

APPENDIX A

Under CP1128, the following would replace the existing process for increasing Credit Cover in Section 4.6.4 of BSCP301. Please note this drafting is provided in order to illustrate the requirements of the change proposal, final document changes would be developed, reviewed by the industry and approved by the Panel during implementation.

4.6.4 Creation or Increase of Credit Cover

<u>REF</u>	<u>WHEN</u>	<u>ACTION</u>	<u>FROM</u>	<u>TO</u>	<u>INFORMATION REQUIRED</u>	<u>METHOD</u>
<u>4.6.4.1</u>	<u>By 15:00 on any WD (if later, this will be treated as done on the next WD)</u>	<u>Provide cash and/or Letters of Credit.</u>	<u>Trading Party</u>	<u>FAA</u>	<u>Details of cash/Letter of Credit</u>	<u>Electronic Funds Transfer/Letter</u>
<u>4.6.4.2</u>	<u>On the same WD as 4.6.4.1</u>	<u>Assess whether Credit Cover is substantially in the form set out in Annex M-1 (or another form approved by the BSC Panel). If not continue to 4.6.4.3. If so continue to 4.6.4.4.</u>	<u>FAA</u>			<u>Internal process</u>
<u>4.6.4.3</u>	<u>On the same WD as 4.6.4.2</u>	<u>FAA rejects the Letter of Credit and informs Party. END PROCESS.</u>	<u>FAA</u>	<u>Trading Party</u>		<u>Fax</u>
<u>4.6.4.4</u>	<u>On the WD specified in 4.6.4.1</u>	<u>Update Credit Cover¹ and Energy Credit Cover.</u>	<u>FAA</u>			<u>Internal process</u>
<u>4.6.4.5</u>	<u>On the same WD as in 4.6.4.4.</u>	<u>Notify Energy Credit Cover to ECVAA. END PROCESS</u>	<u>FAA</u>	<u>ECVAA</u>	<u>FAA-I019: Credit Limit Data</u>	<u>Electronic</u>

¹ Note that if the Credit Cover as calculated is negative it shall be treated as zero

APPENDIX B

Under CP1128, the following would replace the existing process for reduction of Credit Cover by Parties in Default in Section 4.6.2 of BSCP301. Please note this drafting is provided in order to illustrate the requirements of the change proposal, final document changes would be developed, reviewed by the industry and approved by the Panel during implementation.

4.6.2 Reduction of Credit Cover by Withdrawing Parties in Default solely by virtue of Section H3.1.1(g)

Withdrawing Parties in Default solely by virtue of Section H3.1.1(g) are entitled to request a reduction of Credit Cover, providing they have satisfied the criteria for withdrawing from the Code stipulated in Section A5.1 of the Code.

<u>REF</u>	<u>WHEN</u>	<u>ACTION</u>	<u>FROM</u>	<u>TO</u>	<u>INFORMATION REQUIRED</u>	<u>METHOD</u>
<u>4.6.2.1</u>	<u>Following submission of a Withdrawal Notice Form (BSCP65/03) and exactly 10SDs + between 3WD and 5WDs² prior to Withdrawal Date</u>	<u>Request minimum eligible amount calculation.</u>	<u>Trading Party</u>	<u>ECVAA</u>	<u>ECVAA-I024: Credit Cover Minimum Eligible Amount Request (Form BSCP301/06)</u>	<u>Email/Fax</u>
<u>4.6.2.2</u>	<u>On same Working Day as 4.6.2.1</u>	<u>Request minimum eligible amount calculation rule.</u>	<u>ECVAA</u>	<u>BSCCo</u>	<u>ECVAA-I026: Minimum Eligible Amount Rule Request</u>	<u>Email/Fax</u>
<u>4.6.2.3</u>	<u>On same Working Day as 4.6.2.1</u>	<u>Check that Party has submitted its Withdrawal Notice and is in Default of the Code solely by virtue of Section H3.1.1(g). If not proceed to 4.6.2.4. If so proceed to 4.6.2.5.</u>	<u>BSCCo</u>			<u>Internal process</u>

² The Code is prescriptive that a reduction of Credit Cover by Withdrawing Parties in Default solely by virtue of Section H3.1.1(g) may only be qualified for when the Withdrawing Party passes the tests stipulated in A5.1.3 of the Code. These tests are to be carried out at 1700 hours on the day which is 2WD prior to its due Withdrawal Date. As such, a reduction in Credit Cover will only be allowed where the ECVAA has notified the Withdrawing Party of a minimum eligible amount in accordance with M2.3.1(b) such that it can request a reduction in Credit Cover in accordance with M2.3.1(c) on the date that the A5.1.3 tests are conducted. Withdrawing Parties may wish to seek guidance from BSCCo in advance of lodging a minimum eligible amount request.

<u>REF</u>	<u>WHEN</u>	<u>ACTION</u>	<u>FROM</u>	<u>TO</u>	<u>INFORMATION REQUIRED</u>	<u>METHOD</u>
<u>4.6.2.4</u>	<u>On same Working Day as 4.6.2.1</u>	<u>Inform Party mea calculation request has been refused and why. END PROCESS.</u>	<u>BSCCo</u>	<u>ECVAA Trading Party</u>		<u>Email/Fax</u>
<u>4.6.2.5</u>	<u>On same Working Day as 4.6.2.1</u>	<u>Notify ECVAA of mea calculation rule.</u>	<u>BSCCo</u>	<u>ECVAA</u>	<u>ECVAA-I027: Minimum Eligible Amount Rule Confirmation (Form BSCP301/07)</u>	<u>Fax/Email</u>
<u>4.6.2.6</u>	<u>On the Working Day following expiry of the waiting period</u>	<u>Perform mea calculation and notify Party of minimal eligible amount produced.</u>	<u>ECVAA</u>	<u>FAA Trading Party</u>	<u>ECVAA-I025: Credit Cover Minimum Eligible Amount Report (Form BSCP301/07)</u>	<u>Fax/Email</u>
<u>4.6.2.7</u>	<u>2WDs prior to Withdrawal Date</u>	<u>Check Withdrawal Date has been confirmed. If yes inform Party and FAA and continue to 4.6.2.8. If not inform Party and FAA reduction in Credit Cover request has been refused and why.</u>	<u>BSCCo</u>	<u>Trading Party FAA</u>		<u>Internal process</u>
<u>4.6.2.8</u>	<u>Following 4.6.2.7, but on the same WD.</u>	<u>Request reduction of Credit Cover.</u>	<u>Trading Party</u>	<u>FAA</u>	<u>Details of LC reduction/cash withdrawal</u>	<u>Email/Fax</u>
<u>4.6.2.9</u>	<u>On the same day as 4.6.2.8</u>	<u>Consent to reduction of Credit Cover and END PROCESS.</u>	<u>FAA</u>	<u>Trading Party or BSC Banker</u>	<u>Notification of consent or instruction to transfer money or return LC</u>	<u>Letter/Fax</u>