

## P234 - PROPOSED DRAFT LEGAL TEXT

### SECTION T: SETTLEMENT AND TRADING CHARGES

*Annex T-1 was amended by P217 – Alternative which was approved by the Authority on 16 October 2008 with the implementation date of 5 November 2009. P234 proposes that Annex T-1 (as amended by P217 – Alternative) be further amended as follows –*

*Amend Annex T-1 as follows:*

#### 15. Replacement Price

*Amend paragraph 15.3 and 15.5 as follows:*

15.3 For the purposes of paragraphs ~~s-4~~15.2:

- (a) if  $\Sigma^w \text{QSB}_j^w \leq \text{RPAR}$ , all Unflagged System Buy Actions in the NIV Tagged Ranked Set will be defined as Qualifying;
- (b) if  $\Sigma^w \text{QSB}_j^w > \text{RPAR}$ :
  - (i) the Unflagged System Buy Actions in the Classified Ranked Set shall be ranked in price order, lowest priced first;
  - (ii) as  $\Sigma^w \text{QSB}_j^w > \text{RPAR}$  there must exist a number  $f$  and a number  $\phi$  (which may be a fraction or zero) for which:

$$\text{RPAR} = (\Sigma^{w'v>f} \text{QSB}_j^{w'v} + \phi * ((\text{QSB}_j^{w'f}))$$

where

$\Sigma^{w'v>f}$  is the sum over those System Buy Actions for which  $v$  is greater than  $f$ .

- (iii) each of the System Buy Actions numbered  $f+1$  or higher in the ranked set of Unflagged System Buy Actions for which this is true will be defined as Qualifying. If  $\phi$  is a fraction rather than zero, then the fraction ( $\phi$ ) of the System Buy Action numbered  $f$  will be defined as Qualifying.

15.5 For the purposes of paragraphs ~~s-4.3~~ 15.4:

- (a) if  $\Sigma^w -\text{QSS}_j^w \leq \text{RPAR}$ , all Unflagged System Sell Actions in the NIV Tagged Ranked Set will be defined as Qualifying;
- (b) if  ~~$\Sigma^{mw} -\text{QSS}_j^{mw} >$~~   $\text{RPAR}$ :
  - (i) the Unflagged System Sell Actions in the Classified Ranked Set shall be ranked in price order, highest priced first;
  - (ii) as  $\Sigma^w -\text{QSS}_j^w > \text{RPAR}$  there must exist a number  $f$  and a number  $\phi$  (which may be a fraction or zero) for which:

$$\text{RPAR} = (\Sigma^{w'v>f} -\text{QSS}_j^{w'v} + \phi * ((-\text{QSS}_j^{w'f}))$$

where  $\sum^{w'} v > f$  is the sum over those System Sell Actions for which v is greater than f;

- (iii) each of the System Sell Actions numbered f+1 or higher in the Replacement-Priced Ranked Set for which this is true will be defined as Qualifying. If  $\phi$  is a fraction rather than zero, then the fraction ( $\phi$ ) of the System Sell Action numbered f will be defined as Qualifying.

*Amend paragraph 16.1 as follows:*

**16. PAR Tagging**

16.1 In respect of each Settlement Period, System Actions in the Replacement-Priced Ranked Set will be defined as PAR Tagged in the following way:

- (a) If:

$$\sum^{w'} QSB^{w'}_j \leq PAR$$

where  $\sum^{w'}$  is the sum over the System Buy Actions in the Replacement-Priced Ranked Set

then none of the System Buy Actions (for all values of  $w'$ ) will be defined as PAR Tagged.

- (b) If  $\sum^{w'} (QSB^{w'}_j) > PAR$  there must exist a number f and a number  $\phi$  (which may be a fraction or zero) for which

$$PAR = \sum^{w' v > f} QSB^{w'v}_j + \phi * QSB^{w'f}_j$$

where  $\sum^{w' v > f}$  is the sum over those System Buy Actions for which v is greater than f.

Subject to paragraph (f), each System Buy Action numbered 1 to f-1 in the Replacement-Priced Ranked Set for which this is true will be defined as PAR Tagged. If  $\phi$  is a fraction rather than zero, then the fraction (1- $\phi$ ) of the System Buy Action numbered f will be defined as PAR Tagged.

- (c) If:

$$\sum^{w'} (-QSS^{w'}_j) \leq PAR$$

where  $\sum^{w'}$  is the sum over the System Sell Actions in the Replacement-Priced Ranked Set

then none of the System Sell Actions (for all values of  $w'$ ) will be defined as PAR Tagged.

- (d) If  $\sum^{w'} (-QSS^{w'}_j) > PAR$  there must exist a number f and a number  $\phi$  (which may be a fraction or zero) for which

$$PAR = (\sum^{w' v > f} (-QSS^{w'v}_j)) + \phi * ((-QSS^{w'f}_j))$$

where  $\sum^{w' v > f}$  is the sum over those System Sell Actions for which v is greater than f.

Subject to paragraph (f), each of the System Sell Actions numbered 1 to f-1 in the Replacement-Priced Ranked Set for which this is true will be defined as PAR Tagged. If  $\phi$  is a fraction rather than zero, then the fraction  $(1-\phi)$  of the System Seller Action numbered f will be defined as PAR Tagged.

(e) However, for each of paragraphs (b) and (d) (each a "relevant provision") separately, if the application of the relevant provision (the "initial calculation") would result in there being any System Buy Action or System Sell Action which:

- (1) is not defined as PAR Tagged, but
- (2) has the same price (including a NULL price) (other than merely by virtue of being a fraction  $\phi$  pursuant to the initial calculation) as a System Buy Action or (as the case may be) a System Sell Action which is PAR Tagged,

then:

- (i) all such System Buy Actions  $QSB^{w'_r}_j$  or System Sell Actions  $QSS^{w'_r}_j$  (whether or not PAR Tagged) which have the same price are "threshold" System Actions;
- (ii) no threshold System Action shall be defined PAR Tagged pursuant to the relevant provision, but instead the fraction  $\delta$  of each threshold System Buy Action  $QSB^{w'_r}_j$  or threshold System Sell Action  $QSS^{w'_r}_j$  which satisfies the following shall be defined as PAR Tagged:

$$\delta * (\sum^{w'_r} QSB^{w'_r}_j = \sum^{w'_{r'}} QSB^{w'_{r'}}_j$$

or (as the case may be)

$$\delta * (\sum^{w'_r} QSS^{w'_r}_j = \sum^{w'_{r'}} QSS^{w'_{r'}}_j$$

where

$\sum^{w'_r}$  is the sum over all threshold System Buy Actions or (as the case may be) threshold System Sell Actions, and

$\sum^{w'_{r'}}$  is the sum over all threshold System Buy Actions or (as the case may be) threshold System Sell Actions (including a fraction  $1-\phi$  thereof) which, on the basis of the initial calculation would have been defined as PAR Tagged.