



GROUPE SOCIETE GENERALE

BRD - GROUPE SOCIETE GENERALE S.A.

SYSTEMATIC INTERNALISER

COMMERCIAL POLICY

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1. PURPOSE OF BRD SI COMMERCIAL POLICY

This document provides information on the commercial policy and on the pre-trade and post-trade transparency obligations of BRD - Groupe Société Générale S.A. when is acting as a Systematic Internaliser (“SI”).

The Policy describes the standards for governing access to published BRD SI’s firm quotes, by the application of Markets in Financial Instruments (MiFID II) - Directive 2014/65/EU, of the Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on Markets in Financial Instruments and amending Regulation (EU) No 648/2012 (“MiFIR”) transparency requirements.

2. SI DEFINITION

An SI is an investment firm which, on an organised, frequent, systematic and substantial basis, deals in specific financial instruments on own account by executing client orders outside a trading venue (regulated markets, OTFs, MTFs).

The status of SI can be obtained either based on a quarterly assessment of the transactions for the past six months, or by voluntarily opting-in.

An investment firm has the obligation to notify the SI status to its National Competent Authority.

BRD acts as Systematic Internaliser (“SI”) on the Sovereign **Bonds issued by the Ministry of Public Finances of Romania**.

BRD - Groupe Société Générale S.A. (“BRD”) operates under the Market Identifier Code (MIC code) “**BRDS**”.

3. PRE-TRADE TRANSPARENCY REQUIREMENTS FOR NON-EQUITY INSTRUMENTS

MiFIR regulates that investment firms have the obligation to provide firm quotes in respect of “**Non-Equity Instruments**” (“bonds, structured finance products, emission allowances and derivatives”) traded on a trading venue (TOTV) for which they are SI. The obligations depend on the liquidity of the instrument. The SI obligations do not apply to primary market transactions.

MiFIR also provides that the SI must determine in its commercial policy the categories of clients to whom their firm quotes are made available in an objective and non-discriminatory way.

4. FIRM QUOTES PUBLICATION

Firm quotes are executable prices provided by the SI on a given financial instrument that guarantees, for a pre-determined time period, a bid or ask price up to the amount quoted, without negotiation.

Firm quotes provided by BRD on Non-Equity Instruments are made public where at least the following conditions are fulfilled:

- BRD acts as SI on Non-Equity Instruments;

- BRD is prompted for a quote by a client outside a trading venue and agrees to provide a firm quote;
- there is a liquid market for the respective Non-Equity Instrument;
- the Non-Equity Instrument is Traded On a Trading Venue (TOTV);
- the size requested for the respective Non-Equity Instrument is below or equal to the Size Specific To the financial Instrument (SSTI);

BRD's Non-Equity Firm Quotes are published via the Approved Publication Mechanism of **Deutsche Boerse APA, and can be accessed at:**

<http://www.mds.deutsche-boerse.com/mds-en/regulatory-services/mifid-ii-solutions/mifid-ii-otc-trade-reporting>

BRD's pre-trade transparency reports are also accessible via Deutsche Boerse **Vendors List**, that can be found at the following link: www.mds.deutsche-boerse.com

5. ACCESS TO BRD SI FIRM QUOTES

BRD SI clients have access to firm quotes and BRD SI makes the quote public when both conditions below are fulfilled:

- a) BRD SI is prompted for a quote by a client;
- b) BRD SI agrees to provide a quote.

Clients access to concluding transactions at BRD SI firm quotes is subject to at least the following preliminary conditions:

- a) The client is classified under MiFID II;
- b) The client belongs to the same client category to which the quote has been previously provided (retail, professional or eligible counterparty under MiFID classification);
- c) The client has entered into any relevant legal agreement applicable to the trading of the considered Non-Equity Instrument;
- d) The client has obtained and provided to BRD a legal entity identifier (LEI), in the case of clients organized as entities with legal personality;
- e) all relevant custody and settlement instructions have been previously agreed with BRD.

BRD SI Firm Quotes in **illiquid** Non-Equity Instruments, as determined by ESMA, will not be made public. However, at client's request, BRD SI shall agree but not bound to disclose **quotes** provided to other clients in illiquid non-equities instruments.

BRD SI clients can request for quotes through the following communication channels: telephone, email, trading platforms Bloomberg / Thomson Reuters, etc. and Bloomberg / Thomson Reuters instant messaging.

In Non-Equity Instruments the all in price will be quoted to the client requesting for a quote, meaning that the price may include client specific elements such as commercial margin, etc., which may vary depending on the client.

6. LIMITATIONS

BRD may limit the total number of transactions it undertakes to enter at the published conditions in relation to Non-Equity Instruments in a manner that is objective and consistent with its risk management policy. Once the maximum number of transactions is reached in relation to BRD SI Non-Equity Instruments firm quotes, the published quote is no longer accessible. The maximum number of total transactions entered at the published price is set to one.

BRD may refuse access to its quotes by clients in compliance with a prudent risk management practices (including regulatory risk) and when such execution would have a material adverse effect on market prices.

BRD SI may update its quotes at any time and may withdraw the quotes under exceptional market conditions.

7. POST-TRADE TRANSPARENCY REQUIREMENTS FOR NON-EQUITY INSTRUMENTS

According to article 21 from MIFIR, where a transaction between two investment firms is concluded outside the rules of a trading venue, either on own account or on behalf of clients, only the investment firm that sells the financial instrument concerned shall make the transaction public through an Approved Publication Arrangement (APA) ().

Where only one of the investment firms party to the transaction is Systematic Internaliser in the given financial instrument, the party acting as Systematic Internaliser has to make the transaction public through an APA.

Applying the above requirements, BRD SI makes public the volume and price of the transactions concluded in non-equity instruments through **Deutsche Boerse APA**, at link:

<http://www.mds.deutsche-boerse.com/mds-en/regulatory-services/mifid-ii-solutions/mifid-ii-otc-trade-reporting>

8. BEST EXECUTION

The Best Execution Policy of BRD is published on the BRD's website, at link:

<https://www.brd.ro/piete-financiare/piata-valutara-si-monetara/informatii-reglementare/mifid-ii>

9. POLICY UPDATES

BRD SI Commercial Policy is made available to BRD clients through the following web page:

<https://www.brd.ro/piete-financiare/piata-valutara-si-monetara/informatii-reglementare/mifid-ii>

Any update or modification of the Policy shall replace earlier versions and shall be deemed applicable once published on BRD's website.

The list of financial instruments for which BRD is a Systematic Internaliser is available on the following web page:

<https://www.brd.ro/piete-financiare/piata-valutara-si-monetara/informatii-reglementare/mifid-ii>

Liquidity, Size Specific to the Financial Instrument (SSTI) and traded on a trading venue status (TOTV) data/information are provided by the ESMA and updated regularly.

As of the date of this Policy publication the current transparency data are available on the following ESMA webpage:

https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_fitrs_nonequities

Appendix GLOSSARY

ASF - The Financial Supervisory Authority

APA - Approved Publication Arrangement means an approved publication arrangement as defined in Article 4(1)(52) of Directive 2014/65/EU;

Best Execution - An obligation under Article 27 MiFID II that requires BRD - Groupe Société Générale S.A. 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.

LEI CODE – Legal Entity Identifier

ESMA - European Securities and Markets Authority

Eligible Counterparties - A client that has been classified as an eligible counterparty in accordance with Article 30 MiFID II

Execution Venue - RMs, OTFs, MTFs, SIs, market makers, other liquidity providers and entities in third countries that perform a similar function

Financial Instruments - The Financial Instruments listed in Section C Annex I of MiFID II

MiFID II - Markets in Financial Instruments Directive 2014/65/EU and implementing measures as transposed into national laws and regulations

MiFIR - Markets in Financial Instruments Regulation (EU) No 600/2014

MTF - Multilateral Trading Facility as defined in Article 4(1)(22) of MiFID II

NBR - The National Bank of Romania

OTC - Transactions entered into outside the rules of a Trading Venue or third country trading venue.

OTF - Organised trading facility as defined in Article 4(1)(23) of MiFID II

Professional Client - A client that meets the criteria laid out in Annex II of MiFID II

Retail Client - All clients that are not Professional Clients or Eligible Counterparties.

RM - A Regulated Market as defined in Article 4(1)(21) of MiFID II

SI - Systematic Internaliser as defined in Article 4(1)(20) of MiFID II