

## LEGAL TEXT FOR PROPOSED MODIFICATION P337

### SECTION N: CLEARING, INVOICING & PAYMENT (V13.0)

*Amend paragraph 9.6.3 as follows:*

- 9.6.3 Subject to paragraph 9.6.3A and paragraph 9.6.3B, paragraph 9.6.4 shall apply if:
- (a) the FAA on behalf of the BSC Clearer made a Drawing pursuant to paragraph 9.2.2(a), and the BSC Banker has not been repaid in full pursuant to paragraph 9.6.2; or
  - (b) the FAA on behalf of BSC Clearer reduced payments to BSC Creditors in accordance with paragraph 9.2.2(d), and the Shortfall Amounts have not been paid or credited to the Shortfall Creditors in full pursuant to paragraph 9.5.3
- in either case, by 17.00 hours on D+2.

*Amend paragraph 9.6.3A as follows:*

- 9.6.3A Where:
- (a) the Non-paying BSC Debtor has provided Cash Cover but for any reason the Reserve Account has not yet been debited in accordance with paragraph 9.5.2(a) or 9.6.2(a), and/or
  - (b) the Non-paying BSC Debtor has provided Letter(s) of Credit, the FAA has (in accordance with paragraph 9.5.2(b) or 9.6.2(b)) made call(s) thereon which have not yet been paid, but the FAA has no reason to believe such call(s) will not be paid; and
  - (c) the sum of the available amount of such Cash Cover and/or (otherwise uncalled) amounts of such Letter(s) of Credit subject to such call is sufficient to enable the outstanding Amount in Default to be paid or recovered,

the FAA, with the approval of BSCCo, may defer acting in accordance with paragraph 9.6.4 for a period not exceeding 3 Business Days; and accordingly where this paragraph 9.6.3A applies the reference in paragraph 9.6.3 to D+2 shall be a reference to such later day as the FAA shall determine, not being later than ~~the~~ 5<sup>th</sup> Business Days after the Affected Date.

*Insert new paragraph 9.6.3B to read as follows:*

- 9.6.3B Where:
- (a) the Non-paying BSC Debtor has received an Advice Note in respect of a Notification Date which is also a Quarter Date pursuant to paragraph 7.1.5(b); and
  - (b) the aggregate amount payable in respect of that Advice Note is less than the Advice Note Threshold Limit,
- the FAA, with approval of BSCCo, may defer acting in accordance with paragraph 9.6.4 for a period not exceeding 13 Business Days; and accordingly where this paragraph 9.6.3B applies the reference in paragraph 9.6.3 to D+2 shall be a reference to such later day as the FAA shall determine, not being later than 15 Business Days after the Affected Date.

9.6.4 Where this paragraph 9.6.4 applies, the FAA shall:

- (a) determine the VAT Exclusive Element of the Amount in Default (including all interest accrued thereon) which has not been paid or recovered;
- (b) determine for each Payment Party other than the Non-paying BSC Debtor the amount (the "**Default Share Amount**") of that Payment Party's Annual Funding Share (on a default basis, for the month in which the Affected Date fell) of that VAT Exclusive Element of the Amount in Default;
- (c) in good time (in accordance with BSCP 301) for the relevant Payment Parties to give instructions for payments to be effected on the Default Payment Date, despatch to BSCCo and each Payment Party other than the Non-paying BSC Debtor an Advice Note showing the amount or amounts (as applicable to that Payment Party) determined under paragraph 9.6.5 below increased to take VAT into account; and
- (d) notify BSCCo, the Panel and each Payment Party.