

LEGAL DRAFTING TO GIVE EFFECT TO PROPOSED MODIFICATION P214

ANNEX M-1

Form of Letter of Credit

The Form of Letter of Credit shall be amended to read as follows:

To: ELEXON Clear Limited (the "BSC Clearer")

At the request of [name of Trading Party] (the "applicant") we have opened in favour of the BSC Clearer our irrevocable Letter of Credit Number () for £[] (amount in words).

This Letter of Credit is available against sight drafts issued by the BSC Clearer accompanied by a signed statement issued by the BSC Clearer stating either:

- (a) that the applicant has failed to pay to BSC Clearer the amount you are claiming under the terms of the Balancing and Settlement Code (as modified from time to time, the "Code"); or
- (b) that the amount of the Letter of Credit has become payable pursuant to the Code by reason of the Letter of Credit not being extended or replaced in accordance with the requirements of the Code or that we have ceased to have the credit rating required under the Code.

Payments under this Letter of Credit shall be effected immediately to [insert relevant account details].

Partial drawings are allowed hereunder.

Claims under this Letter of Credit shall be made at the counters of [insert details of the branch of the issuing/advising/confirming bank].

This Letter of Credit expires on [].

We waive any right to set off against any amount payable hereunder any claims we may have against you.

Any sight draft and statement to be issued by the BSC Clearer for the purpose of this Letter of Credit may be signed by [insert name of FAA] (the "FAA") on behalf of the BSC Clearer.

Any demand hereunder must comply with all the above requirements and signatures (on behalf of the BSC Clearer or the FAA) thereon must be confirmed by your Bankers.

This Letter of Credit is subject to Uniform Customs and Practice for Documentary Credits (1993-1997 Revision) published by the International Chamber of Commerce.

We undertake that drafts and documents drawn-presented under ~~and in strict conformity with~~ the terms of this ~~credit~~ Letter of Credit which are complying in presentation, will be honoured upon presentation.

This Letter of Credit shall be governed by and construed in accordance with English law.

For and on behalf of [] Bank [Plc].

SECTION N: CLEARING, INVOICING & PAYMENT (Version 9.0)

Paragraph 2.7.1 shall be amended to read as follows:

2.7 Liability of the BSC Clearer

- 2.7.1 The liability of the BSC Clearer to make payments on a Business Day under the Code shall be limited so that the aggregate of such payments (excluding the amount (if any) by which

each such payment has been increased on account of VAT) does not exceed the aggregate amount of payments (excluding the amount (if any) by which each such payment has been increased on account of VAT) that has been paid to or recovered (within the meaning of paragraph 9.3.1) by the BSC Clearer:

- (a) from Parties (including by way of realisation of Credit Cover in accordance with paragraph 9), in respect of that Business Day; and
- (b) by way of ~~a dDrawing-on the Credit Facility~~, but only where this Section N provides for such a ~~dDrawing~~ to be made, and without prejudice to the further payment obligations of Parties arising following any such ~~dDrawing~~;

and each Party irrevocably and unconditionally releases the BSC Clearer from any other liability in respect of that Business Day other than as provided in this paragraph 2.7.1 and paragraph 2.7.2(b).

Paragraph 2.7.3 shall be amended to read as follows:

2.7.3 Any amounts in respect of VAT that ~~the~~ BSC Clearer is required to pay to Parties on a Business Day under the Code shall be funded:

- (a) by amounts that it receives in respect of VAT from Parties under the Code on that Business Day; and
- (b) by way of ~~a dDrawing-on the Credit Facility~~, but:
 - (i) only where this Section N provides for such a ~~dDrawing~~ to be made;
 - (ii) without prejudice to the further payment obligations of Parties arising following any such ~~dDrawing~~; and
 - (iii) only to the extent that the amount of such a ~~dDrawing~~ represents the part of the Amount in Default that is attributable to VAT;

and where such amounts are insufficient BSCCo shall, in advance in accordance with paragraph 7.1.4 or, where such amount is insufficient due to the occurrence of an Amount in Default, as soon as reasonably practicable, fund the excess provided that the BSC Clearer shall only be required to pay that excess as and when it receives such funding from BSCCo.

Paragraph 3.1.1 shall be amended to read as follows:

3.1 Content

3.1.1 No later than 31st January in each year the FAA shall:

- (a) determine, ~~for each Settlement Day in the next following BSC Year,~~ in accordance with the requirements in paragraph 3.2 and BSCP-301 ~~in consultation with the SAA~~ and subject to approval of BSCCo, the following dates:
 - (i) the Initial Payment Date; ~~and~~
 - (ii) the Initial Notification Date;

for each such Settlement Day in the next following BSC Year, and

- (iii) the Payment Date for each Timetabled Reconciliation Settlement Run; and
- (iv) the Notification Date for each Timetabled Reconciliation Settlement Run;~~;- and~~

where the Payment Date is between the earliest and the latest Initial Payment Dates identified in (i) above; and

- (b) prepare or cause to be prepared a Payment Calendar showing (for each such Settlement Day) such dates.

Paragraph 4.1.1 shall be amended to read as follows:

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 ~~e~~C~~learing~~ ~~a~~A~~ccount~~ with the BSC Banker to and from which all payments determined in accordance with this Section N are to be made;
- (b) a ~~e~~C~~ollection~~ ~~a~~A~~ccount~~ ~~at each Collection Bank to which payments from Trading Parties are made;~~
- (c) a ~~r~~R~~eserve~~ ~~a~~A~~ccount~~ 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 ~~b~~B~~orrowing~~ ~~a~~A~~ccount~~ with the BSC Banker on which the FAA on behalf of the BSC Clearer may make permitted ~~d~~D~~rawings~~ under the Credit Facility 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.

Paragraph 4.4, 4.4.1 and 4.4.2 shall be amended to read as follows:

4.4 Notification of Settlement and Collection Accounts

4.4.1 ~~The FAA shall notify the names of the Collection Banks determined by the Panel from time to time to all Payment Parties~~Not Used.

4.4.2 Each Payment Party shall, not later than the date required by paragraph 4.4.3, ~~;- (a)~~ deliver to the FAA a duly completed and signed Settlement Account designation providing details of the Settlement Account to which the FAA on behalf of the BSC Clearer is instructed to make payments to such person; and

- ~~(b) select the Collection Account into which payments due from such Payment Party will be transferred in accordance with this Section N.~~

Paragraphs 4.5 and 4.5.1 shall be amended to read as follows:

4.5 Change of Settlement ~~and Collection~~ Account

- 4.5.1 Each Payment Party may change its Settlement Account ~~or its choice of Collection Account~~ at any time by delivering to the FAA a duly completed and signed notice, and with an effective date, in accordance with BSCP-301.

Paragraph 4.7.1 shall be amended to read as follows:

4.7 Details of Accounts

- 4.7.1 The FAA shall supply bank details, sort code and account numbers for:

- (a) the Reserve Account and the ~~relevant~~ Collection Account to each Payment Party; and
- (b) the Clearing Account, the Reserve Account, the Collection Accounts, the Borrowing Account ~~(if any)~~ and all other BSC Accounts and the Settlement Accounts to BSCCo and the BSC Clearer.

Paragraph 4.8.1 shall be amended and paragraph 4.8.2 shall be inserted as follows:

4.8 Banking Communications Links

- 4.8.1 The FAA shall set up communications links with ~~:(a)~~ the BSC Banker to ensure efficient transfers of funds ~~;(b) the Collection Banks~~.

4.8.2 Payments under paragraph 4.8.1 shall be made by such payment methods as may be authorised by BSCCo from time to time.

Paragraph 6.1.3 and 6.1.4 shall be amended to read as follows:

6.1 Settlement Runs

- 6.1.3 The following information (subject to paragraph 6.1.5) is to be submitted for each Trading Party:

- (a) the identity of the Trading Party;
- (b) the amount (exclusive of VAT) calculated for the Settlement Day in respect of each of the following Trading Charges separately:
 - (i) the Daily Party BM Unit Cashflow;
 - (ii) the Daily Party Non-Delivery Charge;
 - (iii) the Daily Party Energy Imbalance Cashflow;
 - (iv) the Daily Party Information Imbalance Charges; and
 - (v) the Daily Party Residual Settlement Cashflow.
- (c) the net credit or debit amount (exclusive of VAT) for the Settlement Day for all Trading Charges under paragraph (b) for that Trading Party.

- 6.1.4 The following information (subject to paragraph 6.1.5) is to be submitted in relation to the Transmission Company: the Daily System Operator BM Cashflow which shall be a single credit or debit amount (exclusive of VAT) for the Settlement Day.

Paragraph 6.3.2 shall be amended to read as follows:

6.3 Rectification of errors

- 6.3.2 Upon receiving a notice under paragraph 6.3.1, the SAA will use its best endeavours promptly to provide corrected information as may be necessary for the FAA to determine whether the corrected information is valid and to enable it to issue Advice Notes in accordance with paragraph 7.

Paragraph 6.9.3 shall be amended to read as follows:

6.9 Ad-hoc Trading Charges

- 6.9.3 Where the FAA receives from BSCCo a notification under paragraph 6.9.2, the FAA shall:
- (a) make any calculation required under paragraph 6.9.2(a)(ii);
 - (b) where paragraph 6.9.2(b) applies, determine for each Trading Party the amount for or to which it is liable or entitled (including where relevant any VAT and/or interest payable at the Base Rate) under paragraph 6.9.2(b)(ii); and
 - (c) include the amount(s) for or to which each Party is liable or entitled by way of Ad-hoc Trading Charges in Advice Notes for the Payment Date which is the same as the due date for such charges.

Paragraphs 7.1.1, 7.1.2, 7.1.3 and 7.1.4 shall be amended and paragraphs 7.1.5 to 7.1.9 shall be inserted as follows:

7.1 Despatch of Advice Notes

- 7.1.1 On each ~~Notification-Advice Note~~ Date, in good time (in accordance with BSCP-301) for Payment Parties to give all necessary instructions for payments to be effected on the relevant Payment Date, the FAA shall despatch to each Payment Party an Advice Note showing the amount (including an amount in respect of VAT), but subject to paragraphs 2.4 to 2.7 (inclusive) which, according to ~~its~~ the FAA's calculations, is to be paid by that Payment Party to the BSC Clearer or to that Payment Party by the BSC Clearer on that Payment Date in respect of the Advice Note Period.
- 7.1.2 Each Advice Note shall set out in respect of each Notification Date in the Advice Note Period:
- (a) in relation to Initial Settlement Runs:
 - (i) an amount in respect of each of the items set out in paragraph 6.1.3 (b) or paragraph 6.1.4 (as the case may be);
 - (ii) the Trading Charges Amount; and
 - (iii) if the Payment Date is a Postponed Payment Date, any interest pursuant to paragraph 6.6.2;
 - (b) in relation to Reconciliation Settlement Runs,

- (i) the Reconciliation Charge;
 - (ii) the Reconciliation Charge excluding the amount in lieu of interest and any withholdings on account of taxation;
 - (iii) the amount in lieu of interest included in the Reconciliation Charge pursuant to paragraph 6.4.2;
 - (iv) the amount of any withholdings on account of taxation;
 - (v) the Trading Charges Amounts in respect of which the FAA has calculated there to be a Reconciliation Charge due;
- (c) any amount due pursuant to paragraph 4.6.3;
- (d) the amount of any Ad-hoc Trading Charge due pursuant to paragraph 6.9;
- (e) any amount set off pursuant to paragraph 2.6; ~~and~~
- (f) any amount due pursuant to paragraph 9.6.4;
- (g) the aggregate amount which is to be paid by that Payment Party to the BSC Clearer or to that Payment Party by the BSC Clearer on the relevant Payment Date over the Advice Note Period; and
- (h) the amount of VAT in respect of the total amount ~~due payable or total amount~~ receivable.

~~7.1.3 On each Notification Date, in good time (in accordance with BSCP 301) for Payment Parties to give all necessary instructions for payments to be effected on the relevant Payment Date, the FAA shall notify:~~

- ~~(a) each Collection Bank of amounts payable by each Payment Party who chose the Collection Account at that Collection Bank; and~~
- ~~(b) the BSC Banker of the amount to be remitted to the Clearing Account by each Collection Bank.~~

7.1.4 On each ~~Notification~~ Advice Note Date, the FAA shall provisionally notify BSCCo of the amount in respect of VAT (if any) which, according to its calculations and on the basis that all amounts due are paid, is to be paid by BSCCo to the BSC Clearer or to BSCCo by the BSC Clearer on that Payment Date to ensure that:

- (a) BSC Clearer has sufficient funds to pay amounts in respect of VAT to BSC Creditors; and
- (b) BSC Clearer is not left with any excess of amounts in respect of VAT that are payable to it over amounts in respect of VAT that are payable by it.

7.1.5 The FAA shall despatch to each Payment Party an Advice Note:

- (a) on each Notification Date, where the aggregate amount payable or receivable by the Payment Party, in respect of the Advice Note Period, is equal to or exceeds the Advice Note Threshold Limit; and

(b) where paragraph (a) does not apply, in respect of a Notification Date which is also a Quarter Date, on such date,

(each such Notification Date being an “Advice Note Date”) and, subject to paragraph 7.1.7 to 7.1.9 inclusive, the FAA shall not be required to despatch an Advice Note in respect of a Notification Date which is not also an Advice Note Date.

7.1.6 For the purposes of paragraph 7 and in respect of a Payment Party:

(a) the “Advice Note Period” means:

(i) the Notification Date on which an Advice Note is despatched pursuant to this Section N; or

(ii) the period (of consecutive Notification Dates) between (but excluding) the last preceding Advice Note Date and ending on (and including) the latest Advice Note Date;

(b) “Advice Note Threshold Limit” means £500 or such other amount as the Panel may determine from time to time.

7.1.7 The FAA shall despatch a corrected Advice Note pursuant to paragraph 6.7.6.

7.1.8 A Payment Party may request (by notice to BSCCo) that the FAA despatch an Advice Note (for such Notification Date or other period specified by the Payment Party) where the Payment Party:

(a) has given a Withdrawal Notice to BSCCo in accordance with Section A5.1;

(b) notifies BSCCo of a change in respect of the information in relation to VAT that the Payment Party previously provided in accordance with paragraph 5.4; or

(c) is a Defaulting Party in accordance with paragraph 2.1.1(b),

and following such a request, the FAA will accordingly despatch an Advice Note to the Payment Party.

7.1.9 Without limitation to the foregoing, the FAA shall despatch an Advice Note to a Payment Party at such other times as may be requested by BSCCo.

Paragraphs 8.1.1 and 8.1.2 shall be amended to read as follows:

8.1 Instructions for payment

8.1.1 Each BSC Debtor shall, in respect of each Payment Date on which it is under an obligation to make a payment under this Section N, make such arrangements as will ensure that the payment is credited to the ~~relevant~~-Collection Account as soon as practicable and in any event no later than the end of the Business Day~~15.30 hours~~ on that Payment Date.

8.1.2 Each BSC Debtor shall ensure all remittances by its bank to the ~~relevant~~-Collection Account shall be remittances for value on the relevant Payment Date.

Paragraphs 8.2.1, 8.2.2 and 8.2.3 shall be amended to read as follows:

8.2 FAA's responsibilities

- 8.2.1 As soon as practicable and in any event not later than ~~16~~11.00 hours on the first Business Day following each Payment Date the FAA shall find out whether all amounts required to be credited to ~~each-the~~ Collection Account on such Payment Date have been so credited.
- 8.2.2 As soon as practicable and in any event not later than 16.00 hours on the first Business Day following each Payment Date the FAA shall take such action as is required to ensure that all amounts credited to ~~each-the~~ Collection Account on such Payment Date in accordance with paragraph 8.1 have been remitted to the Clearing Account.
- 8.2.3 As soon as practicable and in any event not later than 16.00 hours on the first Business Day following each Payment Date the FAA shall reconcile the actual amounts credited to ~~each-the~~ Collection Account and remitted to the Clearing Account on or before 16.00 hours on the first Business Day following each ~~that~~ Payment Date and the aggregate of such amounts.

Paragraphs 8.3.1 and 8.3.2 shall be amended to read as follows:

8.3 Non-payment

- 8.3.1 If any BSC Debtor becomes aware that a payment for which it is responsible will not be credited to the ~~relevant~~ Collection Account by ~~15.30 hours~~the end of the Business Day on the relevant Payment Date, it will immediately notify the FAA of the non-payment and the reasons therefor.
- 8.3.2 The FAA shall, as soon as it becomes aware that a payment has not or will not be credited to the ~~relevant~~ Collection Account or remitted to the Clearing Account on the relevant Payment Date, use its reasonable endeavours to establish the reason.

Paragraph 8.4.1 shall be amended to read as follows:

8.4 Excess payments

- 8.4.1 If by ~~15.30 hours~~11.00 hours on the Business Day following-on any Payment Date the FAA ~~is advised by a Collection Bank that it has received~~receives from a BSC Debtor a payment in excess of the amount notified to that BSC Debtor pursuant to paragraph 7.1 in respect of that Payment Date, or ~~if the BSC Banker notifies the FAA by 15.30 hours that~~ amounts greater than the amounts notified ~~to the BSC Banker~~ pursuant to paragraph 7.1.3(b)5 have been credited to the Clearing Account, the FAA shall use its reasonable endeavours to ascertain the nature of the excess payment, to calculate the entitlement to such payment and to instruct the BSC Banker by 16.00 hours that day to credit the relevant BSC Debtor's Settlement Account or (if so requested by the BSC Debtor) the Reserve Account or such other account authorised by BSCCo.

Paragraph 8.5.1 shall be amended to read as follows:

8.5 Payment to BSC Creditors

- 8.5.1 ~~At about~~By no later than 15.00 hours on each Payment Date, the FAA shall:
- (a) estimate the aggregate amounts which will be credited to the Collection Accounts ~~s~~ in accordance with paragraph 8.1;

- (b) subject to paragraph 8.5.4, on the basis of such estimate, calculate the amounts available for payment by the BSC Clearer to BSC Creditors, taking account of paragraph 2.7 and anticipating the steps (where relevant) in paragraph 9.2, on that Payment Date;
- (c) for the purposes of paragraph 8.5.4, determine, by reference only to the amounts which have by that time on the Payment Date already been credited to the Collection ~~and~~ Accounts:
 - (i) the amount (if any) which would be required to be drawn on the Credit Facility in order to enable full payment to be made of the amounts due to BSC Creditors;
 - (ii) whether, and if so the amount (“**possible shortfall amount**”) by which, the amount in paragraph (i) exceeds the amount then remaining available ~~for to make a d~~ Drawing on the Credit Facility;

after allowing for any amounts which the FAA is satisfied will be paid into the Clearing Account on the Payment Date pursuant to paragraphs 9.2.2 (b) and (c).

Paragraph 8.5.3 shall be amended to read as follows:

- 8.5.3 Subject to paragraph 8.5.4, any differences between the amount of the FAA’s estimate under paragraph 8.5.1(a) and the aggregate amount actually credited to the Collection ~~Accounts~~ in accordance with paragraph 8.1 on the Payment Date shall be addressed by way of adjustment (later on the Payment Date) to the amount of any ~~d~~ Drawing on the Credit Facility, and the FAA shall arrange for such adjustment to be made in respect of the transfer of any amount from the Borrowing Account to the Clearing Account or vice versa.

Paragraph 9.1.1 shall be amended to read as follows:

9.1 General

- 9.1.1 For the purposes of this ~~paragraph 9~~ Section N:
- (a) an "**Amount in Default**" is all or any part of any amount due and payable from a BSC Debtor to the BSC Clearer which is not remitted to the ~~relevant~~ Collection Account by ~~1523.30-59~~ hours on the relevant Payment Date and, at any time thereafter, together with interest payable by that Non-paying BSC Debtor pursuant to paragraph 9.4 and less any amounts paid or recovered (as defined in paragraph 9.3.1) in respect thereof at that time;
 - (b) a "**Drawing**" is a drawing on the Credit Facility by the FAA on behalf of the BSC Clearer and includes interest and banking charges charged to the BSC Clearer by the BSC Banker from time to time; ~~and~~
 - (c) the "**Default Interest Rate**", in relation to an Amount in Default, is the Base Rate at the Affected Date plus 2 per cent per annum; ~~;~~
 - (d) the "**VAT Element**" means, in respect of any payment, part of that payment equal to the VAT that is chargeable on the taxable supply or deemed taxable supply for which the payment constitutes the consideration; and
 - (e) the "**VAT Exclusive Element**" means, in respect of any payment, part of that payment equal to that payment less the VAT Element of that payment.

Paragraph 9.3.1 shall be amended to read as follows:

9.3 Amount in Default

9.3.1 For the purposes of this Section N, an Amount in Default shall be **"paid or recovered"** on any Business Day, only if, and to the extent that:

- (a) an amount has been paid to the BSC Clearer ~~by 15.30 hours~~ on that Business Day and applied by the FAA on behalf of the BSC Clearer to that Amount in Default; or
- (b) it has been recovered from the Non-paying BSC Debtor on that Business Day by operation of set-off pursuant to paragraph 2.6; or
- (c) it has been recovered from the Non-paying BSC Debtor on that Business Day by applying its Cash Cover or the proceeds of its Letter of Credit in accordance with this paragraph 9.

Paragraph 9.4.1 shall be amended and paragraphs 9.4.2 and 9.4.3 shall be deleted as follows:

9.4 Interest

9.4.1 Each Non-paying BSC Debtor shall pay to the account of the BSC Clearer ÷

~~(a) — if the FAA on behalf of the BSC Clearer made a Drawing to cover the Amount in Default, interest equal to the amount of interest and any banking charges charged to the BSC Clearer by the BSC Banker from time to time in connection with that Drawing determined in accordance with paragraph 9.4.3; and~~

~~(b) — interest from time to time (after as well as before judgment) at the Default Interest Rate on the part of the Amount in Default not covered by a Drawing from the due date up to the day of its payment or recovery from the Non-paying Debtor.~~

~~9.4.2 — The amount in paragraph 9.4.1 (a) shall be payable on or before the time for payment notified to the Non-paying BSC Debtor by the FAA (being 2 Business Days before the date on which interest is payable by the BSC Clearer under the Credit Facility to the BSC Banker for the month in which the principal amount was outstanding) into the Clearing Account.~~

~~9.4.3 — The FAA on behalf of the BSC Clearer shall reasonably determine:~~

~~(a) — the amount of interest using the effective daily rate of interest on the basis of the aggregate interest (including compound interest); and~~

~~(b) — banking charges as being a proportionate share for the Non-paying BSC Debtor of the banking charges;~~

~~in each case payable under the Credit Facility in relation to the period for which the principal amount drawn in relation to the Amount in Default remained outstanding.~~

Paragraph 9.6.6 shall be amended to read as follows:

9.6 D+2

9.6.6 Each Payment Party shall be liable to pay or (where the amount under paragraph 9.6.5(b)(i) is greater than the amount under paragraph 9.6.5(a)) entitled to receive the amount set out in the relevant Advice Note calculated in accordance with paragraph 9.6.5 (a) or if applicable, paragraph 9.6.5(b)(ii), ~~not later than 15.30~~ on the second Business Day (the **"Default Payment Date"**) after the date of the Advice Note and any payment made by a

Payment Party to the BSC Clearer in accordance with this paragraph is a limited recourse loan on which interest is payable and which is repayable only to the extent set out in paragraph 9.6.8.

Paragraph 9.6.9 shall be amended to read as follows:

- 9.6.9 To the extent that the VAT Element of amounts received by the BSC Clearer (net of the VAT Element of amounts paid by the BSC Clearer) in respect of an Amount in Default under paragraph 9.6.6 are insufficient to repay that part of the ~~d~~Drawing (if any) ~~on the Credit Facility~~ representing the part of that Amount of Default that is attributable to VAT, BSCCo shall pay an amount equal to the excess into the Credit Facility.

Paragraph 10.2.1 shall be amended to read as follows:

10.2 Information – Trading Parties

- 10.2.1 The information required on a Confirmation Notice in respect of each Trading Party is as follows:

- (a) the identity of the Trading Party;
- (b) the amount (inclusive of an amount in respect of VAT) received in, or paid out of, the Clearing Account on the relevant Payment Date by the FAA on behalf of the BSC Clearer in respect of Trading Charges incurred or received by that Trading Party;
- (c) the amount received in, or paid out of, the Clearing Account on the relevant Payment Date by the FAA on behalf of the BSC Clearer in respect of Trading Charges incurred or received by that Trading Party, exclusive of VAT; ~~and~~
- (d) the amount in respect of VAT received in, or paid out of, the Clearing Account on the Payment Date by the FAA on behalf of the BSC Clearer in respect of Trading Charges incurred or received by that Trading Party and the applicable rate at which such VAT is calculated; and where the Trading Party is not liable to VAT, the Confirmation Notice shall state that and indicate that the Trading Party must account for VAT; and
- (e) the VAT number and two digit country code for the Trading Party.

Paragraph 11.1.1 shall be amended to read as follows:

11.1 Overpayments

- 11.1.1 If, for any reason whatsoever, a Payment Party receives from the BSC Clearer on any Payment Date a payment in excess of the amount it is entitled to (an "overpayment"):
- (a) the Payment Party shall forthwith on becoming aware of the overpayment notify the FAA of the amount of the overpayment;
 - (b) the FAA shall (if it has received notice from the BSC Banker or otherwise of the overpayment and the Payment Party has not already notified it) forthwith notify the Payment Party of the amount of the overpayment in writing; and
 - (c) the Payment Party shall forthwith repay the overpayment to the ~~relevant~~ Collection Account.

Paragraph 11.1.3 and 11.1.4 shall be amended to read as follows:

11.1.3 ~~If all or any part of an overpayment is not repaid to the relevant Collection Account by 1700 hours on the relevant Payment Date and a Credit Facility is available to the BSC Clearer, the FAA shall make a drawing by debiting the Borrowing Account and crediting the Clearing Account with a sum equal to the amount not repaid~~Not Used.

11.1.4 A Payment Party shall not be liable to pay interest on all or any part of an overpayment if and to the extent that:

- (a) an amount has been paid to the BSC Clearer ~~by 1330 hours~~ on the repayment date and applied by the FAA on behalf of the BSC Clearer to that overpayment; and/or
- (b) it has been recovered from that Payment Party on or before the repayment date by operation of set-off pursuant to paragraphs 2.6 and 11.1.2(c).

Paragraphs 11.2.1 and 11.2.2 shall be amended to read as follows:

11.2 Failure to repay overpayments

11.2.1 Paragraph 11.2.2 shall apply if ~~by 1330 hours~~ on the repayment date an overpayment has not been repaid in full and/or recovered by operation of set-off pursuant to paragraphs 2.6 and 11.1 2(c).

11.2.2 Where this paragraph 11.2.2 applies, the FAA shall, on behalf of the BSC Clearer, act in accordance with the following provisions (or whichever of them shall apply) in the order in which they appear until the BSC Clearer has available sufficient funds in the Clearing Account on the repayment date to repay the amount of the ~~d~~Drawing to the BSC Banker:

ANNEX X-1: GENERAL GLOSSARY (Version 36.0)

The following definitions shall be inserted in alphabetical order into Annex X-1:

<u>“Advice Note Date”:</u>	<u>has the meaning given in Section N7.1.5</u>
<u>“Advice Note Period”:</u>	<u>has the meaning given in Section N7.1.6(a)</u>
<u>“Advice Note Threshold Limit”:</u>	<u>has the meaning given in Section N7.1.6(b)</u>

The following definitions in Annex X-1 shall be amended to read as follows:

“Advice Notes”:	means a note issued by the FAA on <u>in respect of a</u> -Notification Date(s) setting out amounts payable by or to a Payment Party on the relevant Payment Date in accordance with Section N7.1.1 4 ;
“Borrowing Account”:	means the borrowing account established with the BSC Banker in the name of the BSC Clearer pursuant to Section N4.1 <u>1</u> (d);
“Collection Account”:	means a <u>the</u> collection account established with a the Collection Bank, BSC Banker in the name of the BSC Clearer pursuant to Section N4.1.1(b);
“Collection Bank”	means such branches of such banks in the United Kingdom as may from time to time be determined by the Panel for the

	purposes of Section N;
“Drawing”:	has the meaning given to that term in Section N9.1 1(b) ;
“Letter of Credit”:	means an unconditional, irrevocable standby letter of credit substantially in the form set out in Annex M-1 (or such other or as the Panel may approve) in sterling in favour of the BSC Clearer by any United Kingdom clearing bank or banks or any other bank or banks which has (have) a long term debt rating of not less than single A by Standard & Poor’s Corporation or by Moody’s Investors Services, Inc. or such other bank or banks as the Panel may approve, and which shall be available for payment at a London-United Kingdom branch of the issuing bank;
“Notification Date”:	means, for any Settlement Day, in relation to the Initial Settlement Run or any Reconciliation Settlement Run, the day on which the SAA is (pursuant to Section N) to provide data and information to the FAA, and in respect of which the FAA is to provide Advice Notes to Payment Parties, as determined under Section N3 and N7 ;
“Reserve Account”:	means the reserve account established with the BSC Banker in the name of the BSC Clearer pursuant to Section N4.1 1(c) ;