**NOTE:**

The SEM Trading and Settlement Code consists of three parts A, B and C.

This is Part C of the SEM Trading and Settlement Code (**Part C of the Code**).  This Part C of the Code consists of these Sections 1 to 14 and the Part C Glossary.

This Part C of the Code sets out certain transitional and savings provisions to manage the implementation of, and transition to, the new trading and settlement arrangements under Part B of the Code. Part C of the Code has priority over the other Parts of the Code.

Part C. Transitional Arrangements

* 1. Purpose
     + 1. This Part C of the Code sets out certain transitional and savings provisions to manage the implementation of, and transition to, the new trading and settlement arrangements under Part B of the Code.
       2. In this Part C:
          1. a capitalised word or phrase has the meaning given to it in the Glossary to this Part C, or, if it is not defined in that Glossary, then in the Glossary to Part B of the Code; and
          2. the general rules of interpretation set out in paragraph A.4.1.1 (except sub-paragraph (j)) of Part B of the Code also apply in the case of this Part C mutatis mutandis, unless the context requires otherwise.
  2. **Priority**
     + 1. This Part C has priority over the other Parts of the Code.
       2. To the extent that a Party’s obligations or any provision under this Part C are inconsistent, or in conflict, with an obligation or a provision in Part A and/or Part B of the Code, then the obligations and/ or provisions in this Part C shall prevail to the extent of the inconsistency or conflict and for the time periods specified in this Part C.
  3. **Cutover Time**
     + 1. The Cutover Time is the date and time specified by the Regulatory Authorities as the time the new trading and settlement arrangements in Part B commence, which time will coincide with the start of an Imbalance Settlement Period.
       2. Subject to paragraph 2.1.2 of this Part C and notwithstanding any other provision of the Code, the following Parts of this Code shall apply as follows:
          1. Part A shall apply to all obligations, requirements or actions to be undertaken, performed or observed by any Party, Participant, the Market Operator, a System Operator or another person which relates to any Trading Period which occurs prior to the Cutover Time.  For the avoidance of doubt, to the extent that any such obligation, requirement or action is to be undertaken, performed or observed or omitted to be undertaken, performed or observed (as the case may be) in the period after the Cutover Time but relates to any Trading Period prior to the Cutover Time, then Part A of this Code continues to apply to the obligation, requirement or action; and
          2. Part B shall apply to all obligations, requirements or actions to be undertaken, performed or observed by any Party, Participant, the Market Operator, a System Operator or another person which relates to any Imbalance Settlement Period which occurs after the Cutover Time (including the Imbalance Settlement Period which commences at the Cutover Time). For the avoidance of doubt, to the extent that any such obligation, requirement or action is undertaken, performed or observed or omitted to be undertaken, performed or observed (as the case may be) in the period before the Cutover Time but relates to any Imbalance Settlement Period after the Cutover Time, then Part B of this Code shall apply to such obligation, requirement or action.
       3. The Cutover Time, and the implementation of the new trading and settlement arrangements under Part B from the Cutover Time, does not affect:
          1. a right, privilege or liability acquired, accrued or incurred under the Code prior to the Cutover Time;
          2. any proceedings or remedy in relation to a breach of the Code prior to the Cutover Time;
          3. any Dispute under the Code that has been raised or is ongoing; and
          4. any Modification Proposal that is intended to have effect at or after the Cutover Time.
  4. Parties and Accession Process
     1. Existing Parties
        1. A person who at the Cutover Time is an adhering party to the existing Framework Agreement shall remain a Party to this Code.
        2. The Market Operator shall provide existing Parties to the Code as at the Amendment Date with a revised Framework Agreement, the form of which has been agreed with the Regulatory Authorities.
        3. Within 10 Working Days of the Amendment Date or receipt of the revised Framework Agreement from the Market Operator under paragraph 4.1.2, whichever is later, a Party shall submit an executed copy of the revised Framework Agreement to the Market Operator.
        4. A Party may request additional time to submit an executed revised Framework Agreement and the Market Operator shall not unreasonably withhold consent to any such request, provided that the date of receipt of the executed revised Framework Agreement shall be earlier than the Cutover Time.
        5. The return to the Market Operator of an executed revised Framework Agreement in accordance with this section 4.1 shall satisfy the requirements for accession under section B.5 of Part B of this Code, and there shall be no Accession Fee payable by a Party acting under this section 4.1.
     2. New Applicants
        1. A person who is not a Party to the Code at the Amendment Date may only become a Party to the Code by following the Accession Process set out in section B.5 of Part B of the Code, regardless of whether the intended accession date is before or after the Cutover Time.
        2. A person that completes the Accession Process, including payment of the Accession Fee, and becomes a Party to the Code after the Amendment Date and with an effective accession date prior to the Cutover Time shall continue to be a Party after the Cutover Time.
        3. The Market Operator may at its reasonable discretion specify a period during which it will not accept or process new applications for accession to the Code as it determines to be necessary for the orderly management of the implementation of the new trading and settlement arrangements under Part B of the Code.
        4. The Market Operator shall publish details of any period specified under paragraph 4.2.3, not later than 20 Working Days prior to the beginning of the period.
  5. Participation and Registration of Units
     1. Existing Participants and Units
        1. For the purposes of this Part C of the Code, “**Existing Participants**” means those Participants who have registered Units under this Code as at the Amendment Date.
        2. The Market Operator shall develop and publish the processes that it and Existing Participants shall follow in order to meet the requirements for registration of their Units under Part B of the Code by the Cutover Time.
        3. The processes developed and published by the Market Operator under paragraph 5.1.2 shall include but not be limited to:
           1. the processes by which the Market Operator will extract the existing Participant and Unit registration data and identify any new or revised data requirements required under Part B of the Code; and
           2. the processes by, and timeframes within which, Existing Participants will be required to provide, review and validate registration data required under Part B of the Code.
        4. Existing Participants shall comply with the processes published by the Market Operator under paragraph 5.1.2.
        5. Registration data and other information validated or taken to be validated by an Existing Participant in accordance with the processes published by the Market Operator under paragraph 5.1.2 shall be deemed to have been submitted in accordance with the applicable requirements of Part B of the Code.
     2. New Participants and Units
        1. The Market Operator shall develop and publish a transitional registration process that shall be followed by a Party in respect of Units or Trading Sites that are not registered as at the Amendment Date, but the Party wishes to register with an effective date prior to the Cutover Time.
        2. The Market Operator may specify, as part of the transitional registration process it publishes under paragraph 5.2.1 or otherwise, a period during which it will not accept or process new Participation Notices for registration of Units or Trading Sites, as it reasonably determines to be necessary for the orderly management of the implementation of the new trading and settlement arrangements under Part B of the Code.
        3. The Market Operator shall publish details of any period specified under paragraph 5.2.2 not later than 20 Working Days prior to the beginning of the period.
        4. If a Unit or Trading Site has not been registered by a Party as at the Amendment Date, and that Party wishes to register that Unit or Trading Site with an effective date prior to the Cutover Time, then the Party shall comply with the transitional registration process published by the Market Operator under paragraph 5.2.1.
        5. A Party that registers a Unit or Trading Site in accordance with paragraph 5.2.4, including payment of the Participation Fees, after the Amendment Date but with an effective date prior to the Cutover Time, shall be deemed to have complied with the registration requirements under section B of Part B of the Code after the Cutover Time.
  6. Single Modifications Committee for Parts A, B and C
     + 1. From the Amendment Date:
          1. the Modifications Committee continues;
          2. subject to sub-paragraph (c), a member or alternate member of the Modifications Committee under the Code immediately prior to the Amendment Date:

is deemed to have been appointed to the Modifications Committee as a member or as an alternate for a member (as applicable) under the relevant provision of section B.17 of Part B for the remainder of the term of office to which they were nominated, elected, appointed or selected under Part A; and

shall then cease to hold office and be replaced in accordance with the applicable provisions of section B.17 of Part B;

* + - * 1. notwithstanding sub-paragraph (b):

there will be no member nominated by or elected in respect of Assetless Participants and no alternate to such member until the Second Election Round;

if the term of office of the member of the Modifications Committee member nominated by or elected in respect of Interconnector Participants expires at the time of the First Election Round, then the First Election Round shall include an election under section B.17.7 of Part B to replace that member and his or her alternate member (as applicable), as if Interconnector Participants were a class of Nominating Participants;

the person elected under sub-paragraph (c)(ii) shall hold office until the Second Election Round and shall then cease to hold office and be replaced by a person nominated or elected in respect of Assetless Participants in the Second Election Round;

the alternate member under paragraph B.17.7.6 of the person elected under sub-paragraph (c)(ii) shall hold office until the Second Election Round and shall then cease to hold office and be replaced by the alternate member under paragraph B.17.7.6 of the person nominated or elected in respect of Assetless Participants in the Second Election Round; and

a member or alternate member of the Modifications Committee may retire, resign, be removed or have their appointment terminated in accordance with the applicable provisions of section B.17 of Part B and shall be replaced in accordance with those provisions. However, where the member nominated or elected in respect of Interconnector Participants retires, resigns, is removed or has their appointment terminated, an election shall be arranged to replace that member and his or her alternate member as if Interconnector Participants were a class of Nominating Participants, and the term of office of that replacement member and alternate shall expire at the conclusion of the Second Election Round.

* + - * 1. the chairperson and vice-chairperson of the Modifications Committee under the Code immediately prior to the Amendment Date are deemed to have been elected under section B.17.4.1 of Part B and hold office for the remainder of the term of office to which they were elected or appointed under paragraphs 2.160 and 2.161 of Part A and then cease to hold office and shall be replaced in accordance with paragraph B.17.4 of Part B;
        2. the Modifications Committee (as continued and constituted under this section 6) shall be the Modifications Committee for the purposes of paragraphs 2.147 to 2.236 and 6.60 of Part A and section B.17 and paragraph G.2.7.9 of Part B and the applicable Agreed Procedures;
        3. the Modifications Committee (as continued and constituted under this section 6) shall also deal with modifications to this Part C; and
        4. section B.17 of Part B shall also apply to modifications to this Part C as if:

that section B.17 was set out in this Part; and

references to a “**Modification**” in that section B.17 were to a modification, revision, supplementation, extension, consolidation or replacement to the provisions of this Part C; and

references to a “**Modification Proposal**” in that section B.17 were to a proposal to modify, vary or amend this Part C submitted to the Secretariat,

mutatis mutandis.

* + - 1. To avoid doubt, any of the persons who cease to hold office as a member, alternate, chairperson or vice-chairperson under the previous paragraphs, are eligible for re-appointment or re-election in accordance with the provisions of Part B or this section 6, as applicable.
  1. Dispute Panel Continues
     + 1. From the Cutover Time:
          1. the Disputes Panel continues;
          2. the members of the Disputes Panel under the Code immediately prior to the Cutover Time are taken to be the persons appointed to comprise the Panel under section B.19.6 of Part B;
          3. a member of the Disputes Panel may retire, resign, be removed or have their appointment terminated in accordance with the applicable provisions of section B.19 of Part B, and if so, shall be replaced in accordance with those provisions;
          4. the chairperson and vice-chairperson of the Disputes Panel under the Code immediately prior to the Cutover Time are taken to have been appointed or nominated under section B.19.6 of Part B and hold office for a period of one year and then cease to hold office and be replaced in accordance with paragraph B.19.6 of Part B; and
          5. the Disputes Panel (as continued and constituted under this paragraph) shall be the Disputes Panel for the purposes of paragraphs 2.276 to 2.315 of Part A and section B.19 of Part B and the applicable Agreed Procedures.
       2. To avoid doubt, any of the persons who cease to hold office as a member, chairperson or vice-chairperson under the previous paragraphs, are eligible for re-appointment or re-election in accordance with the applicable provisions of Part B.
  2. Parameters
     + 1. Where the Code contemplates that a parameter, price, multiplier, factor, tolerance, tariff, proportion, efficiency, rate, amount or other variable (“**Relevant** **Parameter**”) which applies for a period will be determined or approved by the Regulatory Authorities, the Market Operator or a System Operator, then the value of that Relevant Parameter from the Cutover Time will be the value determined for that period by the Regulatory Authorities, the Market Operator or the relevant System Operator before the Cutover Time (until varied, amended, re-determined or re-decided in accordance with the Code).
  3. Prior Decisions in Contemplation of the New Trading Arrangements
     + 1. Without limiting section 8, where the Regulatory Authorities, the Market Operator, a System Operator or the Modifications Committee make a decision in contemplation of the coming into effect of a provision of Part B or this Part C of the Code:
          1. the decision will, from the Cutover Time, be taken to have been validly made under the relevant provision of the Code;
          2. if, under the Code, the Regulatory Authorities, the Market Operator or the System Operator can only make the decision after a preparatory step has been undertaken, that preparatory step:

can be undertaken before the Cutover Time; and

from the Cutover Time, will be deemed to have been satisfied or completed for the purposes of the Code.

* + - 1. For the purposes of this section, a decision includes:
         1. making a determination, including determining a Relevant Parameter;
         2. giving approval, including approving a proposed Relevant Parameter;
         3. making or publishing an instrument, including a procedure or guideline;
         4. making an appointment; or
         5. in the case of the Modifications Committee, establishing a working group to consider a Modification Proposal, adopting an Agreed Procedure, or making a Modification Recommendation, that will apply prior to or from the Cutover Time.
      2. For the purposes of this section 9, a preparatory step includes:
         1. a condition that must be satisfied before a decision can be made;
         2. a requirement that a report be prepared or submitted before a decision can be made; or
         3. a consultation or publication requirement.
  1. Other
     1. Market Auditor
        1. The Market Auditor under the Code immediately before the Cutover Time continues in that role until the expiration of its existing appointment. The Market Auditor is eligible for reappointment in accordance with the provisions of Part B.
     2. Initial Market Audit
        1. Where the Cutover Time does not coincide with the start of a Year, then:
           1. the period covered by the final audit under Part A of the Code shall be for the period until the Cutover Time; and
           2. the period covered by the first audit under Part B of the Code shall be from the Cutover Time until the end of 31 December next occurring (or if that period is less than 6 months, then until the end of the following 31 December).
  2. credit cover
     1. Forecast Volumes
        1. Each Part B Participant shall provide the Market Operator with an estimate of its forecast demand in respect of its Supplier Units or forecast imbalance volumes in respect of its Generator Units under Part B for a period equal to the Historical Assessment Period by as far as possible not later than 16 weeks prior to the Cutover Time.
     2. Transitional Required Credit Cover
        1. For the purposes of credit cover monitoring and calculation under Part B from the Cutover Time until the expiration of a period equal to the Historical Assessment Period after the Cutover Time, all Part B Participants shall be treated for the purposes of this Part C as New Participants at the Cutover Time and the calculation of Transitional Required Credit Cover will be carried out on this basis.
        2. The Market Operator shall calculate the Transitional Required Credit Cover for each Part B Participant utilising:
           1. the estimates of forecast (as applicable) demand or imbalance volumes provided by Participants to the Market Operator in accordance with paragraph 11.1.1; and
           2. the Transitional Credit Assessment Price determined in accordance with paragraph 11.3.1.
        3. The Market Operator shall send each Part B Participant details, by email, of their initial Transitional Required Credit Cover no later than 12 weeks prior to the Cutover Time, provided that (and without prejudice to its right to do so after the Cutover Time in accordance with the Code):
           1. the Market Operator may by notice to the relevant Part B Participant, revise such initial Transitional Required Credit Cover up to 14 Working Days prior to the Cutover Time; and
           2. notwithstanding paragraphs G.16.3.2 and G.16.3.3 of Part B, the initial Transitional Required Credit Cover shall not take into account any Settlement Reallocation Agreement unless this has been registered by the Market Operator no later than 16 weeks prior to the Cutover Time.
        4. The Market Operator shall utilize the Annual Capacity Charge Exchange Rate approved by the Regulatory Authorities for the purposes of section F.19.1 of Part B between euro (€) and pounds sterling (£) at least 16 weeks prior to the Cutover Time to calculate the initial Transitional Required Credit Cover or any revised initial Transitional Credit Cover, for any Participant using pounds sterling as their Settlement currency.
     3. Calculation of Transitional Credit Assessment Price
        1. The Market Operator shall determine a Transitional Credit Assessment Price for use until a full set of Imbalance Settlement Prices is available, from the Cutover Time for a period equivalent to the Historical Assessment Period.
        2. The Market Operator shall calculate the Daily Average Shadow Price (PDASd) for each Settlement Day d in the Previous Year and for each Settlement Day in the Current Year up to 14 weeks prior to the Cutover Time as follows:

where:

* + - * 1. SPh is the Shadow Price in Trading Period h, as determined in accordance with section N.16 of Part A;
        2. is a summation over all Trading Periods h in Settlement Day d; and
        3. is the number of all Shadow Prices in each Settlement Day d.
      1. The Market Operator shall calculate the Ratio of Daily Average Shadow Price (RPDASd) for each Settlement Day in the Current Year relative to the same Settlement Day in the Previous Year, up to 14 weeks prior to the Cutover Time as follows:

where:

* + - * 1. PDASd is the Daily Average Shadow Price for each Settlement Day in the Current Year up to 14 weeks prior to the Cutover Time; and
        2. PDASd-365 is the Daily Average Shadow Price for the corresponding Settlement Day in the Previous Year .
      1. The Market Operator shall calculate the Average Ratio of Daily Average Shadow Price (RAPDAS) as follows:

where:

* + - * 1. RPDASd is the Ratio of Daily Average Shadow Price for each Settlement Day in the Current Year up to 14 weeks prior to the Cutover Time;
        2. is a summation over all Settlement Days d in the Current Year y up to 14 weeks prior to the Cutover Time and
        3. is the number of all Ratios of Daily Average Shadow Price in each Settlement Day d in the Current Year y up to 14 weeks prior to the Cutover Time.
      1. The Market Operator shall calculate the Extrapolated Daily Average Shadow Price (PDASEd) for each Settlement Day in the Current Year from 14 weeks prior to the Cutover Time to the Cutover Time as follows:

where:

* + - * 1. PDASd-365 is the Daily Average Shadow Price for the corresponding Settlement Day in the Previous Year ; and
        2. RAPDAS is the Average Ratio of Daily Average Shadow Price.
      1. The Market Operator shall determine that the Daily Average Imbalance Settlement Price (DAPIMBd) for each Settlement Day d in the the Current Year up to 14 weeks prior to the Cutover Time as follows:

where:

* + - * 1. PDASd is the Daily Average Shadow Price for the Settlement Day d determined in accordance with paragraph 11.3.2 above.
      1. The Market Operator shall determine that the Daily Average Imbalance Settlement Price (DAPIMBd) for each Settlement Day d in the Current Year from 14 weeks prior to the Cutover Time until the Cutover Time as follows:

where:

* + - * 1. PDASEd is the Extrapolated Daily Average Shadow Price for the Settlement Day d determined in accordance with paragraph 11.3.5 above.
      1. The Market Operator shall calculate Transitional Credit Assessment Price in accordance with paragraphs G.14.2.2 to G.14.2.5 of Part B as if “PCAg” was the Transitional Credit Assessment Price.
    1. Calculation of Fixed Credit Requirement
       1. The Fixed Credit Requirement under Part A in respect of a Part A Participant which is subject to an approved Interim Transfer Facility shall:
          1. remain at the level it was immediately before the Cutover Time (in this paragraph 11.4.1, called the “**current level**”) until after the adjusted invoices resulting from the last Billing Period +4 months and Capacity Period +4 months Timetabled Settlement Rerun in accordance with paragraphs 6.70 and 6.71 of Part A have been paid in full; and then
          2. be equal to half the current level until after the adjusted invoices resulting from the later to occur of:

the last Billing Period +13 months and Capacity Period +13 months Timetabled Settlement Rerun in accordance with paragraphs 6.70 and 6.71 of Part A ; and

the last Settlement Query raised under paragraph 6.101 of Part A ,

have been paid in full; and then

* + - * 1. be zero.
      1. Where a Part B Participant is subject to an approved Interim Transfer Facility, the Fixed Credit Requirement under Part B in respect of that Part B Participant shall:
         1. be zero until after the adjusted invoices resulting from the last Billing Period +4 months and Capacity Period +4 months Timetabled Settlement Rerun in accordance with paragraphs 6.70 and 6.71 of Part A have been paid in full; and then
         2. be equal to half the value approved by the Regulatory Authorities for the purposes of section G.10 of Part B until after the adjusted invoices resulting from the later to occur of:

the last Billing Period +13 months and Capacity Period +13 months Timetabled Settlement Rerun in accordance with paragraphs 6.70 and 6.71 of Part A; and

the last Settlement Query raised under paragraph 6.101 of Part A,

have been paid in full; and then

* + - * 1. be equal to the full value approved by the Regulatory Authorities for the purposes of section G.10 of Part B.
      1. For the avoidance of doubt, paragraphs 11.4.1 and 11.4.2 do not apply to a Participant that is not subject to an approved Interim Transfer Facility and, accordingly, such a Participant must post its full Fixed Credit Requirement as required and calculated in accordance with each of Part A and Part B separately.
      2. The Market Operator shall notify Part A and Part B Participants that are each subject to the same approved Interim Transfer Facility when there is a change to the Fixed Credit Requirement for the purposes of Part A or Part B under this section 11.4.
      3. In this section 11.4, the expression “Timetabled Settlement Rerun” has the meaning given in Part A.
      4. In this section 11, where a Part A Participant or a Part B Participant is subject to an approved Interim Transfer Facility, a reference to (as applicable) the “**corresponding Participant**”, the “**corresponding Part A Participant**” or the “**corresponding Part B Participant**”, is to the other (as applicable) Part A Participant or Part B Participant that is subject to the same approved Interim Transfer Facility.
    1. Transfer of Posted Credit Cover Facility
       1. Any Party that is both a Part A Participant and a Part B Participant, may apply to the Market Operator for the Part A Participant and Part B Participant to be approved as subject to an Interim Transfer Facility, by not later than 8 weeks prior to the Cutover Time.
       2. An application to be made by a Party under paragraph 11.5.1 shall be accompanied by the following documentation (in each case, in the form and within the timeframe specified by the Market Operator and, to the extent applicable, to be duly executed in the manner as may be specified by the Market Operator):
          1. written confirmation of the Part A Participant and the Part B Participant that they wish to be subject to an Interim Transfer Facility;
          2. details and authorisations from both the Part A Participant and the Part B Participant that will be subject to the Interim Transfer Facility;
          3. (as applicable) duly executed Deed of Charge and Account Security and Notices of Assignment and Acknowledgement (in each case in the form of the Standard Deed of Charge and Account Security and Notices of Assignment and Acknowledgement in Part C Appendix B) in relation to any SEM Collateral Reserve Account maintained in respect of the Part B Participant as part of its Required Credit Cover under Part B;
          4. (as applicable) the submission of a Letter(s) of Credit by the Part A Participant which has been amended to also cover obligations under Part B and which can enter into full force and effect (subject only to any approval or confirmation as may be specified by the Market Operator having been obtained by such Part A Participant), or the submission of a Letter(s) of Credit by the Part B Participant as part of its Required Credit Cover (in the form of the Standard Letter of Credit Template in Part C Appendix A) and which can enter into full force and effect (subject only to any approval or confirmation as may be specified by the Market Operator having been obtained by such Part B Participant); and
          5. such other documents and information as the Market Operator may reasonably require.
       3. If the Market Operator is satisfied that the documentation provided under paragraph 11.5.2 in respect of a Part A Participant and Part B Participant is complete and effective, then it shall approve the Interim Transfer Facility and notify the applicant.
       4. For the avoidance of doubt, any Part A Participant or Part B Participant that does not have an approved Interim Transfer Facility will be treated as a separate and distinct Participant and each Part A Participant and each Part B Participant shall be required to maintain its own separate Posted Credit Cover for the purpose of its Required Credit Cover under (as applicable) Part A or Part B, and any such Part B Participant shall be required to have its Posted Credit Cover in place 10WD before the Cutover Time.
    2. Last Billing Cycles for Part A of the Code
       1. The last Billing Period for the purposes of paragraph 6.41 of Part A shall end at the Cutover Time. Invoicing and payment cycles shall be scheduled for the last Billing Period based on the Settlement Calendar (within the meaning of Part A).
       2. The last Capacity Period for the purposes of paragraph 6.44 of Part A shall end at the Cutover Time. Invoicing and payment cycles shall be scheduled for the last Capacity Period based on the Settlement Calendar (within the meaning of Part A).
    3. Credit Reports Undefined Exposure for Part A
       1. After the Cutover Time, when calculating and recalculating the Required Credit Cover of Part A Participants under Part A, the Market Operator shall set their Undefined Potential Exposure (within the meaning of Part A) to zero.
    4. Credit Reports

For the avoidance of doubt, from the Cutover Time until after the end of the period defined in paragraph 11.4.1 (b), the Market Operator:

* + - * 1. shall continue to send Part A Credit Reportsto Part AParticipants in accordance with paragraphs 6.177 and 6.177A of Part A;
        2. may issue a Credit Cover Increase Notice (within the meaning of Part A) in accordance with paragraph 6.179 of Part A;
        3. shall also provide Part B Required Credit Cover Reports to Part B Participants under paragraph G.12.1.2 of Part B; and
        4. a Part B Required Credit Cover Report may contain a Credit Cover Increase Notice (within the meaning of Part B) in accordance with paragraph G.12.1.2(b) of Part B.
    1. Reallocation of Collateral
       1. In the case of each approved Interim Transfer Facility, the Market Operator shall calculate and reallocate Posted Credit Cover from a Part A Participant that is the subject of the Interim Transfer Facility to the corresponding Part B Participant in accordance with this section 11.9. Posted Credit Cover that has been reallocated under this section shall be regarded as having been provided by the corresponding Part B Participant under, and in accordance with, Chapter G of Part B.
       2. The reallocated amounts shall be calculated at the following times and shall be reflected in the Part B Credit Reports provided by the Market Operator the following Working Day:
          1. after the last Part A Credit Report has been published prior to the Cutover Time; and
          2. in respect of each Billing Period or Capacity Period [in each case] (within the meaning of Part A), after the end of day on which all payments have been received for the Billing Period or Capacity Period under Part A.
       3. The Market Operator shall determine the amount to be reallocated based on the latest Part A Credit Report as follows:

where:

* + - * 1. TPCCA is the amount of Posted Credit Cover being reallocated from the Part A Participant to the corresponding Part B Participant;
        2. PCCpr is the Posted Credit Cover for Part A Participant p in Settlement Risk Period r (within the meaning of Part A);
        3. TFCRpr is the Total Fixed Credit Requirement (within the meaning of Part A) determined in accordance with paragraph 6.231A of Part A;
        4. ASEpf is the Actual Supplier Exposure for Participant p in respect of its Supplier Units (within the meaning of Part A) for the Actual Exposure Period (within the meaning of Part A) f determined in accordance with paragraph 6.186 of Part A;
        5. AGEpf is the Actual Generator Exposure (within the meaning of Part A) for Participant p in respect of its Generator Units (within the meaning of Part A) for the Actual Exposure Period (within the meaning of Part A) f determined in accordance with paragraph 6.187 of Part A; and
        6. IUTEpr is the Interconnector Unit Traded Exposure (within the meaning of Part A) for Participant p in respect of its Interconnector Units (within the meaning of Part A) in Settlement Risk Period (within the meaning of Part A) r determined in accordance with paragraph 6.187A of Part A.
      1. Without prejudice to paragraphs 2.317 to 2.327 (Limitation of Liability) of Part A and section B.21 (Limitation of Liability) of Part B, the Market Operator shall have no liability to any Participant (including any Participant in its capacity as a Part A Participant or a Part B Participant for any act or omission of the Market Operator relating to any approved Interim Transfer Facility, or in relation to the reallocation of Posted Credit Cover or Excess Collateral under this Part C and, without prejudice to the foregoing provisions of this paragraph 11.9.4, to the extent that any liability arises, each such Participant (including any Participant in its capacity as a Part A Participant or a Part B Participant hereby irrevocably waives any right to bring any claim, suit or proceedings against the Market Operator in respect of any such liability.
    1. Refunds of Collateral
       1. A Participant shall not request refund of any Posted Credit Cover, whether it takes the form of a reduction in the value of letters of credit or refund of cash deposits during the period from 2 weeks before the Cutover Time until after the final initial settlement billing cycle under Part A has been completed.
    2. Deposits of Collateral
       1. Where a Participant deposits cash collateral, increases a Letter of Credit, or registers a new Letter of Credit, the increased collateral will be allocated to the Part B Participant unless confirmed via email to the Market Operator that the deposit should be assigned to the Part A Participant.
    3. Collateral Reallocations in the Case of Credit Cover Increase Notices
       1. With effect from the Cutover Time (and in the case of a Participant which is both a Part A Participant and a Part B Participant and which has been approved as subject to an Interim Transfer Facility and only to the extent the Posted Credit Cover secures/ or covers obligations under Part A and Part B):,
          1. where a Part A Participant receives a Credit Cover Increase Notice (within the meaning of Part A), the relevant Authorised Requester of the corresponding Part B Participant, may request the Market Operator to reallocate any amount up to the Excess Collateral of the related Participant registered under Part B to the Participant registered under Part A to cover part or all of the Credit Cover Increase Notice.
          2. where a Part B Participant receives a Credit Cover Increase Notice (within the meaning of Part B), the relevant Authorised Requester of the corresponding Part A Participant may request the Market Operator to reallocate any amount up to the Excess Collateral of the related Participant registered under Part A to the Participant registered under Part B to cover part or all of the Credit Cover Increase Notice.
       2. Any such request under (as applicable) paragraph 11.12.1(a) or 11.12.1(b) shall be made to the Market Operator must be received using the collateral refund procedure described in the applicable Part A or Part B Agreed Procedure 9 “Management of Credit Cover and Credit Default” (depending on which Participant is making the request) and shall be submitted to the Market Operator within one Working Day of the Credit Cover Increase Notice being issued under (as applicable) Part A or Part B.
       3. Where the latest available Credit Report considered by the Market Operator shows that the Participant has Excess Collateral in place the Market Operator may apply a reallocate of Posted Credit Cover from and to the relevant Part A and Part B Participant, based on the reallocation amount specified in the collateral refund request under (as applicable) paragraph 11.12.1(a) or 11.12.1(b) (in any such case up to the applicable amount of Excess Collateral).
    4. Collateral in the Case of Shortfall
       1. Where a Part A Participant has a Shortfall (within the meaning of Part A) under paragraph 6.51 of Part A, and the Shortfall is not completely covered by Posted Credit Cover of Participant A, and both of the following requirements have been met:
          1. the Part A Participant is subject to an approved Interim Transfer Facility ; and
          2. the corresponding Part B Participant has Excess Collateral based on the latest Part B Required Credit Cover Report provided to the Part B Participant by the Market Operator

then the Market Operator shall make a Credit Call on the Part B Participant’s Posted Credit Cover (within the meaning of Part B) up to the amount required to satisfy the remaining Shortfall of the Part A Participant. (such amount not to exceed the Part B Excess Collateral).

* + - 1. Where a Part B Participant has a Shortfall (within the meaning of Part B) under section G.2.7 of Part B, and the Shortfall is not completely covered by Posted Credit Cover of Participant B, and both of the following requirements have been met:
         1. the Part B Participant is subject to an approved Interim Transfer Facility; and
         2. the corresponding Part A Participant has Excess Collateral based on the latest Part A Credit Report provided to the Part A Participant by the Market Operator (the “**Part A Excess Collateral**”),

then the Market Operator shall make a Credit Call on the Part A Participant’s Posted Credit Cover (within the meaning of Part A) up to the amount required to satisfy the remaining Shortfall of the Part B Participant. (such amount not to exceed the Part A Excess Collateral).

* + - 1. Where under (as applicable) paragraph 11.13.1 or 11.13.2 the Market Operator makes a Credit Call on a Participant’s Posted Credit Cover under the relevant Part of the Code, the Market Operator shall:

be entitled to draw down on the Participant’s Letter of Credit or the SEM Collateral Reserve Account (where applicable) under that Part of the Code in whatever order, proportion or combination it decides; and

as soon as reasonably practicable notify the Participant in writing, using a rapid means of communication such as email or facsimile, that it has made the Credit Call.

* 1. Transitional Billing Periods and Capacity Periods
     1. The Billing Periods and Capacity Periods which contain the Cutover Time will be defined as follows;
        + 1. **Final Part A Billing and Capacity Periods**

**Billing Period or BP** - means the period commencing at 00:00 on Sunday of the week containing the Cutover Time and ending at the Cutover Time. It is the period of time over which Trading Payments and Trading Charges are based for the final Part A billing period.

**Capacity Period or CP** - means the period commencing at 00:00 on the first day of the Month containing the Cutover Time and ending at the Cutover Time. It is the period of time over which Capacity Payments and Capacity Charges are based for the final Part A capacity period.

* + - * 1. **Initial Part B Billing and Capacity Periods**

**Billing Period or BP** - means the period commencing at the Cutover Time and ending at the 00:00 on the subsequent Sunday. It is the period of time over which Trading Payments and Trading Charges are based for the first Part B billing period.

**Capacity Period or CP** - means the period commencing at the Cutover Time and ending at 00:00 on the first day of the subsequent calendar Month. It is the period of time over which Capacity Payments and Capacity Charges are based for the first Part B capacity period.

* 1. Transitional Eligible Availability for Energy Limited, Pumped Storage and Battery Storage Units
     1. For the final Part A Capacity Period, defined in Part C paragraph 12.1, the factor of 0.75 contained in condition 1 of Part A paragraphs 5.105, 5.108, 5.132, 5.132A, 5.136 and 5.136A shall be replaced with 17/24 to reflect the fraction of a Trading Day which falls within that Capacity Period.
  2. Transitional MSP Software Run cancellation
     1. The Market Operator shall determine that an MSP Software Run Cancellation shall apply in respect of the Within Day One MSP Software Run for the Trading Day which contains the Cutover Time. The result of this MSP Software Run Cancellation shall be as detailed in Part A clause 4.82H.

PART C GLOSSARY

Definitions

|  |  |
| --- | --- |
| Authorised Requester | means either:   1. under Part A Agreed Procedure 11, an Authorised Person with Category I:“Refund of Collateral” authorisation. 2. under Part B Agreed Procedure 11, an Authorised Person with Category C:“Request return of Collateral” authorisation. |
| Accession Process | has the meaning given in Part B of the Code. |
| Amendment Date | means the date on which the Trading and Settlement Code is amended to incorporate Part B and this Part C. |
| Assetless Participants | has the meaning given in Part B of the Code. |
| Current Year | Means the Tariff Year (with the meaning given in Part B of the Code), that the Cutover Time occurs in . |
| Cutover Time | means the date and time specified by the Regulatory Authorities for this purpose under paragraph 3.1.1as the date and time the new trading and settlement arrangements in Part B of the Code commence, which time will coincide with the start of an Imbalance Settlement Period. |
| Disputes Panel | means the panel of available dispute resolution board members established and maintained by the Market Operator with the prior approval of the Regulatory Authorities. |
| Election Round | means a Nominating Participant Election arranged by the Secretariat (within the meaning of Part B of the Code) under paragraph B.17.7 of Part B in anticipation of the expiry of the term of a member of the Modifications Committee, but does not include a Nominating Participant Election arranged because a member is removed, resigns or retires. |
| Excess Collateral | Means where the aggregate amount of Posted Credit Cover (within the meaning of the relevant Part of the Code) (the “**Relevant Part**”) in respect of a Participant as shown in (as applicable) the relevant Part A Credit ReportsorPart B Required Credit Cover Report report exceeds the Required Credit Cover (within the meaning of the relevant Part) in respect of that Participant as shown in the relevant report; |
| Existing Participants | has the meaning given in paragraph . |
| First Election Round | means the first Election Round after the Amendment Date. |
| Historical Assessment Period | means the “Historical Assessment Period” approved by the Regulatory Authorities for the purposes of section G.10.1 of Part B. |
| Interconnector Participants | has the meaning given in Part A of the Code. |
| Interim Transfer Facility | means a facility which may be provided by the Market Operator on an interim basis and solely for the period specified in section 11 to allow an accounting transfer of Posted Credit Cover held as cash collateral and/or Letters of Credit between a Part A Participant and Part B Participant who have meet the requirements of 11.5 |
| Nominating Participant Election | has the meaning given in Part B of the Code. |
| Part A | means Part A of the Code. |
| Part A Credit Report | means the information provided to a Part A Participant by the Market Operator under paragraphs 6.177 and 6.177A of Part A. |
| Part A Participant | means a Participant (within the meaning of Part A) with one or more Units registered under Part A. |
| Part B | means Part B of the Code. |
| Part B Required Credit Cover Report | means a Required Credit Cover Report (within the meaning of Part B) provided to a Part B Participant by the Market Operator under paragraph G.12.1.2 of Part B. |
| Part B Participant | means a Participant (within the meaning of Part B) with one or more Units registered under Part B or deemed to be registered for the purposes of Part B. |
| Part C | Means Part C of the Code |
| Previous Year | Means the Tariff Year (with the meaning given in Part B of the Code).that preceeds the Current Year |
| Relevant Parameter | has the meaning given in paragraph 9.1.1. |
| Second Election Round | means the next occuring Election Round after the First Election Round. |
| Transitional Credit Assessment Price | means the value to be used for Credit Assessment Price (PCAg) for the calculation of initial Credit Cover requirements for Participants under Part B until the end of the relevant Historical Assessment Period. |
| Transitional Required Credit Cover | means the the Credit Cover requirement that a Participant under Part B must have in place, initially, at the Cutover Time and as calculated subsequently until the end of the Historical Assessment Period after the Cutover Time. |

**Appendix A: Standard Letter of Credit**

**Template for Standard Letter of Credit**

Form of Doc Credit: IRREVOCABLE STANDBY LETTER OF CREDIT

Documentary Credit Number:

Date of Issue:

Applicable Rules: UCP [LATEST VERSION NO]

Date and Place of Expiry:

Applicant [insert Participant’s name] or [insert company name] on behalf of [insert Participant’s name]

Beneficiary: EirGrid plc and SONI Limited, trading as “SEMO”, being the Market Operator under the SEM Trading and Settlement Code. [address]

Currency Code, Amount (Maximum total amount):

Available With (ADVISING BANK IE SEMO'S BANK BY PAYMENT)

Partial Shipments/Drawings: Allowed

Documents required:

Beneficiary Statement, as detailed below, must be on Market Operator letterhead

QUOTE:

"We, the Market Operator under the Trading and Settlement Code (the “Beneficiary”) hereby state that [insert Participant’s name] is in default of its obligation to pay pursuant to the Trading and Settlement Code (to which the Participant is a party) under paragraph [ insert details of Part A of the Trading and Settlement Code and/or insert details of Part B of the Trading and Settlement Code] and as a result we hereby demand …………..[insert amount being claimed] under Standby Letter of Credit number…….... issued by …………[insert name of Issuing Bank]. Payment in respect of this Beneficiary Statement shall be effected immediately to [insert relevant account details]. We confirm that the signatory(ies) to this Beneficiary Statement are empowered to sign and make this Beneficiary Statement on behalf of the Beneficiary.

Terms defined in the Standby Letter of Credit referred to above have the same meaning when used in this Beneficiary Statement."

SIGNED FOR AND ON BEHALF OF THE MARKET OPERATOR.

NAME...................... TITLE.............

UNQUOTE

Additional Conditions:

1. Not Used.

2. This irrevocable Standby Letter of Credit is available by payment at sight against presentation to the Advising Bank of a Beneficiary Statement as detailed in Documents required.

3. The Beneficiary Statement must be made on original letterhead paper of the Beneficiary and signed on its behalf, and must be presented to the Advising Bank on or before the Expiry Date.

4. Upon receipt of a signed Beneficiary Statement in compliance with the above conditions the Advising Bank is required promptly to notify us by SWIFT of receipt of such Beneficiary Statement and inform us of the relevant details of such Beneficiary Statement. Provided such notification is received by us no later than 14:00 hrs on any weekday on which banks are open for business in Dublin and Belfast, we shall make payment under this Standby Letter of Credit for Same Day Value on that day or if received after 14.00hrs on the next such weekday in accordance with such notification and shall confirm payment by notifying the Advising Bank by SWIFT.

5. Where we, the Issuing Bank are also the Advising Bank, we may revise the above notification requirements as appropriate provided that this shall in no way affect the obligation on us to make payment under this Standby Letter of Credit.

6. We the Issuing Bank hereby waive any right to set off or counterclaim whatsoever against any amounts payable under this Standby Letter of Credit in respect of any claims we may have against the Beneficiary and such amounts shall be paid free and clear of all deductions or withholdings whatsoever.

7. Effective From:

8. This Standby Letter of Credit is personal to you and your rights hereunder including the right to receive proceeds to this Standby Letter of Credit, are not assignable.

This Letter of Credit shall be governed by and construed in accordance with the laws of Northern Ireland and the parties submit to the jurisdiction of the Courts of Ireland and the Courts of Northern Ireland (and no other court) for all disputes arising under, out of, or in relation to this Letter of Credit.

Charges:

All Issuing Bank charges are for the account of the Applicant.

All Advising Bank charges are for the account of the Beneficiary.

Confirmation:

CONFIRMATION WITH OR WITHOUT? (THIS INSTRUCTION IS TO SEMO'S BANK TO ADD CONFIRMATION OR NOT)

Instruction to Pay:

PLEASE REFER TO ADDITONAL CONDITIONS.

ADVISING BANK TO CLAIM REIMBURSEMENT BY SWIFT AND RETAIN BENEFICIARY STATEMENT ON FILE.

**APPENDIX**

[Market Operator letterhead]

We, the Market Operator under the Trading and Settlement Code (the “Beneficiary”) hereby state that [insert Participant’s name] is in default of its obligation to pay pursuant to the Trading and Settlement Code (to which the Participant is a party) under paragraph [insert details of Part A of the Trading and Settlement Code and/or insert details of Part B of the Trading and Settlement Code]

and as a result we hereby demand …………..[insert amount being claimed] under Standby Letter of Credit number…….... issued by …………[insert name of Issuing Bank]. Payment in respect of this Beneficiary Statement shall be effected immediately to [insert relevant account details]. We confirm that the signatory(ies) to this Beneficiary Statement are empowered to sign and make this Beneficiary Statement on behalf of the Beneficiary.

Terms defined in the Standby Letter of Credit referred to above have the same meaning when used in this Beneficiary Statement.

**Appendix B: Deed of Charge and Account Security**

|  |
| --- |
| **DEED of CHARGE and ACCOUNT SECURITY**  between  **[the Participant]**  and  **EirGrid p.l.c. and SONI Limited**  **Dated [ ] 20[●]** |

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**DEED of CHARGE and ACCOUNT SECURITY** dated the [ ] day of [ ] 20[ ] between:

1. **[ ] LIMITED [PLC ]** incorporated in [England][Scotland] [Northern Ireland] [Ireland] (Registered Number [ ]) whose registered office is at [ ] (the "**Participant**"); and
2. **EirGrid p.l.c.** incorporated in Ireland (Registered Number 338522) whose registered office is situated at Block 2, The Oval, 160 Shelbourne Road, Ballsbridge, Dublin 4 and **SONI Limited** incorporated in Northern Ireland (Registered Number NI038715) whose registered office is situated at Castlereagh House, 12 Manse Road, Belfast together trading as the Single Electricity Market Operator (the "**Market Operator**").

**RECITALS**

(A) The Market Operator and the Participant are parties to the Single Electricity Market Trading and Settlement Code governing the wholesale sale and purchase of electricity on the island of Ireland (the "**Code**").

1. Pursuant to the Code, the Participant is obliged to put in place Credit Cover to secure the Participant's payment obligations under the Code and has elected as permitted by the Code to open SEM Collateral Reserve Account(s) within the meaning of the Code, being the Account(s) referred to in this Deed, to provide such security.
2. The parties hereby acknowledge and agree that the Market Operator is the legal account holder of the SEM Collateral Reserve Account(s) for the purposes of discharging any payment obligations of the Participant under the Code and subject to that on trust for the Participant beneficially.
3. Pursuant to paragraph G.1.5.2 of the Code, the Participant has agreed to create in favour of the Market Operator a first fixed charge over its equitable and beneficial interest arising in the credit balances held in such Account(s) and all funds held to the credit thereof from time to time and has agreed to execute this Deed for that purpose.
4. It is intended that this document takes effect as a deed notwithstanding the fact that a party may only execute this document under hand.
5. **definitions and interpretation**
   1. **Definitions**

Capitalised terms or expressions defined in Part B of the Code shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Deed.

In addition, in this Deed:

"**Account[s]**" means the collateral bank account[s] specified in Schedule 1 (as [that account][any such account] may from time to time be re-designated or re-numbered or replaced), including any successor or replacement account of [that account][any such account];

"**Account Bank[s]**" means the bank[s] with which the Account[s] [is] [are] held being, as at the date of this Deed, as specified in Schedule 1, which shall include reference to any successor [of any] thereof;

"**Credit Call**" has the meaning given to this term under(as applicable) Part A or Part B the Code;

"**Credit Cover**" means the credit cover required of and provided by the Participant in a form that meets the requirements of (as applicable) Part A or Part B of the Code;

"**Debit Note**" has the meaning given to this term under (as applicable) Part A or Part B of the Code;

"**Debit Note Excess**" has the meaning given to this term under (as applicable) Part A or Part B of the Code;

"**Default Interest**" has the meaning given to this term under (as applicable) Part A or Part B of the Code;

"**Event of Default**" has the meaning given to this term in Clause 7.1 of this Deed;

"**Interest**" has the meaning given to this term under (as applicable) Part A or Part B of the Code;

“**Invoice**” has the meaning given to this term under Part A of the Code;

“**Invoice Due Date**” has the meaning given to this term under Part A of the Code;

"**Irish Act**" means the Land and Conveyancing Law Reform Act 2009 of Ireland;

"**Law of Property Act**" means the Law of Property Act 1925;

"**parties**" means the parties to this Deed and "party" means either of them;

“**Payment Due Date**” has the meaning given to this term under Part B of the Code;

"**Regulatory Authorities**" has the meaning given to this term under (as applicable) Part A or Part B of the Code;

"**Required Credit Cover**" means the Credit Cover calculated by the Market Operator in accordance with (as applicable) Part A or Part B of the Code;

"**Rights**" means all present and future right, equitable title and beneficial interest of the Participant in respect of the Account[s], including (without limitation):

the benefit of all covenants, undertakings, representations, warranties and indemnities;

all powers and remedies of enforcement and/or protection;

all rights to receive payment of all amounts assured or payable (or to become payable), all rights to serve notices and/or to make demands and all rights to take such steps as are required to cause payment to become due and payable; and

all causes and rights of action in respect of any breach and all rights to receive damages or obtain other relief in respect thereof;

"**Schedule[s]**" means any one or more of the Schedules to this Deed;

"**Secured Obligations**" means all or any monies, liabilities and payment obligations, whether actual or contingent and whether owed jointly or severally or as principal debtor, guarantor, surety or otherwise, which are now or may at any time hereafter (whether before or at any time after demand) be or become due in any manner by the Participant to any SEM Creditor and/or to the Market Operator under the Code (whether under Part A or Part B of the Code or any other provision thereof) including interest which the Market Operator may in the course of its business charge or incur in respect of any of those matters in accordance with the Code (whether under Part A or Part B of the Code or any other provision thereof) as well as after as before any demand made or decree or judgement obtained under this Deed or the Security, and all or any monies, liabilities and payment obligations due under the Code (whether under Part A or Part B of the Code or any other provision thereof) or under this Deed;

"**Security**" means all or any of the Security Interests now or at any time hereafter created by or pursuant to this Deed;

"**Security** **Assets**"means the Account[s] and the debt[s] thereby represented and all sums, whether principal or interest, accrued or accruing, which are now or may at any time hereafter be deposited in or otherwise standing to the credit of the Account[s], together with all the Rights in connection therewith;

"**Security Interest**" means any mortgage, charge, pledge, lien, retention of title arrangement (other than in respect of goods purchased in the ordinary course of business), hypothecation, encumbrance or security interest of any kind, or any agreement or arrangement having substantially the same economic or financial effect as any of the foregoing (including any "*hold back*" or "*flawed asset*" arrangement);

"**SEM Creditor**"has the meaning given to this term under (as applicable) Part A or Part B of the Code;

"**Shortfall**" has the meaning given to this term under (as applicable) Part A or Part B of the Code;

"**this Deed**" means these presents (including the Schedules) as amended, amended and restated, varied, supplemented, novated, extended or restated from time to time;

"**Unsecured Bad Debt**" has the meaning given to this term under (as applicable) Part A or Part B of the Code;

"**Variable Market Operator Charge**" has the meaning given to this term under (as applicable) Part A or Part B of the Code; and

"**Working Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for business in:

1. for the purpose of clause 11.1, the place specified in the address for notice provided by the recipient; and
2. for all other purposes:

insofar as the Security Assets are located in England or Northern Ireland, London and Belfast; or

insofar as the Security Assets are located in Ireland, Dublin.

* 1. **Interpretation**

In this Deed, unless the context requires otherwise:

words importing the singular shall include the plural and vice versa;

references to this Deed or any other document shall be construed as references to this Deed or such other document as amended, supplemented, novated, extended or restated from time to time;

references to any statute or statutory provision (including any subordinate legislation) shall include any statute or statutory provision for the time being in force which amends, extends, consolidates or replaces the same and shall include any orders, regulations, instruments or other subordinate legislation made under the relevant statute or statutory provision;

references to a "**person**" shall include any individual, firm, company, corporation, body, trust or foundation, or any association, partnership or unincorporated body (whether or not having separate legal personality);

any reference to a party includes its permitted successors, transferees and assignees;

references to a document "**in** **the** **agreed** **form**" means a document in a form agreed by the Participant and the Market Operator and initialled by, or on behalf of, each of them for the purpose of identification as such; and

"**tax**" means all forms of taxation, duties, imposts and levies whatsoever in the nature of taxation whenever and wherever imposed, including (but without limitation) all stamp duties, imposts, duties, capital and revenue taxes and value added tax, and "**taxes**" and "**taxation**" shall be construed accordingly.

* 1. **Headings**

The table of contents and the headings in this Deed are included for convenience only and shall be ignored in construing this Deed.

* 1. **Construction**

The parties hereby acknowledge and agree that this Deed is entered into pursuant to Part C of the Code (and in the case of Secured Obligations under Part A of this Code, under Chapter 6 of Part A of the Code and in the case of Secured Obligations under Part B of this Code, pursuant to Chapter G of Part B of the Code). In the event that any of the defined terms used in this Deed are ambiguous, they must be construed in accordance with (as applicable) Part A or Part B of the Code.

1. **CREATION OF security**
   1. **Payment**

The Participant undertakes to the Market Operator that it will pay and discharge the Secured Obligations on the due date therefor.

* 1. **General**

All the Security:

is created in favour of the Market Operator for itself as the Market Operator under the Code or as a security trustee on behalf of the other SEM Creditors, in both cases to secure the Participants' compliance and performance of their payment obligations under the Code;

is created over all the Participant's Security Assets; and

is security for the payment or discharge of the Secured Obligations. For the avoidance of doubt, the Secured Obligations include obligations under Part A and Part B of Code.

* 1. **Security**

As continuing security for the payment and discharge of the Secured Obligations, the Participant as beneficial owner hereby charges by way of first fixed chargeto the Market Operator the Security Assets (including, for the avoidance of doubt, all the Rights in connection therewith).

2.4. **Notices**

Immediately after delivery of this Deed, the Participant shall give notice to the Account Bank in the form set out in Part 1 of Schedule 2. The Market Operator shall procure the Account Bank's acknowledgement and agreement in the form set out in Part 2 of Schedule 2.

1. **Protection of security**
   1. **Continuing security**

The Security shall be a continuing security notwithstanding any intermediate payment or satisfaction of the Secured Obligations and shall remain in force until the Secured Obligations have been fully and unconditionally paid and/or discharged (as appropriate) under the Code.

* 1. **No prejudice**

The Security shall be in addition to and shall not in any way prejudice or be prejudiced by any other Security Interest, right or remedy which the Market Operator may now or at any time hereafter hold for all or any part of the Secured Obligations.

* 1. **No waiver**

Failure or delay on the part of the Market Operator in exercising any right, power or discretion under or pursuant to this Deed shall not operate as a waiver thereof, nor will any single or partial exercise of any such right, power or discretion preclude any other or further exercise thereof. The rights, powers and discretions contained in this Deed are in addition to and not substitution for any right of set-off, compensation, retention, combination of accounts, lien or other right or remedy provided by law.

* 1. **Severability**

The provisions of this Deed shall be severable and distinct from one another and if at any time one or more of such provisions is or becomes or is declared void, invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Deed shall not in any way be affected or impaired thereby.

* 1. **Non impairment**

The Participant agrees that none of its obligations or the Market Operator's rights, powers and discretions under this Deed shall be reduced, discharged or otherwise adversely affected by:

any variation, extension, discharge, compromise, dealing with, exchange or renewal of any Security Interest or any right or remedy which the Market Operator or any other person may have now or in the future from or against the Participant or any other person in respect of any of the Secured Obligations; or

any failure, act or omission by the Market Operator or any other person in taking up, perfecting or enforcing any Security Interest or guarantee from or against the Participant or any other person in respect of the Secured Obligations; or

any increase in or waiver or discharge of any of the Secured Obligations or any termination, amendment, variation, supplement, restatement, novation or replacement of any deed, document or agreement relating thereto; or

any grant of time, indulgence, waiver or concession to the Participant or any other person; or

any of the administration, receivership, examinership, liquidation, winding-up, insolvency, bankruptcy, incapacity, limitation, disability, discharge by operation of law or any change in the constitution, name or style of the Participant or any other person; or

any invalidity, illegality, unenforceability, irregularity or frustration of any of the Secured Obligations; or

any renumbering, redesignation or replacement of the Account[s] or its [their] being transferred to another branch or department of the Account Bank[s]; or

anything done or omitted to be done by the Market Operator or any other person which but for this provision might operate to exonerate or discharge or otherwise reduce or extinguish the liability of the Participant under this Deed or the Security.

* 1. **Further assurance**

Without prejudice to the provisions of Clause 2 (*Creation of Security*), the Participant shall promptly after being requested to do so by the Market Operator, do all such acts and things, give such instructions (in material or dematerialised form) and sign, seal and execute and deliver all such deeds and other documents as the Market Operator may require for perfecting or protecting the Security in respect of the Security Assets or its priority or for facilitating the operation of the Account[s] and the realisation or application of the Security Assets and the exercise of the rights, powers and discretions conferred on the Market Operator under this Deed. The obligations of the Participant under this Deed shall be in addition to and not in substitution for the covenants for further assurance deemed to be included herein by virtue of the Law of Property (Miscellaneous Provisions) Act 1994.

1. **power of attorney**
   1. **Appointment**

The Participant by way of security hereby irrevocably appoints the Market Operator as its attorney on its behalf and in its name or otherwise, at such times and in such a manner as the Market Operator may think fit to do anything which the Participant is obliged to do (but has not done) under this Deed and/or the Code including, without limitation, to sign, seal, execute and deliver all deeds, documents, notices, further securities, transfers or assignments of and other instruments relating to, and give instructions (in material or dematerialised form) in respect of, the Security Assets.

* 1. **Ratification**

The Participant hereby ratifies and confirms and agrees to ratify and confirm whatever its attorney may do or purport to do in the exercise or purported exercise of the power of attorney given by the Participant under this Clause.

* 1. **Exercise of power**

The appointment effected under Clause 4.1 (*Appointment*) shall take effect immediately, but the powers conferred shall only become exercisable upon the Security becoming enforceable or if the Participant does not fulfil any of its obligations under Clause 3.6 (*Further assurance*) within two Working Days of notice from the Market Operator to do so.

1. **representationS, warranties AND UNDERTAKINGS**
   1. **Representations and warranties**

The Participant represents and warrants to the Market Operator that:

it is duly incorporated and validly existing under the law of [England] [Scotland] [Northern Ireland] [Ireland] [other]\*;

\*Please delete as appropriate

it has the capacity and power to enter into this Deed and perform its obligations hereunder and to create the Security;

it has taken all necessary corporate action to authorise the execution and delivery of the Deed and the performance of its obligations hereunder and the creation of this Security;

its entering into this Deed and the performance of its obligations hereunder and the creation of the Security will not contravene any law, regulation, agreement or judicial or official order to which it is a party or by which it is bound, or cause any limitation on any of its powers however imposed, or the right or ability of its directors to exercise any of such powers, to be exceeded;

all actions, authorisations and consents required or advisable in connection with the creation, performance, validity and enforceability of this Deed and the Security and the transactions hereby contemplated and to ensure that (subject to all necessary registrations being made) the Security constitutes a valid, legal, binding and enforceable first fixed Security Interest over the Security Assets ranking in priority to the interests of any liquidator, administrator or creditor of the Participant have been obtained or effected and are and shall remain in full force and effect;

it is and will be the sole absolute unencumbered beneficial owner of the Security Assets free of any other Security Interest or third party claims or interests, other than any such Security Interest, claim or interest that has been or may from time to time be created in favour of the Market Operator and/or any other person pursuant to the Code;

it has not (otherwise than pursuant to this Deed or otherwise in favour of the Market Operator and/or any other person pursuant to the Code) granted or created any Security Interest over or sold, transferred, lent, assigned, parted with its interest in, disposed of, or granted or created any option or other right to purchase or otherwise acquire the Security Assets or any interest therein, or agreed, conditionally or unconditionally, to do so;

the Participant's obligations under this Deed and (subject to all necessary registrations being made) the Security are and until fully and unconditionally discharged will be valid, legal, binding and enforceable and the Security constitutes and will remain a valid, legal, binding and enforceable first fixed Security Interest over the Security Assets ranking in priority to the interests of any liquidator, administrator or creditor of the Participant; and

each of the above representations and warranties will be correct and complied with in all respects at all times during the continuance of the Security as if repeated by reference to the circumstances existing at such times.

* 1. **Undertakings**

The Participant undertakes to the Market Operator that it shall:

Not, save as permitted by paragraph G.1.6.6 of the Code, make or attempt to make any withdrawal from the Account[s] or create, attempt to create or permit any Security Interest (other than the Security or any Security Interest in favour of the Market Operator and/or any other person created pursuant to the Code) to subsist over or in respect of any of the Security Assets;

not sell, transfer, lend or otherwise dispose of, or grant or create any other Security Interest over, or any option or other right to purchase or otherwise acquire, the Security Assets or any interest therein (other than any Security Interest in favour of the Market Operator and/or any other person created pursuant to the Code) or agree, conditionally or unconditionally, to do so;

not take or omit to take any action which would prejudice the Security or impair the Security Assets and shall, at its own cost, promptly take all action which is at any time necessary or which the Market Operator may request, to protect the interests of the Participant and the Market Operator in the Security Assets;

not vary or abrogate any of the rights attached to the Security Assets or take or omit to take any action which would have that result;

ensure that no monies or liabilities are outstanding in respect of any of the Security Assets;

take all action within its power to procure, maintain in effect and comply with all the terms and conditions of all approvals, authorisations, consents and registrations necessary or advisable under or in connection with this Deed and the Security; or

procure that the Security shall at all times be a valid, legal, binding and enforceable first fixed security interest over the Security Assets ranking in priority to the interests of any liquidator, administrator, examiner or creditor of the Participant.

1. **operation of account[s]**

**Withdrawals**

The Participant shall only be entitled to seek any withdrawals from the Account[s] provided that:

the Participant is not in default in respect of any amount owed to a SEM Creditor;

the other conditions as set out in paragraphs G.1.6.5 and G.1.6.6 of the Code apply; and

the Security under this Deed has not been enforced.

1. **ENFORCEMENT**
   1. **Event of Default**

An "**Event of Default**" shall occur in the event that:

the Participant has not (as applicable) paid a Settlement Document or invoice in full on the Payment Due Date (or an Invoice in full on the Invoice Due Date), leading to:

the Participant having a Shortfall; and

the Market Operator becoming obliged to make a Credit Call in respect of the Shortfall in accordance with (as applicable) paragraph G.2.6.1 of the Part B of the Code or in accordance with paragraph 6.51 of Part A of the Code; and/or

the Participant has not paid an amount set out in an overpayment notice as if it were (as applicable) a Settlement Document or an Invoice in accordance with (as applicable) paragraph G.2.8.1 of the Part B of the Code (or, in the case of an Invoice, paragraph 6.63.1 of Part A of the Code) leading to:

the Participant having a Shortfall; and

the Market Operator becoming obliged to make a Credit Call in respect of the Shortfall in accordance with (as applicable) paragraph G.2.6.1 of the Part B of the Code or in accordance with paragraph 6.51 of Part A of the Code; and/or

the Participant has not paid the amount of a Debit Note Excess after the second Working Day following receipt of a relevant Debit Note in accordance with (as applicable) paragraph G.2.7.7 of Part B of the Code or paragraph 6.58 of Part A of the Code, leading to:

the Participant having a Shortfall; and

the Market Operator becoming obliged to make a Credit Call in respect of the Shortfall in accordance with (as applicable) paragraph G.2.6.1 of Part B of the Code or in accordance with paragraph 6.55 of Part A of the Code; and/or

the Participant has not paid its Variable Market Operator Charge on the Working Day on which such charge becomes due in accordance with (as applicable) Part A or Part B of the Code, leading to the Market Operator becoming entitled to make a Credit Call, subject always to (as applicable) Part A or Part B of the Code.

* 1. **Security enforceable**

Upon or at any time after the occurrence of an Event of Default:

the Security shall become enforceable; and

the following power of sale and other powers, in each case as varied and extended by this Deed, shall be exercisable:

in respect of Security Assets which are located in England, the power of sale and other powers conferred by Section 101 of the Law of Property Act;

in respect of Security Assets which are located in Northern Ireland, the power of sale and other powers conferred by Section 19 of the Conveyancing Act 1881 and Section 4 of the Conveyancing Act 1911;

in respect of Security Assets which are located in Ireland, power of sale and other powers conferred by the Irish Act.

For the avoidance of doubt, Clause 7.2.1 shall be without prejudice to the power and right of the Market Operator to:

* + - * 1. in accordance with paragraph G.2.7.1 of the Code, withhold, deduct or set off payment of any amount due to the Participant pursuant to the Code until the amount of any Unsecured Bad Debt and any applicable Default Interest has been recovered in full from the Participant; and/or
        2. in accordance with paragraph G.2.7.3 of the Code, in order to recover the amount of any Unsecured Bad Debt of the Participant, reduce the amount payable to each SEM Creditor affected by such Unsecured Bad Debt pro-rated in accordance with the Code.
  1. **Law of Property Act, Conveyancing and Law of Property Acts and Irish Act**

Insofar as the Security Assets are located in:

England, Clause 7.3.2 below in relation to the Law of Property Act shall apply;

Northern Ireland, Clause 7.3.3 below in relation to the Conveyancing and Law of Property Acts shall apply; and

Ireland, Clause 7.3.4 below in relation to the Irish Act shall apply.

Law of Property Act

The powers conferred by Section 101 of the Law of Property Act as varied and extended by this Deed, shall be deemed to have arisen immediately upon execution of this Deed, and Sections 93, 103 and 109 of the Law of Property Act shall not apply to this Deed.

Conveyancing and Law of Property Acts

The powers conferred by Section 19 of the Conveyancing Act 1881 and Section 4 of the Conveyancing Act 1911, as varied and extended by this Deed, shall be deemed to have arisen immediately upon execution of this Deed, and Sections 17, 20 and 24 of the Conveyancing Act 1881 shall not apply to this Deed.

Irish Act

In the event that:

* + - * 1. the laws of Ireland apply to:

the Security Assets or any of them; or

the Security or any of it; or

* + - * 1. in the event of the appointment in Ireland of a liquidator, examiner or similar officer to the Participant or over any or all of its assets,

the provisions of Chapter 3 (Obligations, powers and rights of mortgagee) of Part 10 (Mortgages) of the Irish Act, save as specified in Clauses 7.3.4.2 to 7.3.4.4, inclusive, below, shall apply to this Deed notwithstanding anything to the contrary contained in this Deed.

The provisions of sections 96(1)(c) (Powers and rights generally), 97 (Taking possession), 99(1) (Mortgagee in possession), 101 (Applications under sections 97 and 100), 103(2) (Obligations on selling), 106(3) (Application of mortgagee’s receipts), 107 (Application of proceeds of sale), 108(1) (Appointment of receiver), 108(7) (Remuneration of receiver), 109 (Application of money received by a receiver) and 110(2) (Insurance) of the Irish Act shall not apply to this Deed.

The restrictions and any requirements to give notice to the Participant contained in section 108(1) (Appointment of Receiver) of the Irish Act shall not apply to this Deed.

The Participant shall not be entitled to take any action in respect of the Security Assets pursuant to section 94 (Court order for sale) of the Irish Act.

The restrictions and any requirements to give notice to the Participant contained in section 100 (Power of sale) of the Irish Act shall not apply to this Deed.

* 1. **Rights upon enforcement**

Powers of Market Operator

At any time after the Security has become enforceable, the Market Operator shall be entitled, without any notice to, demand on or consent of the Participant, either in its own name or in name of the Participant or otherwise, and in such manner and on such terms and conditions as it thinks fit, to take possession of and realise the Security Assets and apply the proceeds of realisation in or towards payment or satisfaction of the Secured Obligations in accordance with Clause 7.5 (Application of proceeds), and in particular, without limiting the generality:

* + - * 1. to call in and/or uplift or withdraw the sums standing to the credit of the Account[s] in whole or part (and whether or not any deposit period may be broken by so doing);
        2. to do all things it may consider necessary or expedient for the realisation of the Security Assets or incidental to the exercise of any of the rights conferred on it under or in connection with this Deed, the Law of Property Act , the Conveyancing and Law of Property Acts or the Irish Act; and
        3. generally to exercise all the rights powers and discretions in respect of the Security Assets it would be entitled to exercise if it were the absolute owner of the Security Assets, provided that any monies recovered under this Deed shall be applied in accordance with Clause 7.5.
  1. **Application of proceeds**

All monies realised or otherwise arising from the enforcement of the Security shall be applied by the Market Operator in or towards payment of any Secured Obligations in accordance with the terms of (as applicable) Part A or Part B of the Code, and in particular:

* + - * 1. firstly, towards payment of any Shortfall (excluding any Market Operator Charge) together with any applicable Interest or Default Interest~~;~~
        2. secondly, towards payment of any Unsecured Bad Debt;
        3. thirdly, towards payment of any Variable Market Operator Charges together with any applicable Interest; and
        4. fourthly, towards payment of any surplus to the Participant;

***provided that*** prior to the enforcement of the Security, any credit balances held in the Account[s] shall be applied with (as applicable) paragraphs 6.32 and 6.35 of Part A of the Code or paragraphs G.1.6.3 and G.1.6.6 of Part B of the Code.

This Clause is subject to the settlement of any claims which have priority over the Security and shall not prejudice the Market Operator's right to recover any shortfall from the Participant in accordance with the provisions of (as applicable) Part A or Part B of the Code.

* 1. **Balance**

The rights powers and discretions conferred on the Market Operator (subject to the terms of (as applicable) Part A or Part B of the Code) under this Deed are subject only to its obligation to account to the Participant for any balance of the Security Assets or their proceeds remaining in its hands after the Secured Obligations have been fully and unconditionally paid and discharged.

* 1. **Third parties**

No person dealing with the Market Operator in relation to the Security Assets shall be concerned to enquire whether any event has occurred upon which any of the rights, powers and discretions conferred under or in connection with this Deed or (in the case of Security Assets located in England) the Law of Property Act or (in the case of Security Assets located in Northern Ireland) the Conveyancing and Law of Property Acts or (in the case of Security Assets located in Ireland) the Irish Act is or may be exercisable, or whether any of the rights, powers and discretions exercised or purported to be exercised by it hereunder has otherwise become exercisable, whether any of the Secured Obligations remains outstanding, or generally as to the propriety or validity of the exercise or purported exercise of any right, power or discretion hereunder. All the protection to purchasers and other persons contained in Sections 104 and 107 of the Law of Property Act (in respect of Security Assets located in England), Sections 21 and 22 of the Conveyancing and Law of Property Act 1881 (in respect of Security Assets located in Northern Ireland) and sections 104, 105 and 106(1) of the Irish Act (in respect of Security Assets located in Ireland) shall apply to any person purchasing from or dealing with the Market Operator as if the Secured Obligations had become due and the statutory powers of sale in relation to the Security Assets had arisen on the date of this Deed.

The receipt or discharge of the Market Operator shall be an absolute discharge to any purchaser or other person dealing with the Market Operator in relation to the Security Assets and any such purchaser or other person shall not have any obligation to enquire after or see to the application of any payments made by it to the Market Operator or at its direction.

* 1. **Redemption of prior securities**

The Market Operator shall be entitled at any time:

to redeem any prior Security Interest over the Security Assets; and/or

to procure the transfer of such Security Interest to itself or its nominee; and/or

to settle and pass the accounts of the person or persons entitled to any such prior Security Interest and any accounts so settled and passed shall, save for manifest error, be conclusive and binding on the Participant.

The Participant shall pay the Market Operator, immediately on demand, the costs and expenses incurred by the Market Operator in connection with any such redemption and/or transfer, including the payment of any principal or interest, and these shall be subject to the terms of Clause 10 (Miscellaneous) and shall be Secured Obligations.

1. **RELEASE**
   1. **Release**

When the Market Operator confirms in writing to the Participant that the Secured Obligations have been fully and unconditionally paid or discharged the Market Operator shall at the Participant's request, and at its expense, discharge the Security and retransfer to the Participant so much of the Security Assets as has not been realised or applied in or towards satisfaction of the Secured Obligations. Any payment or realisation in respect of the Secured Obligations which in the reasonable opinion of the Market Operator is liable to be avoided or otherwise invalidated or adjusted by law, including any enactment or rule of law relating to insolvency, shall not be regarded as having been irrevocably effected until the expiry of the period during which it may be challenged on any such ground.

* 1. **Avoidance of payments**

The Market Operator's right to recover the Secured Obligations in full shall not be affected or prejudiced by any payment or realisation which is avoided or otherwise invalidated or adjusted by law, including any enactment or rule of law relating to insolvency, or by any release or discharge given by the Market Operator on the faith of any such payment or realisation.

* 1. **Retention of Security**

If any payment or realisation in respect of the Secured Obligations is, in the Market Operator's reasonable opinion, liable to be avoided or otherwise invalidated or adjusted by law, including any enactment or rule of law relating to insolvency, the Market Operator shall be entitled to retain this Deed and the Security undischarged and shall not be obliged to retransfer the Security Assets until the expiry of the period during which it may be challenged on any such ground.

1. **LIABILITY OF MARKET OPERATOR**
   1. **Liability**

The Market Operator shall not in any circumstances be liable to the Participant or any other person as mortgagee in possession or otherwise for any losses, damages, liabilities or expenses arising from or in connection with the application or enforcement of the Security or any realisation, appropriation or application of the Security Assets or from any act, default or omission of the Market Operator in relation to the Security Assets or otherwise in connection with this Deed and the Security except to the extent caused by reckless or wilful misconduct.

1. **MISCELLANEOUS**
   1. **Assignment**

The Market Operator may at any time, with the prior written consent of the Regulatory Authorities (but without notice to or consent of the Participant), assign or transfer the benefit of this Deed and the Security or any of its rights or obligations thereunder, provided that such assignment and transfer is in compliance with any applicable requirements of the Code. The Market Operator shall, with the prior written consent of the Regulatory Authorities, be entitled to impart any information concerning the Participant to any assignee, transferee or proposed assignee or transferee or to any person who may otherwise enter into contractual relations with the Market Operator in relation to this Deed, the Secured Assets or the Secured Obligations.

The Participant may not assign, transfer or otherwise deal with the benefit or burden of this Deed or the Security or any of its rights or obligations thereunder.

This Deed shall be binding upon and inure to the benefit of each of the parties hereto and the Market Operator’s respective permitted successors, transferees and assignees and references in this Deed to any of them shall be construed accordingly.

* 1. **Entire agreement**

This Deed constitutes the entire agreement and understanding of the parties in relation to the security interests created herein in furtherance of the provisions in Chapter G of the Code and supersedes any previous agreement between the parties relating to the subject matter of this Deed.

* 1. **Non-reliance**

Each of the parties acknowledges and agrees that in entering into this Deed it does not rely on, and shall have no remedy in respect of, any statement, representation, warranty or undertaking (whether negligently or innocently made) of any person (whether a party or not) other than as expressly set out in this Deed.

* 1. **Amendments**

No amendment or variation of this Deed shall be effective unless it is in writing and executed by or on behalf of each of the parties.

* 1. **Third party rights**

The Contracts (Rights of Third Parties) Act 1999 shall not apply to this Deed and only the parties hereto may enjoy its benefit or enforce its terms.

* 1. **Counterparts**

This Deed may be executed in any number of counterparts, and by one or more parties hereto in separate counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

* 1. **Expenses**

Each Party shall pay its own costs incurred in connection with the negotiation, preparation and execution of this Deed.

The Market Operator shall pay any costs incurred in connection with the registration of this Deed.

1. **NOTICES**
   1. **Notices and deemed receipt**

Any demand or notice to be given under this Deed shall be in writing signed by or on behalf of the party giving it and shall be served by delivering it personally or sending it by pre-paid recorded delivery or registered post or by facsimile to the address and for the attention of

the relevant party set out in Clause 11.2 (or as otherwise notified by that party thereunder). Any such notice shall be deemed to have been received:

if delivered personally, at the time of delivery or attempted delivery;

in the case of pre-paid recorded delivery or registered post, at the time of delivery or attempted delivery; and

in the case of facsimile, at the time of transmission, where in order to prove transmission it shall be sufficient to produce confirmation of uninterrupted transmission by a transmission report,

provided that if deemed receipt occurs before 9am on a Working Day the notice shall be deemed to have been received at 9am on that day and if deemed receipt occurs after 5pm on a Working Day, or on a day which is not a Working Day, the notice shall be deemed to have been received at 9am on the next Working Day.

* 1. **Addresses for notices**

The addresses and facsimile numbers of the parties for the purposes of this Clause 11.2 are:

**The Market Operator**

Address: [ ]

For the attention of: [ ]

Fax number: [ ]

**The Participant**

Address: [ ]

For the attention of: [ ]

Fax number: [ ]

or such other address or facsimile number as may be notified in writing from time to time by the relevant party to the other.

* 1. **No electronic service**

For the avoidance of doubt no demand or notice given under this Deed shall be validly given if sent by e-mail.

1. **GOVERNING LAW AND JURISDICTION**

12.1 This Deed (including any non-contractual obligations arising out of or in connection with it) shall be governed by and construed in accordance with: (i) insofar as the Security Assets are located in England, the laws of England; insofar as the Security Assets are located in Northern Ireland, the laws of Northern Ireland; and (iii) insofar as the Security Assets are located in Ireland, the laws of Ireland.

12.2 The parties irrevocably submit: (i) insofar as the Security Assets are located in England, to the non-exclusive jurisdiction of the English Courts; (ii) insofar as the Security Assets are located in Northern Ireland, to the non-exclusive jurisdiction of the Northern Irish Courts; and (iii) insofar as the Security Assets are located in Ireland, to the non-exclusive jurisdiction of the Irish Courts.

**EXECUTED AND DELIVERED** as a deed on the date first above stated.

**SCHEDULES**

**SCHEDULE 1**  
**The Account[s] and Account Bank[s]**

**Name of Number of Bank, Branch and sort code**

**Account Account where Account held**

[ ] [ ] [ ]

**SCHEDULE 2**  
**Part 1: Notice of charge to Account Bank(s)**

**[On letterhead of Participant]**

To: Name of Account Bank (the “**Account Bank**”)

Branch: [ ]

Address: [ ]

Attention: [ ]

Date: [ ]

Dear Sirs

**Account number[s]: [specify] (the "Account[s]")**

We ([*insert name*] (the "**Participant**") hereby give notice that by a Deed of Charge and Account Security between us and EirGrid p.l.c. and SONI Limited together trading as the Single Electricity Market Operator (the "**Market Operator**") dated the [ ] day of [ ] 200[ ] (the "**Account** **Security**") we have charged by way of first fixed charge to the Market Operator our whole right, equitable title and beneficial interest present and future in the Account[s], the debt(s) thereby represented, and all sums, whether principal or interest, now or hereafter deposited in or otherwise standing to the credit of the Account[s]. A copy of the Account Security is annexed.

We irrevocably instruct and authorise you, without further reference to, or enquiry or permission from, us:

1. to disclose to the Market Operator any information about the Account[s] which it may request;
2. to comply with the terms of any written notice or instruction relating to the Account[s] which you may receive from the Market Operator;
3. to hold all sums standing at credit of the Account[s] to the order of the Market Operator;
4. to pay or release any sum standing at credit of the Account[s] only in accordance with the written instructions or with the written consent of the Market Operator.

For the avoidance of doubt, any notice, instruction or authorisation from the Market Operator may validly be given by fax or email.

The instructions and authorisations in this letter may not be revoked or amended without the prior written consent of the Market Operator.

Please confirm that you have not received notice or are otherwise aware of any other assignment, charge, encumbrance or third party interest in respect of the Account[s] or the sums standing at credit of or any rights or benefits relating to the Account[s] (other than any other charge in favour of the Market Operator) and that you have not claimed or exercised, and will not claim or exercise any right of set-off, counterclaim, deduction, lien or combination of accounts or security interest in respect thereof.

In the absence of gross negligence or wilful misconduct on its part, the Account Bank shall not be liable to the Participant, Market Operator or any other person with respect to any act or omission in connection with the services provided. Provided that it has complied with the terms of the written acknowledgement by it of this notice and, to the extent not inconsistent with such acknowledgment, with the mandate relating to, and terms and conditions applicable to the Account[s], under no circumstances shall the Account Bank be liable to the Participant, Market Operator or any other person for indirect or consequential damages and the Account Bank shall not in any event be liable for the following direct losses: loss of profits, loss of contracts, loss of goodwill, whether or not foreseeable, even if the Account Bank has been advised of the likelihood of such loss or damage and regardless of whether the claim for loss or damage is made in negligence, for breach of contract or otherwise.

This letter is governed by [Northern Irish/Irish/English] law\*.

Please acknowledge receipt and confirm your agreement to the terms hereof by sending the attached acknowledgement to the Market Operator with a copy to us.

Yours faithfully

For and on behalf of [Participant]

……………………………………………….

Authorised Signatory

\*Please delete as appropriate

**SCHEDULE 2  
Part 2: Acknowledgement from Account Bank(s)**

**[On letterhead of [each] Account Bank]**

To: EirGrid p.l.c.

and SONI Limited

Address: [ ]

Attention: [ ]

Date: [ ]

Dear Sirs

**Account number[s]: [specify] (the "Account[s]")**

We hereby acknowledge receipt from [Participant] of a notice of charge dated [ ] (the "**Notice**") of its whole right, equitable title and beneficial interest, present and future, in and to the Account[s], the debt(s) thereby represented, and all sums, whether principal or interest, now or hereafter deposited in or otherwise standing to the credit of the Account[s]. We also acknowledge receipt of a copy of the Deed of Charge and Account Security dated [ ] 200[ ] between you and the Participant (the “**Account Security**”).

We confirm that:

a we accept the instructions contained in the Notice and undertake to comply with its terms;

b we have not received nor are we aware of any other assignment, charge, encumbrance or third party interest in the Account[s] or the sums standing at credit of or, any rights and benefits relating to the Account[s] (other than any other charge in favour of the Market Operator);

c we have not claimed or exercised, nor will we claim or exercise, any right of set-off, counterclaim, deduction, lien, combination of accounts or security interest in respect of the Account[s]; and

d we will not permit any amount to be withdrawn from the Account[s] except on your written instructions or with your prior written consent in accordance with the provisions of Clause 6 (Withdrawals) of the Account Security (which instructions or consent appear on their face to be validly given and Danske Bank A/S has not nor is it required to verify or confirm with any person whether such notice or consent was actually given by any person authorised to do so or the circumstances which would entitle such notice to be given had actually occurred) or otherwise (to the extent not inconsistent with the foregoing) in accordance with any bank mandate in relation to the Accounts.

We are aware that you will rely on this letter in respect of your rights under the Account Security.

This letter is governed by [Northern Irish/Irish/English] Law\*.

Yours faithfully

For and on behalf of [Account Bank]

………………………………………………………..

Authorised Signatory

Copied to: [Participant]

Address:

Attention:

\*Please delete as appropriate

[Appropriate execution blocks for Participant to execute as a deed to be included]

**THE COMMON SEAL** of

**EirGrid p.l.c.**

**was affixed hereto**

**and this Deed was delivered:**

Director

Director/Secretary

**EXECUTED and DELIVERED as a**

**DEED by SONI Limited**

**acting by:**

Director

Full Name

Director

Full Name