

Network management at SGSS

ESTABLISH AND MANAGE A NETWORK OF SERVICE PROVIDERS

Network Management is a global service responsible for managing Societe Generale's network of providers. For each type of asset, these service providers are:

- for securities: sub-custodians;
- for listed derivatives: derivatives clearers;
- for cash: the cash correspondents' banks.

The GBIS Network Management entity is also responsible for monitoring prime brokers, global custodians and transfer agents used by the funds for which SGSS acts as the depositary bank.

The network covers over 75 countries.

NETWORK MANAGEMENT RESPONSIBILITIES

Network Management manages the global relationship with all post trade service providers:

- It is responsible for selecting service providers and also for optimising and monitoring the network of sub-custodians and derivatives clearers. It monitors the quality of services provided and associated operational risks.
- It also works closely with the Compliance, Credit Risk and Operational Risk departments to monitor risks and ensure compliance.
- With the support of the Sourcing department, in charge of contractual management of fees including benchmarking, optimisation and negotiation, as well as negotiating some legal agreements with the support of the legal division.
- It is also responsible for gathering market news (changes in local regulations that could affect clients).
- Finally, under the AIFM Directive, and particularly with respect to the new obligations that this directive imposes on depositaries of alternative investment funds, Network Management ensures the supervision of the prime brokers, global custodians and transfer agents. Network Management is required to carry out due diligence in order to ensure that the securities for which it is responsible are held with controlled risk.

Its teams support the front and back offices in their development. Network Management is responsible for selecting service providers to cover new markets and new products, as well as formalising relationships with providers and, throughout their life, supervising and controlling their effective operation.

Network Management is currently composed of 35 people based in Paris, Nantes, Milan, New York, London and in Asia.

BENEFITS OF THE STRUCTURE

Its size, the addition of complementary skills and expertise, more extensive and competitive client services, improved reputation on the market - all these are valuable benefits that enrich the services of the Network Management entity. The combination of skills under the new structure offers significant potential for synergy of expertise. The range of services we offer is now more extensive. In addition, with increased monitoring and supervision, clients can be sure that their risks are reduced.

NEW MARKETS

According to **Mathilde Guérin, Head of the Network Management structure**, new exotic markets are emerging. Markets where there is economic growth or potential economic growth. These markets are mainly situated in the African region. SGSS has a strong presence and expertise in Africa through the Johannesburg branch that gives access to over 15 countries in the African continent but also through our local entities (Morocco, Tunisia, Ghana...) or through third parties.

African markets are very challenging because not always very well regulated or safe but it is the role of the Network Management department to make sure that client's assets are well protected.