

MODIFICATION 249 - PROPOSED DRAFT LEGAL TEXT

SECTION N: CLEARING, INVOICING & PAYMENT

Insert a new paragraph 4.1.2 as follows

4. BANKING ARRANGEMENTS

4.1 Establishment of Accounts

4.1.1 The FAA shall establish and operate on behalf of the BSC Clearer the following accounts (each a "**BSC Account**") in the name of the BSC Clearer:

- (a) a Clearing Account with the BSC Banker to and from which all payments determined in accordance with this Section N are to be made;
- (b) a Collection Account to which payments from Trading Parties are made;
- (c) a Reserve Account with the BSC Banker to which all Cash Cover, proceeds of Letters of Credit, surplus payments received from Payment Parties pursuant to paragraph 7 and other amounts specified in this Section N shall be credited or debited;
- (d) a Borrowing Account with the BSC Banker on which the FAA on behalf of the BSC Clearer may make permitted Drawings or to cover payments due from Payment Parties that are below the Advice Note Threshold Limit during an Advice Note Period; and
- (e) any other account that the FAA (with the prior written consent of BSCCo) considers desirable to enable the BSC Clearer to perform any obligations imposed on it by this Section N.

4.1.2 The FAA shall also establish on behalf of the BSC Clearer the means by which to facilitate and manage the transfer of Reserve Account monies between the Reserve Account and Investment Accounts.

Insert new paragraph 4.10 as follows

4.10 Treasury Policy and investment of Reserve Account monies

4.10.1 BSCCo may from time to time, and in accordance with the Treasury Policy, direct the FAA in writing to transfer certain monies from the Reserve Account into an Investment Account.

4.10.2 BSCCo shall notify Parties in the event that the investment criteria contained within the Treasury Policy have been amended by the Board. Any change to the investment criteria within the Treasury Policy shall not take effect until at least 10 Business days after the day on which the Board approved the change.

4.10.3 The Treasury Policy shall be made available to Parties upon request.

Insert a new paragraph 8.6.2 as follows.

8.6 Prohibition on transfers

8.6.1 The FAA shall not at any time instruct the BSC Banker to transfer any sum from a BSC Account to another account (not being a BSC Account) unless that account is a Settlement

Account or (in the case of erroneous payments to the BSC Clearer) with the authority of BSCCo and the relevant Payment Party concerned.

8.6.2 Notwithstanding paragraph 8.6.1, the FAA may instruct the BSC Banker to transfer monies from the Reserve Account into an Investment Account. Such instruction by the FAA to the BSC Banker shall only be made by the FAA upon receipt of a written instruction issued by BSCCo in accordance with paragraph 4.10.1.

SECTION X –DEFINITIONS AND INTERPRETATION - ANNEX X-1 (version 44.0)

Amend Section X – Annex X-1 by inserting the following definition into Annex X – 1 General Glossary in alphabetical order.

<u>"Investment Account":</u>		<u>means an account belonging to a bank or a building society into which Reserve Account monies are deposited for investment;</u>
<u>"Treasury Policy":</u>		<u>means the policy approved by the Board from time to time which sets out the criteria governing the investment of Reserve Account monies;</u>