

UNITED STATES OF AMERICA  
BEFORE THE  
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, D.C.

Written Agreement by and among:

SOCIÉTÉ GÉNÉRALE S.A.  
Paris, France

SOCIÉTÉ GÉNÉRALE  
NEW YORK BRANCH  
New York, New York

and

FEDERAL RESERVE BANK OF NEW  
YORK  
New York, New York

Docket Nos. 19-025-WA/RB-FB  
19-025-WA/RB-FBR

WHEREAS, Société Générale S.A., Paris, France (the “Bank”), is a foreign bank as defined in section 1(b)(7) of the International Banking Act (12 U.S.C. § 3101(7)) that controls a large complex financial organization that consists of a number of separate business lines and legal entities in many countries around the world;

WHEREAS, the Bank conducts operations in the United States through its New York, New York branch (the “Branch”) and other entities (collectively, the Bank’s combined U.S. operations, or “SGUS”);

WHEREAS, the Board of Governors of the Federal Reserve System (“Board of Governors”) is the appropriate federal supervisor in the United States of the Bank and the Branch;

WHEREAS, the Bank is required to maintain a U.S. risk management program designed to identify and manage risks across the organization's combined U.S. operations under section 252.155(a)(2) of Regulation YY of the Board of Governors (12 C.F.R. § 252.155(a)(2));

WHEREAS, SGUS has adopted a firmwide risk management program designed to identify and manage risks across its consolidated U.S. operations, including compliance risks at the Branch, and such program is implemented or supervised predominantly by the Branch;

WHEREAS, the Federal Reserve Bank of New York (the "Reserve Bank") previously identified deficiencies in the Bank's U.S. compliance risk management program, including but not limited to the compliance risk assessment process and compliance testing and monitoring function;

WHEREAS, at least between 2011 and 2018, due to inadequate policies and procedures to identify covered transactions or systems to monitor compliance with such policies and procedures, the Branch engaged in transactions with, or benefitting, a non-bank affiliate of the Branch in violation of sections 23A and 23B of the Federal Reserve Act (12 U.S.C. §§ 371c and 371c-1) and Regulation W of the Board of Governors (12 C.F.R. Part 223) (collectively, the "Affiliate Transaction Requirements");

WHEREAS, the Bank and the Branch are taking steps to address deficiencies relating to the Branch's compliance with the Affiliate Transaction Requirements;

WHEREAS, it is the common goal of the Bank, the Branch, and the Reserve Bank that the Bank, SGUS, and the Branch, comply with all applicable federal laws, rules, and regulations;

WHEREAS, the Bank, the Branch, and the Reserve Bank have mutually agreed to enter into this Written Agreement (the "Agreement"); and

WHEREAS, on the 12th day of December, the board of directors of the Bank, at a duly constituted meeting, adopted a resolution authorizing and directing Frédéric Oudéa and Slawomir Krupa to enter into this Agreement on behalf of the Bank and the Branch, respectively, and consenting to compliance with each and every applicable provision of this Agreement by the Bank and the Branch.

NOW, THEREFORE, the Bank, the Branch, and the Reserve Bank agree as follows:

**Corporate Governance and Management Oversight of U.S. Operations**

1. Within 60 days of this Agreement, the Bank and the Branch shall jointly submit a written plan to strengthen oversight by the Bank’s U.S. Risk Committee (the “U.S. Risk Committee”) of SGUS’s compliance risk management program. The plan shall be approved by the U.S. Risk Committee and acceptable to the Reserve Bank, and shall provide for a sustainable governance framework that, at a minimum, addresses, considers, and includes:

- (a) actions that the U.S. Risk Committee and Bank’s management have taken or will take to ensure that senior management of the Branch and SGUS maintain effective control over, and oversight of, SGUS’s compliance risk management program;
- (b) measures to ensure that compliance risk management deficiencies or weaknesses related to SGUS’s operations are appropriately tracked, escalated, and reviewed by SGUS senior management and reported to the U.S. Risk Committee;
- (c) measures to oversee compliance by SGUS and Branch senior management with this Agreement; and
- (d) a description of the information and reports regarding compliance risk management to be regularly reviewed by the U.S. Risk Committee in its oversight of SGUS’s compliance risk management program.

## **U.S. Compliance Risk Management Program**

2. Within 60 days of the submission of the written plan pursuant to paragraph 1, the Bank and the Branch shall jointly submit a written plan to enhance SGUS's compliance risk management program acceptable to the Reserve Bank. The plan shall, at a minimum, address, consider, and include:

(a) comprehensive compliance risk assessment processes, including a detailed analysis of risk factors related to laws and regulations applicable to specific business lines or legal entities, mitigating controls, and comprehensive risk assessment reports;

(b) effective testing and validation measures for compliance risk to ensure business lines, as relevant, follow applicable laws, regulations, policies, and procedures, and to ensure effective testing of the design and execution of compliance risk controls;

(c) measures to ensure SGUS's compliance risk management functions have the requisite stature, authority, and resources, with clearly defined roles and responsibilities, including necessary staffing levels and expertise;

(d) improvements to the information, reports, systems, and data provided to the U.S. Risk Committee and SGUS's senior management concerning compliance risks and the effectiveness and functioning of the compliance risk management program;

(e) measures to remediate any outstanding deficiencies identified by the Reserve Bank in SGUS's last two annual U.S. assessment letters, dated February 20, 2018, and February 7, 2019; and

(f) enhancements to SGUS's affiliate transaction compliance program (the "Affiliate Transaction Compliance Program"), including:

- (i) measures to ensure the Branch complies with the Affiliate Transaction Requirements in all covered transactions;
- (ii) measures to ensure the Bank and its subsidiaries do not cause the Branch to violate any provision of the Affiliate Transaction Requirements; and
- (iii) periodic training for applicable staff regarding compliance with the Affiliate Transaction Requirements.

### **Internal Audit**

3. Within 60 days of this Agreement, the Bank and the Branch shall jointly submit written revisions to SGUS's Internal Audit program with respect to auditing SGUS's compliance risk management program acceptable to the Reserve Bank. The revised program shall, at a minimum, provide for:

- (a) an effective validation and testing process to assess the actions taken by SGUS and Branch senior management to comply with this Agreement; and
- (b) annual reviews of SGUS's compliance risk management program, including compliance risk assessment processes for compliance with applicable U.S. laws and regulations.

### **Affiliate Transactions Compliance Program Review**

4. After SGUS's Internal Audit completes an audit of the actions taken by SGUS and Branch senior management to enhance the Affiliate Transaction Compliance Program, as is required in part by paragraph 3(a), and publishes a written report thereof, the Reserve Bank will determine whether, within 60 days of such a determination, the Bank and the Branch shall retain an independent third party acceptable to the Reserve Bank to: (i) conduct a comprehensive review of the Branch's Affiliate Transaction Compliance Program (the "Affiliate Transaction

Compliance Program Review”), and (ii) prepare a written report of findings, conclusions, and recommendations (the “Affiliate Transaction Compliance Program Review Report”).

5. As applicable under paragraph 4, within 10 days of the engagement of an independent third party, but prior to the Affiliate Transaction Compliance Program Review, the Bank and the Branch shall jointly submit to the Reserve Bank for approval an engagement letter that provides, at a minimum, for the independent third party to:

(a) conduct a comprehensive assessment of the Branch’s internal controls to determine if they are reasonably designed to ensure compliance with the Affiliate Transaction Requirements;

(b) evaluate the effectiveness of the Branch’s testing program, including SGUS’s Internal Audit function, for compliance with the Affiliate Transaction Requirements;

(c) complete the Affiliate Transaction Compliance Program Review Report within 120 days of the Reserve Bank’s approval of the engagement letter;

(d) provide to the Reserve Bank a copy of the Affiliate Transaction Compliance Program Review Report at the same time it is provided to the Bank and the Branch; and

(e) commit that any and all interim reports, drafts, and workpapers, or other supporting materials associated with the Affiliate Transaction Compliance Program Review will be made available to the Reserve Bank upon request.

### **Approval, Implementation, and Progress Reports**

6. (a) The Bank and the Branch shall jointly submit the written plans and program that are acceptable to the Reserve Bank within the applicable time periods set forth in paragraphs 1, 2, and 3 of this Agreement. Each plan and program shall contain a timeline for full

implementation of the plan or program with specific deadlines for completion of each component of the plan or program. As applicable, an independent third party acceptable to the Reserve Bank shall be retained by the Bank and the Branch within the time period set forth in paragraph 4 of this Agreement. As applicable, an engagement letter acceptable to the Reserve Bank shall be submitted within the time period set forth in paragraph 5 of this Agreement.

(b) Within 10 days of approval by the Reserve Bank, the Bank and the Branch, as applicable, shall adopt the plans or program. Upon adoption, the Bank and the Branch, as applicable, shall promptly implement the approved plans and program, and thereafter fully comply with them.

(c) During the term of this Agreement, the approved plans and program shall not be amended or rescinded without the prior written approval of the Reserve Bank.

7. Within 30 days after the end of each quarter following the date of this Agreement, the Bank and the Branch shall jointly submit to the Reserve Bank written progress reports detailing the form and manner of all actions taken to secure compliance with the provisions of this Agreement and the results thereof. The Reserve Bank may, in writing, discontinue the requirement for progress reports or modify the reporting schedule.

### **Communications**

8. All communications regarding this Agreement shall be sent to:
- (a) Johnathon Kim  
Supervisory Officer Large and Foreign Banking Operations  
Federal Reserve Bank of New York  
33 Liberty Street  
New York, New York 10045

- (b) Marilyn Arbuthnott  
Vice President Large and Foreign Banking Operations  
Federal Reserve Bank of New York  
33 Liberty Street  
New York, New York 10045
- (c) Frédéric Oudéa  
Chief Executive Officer  
Société Générale S.A.  
Tours Société Générale  
17 Cours Valmy  
92972 Paris La Défense Cedex  
Paris, France
- (d) Gilles Briatta  
General Secretary  
Société Générale S.A.  
Tours Société Générale  
17 Cours Valmy  
92972 Paris La Défense Cedex  
Paris, France
- (e) Slawomir Krupa  
Chief Executive Officer  
Société Générale – Americas  
245 Park Ave. 9th Floor  
New York, New York 10167
- (f) Laura Schisgall  
General Counsel  
Société Générale – Americas  
245 Park Ave. 9th Floor  
New York, New York 10167

### **Miscellaneous**

9. Notwithstanding any provision of this Agreement to the contrary, the Reserve Bank may, in its sole discretion, grant written extensions of time to the Bank or the Branch to comply with any provision of this Agreement.

10. The provisions of this Agreement shall be binding upon the Bank and the Branch and each of their institution-affiliated parties, as defined in sections 3(u) and 8(b)(4) of the



Federal Deposit Insurance Act, as amended (12 U.S.C. §§ 1813(u) and 1818(b)(4)), in their capacities as such, and their successors and assigns.

11. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank.

12. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, or any other federal or state agency from taking any other action affecting the Bank, the Branch, any subsidiary thereof, or any of their current or former institution-affiliated parties or their successors and assigns.

13. This Agreement does not supersede the cease-and-desist orders issued by the Board of Governors to the Bank, dated November 19, 2018, or to the Bank and the Branch, dated December 14, 2017.

14. Pursuant to section 50 of the FDI Act (12 U.S.C. § 1831aa), this Agreement is enforceable by the Board of Governors under section 8 of the FDI Act (12 U.S.C. § 1818).

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as  
of the 17th day of December, 2019.

SOCIÉTÉ GÉNÉRALE S.A.

FEDERAL RESERVE BANK OF NEW  
YORK

By:   /s/  

Frédéric Oudéa  
Chief Executive Officer  
Société Générale S.A.

By:   /s/  

Brian O'Halloran  
Vice President Large and Foreign  
Banking Operations  
Federal Reserve Bank of New York

SOCIÉTÉ GÉNÉRALE  
NEW YORK BRANCH

By:   /s/  

Slawomir Krupa  
Chief Executive Officer  
Société Générale – Americas  
Société Générale, New York  
Branch