

IDL LOANS ANNEX

1. APPLICATION

This Annex to the RTGS Account Mandate Terms and Conditions (the *Terms and Conditions*) applies to advances made by the Bank to an Account Holder to provide intra-day liquidity in RTGS.

2. DEFINITIONS

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 IDL Collateral means Collateral Securities identified by the Bank as available as collateral for IDL Advances;

Maximum Advance Amount means, with respect to all IDL Advances, the maximum amount that the Account Holder wishes to be outstanding at any time as notified to the Bank from time to time;

MBG has the meaning given in the CHAPS Sterling Payments Annex of the Terms and Conditions;

Minimum MBG Balance has the meaning given in the CHAPS Sterling Payments Annex of the Terms and Conditions;

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

Original IDL Advance has the meaning given in paragraph 6.2(b); and

Repayment Time means, in relation to any IDL Advance made on any Business Day, such time on that 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).

3. DRAWDOWN

3.1 With effect from such date as may be agreed between the Account Holder and the Bank, the Account Holder shall be deemed, at the Opening of Business on each Business Day, to request an IDL Advance. The IDL Advance shall:

- (a) be in an amount not exceeding the lower of the Adjusted Value of Available IDL Collateral and the Maximum Advance Amount;
- (b) subject to the Terms and Conditions, be repaid at the Repayment Time on that Business Day.

The Bank may accept (in whole or in part) or reject any such request.

3.2 The Bank's acceptance of any such request as is referred to in paragraph 3.1 shall be effected by crediting the appropriate account or accounts within the MBG (as determined in accordance with the RTGS Reference Manual) with the amount of the IDL Advance. No such request shall be deemed to have been accepted until such credit is made.

4. REPAYMENT

4.1 Subject to any other provision of the Terms and Conditions, each IDL Advance outstanding shall be repayable at the Repayment Time on each Business Day or upon the occurrence of an Event of Default.

4.2 If at any time the amount of IDL Advance or IDL Advances outstanding exceeds the Adjusted Value of Available IDL Collateral, the Bank may require the Account Holder to repay such amount of the IDL Advance or IDL Advances outstanding as will eliminate that excess.

4.3 The Account Holder hereby irrevocably instructs the Bank to effect a repayment referred to in paragraphs 4.1 and 4.2 by debiting the appropriate account or accounts within the MBG (as determined in accordance with the RTGS Reference Manual) with the amount of each IDL Advance together with any interest accrued thereon and unpaid.

4.4 If, at the time at which an IDL Advance would otherwise have been repaid, the aggregate balance in respect 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 (or is such that it would do so immediately following such repayment), the IDL Advance will not be repaid until the Bank expressly determines (and may at that time be repaid only in respect of such amounts as the Bank may specify). Any payment which may be made by debiting any account within the MBG in circumstances in which this paragraph applies shall not be taken as an indication of such a determination by the Bank.

4.5 Where an IDL Advance has not been repaid in whole or in part pursuant to paragraph 4.4 the Bank may at any time thereafter while that IDL Advance remains outstanding:

- (a) demand repayment of the IDL Advance; or
- (b) serve notice of an Event of Default pursuant to clause 8.1 of the Terms and Conditions.

4.6 The Account Holder shall pay to the Bank interest, at such rate as may be determined by the Bank in accordance with the RTGS Reference Manual, on the amount to be repaid in respect of any IDL Advance, or any part of any IDL Advance, which has not been repaid pursuant to paragraph 4.4. The Bank may debit such amount to the appropriate account or accounts within the MBG (as determined in accordance with the RTGS Reference Manual). Interest shall accrue on a daily basis while that IDL Advance or that part of that IDL Advance is outstanding and shall be payable in the manner prescribed in the RTGS Reference Manual.

5. FURTHER ADVANCES: PRE-PAYMENT

5.1 The Account Holder may at any time on a Business Day:

- (a) request one or more further IDL Advances provided that the aggregate amount of all IDL Advances outstanding does not exceed the lower of:
 - (i) the Adjusted Value of the Available IDL Collateral transferred to the Bank; and
 - (ii) the Maximum Advance Amount;
- (b) repay to the Bank (prior to the Repayment Time) such amounts as the Account Holder may request; or
- (c) a combination of (a) and (b) to be effected in accordance with the RTGS Reference Manual.

The Bank's agreement to any such request shall be signified by the Bank making the appropriate entry or entries to the appropriate account or accounts within the MBG (as determined in accordance with the RTGS Reference Manual).

5.2 Without prejudice to its rights under clause 8.1 of the Terms and Conditions and paragraph 3.3 of the Collateral Annex or, if applicable, clause D.2.3 of the Sterling Monetary Framework Terms and Conditions, if the aggregate amount of all IDL Advances outstanding exceeds the Adjusted Value of Available IDL Collateral that has been transferred to the Bank the Bank may demand that the Account Holder repay such an amount as may be necessary to ensure that the aggregate amount of all IDL Advances then outstanding does not exceed that Adjusted Value of such Available IDL Collateral.

5.3 No drawdown or repayment shall be deemed to have been made pursuant to paragraphs 5.1 or 5.2 until all appropriate entries to the appropriate account or accounts within the MBG (as determined in accordance with the RTGS Reference Manual) necessary to give effect to such drawdown or repayment shall have been made. In giving effect to a drawdown and prepayment pursuant to paragraph 5.1(c), the Bank may debit or credit the appropriate account or accounts within the MBG (as determined in accordance with the RTGS Reference Manual), as the case may require, with a net amount equal to the difference between the amount of the IDL Advance and the amount to be repaid.

6. ADDITIONAL ADVANCES IN THE EVENT OF EARLY CLOSURE AND REOPENING OF THE RTGS CENTRAL SYSTEMS

6.1 This paragraph applies where for any reason:

- (a) the RTGS Central Systems have been closed before the normal close of business on a particular day and an IDL Advance made on that day has accordingly been repaid; and
- (b) the Bank decides to reopen the RTGS Central Systems in order to enable payments to be made during the remainder of that day.

6.2 Subject to any express agreement to the contrary between the Bank and the Account Holder, the Account Holder shall be deemed to have requested to enter into a new IDL Advance on the following terms:

- (a) the new IDL Advance shall take effect on the reopening of the RTGS Central Systems or as soon thereafter as the offer deemed to be made by the Account Holder under this sub-paragraph is accepted by the Bank in accordance with paragraph 6.3 below;
- (b) unless the Bank notifies the Account Holder to the contrary, the amount of the new IDL Advance shall be the same as the IDL Advance which was repaid on the early closure of the RTGS Central Systems on that day (the ***Original IDL Advance***);
- (c) the new IDL Advance shall be due for repayment at the Repayment Time on that day;
- (d) subject as aforesaid, the terms of the new IDL Advance shall be identical to those of the Original IDL Advance.

6.3 The Bank's acceptance of any such request as is referred to in paragraph 6.2 shall be effected by crediting the appropriate account or accounts within the MBG (as determined in accordance with the RTGS Reference Manual) with the amount of the IDL Advance. No such request shall be deemed to have been accepted until such credit is made.