article 4(1) of Directive 2011/61/EU, which is either established in the Union or managed by an alternative investment fund manager (AIFM) authorised or registered in accordance with that Directive, unless that AIF is set up exclusively for the purpose of serving one or more employee share purchase plans, or unless that AIF is a securitisation special purpose entity as referred to in point (g) of Article 2(3) of Directive 2011/61/EU, and, where relevant, its AIFM established in the Union.
- **CDTI** - Credit institution authorised in accordance with Directive 2013/36/EU.
- **CSDS** - a central securities depository authorised in accordance with Regulation (EU) No 909/2014 of the European Parliament and of the Council.
- **INUN** - an insurance undertaking or reinsurance undertaking authorised in accordance with Directive 2009/138/EC of the European Parliament and of the Council.
- **INVF** - Investment firm authorized in accordance with Directive 2014/65/EU of the European Parliament and of the Council.
- **ORPI** - an institution for occupational retirement provision (IORP), as defined in point (1) of Article 6 of Directive (EU) 2016/2341 of the European Parliament and of the Council.
- **UCIT** - a UCITS and, where relevant, its management company, authorised in accordance with Directive 2009/65/EC, unless that UCITS is set up exclusively for the purpose of serving one or more employee share purchase plans.

Taxonomy for Non-Financial Counterparties

The categories below correspond to the main sections of NACE classification as defined in Regulation (EC) No 1893/2006 of the European Parliament and of the Council⁶.

'A' - Agriculture, forestry and fishing

'B' - Mining and quarrying

'C' - Manufacturing

'D' - Electricity, gas, steam and air conditioning supply

'E' - Water supply, sewerage, waste management and remediation activities

'F' - Construction

'G' - Wholesale and retail trade, repair of motor vehicles and motorcycles

'H' - Transportation and storage

'I' - Accommodation and food service activities

'J' - Information and communication

'K' - Financial and insurance activities

'L' - Real estate activities

'M' - Professional, scientific and technical activities

'N' - Administrative and support service activities

'O' - Public administration and defence compulsory social security

'P' - Education

'Q' - Human health and social work activities

'R' - Arts, entertainment and recreation

'S' - Other service activities

⁶ Full detail on sectors can be found under Regulation (EC) No 1893/2006, here: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02006R1893-20190726>

'T' - Activities of households as employers undifferentiated goods – and services – producing activities of households for own use

'U' - Activities of extraterritorial organizations and bodies

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