

ANNEX

CHAPS STERLING PAYMENTS

1. APPLICATION

This Annex to the RTGS Account Mandate Terms and Conditions (the **Terms and Conditions**) applies where the Account Holder is a direct participant in CHAPS.

2. DEFINITIONS

2.1 In this Annex unless the context otherwise requires:

- (a) terms defined in the Terms and Conditions or any other Annex have the same meaning;
- (b) where the Account Holder is a participant in the Sterling Monetary Framework, terms defined in the Sterling Monetary Framework Terms and Conditions have the same meaning; and
- (c) the following expressions shall have the following meanings:

Available MBG Balance means the amount which is available to the Account Holder for the purpose of making payments or transfers from the Settlement Account(s), expressed in sterling and calculated in accordance with the RTGS Reference Manual;

BI Application means a browser based application accessible via the internet providing access to the Business Information, as further described in the BI User Guides;

BI Service means the service provided by the Bank to make one or more BI Application available to Account Holders;

BI User Guides means the guides for Account Holders, which provides information in respect of the Business Information, BI Applications and the BI Service;

Business Information means the data regarding the Account Holder's historical activity within RTGS relating to its participation in CHAPS, as further described in the BI User Guides;

Cash Ratio Deposit means a deposit made pursuant to Schedule 2 of the Bank of England Act 1998;

CHAPS Participation Agreement means the CHAPS Participation Agreement entered into between the Bank and the Account Holder in relation to their participation in CHAPS.

CRD Consent Letter means a letter, in a form approved by the Bank, from the Bank to a CRD Holder and countersigned or otherwise accepted by the CRD Holder, in which the CRD Holder consents or agrees to the Bank being entitled to retain, set off or apply all or any part of the CRD Holder's Cash Ratio

Deposit in or towards satisfaction of the Account Holder's obligations to the Bank;

CRD Holder means a Group Company who has made a Cash Ratio Deposit with the Bank;

CREST Settlement Bank means a bank which is a participant in RTGS for the settlement of payments in sterling made by means of CREST;

Data means the raw data contained in a Payment Message and Available MBG Balance information;

Disconnection Period has the meaning given in the DvP Framework Agreement;

DvP Framework Agreement means the framework agreement entered into between the Bank, Euroclear UK & International Limited and the CREST Settlement Banks in relation to making of real-time payments by means of CREST;

Eligible Foreign Currency means a currency other than sterling and which is acceptable to the Bank;

Euro means the currency of the member states of the European Union that adopt a single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;

Euro Correspondent Bank means De Nederlandsche Bank or such other national central bank which is part of the ESCB as the Bank may specify from time to time;

Group Company means any company that is a member of the same Group as the Account Holder;

Liquidity Account has the meaning given in paragraph 3.1(a)(ii) of this Annex;

MBG has the meaning given in paragraph 3.1(a) of this Annex;

Minimum MBG Balance means the minimum credit balance which the Account Holder is required to maintain in respect of the MBG taken as a whole, expressed in sterling and calculated in accordance with the RTGS Reference Manual;

Opening of Business means the time specified as such in the RTGS Reference Manual;

Payment Message means a message in respect of a RTGS Transfer or a CHAPS Payment;

RTGS CREST Mandate Agreement means the mandate agreement entered into between the Bank and a CREST Settlement Bank governing, among other things, the operation of the Sterling CREST MBG;

RTGS CREST Master Auto-collateralising Repurchase Agreement means

the master repurchase agreement entered into between the Bank and a CREST Settlement Bank in relation to self-collateralising repurchase transactions;

Securities Settlement System means each of CREST, the settlement system of Clearstream Banking, société anonyme, Luxembourg, the Euroclear settlement system operated by Euroclear Bank S.A./N.V. and any other securities settlement system as may be specified by the Bank from time to time;

Settlement Trust Deed means a settlement trust deed which an Account Holder holding a CF Settlement Account is required to execute and maintain in relation to its participation in CHAPS, BACS, FPS and/or the Image Clearing System;

Sterling Bank of England CREST Draw Down Account means an account denominated in sterling in the name of the Bank and designated for the account of a CREST Settlement Bank relating to transfers from an account of the CREST Settlement Bank during a Disconnection Period;

Sterling Bank of England CREST Top Up Account means an account denominated in sterling in the name of the Bank and designated for the account of a CREST Settlement Bank relating to transfers to an account of the CREST Settlement Bank during a Disconnection Period;

Sterling CREST MBG means a group of accounts denominated in sterling and maintained by the Bank in the name of a CREST Settlement Bank in relation to CREST, the operation of which is governed by the RTGS CREST Mandate Agreement;

TARGET Bank means any member of the cross border European payment system TARGET2;

Termination MBG Balance means the aggregate balance (whether credit or debit) in respect of the MBG taken as a whole upon the termination of the MBG under the Terms and Conditions expressed in sterling and calculated in accordance with the RTGS Reference Manual; and

Termination Time means such time on a particular Business Day as may be specified as such in the RTGS Reference Manual, or such other time on that or any later Business Day as the Bank may in its absolute discretion determine (whether in respect of any particular day or otherwise).

2.2 For the purposes of the definition of “RTGS Rules” in the Terms and Conditions, the DvP Framework Agreement, the RTGS CREST Mandate Agreement and the RTGS CREST Master Auto-collateralising Repurchase Agreement are Specified Documents.

3. OPENING AND OPERATION OF ACCOUNTS

3.1 Subject to clause 3.2, the Accounts which the Bank is requested to open in the name of the Account Holder under clause 2.1 and Schedule 1 of the Terms and Conditions shall consist of:

- (a) a group of accounts collectively known as the Minimum Balance Group (the **MBG**) which will consist of:

- i. the Settlement Account; and
- ii. one or more other accounts, each denominated in sterling or in an Eligible Foreign Currency and called a **Liquidity Account**.

3.2 For the purposes of a Non-Bank PSP only, the Accounts which the Bank is requested to open in the name of the Account Holder under clause 2.1 and Schedule 1 of the Terms and Conditions shall consist of one or more MBGs, each consisting of either a OF Settlement Account or a CF Settlement Account only. For the avoidance of doubt, where a Non-Bank PSP holds both a OF Settlement Account and a CF Settlement Account, these will form part of separate MBGs and the provisions of these Terms and Conditions relating to MBGs shall apply separately to each OF Settlement Account and CF Settlement Account.

3.3 Notwithstanding the denomination of the Liquidity Accounts and notwithstanding any other provision of any agreement between the Bank and the Account Holder and any provision of the RTGS Rules, the rights and obligations of the Account Holder in respect of the accounts within the MBG are rights to receive, and obligations to make, payments in, and only in, sterling.

4. ACCOUNT HOLDER'S AUTHORITY TO THE BANK

4.1 Subject to the Terms and Conditions, and in addition to the other authorities granted and requests made to the Bank in the Terms and Conditions, the Account Holder authorises and requests the Bank:

- (a) to transfer the balance of any Cash Ratio Deposit placed with the Bank by the Account Holder and (subject to paragraphs 5.1(b) and 6.2 of this Annex and provided (i) the relevant CRD Holder has provided the Bank with a CRD Consent Letter and (ii) the Bank has consented to the arrangement) the relevant CRD Holder, to the appropriate account or accounts within the MBG (as determined in accordance with the RTGS Reference Manual) at the Opening of Business on each Business Day and to transfer back the same balance immediately prior to the Termination Time on the same Business Day, subject to any periodic and *ad hoc* revisions to the balance which have been advised in writing by the Bank;
- (b) to credit the appropriate account or accounts within the MBG (as determined in accordance with the RTGS Reference Manual) with the amount of any IDL Advance made by the Bank to the Account Holder;
- (c) to debit the appropriate account or accounts within the MBG (as determined in accordance with the RTGS Reference Manual) with the Repayment Amount in respect of any IDL Advance in accordance with the provisions of the IDL Loans Annex;
- (d) to act upon all settlement requests received via CHAPS Sterling to transfer funds to and from the Settlement Account(s);
- (e) to credit the Settlement Account (other than a CF Settlement Account) with funds in accordance with payment instructions received from persons or organisations (other than CHAPS Sterling participants) holding accounts with the Bank and to debit the Settlement Account(s) with funds in accordance with CHAPS settlement requests or other

payment instructions received from the Account Holder in accordance with the Terms and Conditions for the benefit of persons or organisations (other than CHAPS Sterling participants) holding accounts with the Bank;

- (f) to act upon Written Instructions or Email Instructions relating to any rejection of a settlement request, to the running of circles processing on the Account Holder's behalf or to any other actions pertaining to the Accounts (other than provided for elsewhere in these Terms and Conditions), provided that any Written Instructions or Email Instructions appear to the Bank to be signed by or sent by an Authorised Person or Authorised Persons in accordance with the requirements of clause 4 and of Schedule 2 of the Terms and Conditions;
- (g) to debit the Settlement Account(s) (other than a CF Settlement Account) in accordance with payment instructions received from the Bank in respect of any outstanding amounts under the CHAPS Participation Agreement, for the avoidance of doubt, including contributions in respect of recovery of a Centrally Borne Loss (as defined in the CHAPS Participation Agreement) and in accordance with the value and timings notified.

4.2 The following shall apply in place of clause 3.3 of the Terms and Conditions: "The Bank will be under no obligation to make, and the Account Holder shall not direct it to make, any payment as a result of which the aggregate credit balance in respect of the MBG taken as a whole, expressed in sterling and calculated in accordance with the RTGS Rules, will be less than the Minimum MBG Balance."

4.3 This clause applies where the Account Holder is a CREST Settlement Bank. The Account Holder also hereby authorises and requests the Bank to act upon requests:

- (a) to transfer funds from an account or accounts within the MBG (as determined in accordance with the RTGS Reference Manual) for the purpose of making any transfer which it is required to make under clause 6.2 of the RTGS CREST Mandate Agreement;
- (b) to transfer funds from an account or accounts within the MBG (as determined in accordance with the RTGS Reference Manual) to its Settlement Account in the circumstances contemplated by, and in accordance with, clause 2.4 of the RTGS CREST Master Auto-collateralising Repurchase Agreement;
- (c) to transfer funds to and from an account or accounts within its MBG (as determined in accordance with the RTGS Reference Manual) from its Sterling Bank of England CREST Draw Down Account to its Sterling Bank of England CREST Top Up Account in accordance with the procedures applicable during a Disconnection Period as set out in the RTGS Reference Manual;

- (d) to act upon instructions received from the Account Holder in accordance with procedures for the Automated Liquidity Transfer Mechanism from time to time including, but not limited to, instructions to transfer funds to or from the Settlement Account.

5. ACCOUNT HOLDER UNDERTAKINGS

5.1 In place of the undertaking in clause 5.1(b) of the Terms and Conditions, but in addition to the other undertakings in clause 5 of the Terms and Conditions, the Account Holder undertakes to the Bank:

- (a) to ensure in relation to each Business Day that there is an Available MBG Balance sufficient to permit the settlement of all CHAPS Sterling settlement requests over the course of that Business Day and to settle at the due time for settlement all non-CHAPS Sterling debit transfers and any other debits the Bank is entitled to make to the Settlement Account(s), unless the Bank has given the Account Holder specific authority to act otherwise;
- (b) to notify the Bank immediately should a CRD Holder whose Cash Ratio Deposit is transferred pursuant to paragraph 4.1(a) of this Annex cease to be a Group Company, and notify the Bank as soon as practicable should it expect or think it likely that such a CRD Holder will cease to be a Group Company.

6. POSITION OF THE BANK

6.1 In addition to the agreements and acknowledgements set out in clause 6 of the Terms and Conditions, the Account Holder agrees and acknowledges that:

- (a) if a debit balance exists on the Account Holder's Settlement Account(s) at the close of the RTGS Day, then the Bank shall be entitled at its absolute discretion at any time and from time to time until such debit balance is extinguished to set off or otherwise apply all or any credit balances on any of the other accounts within the MBG (other than a CF Settlement Account) in or towards satisfaction, in whole or in part, of such debit balance. Any exercise by the Bank of the rights under this clause shall be without prejudice to any other rights or remedies available to it under these Terms and Conditions or otherwise;
- (b) if the Account Holder deposits Euros in an Account by depositing such monies with the Bank's Euro correspondent bank (**Euro Correspondent Bank**), and the Bank is unable to repay all or some of such Euro deposit as a result of the failure of the Euro Correspondent Bank or the European Central Bank or any other National Central Bank connected to the TARGET2 system (each a **TARGET Bank**) to transfer funds to the Account Holder (whether as a result of insolvency, default or otherwise), then the Bank's liability to the Account Holder to repay such a Euro deposit shall be limited to the extent the relevant TARGET Bank is able to transfer Euro monies to the Account Holder.

6.2 The Bank may terminate at any time and with immediate effect any increase in the provision of liquidity made available to the Account Holder by

reference to the amount of all or part of a CRD Holder's Cash Ratio Deposit.

6.3 Where an Account Holder holds a CF Settlement Account, the Account Holder agrees and acknowledges that funds held in the CF Settlement Account are held and must be realised in accordance with the terms of a Settlement Trust Deed executed by the Account Holder in relation to its participation in CHAPS, BACS, FPS and/or ICS.

7. DEFAULT

7.1 The following shall apply in place of clause 8.1(a) of the Terms and Conditions: "the aggregate balance of the MBG taken as a whole, expressed in sterling and calculated in accordance with the RTGS Reference Manual, falls short of the Minimum MBG Balance".

7.2 In addition to the Events of Default specified in clause 8 of the Terms and Conditions, an Event of Default shall also be treated as having occurred if an event of default (as defined in the relevant agreement) occurs under the RTGS CREST Mandate Agreement or the RTGS CREST Master Auto-collateralising Repurchase Agreement and the Bank serves a Default Notice.

8. DISABLEMENT AND TERMINATION OF THE ACCOUNTS

8.1 The following shall apply in place of clause 9.5 of the Terms and Conditions:

"Without prejudice to clause 9.6 of the Terms and Conditions, on the termination of the agreement made pursuant to the Terms and Conditions, but subject to any applicable rule of law and to any applicable provision of any other agreement between the Bank and the Account Holder in force at that time, the Bank will have the obligation to pay to the Account Holder, or (if the aggregate of the Termination MBG Balance is negative) the right to receive from the Account Holder, an amount in sterling equal to the Termination MBG Balance.

9. INTEREST

9.1 If a Reserves Accounts Annex forms part of the Terms and Conditions applicable to the Account Holder, the Bank shall pay interest to the Account Holder (or, if the rate is negative, the Account Holder shall pay interest to the Bank) on any credit balance of a sterling denominated Account in accordance with the relevant provisions of that Reserves Account Annex.

9.2 The Bank shall pay interest to the Account Holder, at such rate as may be determined by the Bank, on any credit balance on an Euro denominated Account as at the close of the RTGS Day, in accordance with the RTGS Rules (unless the rate is negative in which case interest will be paid to the Bank).

9.3 The Account Holder shall pay interest to the Bank, at such rate as may be determined by the Bank, on any debit balance on a sterling denominated Account as at the close of the RTGS Day (notwithstanding the existence at such time of any other credit balances on other accounts denominated in other currencies in the MBG), calculated in accordance with the RTGS Rules and (if relevant) the Sterling Monetary Framework Documentation.

10. BUSINESS INFORMATION

10.1 Subject to the Terms and Conditions, and in addition to the other authorities granted and requests made to the Bank in the Terms and Conditions and in this Annex, the Account Holder:

- (a) authorises and requests the Bank to produce the Business Information and to make the Business Information in relation to the Account Holder available to the Account Holder via one or more BI Applications in accordance with the BI User Guides.

10.2 Subject to the Terms and Conditions and the provisions of this Annex, the Bank grants to the Account Holder a non-exclusive, non-transferable licence to access and use the BI Application(s) and agrees to provide the BI Service to the Account Holder, such licence to terminate upon the withdrawal of the Account Holder from the BI Service or under any of the circumstances in paragraphs 10.4(a) and 10.4(e) below (either temporarily or permanently).

10.3 The Account Holder undertakes to the Bank as follows:

- (a) to be responsible for the maintenance of security over the equipment used by the Account Holder for the purposes of accessing a BI Application;
- (b) to ensure that all passwords and other activation data in connection with access to the BI Application are at a minimum alphanumeric, not easily guessed or predictable and are kept confidential in order to prevent their unauthorised use; and
- (c) to comply in all respects and at all times with the BI User Guides.

10.4 The Account Holder agrees and acknowledges that:

- (a) the Bank reserves the right to suspend the BI Service, wholly or partially, or to vary the operational timetable set out in the BI User Guide, by reason of any circumstances whatever, including without limitation partial or total failure or malfunction, or any other emergency and the Bank shall not be liable for communication delays or interruptions;
- (b) the Bank reserves the right to adapt, amend, enhance or upgrade the BI Applications and/or BI Service at any time, with or without notice. While reasonable efforts will be made to notify the Account Holder of any such changes the Bank will not be obliged to do so. Where there are changes to functionality or new services added to the BI Service, the Bank will provide the Account Holder with the reasonably required relevant information;
- (c) the Bank shall not be responsible for the procurement, installation or maintenance of any equipment on which one or more BI Application is accessed by the Account Holder nor for any communications connections by which a BI Application is transmitted;

- (d) the Bank does not guarantee the adequacy, accuracy, timeliness or completeness of the BI Application or any component of it and the Bank and its representatives and agents shall not be liable, save in the case of wilful default or reckless disregard of the Bank's obligations, for any liability, claim, loss, damage or expense of any kind or nature caused directly or indirectly by the Bank processing, holding or using the Data or the Business Information, or the availability or non availability of the BI Service or any inadequacy of the BI Application or the Business Information for any purposes or any deficiency or defect therein or any delay in providing or failing to provide the BI Service, or loss of business, loss of profit or other consequential damage or any damage whatsoever and howsoever caused (including but without prejudice to the foregoing by reason of machine or computer or communication malfunction or error and also any suspension or variation pursuant to paragraph 10.4(a) above); and
- (e) the Bank may suspend or withdraw one or more BI Applications and/or the BI Service from the Account Holder if the Account Holder breaches any of its obligations under this paragraph 10 or in any of the circumstances specified in clause 9.2 of the Terms and Conditions.

10.5 The Bank retains ownership of any and all Intellectual Property Rights in any data, materials, databases, writings or other outputs created by the Bank and provided as part of the BI Service. No usage of any such Intellectual Property Rights is permitted beyond the licence granted in paragraph 10.2 above. For the avoidance of doubt any pre-existing Intellectual Property Rights belonging to any third parties will remain the property of that party and the Bank grants no licence or use rights whatsoever to the Account Holder in respect of such third party's Intellectual Property Rights.

11. DATA PROTECTION

11.1 The terms set out in clause 13A of the Terms and Conditions, shall govern the processing of personal data by the Bank and Account Holder as a result of, or in connection with, the provision by the Bank of a CHAPS Account to the Account Holder.

11.2 Pursuant to clause 13A of the Terms and Conditions, the Parties agree that the Account Holder engages the Bank to process personal data to the extent necessary for the purpose of delivering the BI Service and in accordance with the requirements for use of the BI Service.

11.3 Subject to the Terms and Conditions, the Parties agree that:

11.3.1 the Bank may process personal data in its capacity as a monetary authority, including in its capacity as the operator of RTGS and CHAPS; and

11.3.2 each Party may further process personal data for the following purposes:

- (a) to comply with applicable laws and legal requirements;

- (b) to make disclosure as necessary to comply with a legal or regulatory requirement (or in the case of disclosure by the Bank, or as the Bank thinks reasonably necessary); and
- (c) crime reduction including: (i) the prevention or detection of crime; or (ii) the apprehension or prosecution of offenders.

11.4 The Parties have determined that, for the purposes of Data Protection Legislation, it is likely that each Party shall act as a data ‘controller’ or as a data ‘processor’ in respect of their processing of personal data for the purposes set out in this Annex, as set out below:

| Activity/clause reference | Scope and nature of processing activities | Types of personal data | Controller/processor |
|--|---|---|---|
| The provision of the BI Service as described further in this Annex | <p>The Account Holder sends a Payment Message, which contains personal data, through SWIFT to the Bank.</p> <p>The Bank: stores; records; structures (in accordance with data flows throughout RTGS); adapts; retrieves (from databases contained in the RTGS infrastructure); transmits; and erases/destroys, personal data for the purposes of making Business Information available via one or more BI Applications to the Account Holder.</p> | <p>name; address; date of birth; social security number, including National Insurance number; account number and sort code or similar information; payment amount and date; description of payment transaction, for payer and payee in respect of a payment transaction.</p> <p>Where the payment is instructed using the ISO 20022 messaging format, such further personal data as is set out in that format.</p> <p>Where the payment is instructed using the SWIFT ‘MT’ messaging format, such further personal data as is set out in that format.</p> | The Bank is likely to be a processor for or on behalf of the Account Holder as controller. |
| Clause 4.3(d) | Where the Account Holder is a CREST Settlement Bank and authorises and requests the | name of individual providing instructions; identifying features such as job title, email address and/or business contact; | The Bank and the Account Holder are likely to be independent controllers with respect to their own processing activities in respect of the personal data. |

| Activity/clause reference | Scope and nature of processing activities | Types of personal data | Controller/processor |
|--|---|--|----------------------|
| | <p>Bank to act upon instructions received from it in accordance with procedures for the Automated Liquidity Transfer Mechanism from time to time including, but not limited to, instructions to transfer funds to or from the Settlement Account. the Bank: collects; records; structures (in accordance with data flows throughout RTGS and CREST); adapts; retrieves (from databases contained in the RTGS infrastructure); consults and uses; discloses (to individuals within the Bank and to individuals at the relevant Account Holder); transmits; and erases/destroys,</p> <p>personal data for the purposes of acting on those instructions.</p> | <p>name of Account Holder as CREST Settlement Bank represented by the individual.</p> <p>Categories of data subject: employees of Account Holder and firms and individuals working for, representing or appointed by the Account Holder</p> | |
| Personal data processed by the Bank in its capacity as a monetary authority, | <p>To the extent that personal data is processed for the purposes described here, the Parties agree that it is likely that the Bank would be considered a data ‘controller’ in its own right with respect to its processing of personal data for these purposes.</p> <p>The types of personal data processed are as set out above.</p> | | |

| Activity/clause reference | Scope and nature of processing activities | Types of personal data | Controller/processor |
|--|--|------------------------|----------------------|
| <p>including in its capacity as the operator of RTGS and CHAPS</p> <p>Personal data processed to comply with applicable laws and legal requirements</p> <p>Personal data disclosed as necessary to comply with a legal or regulatory requirement or as the Bank thinks reasonably necessary.</p> <p>Personal data for the purposes of crime reduction including: (i) the prevention or detection of crime; or (ii) the apprehension or prosecution of offenders.</p> | | | |
| Duration of the Processing: | In respect of an Account Holder, the term under the Terms and Conditions for such Account Holder. | | |
| Plan for return and destruction of the data once the processing is complete: | In accordance with each Party's own records management and retention policies and subject to the Terms and Conditions. | | |