

Date: 17/09/2009

**The Lords Commissioners of Her Majesty's Treasury**  
The Treasury

**Computershare Investor Services PLC**  
The Service Provider

## **Contract Change Note**

Relating to a Service Contract for the provision of  
the Gilts Registration Service

## **Contract Change Note**

**WHEREAS** the Service Provider and the Treasury:

- A entered into an agreement (the “**Original Agreement**”) dated 15 July 2004 for the Service Provider to provide services to the Treasury in respect of the provision of the gilts registration services; and
- B wish to amend the Original Agreement.

**IT IS AGREED** as follows:

### **1. Definitions**

Words and phrases defined in the Original Agreement shall bear the same meaning when used in this Contract Change Note.

### **2. Extension of the Original Agreement**

- 2.1 The Treasury shall be deemed to have served, in accordance with Clause 2.4 of the Original Agreement, a notice to extend the Original Agreement by three years from the date on which the Original Agreement would otherwise expire.
- 2.2 In accordance with Clause 2.4 of the Original Agreement, the Original Agreement (as amended under Clause 3 below) shall now come to an end on 15 December 2012 (subject to the rights of earlier termination, and the further right of extension set out in Clause 2, of the Original Agreement (as amended)).

### **3. Amendment of the Original Agreement**

- 3.1 Subject to Clause 3.2, in lieu of the changes to the Designated Rates and the Liability Cap set out in Clause 2.6 of the Original Agreement, with effect from 1 January 2010 (the “**Variation Date**”) the Original Contract shall be amended so that it is in the form of the copy appended to this Contract Change Note.
- 3.2 For the purposes of calculating the Adjusted Annual Fee for the 12 months prior to 1 January 2010, the provisions of the Original Agreement which were in force immediately prior to the date of this Contract Change Note shall apply without any RPI adjustment, save that:

- (a) the table referred to in paragraph [REDACTED] of the Original Agreement shall be treated as having been amended on 1 May 2009 to include a new row which shall read as follows:

No.	(A) Service Matter	(B) Assumed Volume (p.a.)	(C) Volume change (p.a.)	(D) Price change	(E) Min Volume (p.a.)*
7.	Aggregate numbers of primary issues that are offered only to the wholesale market (including market management issues such as standing and special repos)	█	█	█	█

- (b) in paragraph [REDACTED] of Schedule 2 of the Original Agreement, the reference to “rows 1 to 6” shall be changed to “rows 1 to 7”; and
- (c) when applying sub paragraph 4.2(a)(ii) of Part A of Schedule 2 of the Original Agreement in respect of the new row referred to above, the “relevant period” shall be the period from 1 May to 31 December 2009 (inclusive).

- 3.3 The parties acknowledge that in respect of the period prior to 1 May 2009, the Service Provider was entitled to be paid the sum of £ [REDACTED] per primary issue offered only to the wholesale market (including market management issues such as standing and special repos). No account shall, however, be taken of such issues or any such payment entitlement when calculating the Adjusted Annual Fee.
- 3.4 Save as herein amended all other terms and conditions of the Original Agreement shall remain in full force and effect.
- 3.5 Save as set out in this Clause 3, nothing in this Contract Change Note shall be construed as varying or amending the terms of the Original Agreement as they had effect prior to the Variation Date or as prejudicing any rights or liabilities of either of the parties which may exist as at such date.

*[As an aid to interpretation, set out below is a non legally binding explanation of how the Fee adjustments which may arise under the contract will operate and how the pricing mechanism will transition from the Original Agreement to the Original Agreement (as amended by this Change Control Note):*

- (a) *The Adjusted Annual Fee for the period 1 January to 31 December 2009 will be calculated in January 2010 using [REDACTED]. Using this table adjustments will be made [REDACTED]. The resulting figure will be the Adjusted Annual Fee for 2009.*
- (b) *For the purposes of sub paragraph (a), the figures in the table will not be subject to any RPI increase but the table will be updated to include a new line item for special repos in respect of activities after 1 May 2009 (See Clause 3.2 above).*
- (c) *Rather than the Monthly Fee for 2010 being one twelfth of the Adjusted Annual Fee for 2009 ([REDACTED] of the Original Agreement), the Monthly Fee, which will be payable during 2010, will be £[REDACTED] (increased by the percentage increase in the RPI between 20 December 2004 and 1 January 2010). This is because under Clause 2.6 of the Original Agreement, when determining the Monthly Fee for the initial period of an extension and applying the RPI increase, the Monthly Fee is supposed to be the original Monthly Fee under the Original Agreement (£[REDACTED]) multiplied by [REDACTED], divided by [REDACTED] and then increased by RPI. It is recognised that this is likely to result in [REDACTED].*
- (d) *The Base Annual Fee for 2010 will be £[REDACTED] increased by an amount equal to the percentage increase in RPI between 20 December 2004 and 1 January 2010. This is because this is what is provided in Clause 2.6 of the Original Agreement for determining the Base Annual Fee for the initial period of an extension and applying the RPI increase.*
- (e) *The Adjusted Annual Fee for 2010 will be calculated in January 2011 using the new table for Paragraph 4 of Schedule 2 adopted by this Change Control Note but AFTER both the table AND the Base Annual Fee for 2010 referred to in (d) above have been adjusted to allow for the change in the RPI in the period from 1 January to 31 December 2010.*
- (f) *The Monthly fee for 2011 will then be one [REDACTED] of the Adjusted Annual Fee for 2010. No further RPI increase will be applied to this figure as RPI will already have been taken into account under (c) above.*
- (g) *For subsequent years the process in (c) and (d) will be repeated but starting with the table in Paragraph 4 of Schedule 2 and the Base Annual Fee in each case as adjusted in the previous year.]*

**4. Entire Agreement**

- 4.1 The parties agree and acknowledge that this Change Control Note and the Original Agreement (as such is to be amended by this Change Control Note) together form one and the same contract between the parties.
- 4.2 Except to the extent that the Original Agreement is amended and restated by this FChange Control Note or in respect of any fraudulent misrepresentation made by either party, this Change Control Note:
- (a) constitutes the entire agreement between the parties relating to the subject matter of this Change Control Note and the Original Agreement (as such is to be amended by this Change Control Note); and
  - (b) supersedes all prior representations, agreements, negotiations or understandings with respect thereto, whether oral or in writing.
- 4.3 In entering into this Change Control Note, neither party has relied on any warranty or representation of any party and in so far as it relates to the entering into of this Change Control Note, each party irrevocably and unconditionally waives any right it may have to claim damages for any misrepresentation or breach of any warranty not contained in this Change Control Note and/or to rescind this Change Control Note unless such misrepresentation or warranty was made fraudulently.

**5. General**

This Change Control Note shall be governed by English Law and shall be subject to the non-exclusive jurisdiction of the English Courts.

SIGNED by [REDACTED] and SAM BECKETT  
for and on behalf of THE LORDS COMMISSIONERS  
FOR HER MAJESTY'S TREASURY:

.....Authorised Signatory

.....Authorised Signatory

SIGNED by NAZ SARKAR.....  
acting on behalf of COMPUTERSHARE INVESTOR  
SERVICES PLC:

.....Authorised Signatory

Date: 15 July 2004

**The Lords Commissioners of Her Majesty's Treasury**  
The Treasury

**Computershare Investor Services PLC**  
The Service Provider

## Services Contract

Relating to the provision of the Gilts Registration Service

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THIS CONTRACT is made this 15th day of July 2004

**BETWEEN:**

- (1) **THE LORDS COMMISSIONERS OF HER MAJESTY'S TREASURY** whose principal office is at 1 Horse Guards Road, London SW1A 2HQ (the "Treasury"); and
- (2) **COMPUTERSHARE INVESTOR SERVICES PLC** (Company Registration No. 03498808) whose registered office is at The Pavilions, Bridgwater Road, Bristol BS13 8AE (the "Service Provider").

**WHEREAS:**

- (A) Upon and subject to the terms of this Contract, the Treasury has appointed the Service Provider, and the Service Provider has agreed to act, as provider of the Gilts Registration Service.
- (B) This form of this Contract applies in respect of the period commencing on 1 January 2010. In respect of the period from the Commencement Date to and including 31 December 2009, the previous form of this Contract applies.

**IT IS AGREED** as follows:

**1. Definitions and Interpretation**

- 1.1 In this Contract, the following expressions have the following meanings unless the context otherwise requires:

<i>Expression</i>	<i>Meaning</i>
"Adjusted Annual Fee"	shall have the meaning given in paragraph 4.1 of Schedule 2 (Service Charge);
"Applicable Legislation"	any Legislation relating to the maintenance of registers of Stock and Stockholders, including but not limited to: <p>(a) section 47 of the Finance Act 1942; and</p>

- (b) the Government Stock Regulations 2004 (SI 2004 No. 1611);
- “Associate”** an associated company (or a person who, if it were a company, would be an associated company) within the meaning of section 416 of the Income and Corporation Taxes Act 1988;
- “Bank Accounts”** any bank accounts (including any bank accounts of the Treasury) opened or operated by the Service Provider for the purposes of this Contract;
- “Bank of England”** the Governor and Company of the Bank of England;
- “Base Annual Fee”** £ [REDACTED] increased by an amount equal to the percentage increase in RPI last published before 20 December 2004 and the RPI last published before 1 January 2010;
- “Best Industry Practice”** in relation to any person and any circumstances, the exercise of that degree of professional skill, diligence, prudence and foresight which would be expected from a skilled, experienced and properly-resourced person (meeting the current reputation of the Service Provider within the industry within which it operates) engaged in the same type of undertaking in the same or similar circumstances and (where applicable) who was operating in accordance with (in relation to the Services) the guidance issued by the Institute of Chartered Secretaries and Administrators as set out in its handbook from time to time;
- “Business Continuity Plan”** the business continuity plan in relation to the Services which comprises:
- (a) the Service Provider’s generic business continuity plan (in the agreed form); and

- (b) the Service Provider's specific business continuity plan applying in relation to the Services

in force at 1 January 2010 and as such plan may be amended from time to time in accordance with this Contract;

**"Business Day"**

a day (other than a Saturday or Sunday) on which the clearing banks are open for business in London;

**"Change Control Notice"**

a notice issued by either party in accordance with the provisions of paragraphs 1 or 3 of Schedule 12 (Contract Change Control Procedures);

**"Change of Control"**

a change in the person who has, or in the membership of a group of persons who together have, control (within the meaning of section 416 of the Income and Corporation Taxes Act 1988) of the person in relation to whom the reference to Change of Control is made;

**"Commencement Date"**

15 July 2004;

**"Confidential Information"**

all information (whether written or oral) designated as such by either party in writing together with all such other information which relates to the business, affairs, policies and policy information, customers, suppliers, products, software, developments, trade secrets, know-how and personnel of either party (including but not limited to the Service Charge, details of the Service Provider's and the Treasury's computer systems, hardware and software (including for the avoidance of doubt details of any interface between the two) and financial information to be held on the Register) and which may be reasonably regarded as the confidential information of either party;

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<b>“Contract Action Notice”</b>	a notice served by the Treasury in accordance with Clause 19;
<b>“Contract Action Plan”</b>	the plan (agreed or determined in accordance with Clause 19) for remedying the circumstances which have given rise to the service of a Contract Action Notice;
<b>“Contracting Authority”</b>	any contracting authority as defined in Regulation 3 of The Public Works Contracts Regulations 2006 other than the Treasury;
<b>“Contract Manager”</b>	the Service Provider Contract Manager or the Treasury Contract Manager;
<b>“CRESTCo”</b>	CRESTCo Limited (Company Registration Number 2878738) or any person carrying on the business of such company in succession thereto;
<b>“CREST Manual”</b>	the document entitled “CREST Reference Manual” issued by CRESTCo (updated January 2003) or such amendments thereto or substitutes therefor as may be issued by CRESTCo from time to time;
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 and such other regulations made under Sections 784, 785 and/or 788 of the Companies Act 2006 and/or the Finance Act 1942 as are applicable to CRESTCo and/or the CREST Service and are from time to time in force;
<b>“CREST Requirements”</b>	all requirements of CRESTCo for the time being applicable to the Service Provider as a CREST Registrar including, without limiting the generality of the foregoing, all the obligations, conditions and operating procedures for the time being applicable to the Service Provider as a CREST Registrar under or by virtue of:

- (i) the Service Provider's agreement with CRESTCo;
- (ii) the CREST Rules;
- (iii) the CREST Manual;
- (iv) any directions for the time being in force given by or for CRESTCo in accordance with the CREST Manual; and/or
- (v) any applicable law or regulation, including the CREST Regulations;

**"CREST Rules"**

rules within the meaning of the CREST Regulations and/or the Financial Services and Markets Act 2000 made by CRESTCo;

**"CREST Service"**

means the system developed and operated by CRESTCo, for the purpose of enabling companies and other persons (including the Treasury) to permit the holding of units of securities issued by them in uncertificated form and the transfer by means of the system of title to units of such of those securities as are held in uncertificated form, as well as the payment of dividends and redemption payments in respect of such securities, the making of rights issues and the taking of other corporate actions by participating issuers;

**"Data"**

all data, information, text, drawings, codes, diagrams, images or sounds which are embodied in any electronic or tangible medium and which are:

- (a) generated, collected or collated by the Service Provider and/or any Service Provider Related Parties under or in connection with this Contract; and/or

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	(b) generated by or on behalf of the Treasury;
<b>“Data Protection Laws”</b>	any data protection, privacy or similar laws anywhere in the world and applicable in respect of the provision of the Services, including but not limited to, the Data Protection Act 1998;
<b>“Default”</b>	in respect of either party, any breach of the obligations of such party (including, but not limited to, fundamental breach or breach of a fundamental term) or any default, act, omission, negligence or statement of such party, its employees, agents or sub-contractors in connection with, or in relation to, the subject matter of this Contract and which constitutes a breach of that party’s obligations under this Contract;
<b>“Designated Rates”</b>	(a) the charges set out in paragraph 3.2(b) and (d) and paragraph 3.4 of Schedule 2;  (b) the figures in column D of the table in paragraph 4.1 of Schedule 2;  (c) the Base Annual Fee;
<b>“DMO”</b>	the United Kingdom Debt Management Office, an executive agency of the Treasury without separate legal personality having responsibility for the management of United Kingdom Government debt;
<b>“Electronic Document Protocol”</b>	the Service Provider’s protocol from time to time for the storage of documents in electronic form;
<b>“Environmental Information Regulations”</b>	means the Environmental Information Regulations 2004 (as amended);

**“Exit Management Plan”**

the plan setting out the obligations of both the Treasury, the Service Provider and any Successor Provider to facilitate:

- (a) the orderly transfer of the Services (or their equivalent or any part thereof) to the Treasury or (as the case may be) a Successor Provider; and/or
- (b) the termination of the provision of the Services (or any part thereof) on expiry or termination of this Contract

and including, without limitation, those matters set out in Schedule 9 (Outline Exit Management Plan) in force at 1 January 2010 (and as such plan may be amended from time to time in accordance with this Contract);

**“Expiry Date”**

the Saturday immediately preceding the eighth anniversary of the Service Commencement Date;

**“Extension Notice”**

has the meaning ascribed to it in Clause 2.4;

**“Final Period Fee”**

shall have the meaning given in paragraph 4.4 of Schedule 2 (Service Charge);

**“Force Majeure Event”**

in respect of either party, any act or event (including but not limited to any riot, civil unrest, war, act of terrorism, fire, earthquake, storm, flood or other natural catastrophe) which is outside the reasonable control of the relevant party and has materially affected the ability of the relevant party to perform its obligations in accordance with the terms of this Contract but not:

- (a) any industrial action by the employees of the relevant party or any Associate of the relevant party;



- (b) any event arising as a result of a deterioration in the financial position of the relevant party or any Associate of the relevant party; nor
- (c) any delay or failure by a sub-contractor or supplier of the relevant party or any other person within the control of that party (except where that delay or failure is also due to events or circumstances which would, if they happened in relation to a party to this Contract, constitute a Force Majeure Event);

**“Freedom of Information Act”**

the Freedom of Information Act 2000 (as amended);

**“Guidance”**

any guidance or directions which are:

- (a) issued by a Regulator and with which the Service Provider is bound to comply from time to time in providing the Services; or
- (b) relevant to the Services and with which the Treasury reasonably requires the Service Provider to comply in providing the Services (including, but not limited to, those issued by the Institute of Chartered Secretaries and Administrators);

**“Hand Over Period”**

the period which shall:

- (a) commence on whichever shall be the earlier of:
  - (i) the date falling 18 months prior to the Expiry Date or (if the Contract is extended pursuant to Clause 2.4) such later date to which the this Contract is so

extended (or such later date as the parties may from time to time agree); and

(ii) the date on which either party shall serve a notice of termination of this Contract for any reason whatsoever; and

(b) end on the date three months after the expiry or termination of this Contract;

**“Information Responses”**

the formal responses to the questions set out in Schedule 14 (Termination Information Requests) which are to be provided by the Service Provider to the Treasury in accordance with Clause 31.2;

**“Intellectual Property Rights”**

all intellectual property rights including, but not limited to, patents, trade secrets, trade marks, trade names, copyrights and other rights in works of authorship (including rights in computer software), moral and artist’s rights, design rights, inventions (whether or not capable of protection by patent or registration), trade or business names, domain names, know-how and database rights, whether any of the foregoing are registered or unregistered and including applications for such registration and all rights or forms of protection of a similar nature anywhere in the world, together with all goodwill associated with the same;

**“Interim Extension Notice”**

has the meaning ascribed to it in Clause 2.5;

**“Key Personnel”**

any person in the employment of the Service Provider or any member of the Service Provider’s Group who is engaged in respect of the provision of the Services and whose position is designated from time to time as being “band 4” or above, (as such bands are defined as at the date of this Agreement and

with references to such bands to include any successors or replacements to such bands) but always including:

- (a) the Service Provider Contract Manager;  
and
- (b) the Service Provider Senior Representative;

**“Key Services”**

has the meaning given to it in Clause 5.3

**“Legislation”**

any Act of Parliament or subordinate legislation within the meaning of section 21(1) of the Interpretation Act 1978 and any enforceable community right within the meaning of section 2(1) of the European Communities Act 1972, in each case, in the United Kingdom;

██████████

£X where X is the sum of ██████████  
██████████ increased by an amount equal to the percentage increase in RPI last published before 20 December 2004 and the RPI last published before 1 January 2010 (as such X may be increased from time to time in accordance with Clause 2.7);

**“Loss”**

any damages, loss, costs, claims or expenses (including any indirect, special or consequential damages, loss, costs, claims or expenses of any kind but excluding loss of profits, business, revenue, goodwill or opportunity or anticipated savings);

**“Malicious Software”**

any software program or code intended to destroy, interfere with, corrupt, or cause undesired effects on program files, data or other information, executable code or application software macros, whether or not its operation is immediate or delayed, and whether the malicious software is introduced wilfully,

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	negligently or without knowledge of its existence;
<b>“Material Default”</b>	any Default or any persistent Default by the Service Provider which Default has, or persistent Default cumulatively has, a material adverse effect on the provision of, or the preparations for the provision of, all or any part of the Services (including, but not limited to, any Default in the obligations of the Service Provider under Clause 5.3);
<b>“Monthly Fee”</b>	£ [REDACTED] increased by an amount equal to the percentage increase in RPI last published before 20 December 2004 and the RPI last published before 1 January 2010 and then as the same may be adjusted from time to time [REDACTED];
<b>“Object Code”</b>	the functional computer software capable of execution on the computer and operating system on which it is stated by its technical documentation to operate without the need for further compilation;
<b>“Parent”</b>	a person who on its own or together with any Associate has control (within the meaning of section 416 of the Income and Corporation Taxes Act 1988) over the Service Provider;
<b>“Parent Company Guarantee”</b>	the guarantee in the form set out in Schedule 11 to be given in respect of the obligations of the Service Provider under this Contract;
<b>“Personnel”</b>	all of the Service Provider’s staff engaged upon the Services;
<b>“Proposed Termination Transfer Employees”</b>	the employees referred to in the list of employees attached to the relevant Information Responses;

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<b>“Register”</b>	the registers required to be kept by regulation 2 of the Government Stock Regulations 2004, including any sub-register or part of the Register relating to particular issues of Stock;
<b>“Registrar”</b>	the Registrar of Government Stock for the time being (as defined in regulation 3(2) of the Government Stock Regulations 2004);
<b>“Regulator”</b>	any department of government or regulatory, statutory or other entity, committee or body which is entitled to regulate, investigate or influence the matters dealt with in this Contract (including, but not limited to, the Financial Services Authority), but excluding the Treasury, so far as any of its functions relate directly to the Services or to the provision of services substantially similar to the Services;
<b>“Request for Information”</b>	a request for information or an apparent request under the Code of Practice on Access to Government Information, the Freedom of Information Act or the Environmental Information Regulations;
<b>“RPI”</b>	the General Index of Retail Prices (all items) published by the Office for National Statistics or if such index shall cease to be published by the Office for National Statistics any reasonably comparable successor to such index as may from time to time be nominated by the Treasury;
<b>“Security Arrangements”</b>	has the meaning ascribed to it in Clause 15.4;
<b>“Senior Representatives”</b>	the senior representatives appointed by the parties pursuant to Clause 9.3;
<b>“Service Charge”</b>	the charges payable by the Treasury to the Service Provider in accordance with Clause 6;
<b>“Service Commencement Date”</b>	20 December 2004;

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<b>“Service Provider Contract Manager”</b>	the person from time to time appointed by the Service Provider in accordance with Clause 9.1;
<b>“Service Provider Industrial Action”</b>	has the meaning ascribed to it in Clause 26.1;
<b>“Service Provider Related Parties”</b>	any employee, officer, consultant, agent or any other person whatsoever acting for or on behalf of the Service Provider or otherwise under the Service Provider's control and direction (including but not limited to sub-contractors);
<b>“Service Provider Senior Representative”</b>	the person from time to time appointed by the Service Provider in accordance with Clause 9.3;
<b>“Service Provider’s Group”</b>	the Service Provider and any parent undertaking from time to time of the Service Provider and any of their respective subsidiary undertakings from time to time;
<b>“Services”</b>	the services described in the Specification and which are to be provided by the Service Provider to the Treasury under the terms of this Contract;
<b>“Service Standards”</b>	the levels of service specified in Schedule 3 (Service Standards);
<b>“Service Variation”</b>	any variation to this Contract which in the reasonable opinion of the Treasury affects the nature, scope or characteristics of the Services, including but not limited to variations to the Specification;
<b>“Software”</b>	any and all computer programmes in both source and object code form, including all modules, routines and sub-routines of such programmes and all source and other

preparatory materials, relating to them including, without limitation, user requirements, functional specifications and programming specifications, ideas, principles, programming languages, algorithms, flow charts, logic, logic diagrams, orthographic representations, file structures, coding sheets, coding and including any manuals or other documentation relating to them and computer generated works, in each case as any of them have been modified or updated from time to time;

**“Source Code”**

computer software in eye readable form that can be understood by a reasonably competent computer programmer and in such form that it can be compiled or interpreted into equivalent Object Code and “Source Code” shall include the applicable compiler for that Source Code;

**“Specification”**

the specification set out in Schedule 1 (Specification);

**“Staff Vetting Procedures”**

in respect of each of the Personnel from time to time engaged in performing services under the Contract the Contractor shall, before engaging the relevant member of Personnel in providing such services:

(a) establish via a standard Criminal Records Bureau Check that there are no convictions, cautions, reprimands and/or warnings outstanding against the relevant individual; and

(b) establish via a basic identity check that the identity of the relevant individual portrayed to the Contractor is accurate;

**“Stock”**

any stock (within the meaning ascribed to such term by regulation 2 of the Government Stock

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	Regulations 2004, as such may be amended from time to time);
<b>“Stockholder”</b>	a holder of Stock (within the meaning ascribed to such term by regulation 7 of the Government Stock Regulations 2004, as such may be amended from time to time);
<b>“Successor Provider”</b>	any person appointed by the Treasury to provide the Services (or their equivalent or any part of thereof) in succession to the Service Provider;
<b>“System”</b>	the Software, Object Code and Source Code (including for the avoidance of doubt that currently known as SCRIP) from time to time used by the Service Provider to operate its registry business and/or to maintain, operate and update the Register;
<b>“System Enhancements”</b>	all those enhancements, modifications and other developments to the System which are made for the purposes of, or in the course of, the provision of the Services;
<b>“Termination Event”</b>	the occurrence of any of the events or circumstances referred to in Clause 23 (Termination) so as to give the Treasury a right (whether or not exercised) to terminate this Contract in accordance with such Clause;
<b>“Termination Information Date”</b>	in respect of any actual or proposed Termination Transfer, the date on which the Treasury confirms (in accordance with Clause 31.1) that it requires the Service Provider to finalise the Information Responses;
<b>“Termination Transfer”</b>	the transfer of responsibility for the provision of the Services (or their equivalent or any part thereof) from the Service Provider to the Treasury and/or a Successor Provider on or



following the termination or expiry of this Contract or any part thereof;

**“Termination Transfer Date”** the date of a Termination Transfer;

**“Termination Transfer Employees”** those persons:

- (a) employed or engaged by the Service Provider in the provision of the Services;
- (b) whose employment transfers under the TUPE Regulations to the Treasury and/or to a Successor Provider and/or to any of their respective sub-contractors (as the case may be) on a Termination Transfer; and
- (c) who are:
  - (i) identified as “Proposed Termination Transfer Employees” by the Service Provider in the relevant Information Response; or
  - (ii) are employed or engaged after the relevant Termination Information Date and prior to the relevant Termination Transfer by the Service Provider in compliance with the obligations under paragraph 5.1 of Schedule 10 (Hand Over Arrangements);

**“Termination Transferring Contracts”** those contracts which will be required by the Treasury or (as the case may be) a Successor Provider on the termination or expiry of this Contract and which shall comprise:

- (a) those contracts, agreements,

assignments and orders which the parties agree, in accordance with paragraph 3.1 of Schedule 10 (Hand Over Arrangements) are to be treated as "Termination Transferring Contracts"; and

- (b) such further contracts, agreements, assignments and orders as are entered into (after the date of such agreement) by the Service Provider for the purposes of this Contract and which the Treasury expressly agrees should be regarded as "Termination Transferring Contracts" for the purposes of this Contract

but not, for the avoidance of doubt, any contracts of employment;

<b>"Third Parties"</b>	shall have the meaning given to it in Clause 21.6;
<b>"Treasury Contract Manager"</b>	the person from time to time appointed by the Treasury in accordance with Clause 9.1;
<b>"Treasury Senior Representative"</b>	the person from time to time appointed by the Treasury in accordance with Clause 9.3;
<b>"TUPE Regulations"</b>	the Transfer of Undertakings (Protection of Employment) Regulations 2006;
<b>"VAT"</b>	value added tax as provided for in the Value Added Tax Act 1994;
<b>"Warranties"</b>	the representations, warranties and undertakings set out in Schedule 13 (Warranties);
<b>"Wilful Default"</b>	an intentional act or omission by or approved by the Service Provider which constitutes a

breach of the Service Provider's obligations but excluding (for the avoidance of doubt):

- (a) any breach of this Contract resulting from an error of judgment made in good faith in the exercise of any discretion conferred under this Contract;
  - (b) any breach or mistake arising otherwise in good faith; and
  - (c) any breach or mistake caused by any employee, servant, agent or contractor of the Service Provider without the approval of the Service Provider.
- 1.2 Any document expressed to be in the “**agreed form**” means a document in the form approved by (and for the purpose of identification signed or initialled by or on behalf of) the parties to this Contract.
- 1.3 References to “**indemnify**” and “**indemnifying**” any person against any circumstances include indemnifying and keeping that person harmless from all actions, claims, demands and proceedings from time to time made against that person and all liabilities, loss, damages and all payments, costs and expenses made or incurred by that person (including legal costs on an indemnity basis as defined in rule 44.4(3) of the Civil Procedure Rules) as a consequence of, or which would not have arisen but for, that circumstance.
- 1.4 References to a “**person**” shall be construed as a reference to any person, firm, company, corporation, government, state or agency of state or any association or partnership (whether or not having separate legal personality) of one or more of the foregoing.
- 1.5 References to a “**party**” shall, unless the context otherwise requires, be a reference to a party to this Contract and any permitted successors and assignees of such party.
- 1.6 References to “**writing**” shall include any modes of reproducing words in a legible and non-transitory form but shall exclude electronic mail to the extent that it relates to the service of any court proceedings.

- 1.7 The headings to Clauses, to Schedules and to paragraphs or parts of Schedules shall not affect their interpretation.
- 1.8 References to the singular are deemed to include the plural and vice versa and references to any gender are deemed to include every other gender.
- 1.9 References to any provision of any legislation are to be construed as a reference to that provision as amended, re-enacted or extended from time to time.
- 1.10 References to Clauses, Schedules and Paragraphs of Schedules are to clauses of, schedules to and paragraphs of schedules to this Contract.
- 1.11 Unless the context otherwise requires, words and phrases defined in the Companies Act 2006 shall bear the same meaning when used in this Contract.

## 2. Commencement and Duration

### Contract Commencement Date

- 2.1 This Contract came into effect on the Commencement Date.

### Provision of Services

- 2.2 The Service Provider shall provide the Services.

### Duration

- 2.3 This Contract shall continue in force until up to and including the Expiry Date unless extended in accordance with this Clause 2 or terminated earlier in accordance with the provisions of this Contract.

### Extension Option

- 2.4 The Treasury may, by giving a notice in writing (the "Extension Notice") served no later than 18 months before the Expiry Date (or such later date to which the term of this Contract has already been extended under this Clause 2.4), extend the duration of this Contract for the period specified in the Extension Notice, provided that:

- (a) the aggregate duration of all such extensions shall not exceed two years; and
- (b) if the last day of the period specified in the Extension Notice is not a Saturday, then (notwithstanding the terms of the Extension Notice) the last day of the

term of this Contract shall be deemed to be the Saturday immediately preceding the end of the period specified in the Extension Notice.

- 2.5 During the Handover Period the Treasury may, by giving a notice in writing (an “Interim Extension Notice”) served no later than 6 months before the Expiry Date (or such later date to which the term of this Contract has already been extended under Clause 2.4 and/or this Clause 2.5), extend the duration of this Contract for the period of six months, provided that:
- (a) the aggregate duration of all such extensions under this Clause 2.5 shall not exceed 18 months; and
  - (b) if the last day of the period specified in the Interim Extension Notice is not a Saturday, then (notwithstanding the terms of the Interim Extension Notice) the last day of the term of this Contract shall be deemed to be the Saturday immediately preceding the end of the period specified in the Interim Extension Notice.
- 2.6 Any extension of the duration of this Contract pursuant to Clauses 2.4 or 2.5 shall be on the terms from time to time of this Contract (as such may be amended in accordance with Clause 29 (Variations and Change Control)).
- 2.7 The Designated Rates and the amount of the [REDACTED] shall on 1 January 2011 and thereafter on each anniversary of such date be increased for future periods and for the purposes of calculating the Adjusted Annual Fee for the period just ended by an amount to be agreed between the parties or, in the absence of agreement, by an amount equal to the percentage increase in the RPI from:
- (a) the RPI last published before 1 January 2010 or, if later, the date on which the Designated Rates and the [REDACTED] were last increased as a result of the operation of this Clause 2.7; to
  - (b) the RPI last published before the date on which such increase in the Designated Rates and the [REDACTED] falls to be made in accordance with this Clause 2.7.
- 2.8 The options to extend the duration of this Contract under Clauses 2.4 and 2.5 shall be exercisable at the Treasury’s sole discretion and the Service Provider shall not be entitled to, and shall have no expectation of, such an extension.

3. Not used

4. Not used

**5. The Services**

5.1 The Service Provider shall, until this Contract expires or is terminated, provide the Services in accordance with:

- (a) the Specification;
- (b) the Service Standards;
- (c) Best Industry Practice;
- (d) the requirements from time to time of the Applicable Legislation and any other Legislation and Guidance; and
- (e) (save to the extent otherwise provided by this Contract) in accordance with its own proposal for the provision of the Services set out in its tender dated 22 September 2003.

5.2 The Service Provider shall ensure that the Services will be supplied and rendered by appropriately experienced, qualified and trained personnel in accordance with Best Industry Practice.

5.3 Notwithstanding Clauses 5.1 and 5.2, the Service Provider shall:

- (a) in respect of new issues, conversions and other corporate actions initiated by the DMO carry out all necessary actions to ensure that, at a Stock level, the Register is updated and amended accurately and in accordance with the required timetable;
- (b) in respect of payments of interest and repayments of capital, strike the balance on the Register on the correct day (being, unless otherwise agreed with the DMO, seven Business Days before the payment is due, or ten Business Days in the case of 3.5% War Stock) and so as to avoid (where relevant) the inclusion of "Deliveries by Value" and "Self Collateralising Repurchases" in Stockholders' payment balances; and where valid instructions are held despatch all payments in time to arrive on the payment date (or first Business

Day thereafter);

- (c) in respect of daily or periodic reconciliations of Stock with CREST ensure that any discrepancies caused by the Service Provider are rectified in time to avoid the suspension of the Stock from being settled within the CREST system;
- (d) act strictly in accordance with any procedures agreed between the parties pursuant to Clause 15.11 in relation to the Bank Accounts.

The services referred to in Clause 5.3 (a) (b) and (c) shall be referred to as the “Key Services”.

5.4 The Services shall be provided by the Service Provider at such place as the Service Provider may reasonably select within the United Kingdom and the master copy of the Register shall at all times be held within the United Kingdom. Notwithstanding the foregoing, the Service Provider may at any time hold backup of copies of the Register at any of its other facilities anywhere in the world, provided that:

- (a) such copies are held subject to substantially the same security arrangements as the master copy of the Register is held pursuant to the terms of this Contract; and
- (b) if the Service Provider intends to hold back-up copies at any facilities in any countries other than those countries in which its facilities are located at the Commencement Date, it shall not do so without the agreement of the Treasury (such agreement not to be unreasonably withheld or delayed).

5.5 The Service Provider shall notify the Treasury:

- (a) promptly of any material dispute or written complaint against the Service Provider by any person which, having been dealt with by the Service Provider in connection with the Services, is not resolved and which the person making the complaint or raising the query insists on pursuing further; and
- (b) immediately upon becoming aware of any known or suspected actual or attempted forgery or deception or other fraudulent activity or impropriety involving any Stock, any application for the issue of Stock or any Treasury Bank Account.

5.6 Where the Service Provider needs the Treasury to provide advice, assistance or information to enable the Service Provider to provide the Services, the Treasury shall

respond in a timely way to any reasonable requests for such advice, assistance or information.

- 5.7 The Treasury agrees to notify the Service Provider of any Legislation (which is enacted) or proposed Legislation (which is in the process of going through the legislative process which will lead to its enactment) and which is specific to Stock and which will affect the way in which the Service Provider maintains and operates the Register.
- 5.8 In the month immediately prior to each anniversary of the Service Commencement Date, the parties shall in good faith discuss and agree whether, and to what extent the provisions of Schedule 1 (Specification) and Schedule 3 (Service Standards) require revision to more closely reflect the requirements of the Treasury and the way in which the Services are being, or are to be, provided. Any change to such Schedules shall be agreed in accordance with the provisions of Clause 29 (Variations and Change Control).

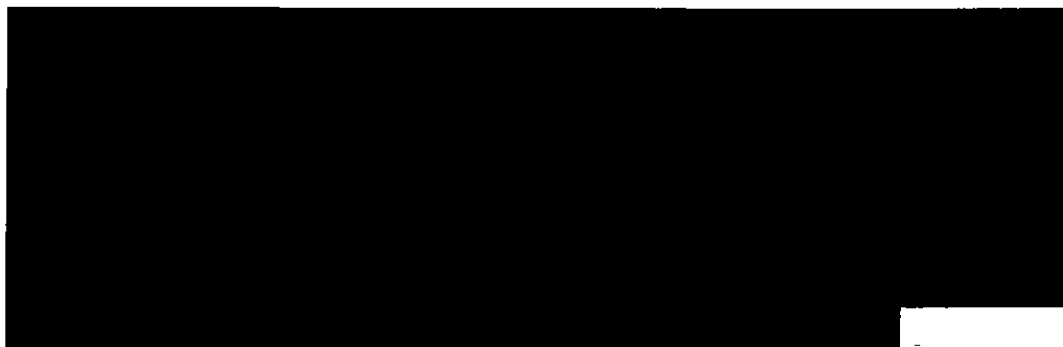
## 6. Service Charge

- 6.1 In consideration of the provision of the Services by the Service Provider on the terms of this Contract, the Treasury shall pay the Service Charge in accordance with the charging arrangements [REDACTED] as such may be amended from time to time in accordance with the terms of this Agreement.
- 6.2 The Service Provider shall invoice the Treasury and the Treasury shall pay such invoices in accordance with the procedures set out in Schedule 4 (Payment Procedure).
- 6.3 The Service Charge is exclusive of VAT and the Treasury shall pay VAT on the Service Charge at the rate and in the manner from time to time prescribed by law.
- 6.4 Except as expressly provided for in this Contract, the Service Provider shall not be entitled to levy any charge or receive any payment in respect of its performance of this Contract and its compliance with its terms.
- 6.5 Without prejudice to Clause 6.4 the Service Provider shall not be entitled to levy any charges on any Stockholders (nor their agents, brokers or executors) other than those provided for [REDACTED].

## 7. Validity of Documents

[REDACTED]





- 7.3 The Service Provider shall be entitled to assume (without making any enquiry) that (save as notified in writing by or on behalf of the Treasury prior to the Service Commencement Date):
- (a) all transfers of the Stock presented for registration prior to the Service Commencement Date have been duly recorded in the appropriate Register;
  - (b) the appropriate Register as at the Service Commencement Date is in all respects a true, accurate and complete register of the holders of the relevant Stock, is in proper order and contains all information necessary for the Service Provider to comply with its statutory reporting obligations in respect of the Register; and
  - (c) all documents of title relating to Stock issued prior to the Service Commencement Date have been duly and properly issued.

## 8. CREST

- 8.1 The Treasury acknowledges and agrees that the Service Provider has been admitted as a CREST Registrar and Receiving Agent and that accordingly it is obliged to comply with the CREST Requirements and that the CREST Service and the CREST Requirements may be changed from time to time by CRESTCo.

- 8.2 The Service Provider is not aware of any conflict or inconsistency between the CREST Requirements and the requirements of this Contract.
- 8.3 If at any time there is any conflict between the CREST Requirements to which the Service Provider is subject and the provisions of this Contract, the CREST Requirements shall prevail. The Service Provider shall notify the Treasury immediately in writing if at any time it becomes aware of any such conflict. The Service Provider shall also notify the Treasury promptly upon becoming aware of any proposal to change the CREST Requirements (including the issue of any consultation papers or other initiatives by CRESTCo which may lead to such a development). The Service Provider shall assist the Treasury in conducting negotiations with CRESTCo to minimise the extent of any conflict between the requirements of this Contract and the CRESTCo Requirements and to endeavour to agree with CRESTCo any dispensation from, or adjustment to, the CRESTCo Requirements as applied to Stock and the Services to remove or minimise such conflict.
- 8.4 If (notwithstanding the operation of Clause 8.3) a change in the CREST Requirements results in a conflict between these and the requirements of this Contract, the parties will discuss and endeavour to agree changes necessary to this Contract to remove such conflict in accordance with Clause 37 (Dispute Resolution Procedure) and to reflect any change to the CREST Service or CREST Requirements save that where the Service Provider is required to implement a change with immediate effect (as a result of its membership of CRESTCo) it will be entitled to do so with immediate effect provided that in so doing it minimises, to the extent reasonably practicable, any impact on the Treasury and the Services.
- 8.5 In connection with its operation as a CREST Registrar, the Service Provider will use the services of a network provider accredited by CRESTCo in order for it to be able to send and receive dematerialised instructions to and from the CREST Service. The Treasury acknowledges and agrees that (subject to Clause 8.6) the Service Provider shall be entitled without further enquiry to execute or otherwise act upon instructions or information or purported instructions or information received through the network provided by the network provider notwithstanding that it may afterwards be discovered that any such instruction or information or purported instruction or information:
- (a) was not genuine or was not correct;
  - (b) was not sent with the authority of any person on whose behalf it was expressed to have been sent;
  - (c) was not initiated by the relevant person entitled to give it; or

- (d) was in any other way not given in compliance with the requirements of the CREST Service;

and the Treasury acknowledges and agrees that the Service Provider shall not be required to take any further steps to verify the validity of any dematerialised instruction received by it through the network facilities provided by the network provider and shall not be responsible to the Treasury for any Loss or loss of opportunity, business revenue, goodwill or opportunity or anticipated savings suffered or incurred by the Treasury as a result of any act or omission or failure of any kind on the part of the network provider used by the Service Provider.

- 8.6 Notwithstanding Clause 8.5, if a dematerialised instruction (other than a dematerialised instruction which the Service Provider is entitled to rely upon as being valid pursuant to regulation 35 of the Uncertificated Securities Regulations 2001 and in relation to which the Service Provider is accordingly relieved of liability in the event that it is invalid) reasonably appears on its face to be invalid or the circumstances of a particular case are such as would reasonably put the Service Provider on inquiry as to the possible validity of such instruction then the Service Provider shall take reasonable steps to investigate the validity of the instruction before processing it.

## 9. Personnel

### Appointment of Contract Managers

- 9.1 The Treasury shall appoint the Treasury Contract Manager and the Service Provider shall appoint the Service Provider Contract Manager whose respective responsibilities shall be to:
- (a) act as the principal liaison between his appointor and the other party to the Contract; and
  - (b) manage, on behalf of his appointor, the relationship between the Treasury and the Service Provider in accordance with the provisions of this Contract.
- 9.2 Each of the Contract Managers shall be deemed to have full authority to act in the name of and on behalf of his appointor for all purposes of and connected with this Contract.

### Appointment of Senior Representatives

- 9.3 The Treasury shall appoint the Treasury Senior Representative and the Service Provider shall appoint the Service Provider Senior Representative who shall be responsible for the high level management of the activities to be undertaken by his appointor pursuant to this Contract.
- 9.4 Each party shall ensure that at all times its Senior Representative is more senior within the relevant party's organisation than is its Contract Manager.

#### First Appointees

- 9.5 The Contract Managers and Senior Representatives for each party at the commencement of this Contract shall be those persons named in paragraphs 1 and 2 respectively of Schedule 7 (Personnel) who shall be deemed to have been appointed pursuant to this Clause 9.

#### Change of Personnel

- 9.6 Subject to Clause 9.8, each party may remove an existing Contract Manager or Senior Representative appointed by that party and shall give notice in writing of such removal to the other party.
- 9.7 If at any time the position of either a Contract Manager or a Senior Representative of either party is vacated, then (subject to Clause 9.8) that party shall, within 7 days of such vacation, appoint an alternative Contract Manager or Senior Representative (as appropriate) and give notice in writing of such appointment to the other party.
- 9.8 During the term of this Contract, the Service Provider shall give to the Treasury at least 3 months' notice in writing (or where this is not possible, such notice as is reasonably practicable) before:
- (a) it removes the Service Provider Contract Manager or the Service Provider Senior Representative; or
  - (b) it alters the responsibilities within the Service Provider's organisation of the Service Provider Contract Manager or the Service Provider Senior Representative; or
  - (c) the person who is the Service Provider Contract Manager or the Service Provider Senior Representative leaves the Service Provider's employment

and in each case the Service Provider shall consult with the Treasury as to the identity of such person's proposed replacement and/or the proposed alteration of

responsibilities between the date of giving such notice and the date upon which such person is removed, their responsibilities are altered or they leave the Service Provider's employment.

#### Removal of Personnel by the Treasury

9.9 The Treasury may in its absolute discretion, by notice in writing to the Service Provider specifying the reasons for such request, require:

- (a) any person who is Key Personnel to be removed from his engagement in the provision of the Services; or
- (b) the responsibilities of any person who is Key Personnel relating to the provision of the Services to be varied

and the Service Provider shall take all reasonable steps to comply with such request.

#### Maintenance of Skill and Experience

9.10 Where:

- (a) the Treasury requires the removal of any person from his position or engagement or the alteration of the responsibilities of any person pursuant to Clause 9.9; or
- (b) any person who is the Service Provider Contract Manager, the Service Provider Senior Representative and/or one of the Key Personnel is to leave the Service Provider's employment

the Service Provider shall ensure that the replacement for such person or the person taking on such responsibilities is a suitably skilled, qualified and experienced individual.

9.11 If any person who is the Service Provider Contract Manager, the Service Provider Senior Representative and/or one of the Key Personnel is to leave the Service Provider's employment, then the Service Provider shall use reasonable endeavours (unless it would be impracticable to do so) to ensure that there is a handover period of at least 1 month between such person's replacement commencing work and the relevant person leaving.

#### Vetting of Personnel

- 9.12 If required by the Treasury, the Service Provider shall give to the Treasury a list of names and addresses of all persons who are Key Personnel and who are or who may be at any time materially concerned with the Services or any material part of them, specifying the capacities in which they are so concerned, and giving such other particulars and evidence of identity and other supporting evidence as the Treasury may reasonably require.
- 9.13 The Service Provider will comply with the Staff Vetting Procedures in respect of the Personnel and confirms that all Personnel from time to time employed or engaged by the Contractor are and will have been vetted and recruited on a basis that is equivalent to and no less strict than the Staff Vetting Procedures.
- 9.14 The Service Provider shall require all personnel of the Service Provider engaged upon the Services to sign a confidentiality undertaking in relation to the Services in a form reasonably acceptable to the Treasury (such undertaking to, *inter alia*, bring to the attention of such personnel the provisions of the Official Secrets Acts 1911 to 1989).

#### Terms of Employment of Personnel

- 9.15 The Service Provider shall:
- (a) procure that the terms of employment of any of its employees who would on a Termination Transfer be Termination Transfer Employees:
    - (i) do not contain any terms which take effect or would take effect as a result of or in consequence of a Termination Transfer;
    - (ii) are not materially dissimilar from or out of line with those generally available to other employees of the Service Provider; and
    - (iii) permit the termination of such person's employment with notice of four weeks or less (except as provided by Legislation)unless any such matter has been approved in advance in writing by the Treasury (such approval not to be unreasonably withheld or delayed);
  - (b) comply in all material respects with all legal obligations imposed on it in relation to its employees and all codes of practice and conduct affecting such employees; and
  - (c) keep adequate and suitable records regarding the employment and appointment of its employees.

## 10. Contract Management

The parties shall (and shall procure that their employees, servants and agents shall) comply with their respective obligations under Schedule 6 (Contract Management Regime).

## 11. Records, Audit and Inspection

### Record Keeping

11.1 The Service Provider shall (and shall procure that all of its Associates and sub-contractors shall):

(a) maintain:

(i) a complete and accurate set of records relating to all activities relating to its, its Associates and its sub-contractors performance of this Contract and all transactions entered into by the Service Provider its Associates and/or its sub-contractors for the purposes of this Contract; and

(ii) (without prejudice to Clause 15 (Security and Banking Arrangements)) reasonable security arrangements for the purpose of ensuring that there is no unauthorised access to and/or destruction of any such records; and

(b) retain all such records:

(i) in respect of any documents falling within the categories set out in Schedule 8 (Document Retention), for the period set out in that Schedule for such documents; and

(ii) in respect of any other documents, for a period of not less than 7 years (or such other longer period as may be required by law) following termination or expiry of this Contract.

11.2 The Treasury authorises the Service Provider to destroy the records and documentation referred to in Clause 11.1 following the expiry of the relevant retention periods relating to such records and documents as there set out or referred to in such Clause and:

(a) until such date as documents are destroyed in accordance with this Clause

11.2, the Treasury shall continue to have access to such documents in accordance with Clauses 11.5 and 11.6; and

- (b) unless any records and documentation have been destroyed pursuant to this Clause 11.2, the Service Provider shall on termination or expiry of this Contract hand over to the Treasury all such documents as are referred to in Clauses 11.1.

#### Electronic Storage of Documents

- 11.3 Subject to Clause 11.4, the Treasury acknowledges and agrees that following its approval of the Electronic Document Protocol documents (other than those relating to the transfer of any Stock) shall be considered to be retained by the Service Provider if copies are retained in such form and made available in such manner as is provided for in the Electronic Document Protocol. To the extent that documents are so retained and made available, the Service Provider shall be under no obligation to retain documents in paper form.
- 11.4 For the avoidance of doubt the Treasury shall be entitled to withhold or withdraw its approval of the Electronic Document Protocol if it considers that such protocol does not comply (to the extent relevant to the Services) with, or is not being applied in accordance with, the British Standards Institute's codes of practice numbers PD008 (together with PD009 and PD0010) (Legal Admissibility and Evidential Weight of Information Stored Electronically) and PD0016 (Document Scanning: Guide to Scanning Business Documents), as such may be revised or replaced from time to time.

#### Inspection and Audit Rights

- 11.5 Prior to the termination or expiry of this Contract and thereafter until the expiry of the Hand Over Period, the Service Provider shall (and shall procure that all of its Associates and sub-contractors shall) provide to the Treasury, the National Audit Office and any other person charged with the supervision of the activities of the Treasury and to their employees, contractors, agents and advisers:
- (a) access at all reasonable times and on reasonable notice to the premises of the Service Provider upon which the Services are provided and to the records of the Service Provider relating to the operation and/or performance of this Contract; and
  - (b) all reasonable assistance during the continuation of this Contract as may be necessary in order to enable such persons fully and promptly to carry out any inspection, audit, check and/or monitoring of the Service Provider's



compliance with this Contract, including, but not limited to, providing (where reasonably necessary) written responses and explanations to any questions or issues raised by such persons.

- 11.6 Prior to the termination or expiry of this Contract and thereafter until the expiry of the Hand Over Period, the Service Provider shall promptly provide the Treasury with such information relating to the performance of this Contract and the provision of the Services as the Treasury may from time to time reasonably require and in such form as the Treasury may reasonably require.

#### Loss of Data

- 11.7 If the Data is corrupted, lost or sufficiently degraded as a result of the Service Provider's Default so as to be unusable, the Treasury may require the Service Provider (at the Service Provider's expense) to restore or procure the restoration of the Data to the extent and in accordance with the reasonable requirements of the Treasury and the Service Provider shall do so as soon as practicable but not later than 20 Business Days after a request to do so from the Treasury. In the event that the Service Provider fails or is unable to restore the Data in accordance with the foregoing provisions of this Clause 11.7, the Treasury may itself restore or procure the restoration of the Data, and shall be repaid by the Service Provider any reasonable expenses incurred in doing so.
- 11.8 If at any time the Service Provider suspects or has reason to believe that Data has or may become corrupted, lost or sufficiently degraded in any way for any reason, then the Service Provider shall notify the Treasury immediately and inform the Treasury of the remedial action the Service Provider proposes to take.

#### Supervision Rights

- 11.9 If a Termination Event shall occur then the Treasury shall be entitled by notice (a "Supervision Notice") to the Service Provider to appoint such number of its employees or agents or advisers ("Supervisors") to supervise and direct the performance of the Services by the Service Provider or any of its Associates involved in the provision of the Services. The Service Provider shall and shall procure that such Associates shall provide such Supervisors with all such assistance and information relating to the Services and with access to all such personnel and premises of the Service Provider (or, as the case may be, such Associates) as the Supervisors may require and shall permit the Supervisors to be present at all times during the provision of the Services.
- 11.10 The Service Provider shall (and shall procure that its Associates shall and that its and their respective employees, servants and agents shall) act in accordance with all such

recommendations and advice given by such Supervisors in relation to the Services. Nothing in this Clause 11.10 shall reduce or limit the liability of the Service Provider for any Default or otherwise for the performance of its obligations under this Contract save that the Service Provider shall have no liability under this Contract for any Default to the extent that such Default occurs as a result of acting or omitting to act in accordance with such recommendations and advice given by the Supervisors.

- 11.11 The entitlement of the Treasury to appoint Supervisors and the obligations of the Service Provider under Clauses 11.9 and 11.10 in respect of any such appointment shall cease in the event that the circumstances giving rise to the relevant Termination Event are remedied to the reasonable satisfaction of the Treasury, but, in the event that a further Termination Event shall occur, such rights shall arise again.
- 11.12 Notwithstanding Clause 11.11 the Treasury shall be entitled to terminate a Supervision Notice at any time.

## **12. Intellectual Property**

### Existing IPR in the Register

- 12.1 Nothing in this Contract shall operate, or be deemed to operate, so as to transfer to the Service Provider any Intellectual Property Rights owned or subsequently owned by either the Crown or the Treasury including without limitation any Intellectual Property Rights in the Register. All such Intellectual Property Rights shall continue to be owned absolutely by the Crown or (as the case may be) the Treasury.

### IPR of the Service Provider

- 12.2 Save as provided in Clauses 12.3, nothing in this Contract shall operate, or be deemed to operate, so as to transfer to the Treasury any Intellectual Property Rights owned or subsequently owned by the Service Provider and/or any Service Provider Related Parties (including without limitation any Intellectual Property Rights in the System and any System Enhancement). All such Intellectual Property Rights shall continue to be owned absolutely by the Service Provider and/or any Service Provider Related Parties.

### Ownership of IPR

- 12.3 All Intellectual Property Rights in the Register and/or the Data created on or after the Commencement Date by the Service Provider and/or any Service Provider Related Parties as a result of or in the course of the operation of the Contract shall vest in the Crown absolutely upon the creation of such Intellectual Property Rights (and

regardless of whether the subject of the relevant Intellectual Property Rights has been completed).

- 12.4 The Intellectual Property Rights in the System and any System Enhancement created on or after the Commencement Date by the Service Provider and/or any Service Provider Related Parties whether as a result of or in the course of the operation of this Contract or otherwise shall vest in the Service Provider and/or any Service Provider Related Parties (as applicable) absolutely upon creation of such Intellectual Property Rights (and regardless of whether the subject of the relevant Intellectual Property Rights has been completed).
- 12.5 The Service Provider hereby agrees that any Intellectual Property Rights referred to in Clause 12.3 that are created after the Commencement Date shall vest absolutely in the Crown immediately upon the creation of such Intellectual Property Rights and, to that end, the Service Provider hereby assigns by way of assignment of future copyright, or otherwise as appropriate, all such Intellectual Property Rights to the Crown absolutely with full title guarantee together with the right to take action for past, present and future damages and other remedies in respect of any infringement of such rights. The Service Provider shall procure assignments, in accordance with the above provisions, in favour of the Crown from all Service Provider Related Parties in respect of all Intellectual Property Rights which are the subject of Clause 12.3. The Service Provider shall further execute, and procure that all Service Provider Related Parties execute, those documents and do those things which the Treasury considers necessary to give effect to this Clause 12.5.

#### Waiver of Moral Rights

- 12.6 The Service Provider unconditionally and irrevocably waives in relation to the works mentioned in Clause 12.3 all moral rights conferred by Chapter IV of Part I of the Copyright, Designs and Patents Act 1988 and all rights of the author of a similar kind conferred by the law of any jurisdiction and shall, where relevant, procure such a waiver from all Service Provider Related Parties.

#### Licence of Intellectual Property Rights to the Service Provider

- 12.7 In respect of all Intellectual Property Rights in the Register and the Data, the Treasury hereby grants for the term of this Contract to the Service Provider a non-exclusive, non-transferable licence to use and copy such Intellectual Property Rights, to the extent necessary for, and solely for the purposes of, fulfilling its obligations under this Contract.

#### Use of Intellectual Property Rights by the Service Provider

- 12.8 The Service Provider shall ensure that it has, and shall continue to have for the duration of this Contract and for such time after the expiry or termination of this Contract as is necessary for the proper performance of its obligations under this Contract, all necessary licences, permits and consents and all necessary Intellectual Property Rights to enter into and perform this Contract.

#### Provision of the Register

- 12.9 Upon expiry or termination of this Contract (howsoever caused) or, if later, within 24 hours of the Treasury serving a notice terminating this Contract pursuant to Clause 23.1 and otherwise at such times as the Treasury may upon reasonable notice to the Service Provider require, the Service Provider shall deliver the Register to the Treasury in such format as is provided for in the Exit Management Plan or (if no such format is so provided) in such format as the Treasury may reasonably require.

### 13. Intellectual Property Rights Indemnity

- 13.1 The Service Provider shall ensure that it has all rights necessary to assign and/or license (as the case may be) all Intellectual Property Rights in accordance with Clause 12 and that the provision of the Services and the use by the Crown of any deliverables referred to in Clause 12 shall not constitute an infringement or misappropriation of any Intellectual Property Rights of any third party.

- 13.2 If any third party claims that:

- (a) any assignment or licence by the Service Provider pursuant to Clause 12;
- (b) the provision of the Services; or
- (c) the use by the Treasury of any of the deliverables referred to in Clause 12

constitutes an infringement or misappropriation of any Intellectual Property Rights of that third party, the Service Provider shall indemnify the Treasury and the Crown in respect of any such infringement or misappropriation or allegation of such infringement or misappropriation (including, but not limited to, the defence of such alleged infringement or misappropriation).

- 13.3 In the event of any infringement claim or potential infringement claim giving rise to a claim for indemnity under this Clause 13, the Treasury may require the Service Provider, at no additional cost to the Treasury, to use all reasonable endeavours to:

- (a) procure the right for the Crown to continue using the relevant deliverables or

part thereof; or

- (b) modify or procure the modification of the infringing or potentially infringing deliverables.

#### 14. Data Protection

##### Restrictions on Use of Personal Data

14.1 In this Clause 14, the terms “personal data”, “data”, “data subject” and “processing” shall have the meanings ascribed to them in section 1 of the Data Protection Act 1998.

14.2 Each party shall comply with the Data Protection Laws that apply in relation to any personal data processed in connection with this Contract (“Protected Data”), and render such assistance and co-operation as is reasonably necessary or reasonably requested by the other party, in relation to its obligations under Data Protection Laws as they affect any personal data processed in relation to this Contract.

14.3 Without prejudice to the generality of Clause 14.2, in respect of Protected Data disclosed to the Service Provider in connection with this Contract (and whether disclosed by the Treasury, data subjects or otherwise), the Service Provider shall ensure that it only processes such Protected Data:

- (a) for purposes notified to it by the Treasury and/or the relevant data subjects; and
- (b) to the extent necessary for the provision of the Services,

and that it maintains appropriate (taking into account the harm which might result from any unauthorised or unlawful processing of the Protected Data or the accidental loss, disclosure or destruction of, or damage or alteration to, the Protected Data and having regard to the nature of the Protected Data) technical and organisational measures (including but not limited to, appropriate policies communicated to Service Provider Related Parties, management of ongoing compliance and effective security measures) in respect of the Protected Data to prevent unauthorised or unlawful processing of the Protected Data and against accidental loss, disclosure or destruction of, or damage or alteration to, the Protected Data.

14.4 The Service Provider shall:

- (a) take reasonable steps to ensure the reliability of any Personnel who

- have access to Protected Data;
- (b) obtain prior written consent from the Treasury in order to transfer Protected Data to any Associates or sub-contractors of the Service Provider or to any other person for the provision of the Services;
  - (c) ensure that all Personnel required to access Protected Data are informed of the confidential nature of such Protected Data and comply with the obligations set out in this Clause 14;
  - (d) ensure that none of the Personnel publish, disclose or divulge any Protected Data to any third party unless directed in writing to do so by the Treasury;
  - (e) not disclose Protected Data to any third parties in any circumstances other than with the written consent of the Treasury or in compliance with a legal obligation imposed upon the Treasury;
  - (f) notify the Treasury (within five Business Days) if it receives:
    - (A) a request from a data subject to have access to that person's Protected Data; or
    - (B) a complaint or request relating to the Treasury's obligations under the Data Protection Laws;
  - (g) provide the Treasury with full cooperation and assistance in relation to any complaint or request made, including by:
    - (A) providing the Treasury with full details of the complaint or request;
    - (B) complying with a data access request within the relevant timescales set out in the Data Protection Laws and in accordance with the Treasury's instructions;
    - (C) providing the Treasury with any Protected Data it holds in relation to a data subject (within the timescales required by the Treasury); and
    - (D) providing the Treasury with any information requested by the Treasury; and

- (h) provide a written description of the technical and organisational methods employed by the Service Provider for processing Protected Data (within the timescales from time to time required by the Treasury).

#### Compliance with the Treasury's Requirements

- 14.5 The Service Provider will take all reasonable steps required and communicated in writing to the Service Provider by the Treasury which the Treasury reasonably considers are necessary in order to comply with the Treasury's own obligations under Data Protection Laws. Where such steps become more onerous as a result of the implementation in the UK of the European Union Council Directive 2003/48/EC (the Savings Directive) this Contract (including the Service Charge) shall be varied in accordance with Clause 29 (Variations and Change Control) so as to reflect any changes to the Services and/or the Service Provider's obligations in providing the Services which arise as a consequence of such implementation.
- 14.6 If requested by the Treasury, for the purposes of facilitating the Treasury's compliance with the Data Protection Laws, the Service Provider shall furnish to the Treasury copies of such security, audit and control reports generated by the Service Provider's auditors as are directly relevant to the compliance with Data Protection Laws that apply in relation to any Protected Data.
- 14.7 In the event that either the Treasury or the Service Provider becomes aware of any unauthorised, unlawful or dishonest conduct or activities, or any breach of the terms of this Contract relating to Protected Data, such party shall immediately notify the other party thereof.

#### Personal Data to be Retained in the EEA

- 14.8 The Service Provider shall not process Protected Data outside the European Economic Area without the prior written consent of the Treasury and, where the Treasury consents to a transfer, comply with:
  - (a) the obligations of a data controller under the Eighth Data Protection Principle set out in Schedule 1 of the Data Protection Act 1998 by providing an adequate level of protection to any Protected Data that is transferred; and
  - (b) any reasonable instructions notified to it from time to time by the Treasury.

#### Data Protection Indemnity

14.9 Each party shall indemnify the other and keep the other indemnified against any wrongful processing of any Protected Data by the first mentioned party or breach of its obligations or warranties under this Clause 14, other than any such disclosure or breach in pursuance of a specific written instruction by the other party.

## 15. Security and Banking Arrangements

### Site Security

15.1 The Service Provider shall at its cost ensure a security service is provided at each of the locations at which the Services are provided to cover all security functions in accordance with the Treasury's reasonable requirements having regard to the size and nature of the relevant locations and the volume and size of the transactions which are processed there.

15.2 The Service Provider shall ensure that its employees, servants, agents, consultants and sub-contractors maintain reasonably adequate and appropriate security measures at all the locations at which the Services are provided and all other assets at or used in connection with such locations or the provision of the Services.

### Data and IT Security

15.3 Without prejudice to the Service Provider's obligations under Clause 14, the Service Provider will use all reasonable endeavours to ensure that:

- (a) there is no unauthorised access or amendment to:
  - (i) any Data used or maintained by the Service Provider in connection with this Contract; nor
  - (ii) any Software used by the Service Providerin each case in the provision of the Services; and
- (b) no such Data nor any such Software becomes infected by any virus or other extraneously induced malfunction.

15.4 The Service Provider shall not delete or remove any proprietary notices contained within or relating to the Data.

### Security Arrangements



- 15.5 Without limiting the effect of Clauses 15.2 and 15.3, the Service Provider shall throughout the term of this Contract maintain security arrangements which are of no lesser standard than those it maintained at the date of this Agreement in respect of the provision by it of services similar to the Services (the "Security Arrangements").
- 15.6 Prior to each anniversary of the Service Commencement Date, the Service Provider shall review and test the Security Arrangements to identify the extent to which they are then appropriate and to identify any changes which should be made to such arrangements to ensure that they continue to provide the standard of security required under Clause 15.5. The result of such review shall be discussed by the Contract Managers at the next meeting of the Contract Managers following each anniversary of the Service Commencement Date.
- 15.7 The Service Provider shall, as an enduring obligation up to and including the Expiry Date, use the latest versions of anti-virus software to check for and delete Malicious Software from the System.
- 15.8 Notwithstanding Clause 15.7, if Malicious Software is found, the parties shall cooperate to reduce the effect of the Malicious Software and, particularly if Malicious Software causes loss of operational efficiency or loss or corruption of Data, assist each other to take reasonable steps to mitigate any losses arising from the loss of operational efficiency or loss or corruption of Data, to recover the Data and/or to restore the Services to their desired operating efficiency.
- [REDACTED]
- [REDACTED]
- [REDACTED]

#### Banking Arrangements

- 15.10 The Service Provider shall hold all sums received from the Treasury from time to time for the purpose of making payments to Stockholders or from persons acquiring, purchasing or subscribing for any Stock (the "Treasury Monies") on trust for the Treasury. All such Treasury Monies shall be remitted directly to designated bank accounts approved by the Treasury and established (before or after the date of this Contract) for the purpose. To the extent that such accounts are not accounts of the

Treasury (such accounts being "CS Bank Accounts") they shall be held by the Service Provider with the Royal Bank of Scotland plc or such other United Kingdom clearing bank as the Treasury may approve and such Treasury Monies shall be credited to and maintained at all times in such CS Bank Accounts separately from any monies belonging to the Service Provider or any third party. The Service Provider shall ensure that the interest of the Treasury in the funds held in the CS Bank Accounts shall be noted on the CS Bank Accounts and such accounts shall be designated "HM Treasury" in the account name or carry such other designation as the Treasury may require.

15.11 Subject to Clause 15.10, any Treasury bank accounts and any CS Bank Accounts shall be operated in accordance with such procedures as shall be agreed from time to time between the parties (and in the absence of agreement being decided upon by the Treasury acting reasonably and in accordance with the requirements of the National Loans Fund and the National Audit Office). All such procedures shall include such measures as the Treasury may reasonably require in order:

- (a) to ensure the security of such accounts (including security arrangements relating to signatories); and
- (b) that the position of the National Loans Fund is not prejudiced if funds are held overnight by the Service Provider on behalf of the Treasury instead of being remitted in cleared funds to the National Loans Fund.

15.12 In discharging its obligations set out in Clause 15.11(b), the Service Provider shall use reasonable endeavours to ensure that the position of the National Loans Fund is not prejudiced if funds are held overnight by the Service Provider on behalf of the Treasury instead of being remitted in cleared funds to the National Loans Fund. The parties acknowledge that the Service Provider will not be able to procure a rate of interest that is equal to or better than the rate of interest which would have accrued if cleared funds had been remitted to the National Loans Fund rather than being held overnight by the Service Provider.

15.14 The Service Provider shall provide to the Treasury details of all accounts opened or operated by it for the purposes of Clause 15.10.

## 16. Business Continuity Plan

16.1 Not used

- 16.2 Not used
- 16.3 Not used
- 16.4 Not used
- 16.5 The Treasury and the Service Provider agree to comply with the requirements of the Business Continuity Plan.
- 16.6 The Treasury may, at no cost to itself, at any time after the Service Commencement Date require the Service Provider to provide to the Treasury a copy of the Business Continuity Plan as it then exists. The Service Provider shall provide such copy as soon as reasonably practicable after receipt of such request.
- 16.7 Not less frequently than every six months the Service Provider shall conduct a paper test of the Business Continuity Plan and its constituent parts and not less than once a year the Service Provider shall review in full and conduct a full test of the Business Continuity Plan and its constituent parts in each case to identify the extent to which it is then appropriate and to identify any changes which should be made to the plan to ensure that it complies with Best Industry Practice prevailing at the relevant time and is reasonably appropriate to protect against the risks of an interruption in the ability of the Service Provider to provide the Services. The result of such review shall be discussed by the Contract Managers at the next meeting of the Contract Managers following each anniversary of the Service Commencement Date.
- 16.8 If, within 30 days of the relevant Contract Managers' meeting, the parties fail to agree any revision to the elements of the Business Continuity Plan applying to the Services any dispute or disagreement in relation thereto shall be resolved in accordance with Clause 37 (Dispute Resolution).
- 16.9 In the event that there is any interruption to the ability of the Service Provider to provide all or part of the Services in accordance with this Contract and the cause of such interruption is of such a nature that the implementation of the Business Continuity Plan would permit the Service Provider to continue to provide, or limit the impact of the interruption on, the Services, then the parties shall implement and comply with the Business Continuity Plan. Except as otherwise provided in this Contract, the Service Provider's compliance with this Clause 16.9 does not relieve the Service Provider of any of its obligations under this Contract.

**17. Remedial Action**

If at any time the Service Provider is in Default (including, without limitation, a failure to meet the Service Standards) then notwithstanding any other provision in this Contract, the Service Provider shall, at no additional cost to the Treasury and without prejudice to the Treasury's other rights and remedies, arrange all such additional resources as are necessary, and shall take all necessary remedial action, to correct such Default as soon as practicable thereafter (except in the event that such Default of the Service Provider has arisen directly from a Default of the Treasury or from a Force Majeure Event).

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**19. Contract Action Notices**

19.1 Where the Treasury reasonably considers that the Service Provider is in Default, the Treasury may issue a Contract Action Notice which shall set out details of the Default and the action which the Treasury requires the Service Provider to take so as to remedy the circumstances giving rise to the service of the relevant notice.

19.2 At the meeting of the Contract Managers next following the service of a Contract Action Notice (or earlier if the Treasury so requires in the relevant Contract Action

Notice), the Contract Managers shall agree a Contract Action Plan which shall set out the corrective action (if any) which is to be taken by the Service Provider (and to the extent appropriate the Treasury) so as to remedy the circumstances giving rise to the service of the relevant notice.

19.3 If within 1 month (or such shorter period as the parties may agree) of the relevant Contract Manager's meeting, the parties are unable to agree on such Contract Action Plan the decision of the Treasury Contract Manager (acting reasonably) shall be final and binding on the parties.

19.4 Without prejudice to any rights or remedies which either party may have under this Contract, the parties each agree to undertake any action which they are required to take as part of any Contract Action Plan which is agreed or determined pursuant to this Clause 19.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**21. Indemnity**

**General Indemnity**

21.1 The Service Provider shall not be under any responsibility for any loss suffered by the Treasury in respect of any matter relating to the Register or any document issued by or on behalf of the Treasury prior to the Service Commencement Date and except as disclosed in writing by the Treasury to the Service Provider the Service Provider may rely upon the accuracy and completeness of such Register as at such date and all documents issued by the Treasury and/or the Bank of England prior thereto without investigation.

[REDACTED]

[REDACTED]

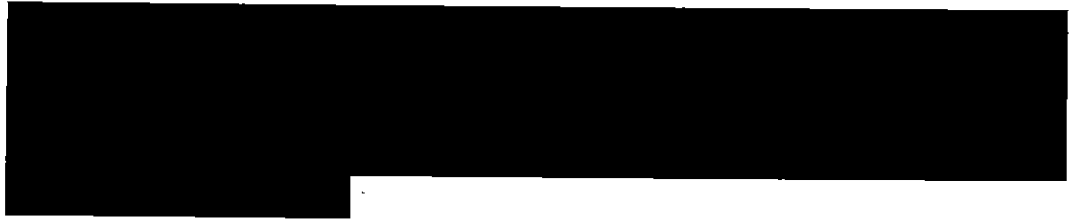
[REDACTED]

[REDACTED]

- 21.3 The Treasury shall not be liable to indemnify the Service Provider (and its officers or employees) pursuant to Clause 21.2 to the extent that any claims, costs and demands which may be made against the Service Provider arise as a result of the fraud, negligence or Default of the Service Provider (or its officers, employees, agents and sub-contractors).
- 21.4 Subject to Clauses 21.5 and 21.7, the Service Provider shall indemnify and keep indemnified the Treasury and its officers and employees from and against any Loss which any of them may incur in any way as a result of or in connection with the fraud or Default of the Service Provider (or its officers, employees, agents or sub-contractors).
- 21.5 The Service Provider shall not be liable to indemnify the Treasury pursuant to Clause 21.4 to the extent that any Loss arises as a result of the fraud or Default of the Treasury (or its officers, employees, agents and sub-contractors).
- 21.6 Without prejudice to Clause 21.4 but subject to [REDACTED] the Service Provider will further indemnify the Treasury to the extent that the Treasury suffers any damage, loss, liability, claim or expense (including any indirect, special or consequential damage, loss, liability or expense) as a result of the acts or omissions of any sub-contractor, agent or supplier to the Service Provider (including without limitation the acts or omissions of any employees, servants, sub-contractors, agents or suppliers of any such person) (together the "Third Parties").

Limitations on Liability

[REDACTED]



- 21.11 Each party shall have a duty to mitigate the circumstances in respect of which damages arise and for which the other party is responsible (and the Treasury shall have an obligation to require any Successor Provider to mitigate any loss it may suffer for which either the Treasury or the Service Provider may be liable).
- 21.12 Nothing in this Contract shall be construed as excluding the liability of one party to the other for:
- (a) death or personal injury to the extent that it results from negligence;
  - (b) any breach of the obligations imposed by section 12 of the Sale of Goods Act 1979 and section 2 of the Supply of Goods and Services Act 1982; or
  - (c) for fraud or for any criminal conduct (excluding for the avoidance of doubt fraud or criminal conduct caused by any servant or agent of the relevant party without the approval of that party).

#### Conduct of Claims



21.13 Except as otherwise provided in this Contract and in respect of claims under [REDACTED], if any action or claim is brought against any party to this Contract in respect of which such party (the “Indemnified Party”) seeks an indemnity from the other party (the “Indemnifying Party”) under the terms of this Contract (a “Claim”), then:

- (a) the Indemnified Party agrees:
  - (i) to notify the Indemnifying Party of any Claim as soon as reasonably practicable after the Indemnified Party becomes aware of the same; and
  - (ii) not to settle any such Claim without the prior written approval of the Indemnifying Party (such approval not to be unreasonably withheld or delayed); and
- (b) provided that the Indemnifying Party accepts the full liability for, and keeps the Indemnified Party fully informed of the progress of, the relevant Claim:
  - (i) the Indemnifying Party shall at its own cost and expense be entitled to control the defence of any Claim and any related proceedings or settlement negotiations (except that the Indemnified Party shall be entitled to take any action which they deem necessary if the Indemnifying Party fails to take action, or delays taking action, in defending or settling any relevant Claim and such failure or delay may, in the reasonable opinion of the Indemnified Party, prejudice the interests of the Indemnified Party); and
  - (ii) the Indemnified Party shall, at the cost and expense of the Indemnifying Party, take all reasonable steps to co-operate with the Indemnifying Party in the defence of any Claim.

21.14 Where the Service Provider is entitled to bring a claim against a Third Party in respect of which the Treasury is entitled to an indemnity [REDACTED], the Service Provider agrees not to settle any such claim against the relevant Third Parties without the prior written approval of the Treasury (such approval not to be unreasonably withheld or delayed) and provided that the Treasury accepts the full liability for, and keeps the Service Provider fully informed of the progress of the claim against the Third Party:

- (a) the Treasury shall at its own cost and expense be entitled to control the pursuit of any such claim and any related proceedings or settlement negotiations (except that the Service Provider shall be entitled to take any action which it

deems necessary if the Treasury fails to take action, or delays taking action, in pursuing or settling such claim and such failure or delay may, in the reasonable opinion of the Service Provider, prejudice the interests of the Service Provider); and

- (b) the Service Provider shall, at the cost and expense of the Treasury, take all reasonable steps to co-operate with the Treasury in the pursuing the relevant claim.

21.15 Without prejudice to Clause 21.14, if the Service Provider acting reasonably on legal advice decides not to pursue a claim against a Third Party, the Service Provider shall (except as required under Clause 21.14) have no obligation to pursue such claim but shall instead notify the Treasury that it does not intend to pursue the claim.

22.1 The Service Provider shall hold and maintain professional indemnity insurance cover. Such insurance cover may be limited in respect of any one claim to an amount which is not less than £ [REDACTED]

[REDACTED] The Service Provider shall hold employer's liability insurance in respect of its employees in accordance with any legal requirements for the time being in force.

22.2 The Service Provider shall (unless otherwise agreed in writing at any time with the Treasury) have in effect by the Service Commencement Date and thereafter maintain fidelity insurance cover up to the sum of [REDACTED]

[REDACTED] in respect of theft, fraud, or dishonesty relative to its duties and obligations under this Contract and/or of any monies or instruments whilst in the custody or possession of the Service Provider or whilst in the custody or possession of any employee or agent of the Service Provider.


22.3 The Service Provider shall on request produce to the Treasury evidence confirming the existence and extent of the cover of its insurance policies under this Clause 22, together with evidence of the payment of the latest premiums due under such policies.

## 23. Termination

### Termination by the Treasury

23.1 The Treasury may at any time terminate this Contract by giving to the Service Provider notice in accordance with Clause 23.5, in any of the following circumstances:

- (a) the Service Provider is in Material Default and either the Material Default is not capable of remedy or the Service Provider has (within 20 Business Days of the Treasury serving notice upon the Service Provider requiring the Service Provider to do so) failed to remedy such Material Default and comply with its obligations under Clause 17 (Remedial Action) and/or Clause 19 (Contract Action Notices);
- (b) in any period of 3 months, there shall be more than 3 Contract Action Notices in existence and in respect of which:
  - (i) the events giving rise to the service of the relevant notices shall not have been remedied to the reasonable satisfaction of the Treasury Contract Manager;
  - (ii) the Service Provider is not complying with the relevant Contract Action Plans; and

- 
- (c) any of the following occur in relation to the Service Provider or a Parent of the Service Provider:
    - (i) the Service Provider or any Parent passes a resolution, or a court makes an order, that it be wound up otherwise than for the purpose of a bona fide reconstruction or amalgamation previously approved in writing by the Treasury;
    - (ii) a receiver, manager or administrator on behalf of a creditor is appointed in respect of its business or any part of its business;
    - (iii) circumstances arise which entitle a court or a creditor to appoint a receiver, manager or administrator or which entitle a court otherwise than for the purpose of a bona fide reconstruction or amalgamation previously approved in writing by the Treasury to make a winding-up order;
    - (iv) the Service Provider or Parent is unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986; or

- (v) any similar event occurs under the law of any other jurisdiction;
  - (d) (unless the Treasury has consented in writing in advance of such event occurring or taking place) either:
    - (i) (except where the Service Provider or relevant Parent is listed on any stock exchange) a Change of Control has taken place in relation to the Service Provider or any Parent; or
    - (ii) (where the Service Provider or relevant Parent is listed on any stock exchange) either:
      - (A) the Service Provider or such Parent has entered into negotiations with any third party in relation to an offer (within the meaning ascribed to such term by the City Code on Takeovers and Mergers) to be made by such third party for the shares in the Service Provider or such Parent; or
      - (B) an announcement would be required to be made pursuant to paragraphs (a), (b), (e) or (f) of Rule 2.2 of the City Code on Takeovers and Mergers if such person were a company listed on the Official List of the London Stock Exchange plc
- provided that the Treasury may impose as conditions for its consent such requirements as it (acting reasonably) thinks fit (including, but not limited to, the giving of a new Parent Company Guarantee and/or a bank guarantee in terms satisfactory to the Treasury for the performance of the Service Provider's obligations under this Contract) and the withholding of such consent shall in no circumstances be unreasonable to the extent that such conditions have not been fulfilled to the reasonable satisfaction of the Treasury;
- (e) a Parent withdraws or purports to withdraw the guarantee given pursuant to Clause 28 (Parent Company Guarantee) or;
  - (f) the Service Provider makes any public announcement or informs the Treasury that the Service Provider is no longer going to continue to provide services similar to the Services;
  - (g) in the circumstances referred to in Clause 26.3 (Industrial Action);
  - (h) in the circumstances referred to in Clause 28.2(b) (Parent Company

Guarantee);

- (i) material breach of Clause 35 (Confidentiality); or
- (j) in the circumstances referred to in Clauses 36.3 and 36.5 (Conduct of the Service Provider);
- (k) there is any material breach by the Service Provider of the Warranties;
- (l) a Force Majeure Event affecting the Service Provider has been in existence for more than 2 months and as a consequence (notwithstanding that the Business Continuity Plan may have been implemented) there has been a material adverse effect upon the provision of the Services; and/or
- (m) the Service Provider ceases to be authorised in accordance with Clause 33.2 to continue to provide the Services.

#### Termination by the Service Provider

23.2 The Service Provider may at any time terminate this Contract by giving to the Treasury notice in accordance with Clause 23.5, if:

- (a) the Treasury has failed to make payment of any Service Charge and such payments are at least 2 months overdue, provided that:
  - (i) such payment is not subject to a *bona fide* dispute;
  - (ii) such payment is not being withheld pursuant to Clause 20 (Withholding Contract Payments) or Clause 28 (Parent Company Guarantee);
  - (iii) at least 2 months before exercising such termination right, the Service Provider has given notice to the Treasury that it proposes to exercise such termination right; and
  - (iv) the Treasury has not remedied such failure within such 2 month period;or
- (b) a Force Majeure Event affecting the Treasury has been in existence for more than 2 months.

#### Limitation of Right to Terminate

- 23.3 Neither party shall be entitled to terminate this Contract if and to the extent that the grounds for such termination arise directly from their own Default.

#### Duty to Notify

- 23.4 Immediately upon becoming aware of the same, each party shall notify the other of the occurrence of any event which may give that other party the right to terminate this Contract.

#### Termination Notices

- 23.5 Both parties agree that any notice which is given to terminate this Contract (whether under this Clause 23 or otherwise) shall be such that the last day of the term of the Contract shall be a Saturday.

### **24. Exit Management Plan**

- 24.1 Not used

- 24.2 Not used

- 24.3 Not used

- 24.4 Upon termination of this Contract for whatever reason the Treasury and the Service Provider agree to comply with the requirements of the Exit Management Plan.

- 24.5 Prior to each anniversary of the Service Commencement Date, the Service Provider shall review the Exit Management Plan to identify the extent to which it is then appropriate and to identify any changes which should be made to the plan. The result of such review shall be discussed by the Contract Managers at the next meeting of the Contract Managers following each anniversary of the Service Commencement Date. If, within 1 month of the relevant Contract Managers' meeting, the parties fail to agree any revision to the Exit Management Plan, any dispute or disagreement in relation to the Exit Management Plan shall be resolved in accordance with Clause 37 (Dispute Resolution).

### **25. Post Termination and Hand Over Arrangements**

- 25.1 The Treasury and the Service Provider shall comply with their respective obligations set out in Schedule 10 (Hand Over Arrangements).

- 25.2 Not used

25.3 Not used

## **26. Industrial Action**

26.1 The Service Provider shall immediately inform the Client of any actual or potential industrial action, whether such action be by the employees of the Service Provider or of any Associate of the Service Provider or of any sub-contractor of the Service Provider (“Service Provider Industrial Action”), which affects or might affect its ability at any time to provide the Services in accordance with the requirements of the Contract.

26.2 In the event of Service Provider Industrial Action, the Service Provider shall submit to the Treasury proposals to ensure the continued provision of the Services.

26.3 If the Service Provider’s proposals referred to in Clause 26.2 are considered insufficient by the Treasury (acting reasonably) for securing the continued provision of the Services and Service Provider Industrial Action does in fact take place, then:

(a) at all times during the Service Provider Industrial Action, the Service Provider shall:

(i) use best endeavours to mitigate the effect of the Service Provider Industrial Action and to procure that the Services continue to be provided in accordance with the requirements of this Contract; and

(ii) co-operate with the Treasury and observe and perform all requirements of the Treasury in relation thereto; and

(b) if the Treasury (acting reasonably) considers that the effect of the Service Provider Industrial Action (notwithstanding that the Service Provider may have complied with its obligations under paragraph (a) above) is such that it is having a material adverse effect upon the provision of the Services in accordance with the terms of this Contract, then the Treasury may terminate the Contract.

26.4 Nothing in this Clause 26 relieves the Service Provider of any of its obligations to provide the Services in accordance with this Contract.

## **27. Force Majeure**

27.1 To the extent that a party can demonstrate, to the reasonable satisfaction of the other party, that the circumstances which give rise to (or which would but for this Clause 27

give rise to) a Default by the first mentioned party are attributable to a Force Majeure Event, then that party's obligations under this Contract shall, during the continuation of the Force Majeure Event, be read and construed, for the purpose of assessing whether a Default of this Contract has occurred, as an obligation to comply with such obligations to the greatest extent reasonably achievable in the circumstances of the Force Majeure Event.

27.2 Not used

27.3 Where there is a Force Majeure Event occurring which affects the ability of the Service Provider to perform its obligations, the Service Charge in respect of obligations affected shall be reduced in order to reflect the extent and standard to which such obligations are actually being performed and, consequently, the Service Provider shall allow to the Treasury an appropriate rebate on any of the Service Charge already paid in respect of the period during which the Force Majeure Event continues.

27.4 Each party shall be wholly responsible for its own costs and expenses of completing the obligations under the Contract or reinstating the provision of all the Services (as appropriate) following the ending of the suspension of the Services, or any of them, arising as a result of a Force Majeure Event in relation to that party.

27.5 Neither party shall be entitled to invoke the provisions of this Clause 27 unless it fully performs the following obligations, namely:

- (a) as soon as reasonably practicable after becoming aware of any Force Majeure Event which gives rise, or which is likely to give rise, to a Default, the relevant party notifies the other of the occurrence, or likely occurrence, of the Force Majeure Event, giving:
  - (i) details of the Force Majeure Event;
  - (ii) (if reasonably possible) a reasonable estimate of the period for which such Default is, or may be, anticipated to continue; and
  - (iii) an outline of the remedial actions which the relevant party intends to undertake to deal with the Force Majeure Event;
- (b) where practicable, given the nature and severity of the Force Majeure Event, and if requested by the other party, the relevant party uses its best endeavours to arrange a meeting with the other party for the purpose of demonstrating that



the circumstances giving rise to the relevant Default are attributable to a Force Majeure Event; and

- (c) it takes all reasonable steps to prevent, avoid, overcome and mitigate the effects of such Force Majeure Event.

27.6 Nothing in this Clause 27 shall:

- (a) relieve the Service Provider of any obligations it has under this Contract which it could have performed if it had implemented the Business Continuity Plan in accordance with Clause 16 (Business Continuity Plan) to the greatest extent reasonably achievable in the circumstances of the Force Majeure Event; or
- (b) affect either party's ability to terminate this Contract in accordance with the provisions of this Contract.

## 28. Parent Company Guarantees

28.1 The Service Provider shall procure at its own cost that the guarantee for the performance of this Contract by the Service Provider in the form of the Parent Company Guarantee provided by the ultimate Parent of the Service Provider remains valid, binding and enforceable until all of the obligations guaranteed therein have been discharged.

28.2 In the event that the Service Provider fails to comply with Clause 28.1, then:

- (a) the Treasury will not be obliged to make any payments under this Contract until the Service Provider has complied with Clause 28.1; and
- (b) the Treasury may terminate this Contract with immediate effect and, in such event:
  - (i) the Service Provider shall within 10 Business Days of such termination repay to the Treasury all sums received by it under the terms of this Contract; and
  - (ii) the Treasury shall not be liable to make any further payments to the Service Provider in respect of this Contract.

## 29. Variations and Change Control

- 29.1 This Contract may only be varied or amended by the written agreement of both parties, such agreement to be signed on behalf of the respective parties by the Treasury Contract Manager and by the Service Provider Contract Manager and no such variation or amendment shall be binding on the parties until both Contract Managers have so authorised such variation or amendment.
- 29.2 At any time the Treasury may require or the Service Provider may recommend a Service Variation and the process for agreeing any Service Variation shall be as set out in Schedule 12 (Contract Change Control Procedures).
- 29.3 The Treasury shall be entitled to refuse any recommendation by the Service Provider for a Service Variation. Where the Treasury requires a Service Variation to be implemented and the parties are unable to agree upon the terms of such Service Variation, such terms shall be resolved in accordance with Clause 37 (Dispute Resolution). Before requiring a Service Variation to be implemented, the Treasury shall consult reasonably with the Service Provider over the terms of the variation and shall further ensure that any such Service Variation does not impose unreasonable demands (in terms of capability and timescales) upon the Service Provider.
- 29.4 If the Service Provider will incur additional costs and expenses as a result of investigating and costing the implications of a proposed Service Variation requested by the Treasury, then the Treasury shall be responsible for paying such reasonable costs and expenses but only to the extent that they are incurred in accordance with a budget previously agreed with, and authorised in writing by, the Treasury. The Service Provider shall provide the Treasury with such evidence as the Treasury may reasonably require to enable it to agree such amounts and to justify all such costs and expenses actually claimed by the Service Provider.
- 29.5 For each Service Variation which is agreed between the parties or required to be implemented by the Treasury:
- (a) this Contract shall be varied in accordance with Clause 29.1 to the extent necessary to give effect to such Service Variation; and
  - (b) the Service Provider shall:
    - (i) promptly incorporate the approved Service Variation in the Specification and in any other documentation in which the Service Variation calls for modifications;
    - (ii) promptly provide the Treasury with revised copies of the Specification and such other documentation; and

- (iii) implement such Service Variation in the manner and to the timescales which have been agreed between the parties.

- 29.6 The Service Provider shall in an efficient and timely manner provide to the Treasury such supporting and explanatory information as the Treasury may reasonably consider to be necessary for the purpose of reviewing the reasonableness of any pricing proposals made by the Service Provider in connection with any proposed change to the Services or any part of the Services.
- 29.7 Until such time as a variation has been agreed in accordance with Clause 29.1, the Service Provider shall (unless the Treasury otherwise agrees in writing) continue to provide the Services as if the request for a change had never been made.
- 29.8 The Service Provider shall not be obliged to carry out any work in connection with a proposed Service Variation which has not been authorised in writing by the Treasury. If any such work is undertaken by the Service Provider and/or its sub-contractors in advance of the relevant Service Variation being agreed in accordance with this Clause, it shall be undertaken entirely at the expense and liability of the Service Provider.

### **30. Warranties and Representations**

- 30.1 The Service Provider warrants to the Treasury as of the Commencement Date, in the terms set out in Schedule 13 (Warranties).
- 30.2 Each of the Warranties shall be construed as a separate and independent warranty, representation or undertaking (as the case may be) to the intent that a separate claim and right of action shall arise in respect of each breach of any Warranty. Save as expressly provided in this Contract, none of the Warranties shall be limited by any other Warranty or anything in this Contract.
- 30.3 The Service Provider acknowledges that the Treasury is, in entering into this Contract, relying on the Warranties set out in Schedule 13.

### **31. Provision of Information in Readiness for Termination**

- 31.1 In respect of any proposed Termination Transfer, the Treasury shall (as soon as reasonably practicable after becoming aware of the likely occurrence of the same) notify the Service Provider of the nature of the proposed Termination Transfer and the proposed Termination Information Date. The Treasury shall further:
- (a) notify the Service Provider of any change to such nature or date as soon as reasonably practicable after becoming aware of any such change; and

- (b) shall in advance of the relevant date occurring confirm:
  - (i) the relevant date on which such responses are to be finalised; and
  - (ii) the proposed date of the relevant Termination Transfer.

#### Finalisation of Information Responses

- 31.2 The Information Responses shall be provided by the Service Provider to the Treasury on the relevant Termination Information Date.
- 31.3 At least one month in advance of any proposed Termination Information Date, the Service Provider shall provide the Treasury with a draft of the Information Responses which the Service Provider proposes to deliver to the Treasury in accordance with Clause 31.2. If between providing such draft and the Termination Information Date there shall be any material change to the draft Information Responses then the Service Provider shall update such draft to the date on which the relevant update is provided.
- 31.4 The Service Provider undertakes that:
- (a) the Information Responses shall be true and accurate in all material respects and that they shall be complete and not misleading; and
  - (b) shall be reasonably specific so that the implications of them are reasonably capable of being assessed by the Treasury.
- 31.5 The Service Provider acknowledges that the Treasury will be relying on the Information Responses in deciding whether, and if so on what terms, to enter into an agreement for a Successor Provider to provide the Services (or their equivalent or any part thereof).

#### Obligations between the Termination Information Date and Termination

- 31.6 Between the Termination Information Date and the relevant Termination Transfer, the Service Provider shall not and shall procure that each of its Associates shall not (unless otherwise agreed in advance by the Treasury or in pursuance of a legally binding obligation (details of which are contained in the relevant Information Response) do or omit to do anything which would cause the Service Provider to need to change the Information Responses if they were given on the date of Termination Transfer but on the basis that any express or implied reference to the Termination Information Date is replaced by a reference to the date of the Termination Transfer.

## 32. Assignment and Sub-Contracting

### Assignment and Sub-contracting by the Service Provider

- 32.1 Subject to Clause 32.4, the Service Provider shall not, without the prior written consent of the Treasury:
- (a) assign any or all of the benefit of this Contract; or
  - (b) appoint any sub-contractor in relation to the performance of the Service Provider's obligations under this Contract.
- 32.2 For the avoidance of doubt, the performance or proposed performance of any of the Service Provider's obligations under this Contract by an Associate of the Service Provider shall constitute the appointment or proposed appointment (as the case may be) of a sub-contractor for the purposes of Clause 32.1.
- 32.3 The grant or withholding of any consent, required by Clause 32.1, shall be at the absolute discretion of the Treasury and, if granted, may be subject to such conditions as the Treasury in its absolute discretion thinks fit.

### Permitted Sub-contractors

- 32.4 Notwithstanding Clause 32.1 but subject to Clause 32.5, the Service Provider shall be entitled to appoint as a sub-contractor:
- (a) any of its Associates;
  - (b) any of the persons whose details are set out in Schedule 15 (Approved Sub-contractors); and/or
  - (c) any other person who in the Service Provider's reasonable opinion (after having carried out an investigation into such person) is an appropriate and suitable person to provide the relevant services provided that such appointment is made in the ordinary course of business and the relevant services do not constitute or relate to a material part of the Services

provided that:

- (i) in the case of the subcontracting arrangements referred to in Schedule 15 with Reliance Security Services Limited, Royal Bank of Scotland plc, Swift and the Bank of England, the Treasury shall be entitled to review such arrangements

and make comments to the Service Provider in relation to such arrangements which the Service Provider shall take reasonable account of; and

- (ii) in the case of other subcontracting arrangements the Treasury has first approved (such approval not to be unreasonably withheld or delayed) the terms of any such subcontracting arrangement.

32.5 In the event that any person is appointed as a sub-contractor in relation to the Services and such person is at the time of such appointment an Associate of the Service Provider but subsequently ceases to be an Associate of the Service Provider, then the Service Provider shall procure that the appointment of such person as a sub-contractor shall be terminated or the sub-contract relating to such person shall be transferred to another Associate of the Service Provider prior to such person ceasing to be an Associate of the Service Provider (unless the Treasury dispenses with any such requirement by notice in writing to the Service Provider).

#### Terms of Appointment of Sub-contractors

32.6 The Service Provider shall ensure that all contracts entered into by the Service Provider with sub-contractors in relation to or for the purposes of enabling the Service Provider to provide the Services shall be entered into:

- (a) on arm's length terms; and
- (b) on the best terms reasonably obtainable at the time

and where they have been subject to the prior approval of the Treasury are not subsequently altered without the approval (such approval not to be unreasonably withheld or delayed) of the Treasury.

32.7 Notwithstanding Clause 32.6, the Service Provider shall procure that the terms of the appointment of any sub-contractor in relation to or for the purposes of enabling the Service Provider to provide the Services (other than the terms of appointment of the persons whose details are set out in Schedule 15 (Approved Sub-contractors)) shall be such that:

- (a) the sub-contractor shall be subject to (and the Treasury shall have the benefit of and be capable of enforcing) the rights of the Treasury applied *mutatis mutandis* set out in:
  - (i) Clause 11 (Records, Audit and Inspection);

- (ii) this Clause 32;
  - (iii) Clause 34 (Confidentiality); and
  - (iv) Clause 36 (Conduct of the Service Provider); and
- (b) they include a provision (in such form as the Treasury may from time to time reasonably require) entitling the Treasury and the Service Provider severally to require the parties to any such contract to novate (with effect from Termination Transfer) the rights and (to the extent arising after Termination Transfer) the obligations of the Service Provider under the relevant contract in favour of the Treasury (or such other person as the Treasury may direct).

#### Miscellaneous Provisions relating to Sub-contractors

- 32.8 The Service Provider shall supply the Treasury with details of the terms of the appointment of any sub-contractor on demand.
- 32.9 The appointment of any sub-contractor shall not relieve the Service Provider from any liability under this Contract and, notwithstanding any other provision in this Contract, the Service Provider will remain solely responsible and liable to the Treasury for the performance of the obligations and functions and the provision of the services to be performed or provided by any sub-contractor to the same extent as if those obligations, functions or services were to be performed or provided by the Service Provider.

#### Assignment and Novation by the Treasury

- 32.10 The Treasury shall not be entitled to assign, novate or otherwise dispose of its rights and obligations under this Contract or any part thereof other than to any other department or body forming a part of the Crown.
- 32.11 The Service Provider shall within 10 Business Days of any written request by the Treasury execute one or more novation agreements in a form reasonably acceptable to each of the parties, by which the Treasury may transfer all, or such part as may be specified, of its rights and obligations under this Contract to such party as it is permitted to do so under Clause 32.10.

### 33. Compliance with Law

#### General Compliance

- 33.1 The Service Provider shall at all times during the continuance of this Contract comply with all Legislation and Guidance applying to the provision of the Services.

#### Authorisation

- 33.2 The Service Provider shall prior to the Commencement Date obtain, and at all times thereafter during the continuation of the Contract maintain, all authorisations, permits or licences required to be obtained from any Regulator in order to enable the Service Provider lawfully to provide the Services in accordance with this Contract.

#### Prevention of Money Laundering

- 33.3 The Service Provider shall at all times in providing the Services and in relation to any of its other activities undertaken in relation to the subject matter of this Contract comply with the provisions of the Proceeds of Crime Act 2002 and Money Laundering Regulations 2007 and any other Legislation relating to the prevention of money laundering and/or the handling of the proceeds of crime.

#### Compliance with Value Added Tax and Other Tax Requirements

- 33.4 The Service Provider shall at all times comply with the Value Added Tax Act 1994 and all other statutes relating to direct or indirect taxes.
- 33.5 The Service Provider shall furnish to the Treasury the name, and if applicable, the value added tax registration number of any agent, supplier or sub-contractor of the Service Provider prior to the commencement of any work in relation to the subject matter of this Contract by that agent, supplier or sub-contractor. Upon a reasonable request by the Treasury, the Service Provider shall not employ or will cease immediately to employ any agent, supplier or sub-contractor.

#### No Discrimination

- 33.6 The Service Provider shall not throughout the duration of this Contract unlawfully discriminate within the meaning and scope of the Sex Discrimination Act 1975, Race Relations Act 1976, Disability Discrimination Act 1995, Part-time Workers (Prevention of Less Favourable Treatment) Regulations 2000, Fixed-term Employees (Prevention of Less Favourable Treatment) Regulations 2002, Employment Equality (Sexual Orientation) Regulations 2003, Employment Equality (Religion or Belief) Regulations 2003, Employment Equality (Age) Regulations 2006 and Equality Act 2006.



- 33.7 The Service Provider shall take all reasonable steps to ensure the observance of the provisions of Clause 33.6 by all employees, servants, agents, consultants and sub-contractors of the Service Provider.

#### National Minimum Wage

- 33.8 The Service Provider shall ensure that, where appropriate, staff employed by it and any of its sub-contractors are paid at least the national minimum wage in accordance with the National Minimum Wage Act 1998.

#### Human Rights Act

- 33.9 The Service Provider shall (and shall use all reasonable endeavours to procure that its employees, servants, agents, consultants and sub-contractors shall) at all times comply with the provisions of the Human Rights Act 1998 in the execution and operation of this Contract.

#### Information Requests

- 33.10 The Service Provider acknowledges that the Treasury is subject to the requirements of the Code of Practice on Government Information, the Freedom of Information Act and the Environmental Information Regulations and shall assist and cooperate with the Treasury to enable the Treasury to comply with its information disclosure obligations.
- 33.11 The Service Provider shall and shall procure that its sub-contractors shall:
- (a) transfer to the Treasury all requests for information that it receives as soon as practicable and in any event within five Business Days of receiving a Request for Information;
  - (b) provide the Treasury with a copy of all information in its possession, or power in the form that the Treasury requires within ten Business Days (or such other period as the Treasury may specify) of the Treasury's request; and
  - (c) provide all necessary assistance as reasonably requested by the Treasury to enable the Treasury to respond to the Request for Information within the time for compliance set out in section 10 of the Freedom of Information Act or regulation 5 of the Environmental Information Regulations.
- 33.12 In no event shall the Service Provider respond directly to a Request for Information unless expressly authorised to do so by the Treasury.

33.13 The Service Provider acknowledges that (notwithstanding the provisions of Clause 34) the Treasury may, acting in accordance with the Code of Practice on the Discharge of the Functions of Public Authorities under Part 1 of the Freedom of Information Act 2000 (the "Code"), be obliged under the Freedom of Information Act, or the Environmental Information Regulations to disclose information concerning the Service Provider or the Services:

- (a) in certain circumstances without consulting the Service Provider; or
- (b) following consultation with the Service Provider and having taken their views into account;

provided always that where Clause 33.13(a) applies the Treasury shall, in accordance with any recommendations of the Code and also having regard to Clauses 33.16 and 33.17, take reasonable steps, where appropriate, to give the Service Provider advanced notice, or failing that, to draw the disclosure to the Service Provider's attention after any such disclosure.

#### Health and Safety

33.14 The Service Provider shall take all necessary measures to comply with the requirements of the Health and Safety at Work, etc. Act 1974 and any other Legislation or Guidance relating to health and safety which may apply to staff in the performance of this Contract.

33.15 The Service Provider shall ensure that its health and safety policy statement (as required by the Health and Safety at Work, etc. Act 1974) is made available to the Treasury upon request.

#### Commercially sensitive information

33.16 The Treasury shall be responsible for determining in its absolute discretion and notwithstanding any other provision in this Agreement or any other agreement whether any commercially sensitive information and/or any other information is exempt from disclosure in accordance with the provisions of the Freedom of Information Act or the Environmental Information Regulations. For the purposes of this clause, commercially sensitive information shall include Service Charges the Service Provider's Intellectual Property Rights and the Business Continuity Plan (to preserve business security).

33.17 The Service Provider acknowledges that the commercially sensitive information listed in Clause 33.16 is of indicative value only and that the Treasury may be obliged to disclose it in accordance with this Clause 33.

**34. Confidentiality**

- 34.1 The Service Provider undertakes to comply with (and procure that its Associates, employees, agents and sub-contractors comply with) the provisions of:
- (a) the Official Secrets Acts 1911 to 1989; and
  - (b) section 182 of the Finance Act 1989.
- 34.2 The Service Provider may only disclose the Treasury's Confidential Information to Personnel who are directly involved in the provision of the Services and who need to know the information, and shall ensure that such Personnel are aware of and shall comply with these obligations as to confidentiality.
- 34.3 In addition to and without prejudice to Clauses 34.1 and 34.2, each party hereby undertakes that:
- (a) it shall (and undertakes to procure that every Associate, employee, servant, agent, consultant and sub-contractor employed or engaged by the relevant party in connection with this Contract shall):
    - (i) use Confidential Information of the other party only for the purposes of this Contract; and
    - (ii) not disclose any Confidential Information of the other party to any third party without the prior written consent of that other party; and
  - (b) it shall take all necessary precautions to ensure that all Confidential Information of the other party is treated as confidential and not disclosed or used (other than for the purposes of this Contract) by its employees, servants, agents, consultants or sub-contractors.
- 34.4 Where it is in the opinion of the Treasury necessary, the Service Provider shall procure that any employee, servant, agent, consultant or sub-contractor of the Service Provider shall enter into a confidentiality undertaking in substantially the same terms as is set out in this Clause 34 before commencing work in connection with the Services.
- 34.5 The provisions of Clause 34.3 shall not apply to any information which:
- (a) is or becomes public knowledge other than by breach of this Clause 34;

- (b) is in the possession of the receiving party, without restriction upon disclosure to third parties, before the date of receipt from the disclosing party;
- (c) is received from a third party who lawfully acquired it and who is under no obligation restricting its disclosure;
- (d) is independently developed without access to any Confidential Information;
- (e) is required to be disclosed:
  - (i) by law (including, but not limited to, the Freedom of Information Act, the Environmental Information Regulations and the Code of Practice on Access to Government Information);
  - (ii) by any Regulator to which either party is subject;
  - (iii) by the CREST Requirements to CRESTCo or any other Operator (as defined in the CREST Regulations) or to any other person as CRESTCo or any such other Operator may direct; or
  - (iv) to any person referred to in Clauses 39.11 or 39.12 to enable them to enforce the benefit of any provision of this Contract by virtue of the Contracts (Rights of Third Parties) Act 1999

but in each case only to the extent that such disclosure is so required.

34.6 Nothing in this Clause 34 shall prevent the Service Provider (or any Associate of the Service Provider) from lawful holding or dealing in Stock.

34.7 Nothing in this Clause 34 shall prevent the Treasury from disclosing any Confidential Information obtained from the Service Provider:

- (a) to any part of the Crown, to a Contracting Authority and/or to any consultant, service provider, or other person engaged by the Treasury or any person conducting an Office of Government Commerce gateway review in connection with this Contract, provided that the Treasury procures that such part of the Crown and/or all such persons comply with the Treasury's obligations under this Clause 34 in respect of any such Confidential Information disclosed to them;

- (b) to the National Audit Office or any other person charged with the supervision of the activities of the Treasury and their employees, servants, agents and consultants;
  - (c) for any examination pursuant to Section 6(1) of the National Audit Act 1983 of the economy, efficiency and effectiveness with which the Treasury has used its resources;
  - (d) in response to a question in Parliament;
  - (e) for the purpose of the examination and certification of the Treasury's accounts;
  - (f) where such information concerns the overall volume, value and/or duration of the Services to be provided under this Contract; or
  - (g) where it is reasonably necessary to disclose such information to any Successor Provider or any potential Successor Provider.
- 34.8 The Treasury shall use all reasonable endeavours to ensure that any government department, Contracting Authority, employee, third party or Sub-contractor to whom the Service Provider's Confidential Information is disclosed pursuant to Clause 34.7 is made aware of the Treasury's obligations of confidentiality.
- 34.9 The Service Provider acknowledges that any Confidential Information relating to the Treasury which was or is obtained by the Service Provider in the course of tendering or preparing for and/or in connection with the establishment or performance of this Contract is and shall remain the property of the Treasury.
- 34.10 Subject to Clause 12, nothing in this Clause 34 shall prevent either party from using any techniques, ideas or know-how gained during the performance of the Agreement in the course of its normal business to the extent that this use does not result in a disclosure of the other party's Confidential Information or an infringement of the other party's Intellectual Property Rights.

## **35. Publicity**

- 35.1 The Service Provider shall not and shall procure that any Parent of it and all its Associates, employees, servants, agents, consultants and sub-contractors shall neither:
- (a) make any public statement relating to the existence or performance of the Contract; nor

- (b) issue any press release, advertising or other promotional material which includes reference to the operation of this Contract or the provision of the Services

except in either case with the prior written consent of the Treasury, which shall not be unreasonably withheld.

- 35.2 The Service Provider acknowledges that nothing in this Contract either expressly or by implication constitutes an endorsement by the Treasury of any services provided by the Service Provider, and the Service Provider agrees not to conduct itself in such a way as to imply or express any such approval or endorsement.

### **36. Conduct of the Service Provider**

#### Conflict of Interest and Reputation of the Treasury

- 36.1 In providing the Services, the Service Provider shall (and shall take all reasonable steps to ensure that its officers, employees, agents, consultants and sub-contractors shall):

- (a) neither:
  - (i) do any act or thing nor permit any situation to arise whereby either:
    - (A) a conflict or a potential conflict arises or may arise between the interests of the Treasury and the interests of the Service Provider;
    - (B) the Treasury is brought into disrepute; and/or
    - (C) the Service Provider's reputation would be damaged in such a way as to make it unsuitable to provide the Services under this Contract,
  - (ii) solicit nor accept bribes, commissions or other financial inducements from any person in relation to the Services; and
- (b) ensure that it promotes the Treasury's interests in accordance with best commercial practice.

- 36.2 If the Treasury has reasonable grounds for believing that the Service Provider is in breach of the provisions of Clause 36.1, the Treasury shall:

- (a) give notice to the Service Provider of its belief and give details of the breach it believes to have occurred; and
- (b) permit the Service Provider a reasonable amount of time in which to make representations to the Treasury as to the position.

36.3 The Treasury shall only be entitled to terminate this Contract in accordance with Clause 23.1(j) for breach of Clause 36.1 if, having complied with Clause 36.2, it still considers it has such reasonable grounds for such belief.

#### Corrupt Gifts and Payments of Commission to the Treasury

36.4 The Service Provider shall (and shall procure that its Associates, employees, servants, agents, consultants and sub-contractors shall) neither:

- (a) offer or give, or agree to give, to any employee or representative of the Treasury any gift or consideration of any kind as an inducement or reward for doing, refraining from doing, or for having done or refrained from doing, any act in relation to the award, signing or performance of this Contract or any other contract with the Crown, or for showing or refraining from showing favour or disfavour to any person in relation to any such contract; nor
- (b) in any other circumstances (except with the Treasury's prior written approval):
  - (i) offer or give, or agree to give, to any employee or representative of the Treasury any gift or consideration of any kind;
  - (ii) favour any employee or representative of the Treasury with gifts or entertainment of significant cost or value; nor
  - (iii) enter into any business arrangement with employees or representatives of the Treasury other than as a representative of the Treasury.

36.5 Where the Service Provider or its Associates, employees, servants, agents, consultants or sub-contractors or any other person acting on the Service Provider's behalf:

- (a) commits an offence under the Prevention of Corruption Acts 1889 to 1916 or any other legislation relevant to this Contract or any other contract with the Crown; or
- (b) is in breach of Clause 36.4

the Treasury may (in addition to any other rights it may have):

- (i) terminate the Contract with immediate effect;
- (ii) recover from the Service Provider the amount or value of any such gift or consideration.

36.6 In exercising its rights or remedies under Clause 36.5, the Treasury shall:

- (a) act in a reasonable and proportionate manner having regard to such matters as the gravity of, and the identity of the person performing the prohibited act; and
- (b) give all due consideration, where appropriate, to action other than termination of the Contract.

36.7 The Treasury may exercise its rights under Clause 11 (Records, Audit and Inspection) for the purpose of auditing any and all such records of, or under the control of, the Service Provider necessary to confirm compliance with Clause 36.4 at any time during the continuance of this Contract and during the six year period following the termination or expiry of this Contract.

#### No Solicitation

36.8 The Service Provider shall not:

- (a) during the term of this Contract and for a period of 12 months beginning with the termination or expiry of this Contract, directly or indirectly solicit or endeavour to entice away from the Treasury any employee of the Treasury known to the Service Provider through its dealings with the Treasury in relation to the Services and/or this Contract; nor
- (b) for a period of 12 months following a termination of any part of the Services and a transfer of that part of the Services (or their equivalent) to a Successor Provider, directly or indirectly solicit or endeavour to entice away from the Successor Provider any Termination Transfer Employee whose employment contract has transferred to the Successor Provider on the relevant transfer nor any employee of the Successor Provider known to the Service Provider through its dealings with the Successor Provider in relation to the handover of that part of the Services (or their equivalent).

### 37. Dispute Resolution



- 37.1 All disputes between the parties arising out of, or relating to, this Contract shall be referred, by either party, to the Contract Managers for resolution.
- 37.2 If any dispute cannot be resolved by the Contract Managers within a maximum of 14 days after it has been referred under Clause 37.1, that dispute shall be referred to the Senior Representatives for resolution. The parties shall procure that the Senior Representatives meet to consider the dispute within 14 days of it being referred to them.
- 37.3 If the dispute is not resolved pursuant to Clause 37.2, either party may (at the relevant meeting or within 14 days of its conclusion) propose to the other in writing that structured negotiations be entered into with the assistance of a neutral adviser or mediator (the "Neutral Adviser") before resorting to litigation.
- 37.4 If the Parties are unable to agree on a Neutral Adviser, or if the Neutral Adviser agreed upon is or becomes unable or unwilling to act, any party may within 21 days from the date of the proposal to appoint a Neutral Adviser or within 21 days of notice to any party that the Neutral Adviser is unable or unwilling to act, apply to the Centre for Dispute Resolution ("CEDR") in London to appoint a Neutral Adviser. The parties shall bear the Neutral Adviser's fees and expenses equally.
- 37.5 Within 28 days of the appointment of the Neutral Adviser, the parties will meet with him/her in order to agree a programme for the exchange of any relevant information and the structure to be adopted for the negotiation. In the absence of agreement, the parties shall as far as possible adopt the CEDR Model Mediation Procedure.
- 37.6 All negotiations connected with the dispute will be:
- (a) conducted in complete confidence and the parties undertake not to divulge details of such negotiations except to its professional advisers, who will also be subject to such confidentiality; and
  - (b) without prejudice to the rights of the parties in any future proceedings.
- 37.7 If the parties accept the Neutral Adviser's recommendations or otherwise reach agreement on the resolution of the dispute, such agreement shall be recorded in writing and, once it is signed by both Senior Representatives, shall be final and binding on the parties.
- 37.8 If, having complied with the preceding provisions of this Clause 37, the parties fail to reach agreement, either of the parties may invite the Neutral Adviser to provide a non-binding but informative opinion in writing as to the merits of the dispute and the rights

and obligations of the parties. Such opinion will be provided on a without prejudice basis and will be private and confidential to the parties and may not (without the prior written consent of the parties and the Neutral Adviser) be used in evidence in any proceedings commenced pursuant to the terms of this Contract.

- 37.9 If the parties fail to reach agreement in the structured negotiations within 45 days of the Neutral Adviser being appointed, each party shall, after the expiry of such period (and not before), be entitled to refer any dispute or difference to litigation.
- 37.10 Nothing contained in this Clause 37 shall restrict either party's freedom to commence legal proceedings to preserve or protect any legal right or remedy in respect of any proprietary or trade secret right.
- 37.11 Notwithstanding the existence of a dispute, the Service Provider shall, unless otherwise required by the Treasury, diligently continue with the provision of the Services in accordance with the requirements set out in this Contract.

### 38. Notices

- 38.1 Except as otherwise expressly provided, no notice or communication from one party to the other shall have any validity under this Contract unless made in writing by or on behalf of the party giving such notice.
- 38.2 Any notice or other communication whatsoever which either party is required or authorised by this Contract to give or make to the other shall be given or made either by letter delivered by hand or by first-class post, or by facsimile transmission, confirmed by first-class post, addressed to the other party at the address and marked for the attention of the person specified below for each party:

The Treasury

Debt and Reserves Management Team  
1 Horse Guards Road  
London SW1A 2HQ

Facsimile number: [REDACTED]

For the attention of: [REDACTED] (with a copy to Sarah Tebbutt)

or (to the extent that the relevant notice or other communication is any court papers)


Treasury Solicitor

28 Broadway  
London SW1H 9JS

For the attention of: The Treasury Solicitor (with  
a copy sent to Sarah Tebbutt at the Debt and  
Reserves Management Team's address above)

The Service Provider

Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol  
BS13 8AE

Facsimile number: 

For the attention of: Kevin Firth, Business  
Services Director

- 38.3 Any notice or communication delivered in accordance with this Clause 38 shall be deemed for the purposes of this Contract to have been given or made (for a letter delivered by hand) upon delivery to the addressee, (for a letter delivered by post) on the second Business Day after posting or (for a facsimile transmission) on receipt of a confirmation of transmission.
- 38.4 Either party may change its address for service, number for facsimile transmission or the person for whose attention any notice or communication is to be marked by giving notice as provided in this Clause 38, provided that any address to which such address is changed relates to a place in the United Kingdom.

### 39. General

#### Entire Agreement

- 39.1 All the terms of the agreement between the parties in relation to the Services are set out in this Contract and the other agreements and documents referred to in this Contract and all other terms, conditions, indemnities and warranties, whether express or implied, statutory or otherwise, and all representations (save in respect of fraudulent misrepresentations) whether made orally or in writing are excluded save to the extent that the same appear in this Contract (or such other agreements and documents) or are specifically agreed hereafter in writing by the parties.

39.2 This Contract constitutes the whole and only agreement between the parties relating to the Services and except to the extent repeated in this Contract, supersedes and extinguishes any prior drafts, agreements, undertakings, representations, warranties and arrangements of any nature whatsoever, whether or not in writing, relating to the Services. For the avoidance of doubt this Contract supersedes the arrangements between the parties previously recorded in a letter agreement dated 23 March 2004. Such letter agreement shall have no further effect.

39.3 Neither party has relied on any warranty or representation of any party (except for the Warranties) and each party irrevocably and unconditionally waives any right it may have to claim damages for any misrepresentation or breach of any warranty not contained in this Contract and/or to rescind this Contract unless such misrepresentation or warranty was made fraudulently.

#### Relationship of the Parties

39.4 Nothing contained in this Contract shall constitute or be deemed to constitute a partnership and none of the parties shall be, or be construed to be, the agent of any of the other parties for any purpose or to have any authority to bind or incur any liability on behalf of any of the other parties, except as otherwise expressly provided in this Agreement.

39.5 The Service Provider confirms that it is entering into this Contract as principal and not as agent for any other person.

#### Set Off

39.6 If any sum of money shall be due from the Service Provider to the Treasury or the Crown under this Contract, the same may be deducted from any sum then due, or which at any time thereafter may become due, to the Service Provider under this Contract.

#### Euro

39.7 Any legislative requirement to account for the goods or services in Euro, instead of and/or in addition to Sterling, shall be implemented by the Service Provider at no charge to the Treasury.

39.8 The Treasury shall provide the Service Provider with all reasonable assistance to facilitate such changes.

#### Costs and Expenses

- 39.9 Each party shall be responsible for all its own costs and expenses in connection with the negotiation, preparation and execution of, and its own performance of its obligations under, this Contract and all matters contemplated by this Contract.

#### Third Party Rights

- 39.10 Subject to the provisions of Clauses 39.11 and 39.12, no term of this Contract is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person (including without limitation any employee, officer, agent, representative or sub-contractor of the Service Provider or the Treasury) who is not party to this Agreement.
- 39.11 The Crown shall be entitled to enforce the provisions of Clauses 12 (Intellectual Property) and 13 (Intellectual Property Indemnity), notwithstanding that it is not a party to this Contract.
- 39.12 A Successor Provider and its Associates shall be entitled to enforce the provisions of Clauses 36.8(b) and paragraphs 3.6, 5.4 and 5.5 of Schedule 10 (Hand Over Arrangements), notwithstanding that they are not parties to this Contract.
- 39.13 This Contract may be varied by the parties whether in accordance with Clause 29 (Variations and Change Control) or otherwise even though such variation has not been agreed to by any person entitled to the benefit of this Contract, or any provision of this Contract, by virtue of the Contracts (Rights of Third Parties) Act 1999.

#### Severability

- 39.14 If any provision of this Contract or any part of any provision of this Contract is held to be invalid, unlawful or unenforceable, such provision or part (as the case may be) shall be ineffective only to the extent of such invalidity, unlawfulness or unenforceability and shall not prejudice or affect the remainder of such provision or any other provision of this Contract.
- 39.15 In the event that any provision of this Contract or any part of any provision of this Contract is held to be invalid and such a holding of invalidity relates to a provision (or part of a provision) of this Contract which is so fundamental so that such holding of invalidity would prevent the accomplishment of the purpose of the Contract, the parties shall immediately commence negotiations in good faith to remedy the invalidity.

#### No Waiver

- 39.16 No failure or delay by any party in exercising any right, power or privilege under this Contract shall impair such right, power or privilege or be construed as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege.
- 39.17 Without prejudice to the generality of Clause 39.16:
- (a) no payment made by the Treasury shall indicate or be taken to indicate the Treasury's acceptance or approval of any part of the Services or any act or omission of the Service Provider or shall absolve the Service Provider from any obligation or liability imposed upon the Service Provider under this Contract; and
  - (b) any payments made by the Treasury under this Contract, including the final payment under this Contract, shall not prevent the Treasury from recovering any amount overpaid or wrongfully paid including, but not limited to, payments made to the Service Provider by mistake of law or fact.
- 39.18 For the avoidance of doubt, the giving by the Treasury of a notice pursuant to Clauses 2.4 or 2.5 shall not constitute a waiver of any rights the Treasury may have against the Service Provider in respect of the Service Provider's compliance with the terms of this Contract.
- 39.19 No waiver of any of the provisions of this Contract shall be effective unless it is expressly stated to be a waiver and communicated to the other party in writing.

#### Remedies Cumulative

- 39.20 Except as otherwise expressly provided by this Contract, all remedies available to either party for breach of this Contract are cumulative and not exclusive of any rights and remedies provided by law and all such remedies may be exercised concurrently or separately, and the exercise of any one remedy shall not be deemed an election of such remedy to the exclusion of other remedies.

#### Further Assurance

- 39.21 Each party shall from time to time at the request of the other party do such acts and things and execute such documents as may reasonably be required by that other party properly to implement the provisions of and/or provide that other party with the full benefit of this Contract.

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### Survival of Terms

- 39.22 The termination or expiry of this Contract shall not prejudice or affect any right of action or remedy which shall have accrued or shall thereafter accrue to either party nor any provision which expressly or by implication applies in respect of the period following such termination or expiry.
- 39.23 The provisions of the following Clauses shall survive termination or expiry of this Contract for whatever reason:
- (a) Clause 11 (Records, Rights of Audit and Inspection);
  - (b) Clause 12.5 (Ownership of IPR)
  - (c) Clause 12.8 (Use of IPR by the Service Provider);
  - (d) Clause 12.9 (Provision of the Register);
  - (e) Clause 13 (Intellectual Property Rights Indemnity);
  - (f) Clause 14 (Data Protection);
  - (g) Clause 21 (Indemnity);
  - (h) Clause 22 (Insurance);
  - (i) Clause 24.4 (Exit Management Plan)
  - (j) Clause 25 and Schedule 10 (Post Termination and Handover Arrangements);
  - (k) Clause 28.2(b) (Parent Company Guarantee)
  - (l) Clause 34 (Confidentiality);
  - (m) Clause 35 (Publicity);
  - (n) Clause 36.8 (No Solicitation);
  - (o) Clause 37 (Dispute Resolution);
  - (p) Clause 39 (General);

- (q) Paragraph 4 of Schedule 2 (Annual Reconciliation for the Monthly Fee);
- (r) Schedule 4 (Payment Procedure).

#### Law and Jurisdiction

39.24 This Contract shall be governed by the laws of England and Wales and shall (subject to Clause 37 (Dispute Resolution)) be subject to the exclusive jurisdiction of the English Courts.

#### Counterparts

39.25 This Contract may be executed in any number of counterparts and by different parties on separate counterparts, each of which when so executed and delivered shall be an original, but all of the counterparts shall together constitute one and the same instrument.

**IN WITNESS** whereof the hands of the parties or their duly authorised attorneys or representatives the day and year first above written.



**Schedule 1**

## Specification

**1. Primary Issuance**

1.1 The Service Provider will support the DMO's programme of new issues of Stock, and other primary market activity. The role principally entails:

- (a) receiving and processing retail applications from the public in respect of DMO operations;
- (b) creating new Stocks on the Register, where appropriate, and making the necessary Register entries in respect of new amounts of Stock - whether by auctions, taps or mini tenders, switch auctions, conversions, standing/special repo or any other operation - and updating the relevant records in accordance with instructions from the DMO's settlement agent on the relevant day; and
- (c) preparing and despatching refund cheques or, where appropriate, requests for additional funds and despatching certificates of title in respect of retail applications on the relevant day.

1.2 Ancillary services will include:

- (a) proof reading relevant documentation, including that for NILO Stock issues;
- (b) despatching prospectuses and application forms;
- (c) maintaining an Approved Group (as defined below) for auction applicants;
- (d) introducing, if required and at a date to be agreed, an online application service for use by Approved group members;
- (e) analysing the cash value of accepted bids for non-competitive applications in terms of nominal value of Stocks sold and number of applications;
- (f) making arrangements for, and providing details to the DMO of, the payover of monies, arising from retail bids, to the Debt Management Account ("DMA") and appropriate reconciliation of such funds; and



- (f) ensuring that, where a Stock is created with a strippable facility, the appropriate stripped Stocks are also created.

## 2. Sale and Purchase Service for Retail Holders

2.1 The Service Provider will be responsible for the clerical operation of the DMO's retail brokerage service. Decisions about policy relating to the service, including level of commissions, and execution of deals, will be made by the DMO and the Treasury. The service will therefore comprise receiving and processing applications and payments from the public. This will involve:

- (a) processing purchase and sale applications in accordance with the agreed timetable and aggregating the day's transactions and communicating the relevant data to the DMO;
- (b) deducting commission from applications and remitting the amounts to the DMO under terms set by them;
- (c) reconciling funds;
- (d) making the necessary Register entries and arrangements for the settlement of aggregated transactions with DMO;
- (e) preparing and despatching certificates of title and/or cheques in respect of sale proceeds or refund amounts;
- (f) operating the DMO's Approved Group of investors and otherwise ensuring that money-laundering checks are properly carried out (to DMO's requirements) and reporting suspicious transactions as appropriate.



2.3 Associated services and operations include:

- (a) enabling Stockholders to re-invest redemption and interest monies by further purchases of Stock in accordance with terms agreed with the DMO;



- (b) rejecting applications to purchase “rump Stocks”, that is, the residual quantities of stock as may be determined by DMO from time to time as “rump Stock”;
- (c) proof reading documentation;
- (d) issuing forms and guidance notes via an appropriate website and helpline;
- (e) supplying publicity material to interested parties and periodically updating the material in co-operation with the DMO;
- (f) maintaining the Approved Group (as defined below) of purchase and sale applicants;
- (g) subject to Inland Revenue approval, selling Stock to pay inheritance tax; and
- (h) providing statistical information under the terms of this Contract or as otherwise agreed.

### 3. Registration of Transfers

3.1 Transfers may be electronic between CREST members, in which case title passes within the CREST system and the Registrar is responsible for keeping a record of the CREST transaction, or carried out via a broker using certificates, or on a non-market basis.

3.2 The service includes:

- (a) making pre-registration checks as required in relation to transfers made otherwise than through CREST;
- (b) recording changes in ownership of registered Stock and where appropriate preparing and despatching certificates of title;
- (c) updating the record of CREST members' holdings in respect of member-to-member transfers;
- (d) reconciliation with CREST as required;
- (e) transfers between registered and bearer form in accordance with terms agreed with DMO;



- (f) cancelling used certificates or surrendered bearer bonds; and
- (g) issuing new bearer bonds and new or replacement certificates and statements, as appropriate.

3.3 Related services in this category include:

- (a) adding designations and descriptive clauses to registration records where Stockholders so request;
- (b) in the case of non-market transactions, ensuring that transfers are valid in all respects and that any money laundering checks, etc. are carried out;
- (c) registering Stock in the name of non-legal persons/office holders;
- (d) providing for existing holdings to be registered in the names and addresses of up to ten joint holders and up to four for all future holdings; and
- (e) bulk dematerialisations into CREST.

#### 4. Register Maintenance

4.1 Maintenance of the Register of retail Stockholders and the issuer's "record" of uncertificated holders, together with the management of NILO Stock, will be carried out in accordance with the Applicable Legislation, or otherwise according to best practice. This involves, inter alia, recording changes to holding details and how dividends are to be paid; dealing with other changes in circumstances affecting Stockholders' title, examining death certificates and grants of probate or letters of administration (and offering treatment under "small estates" rules where appropriate); Court Orders; Powers of Attorney; indemnities and other legal documents; and maintaining a record of persons, other than Stockholders, empowered to act in connection with holdings of Stock.

4.2 Services also include:

- (a) dealing with reports of lost or compromised certificates, cancelling the existing certificate and issuing a new one;
- (b) dealing with correspondence returned by the postal authorities;





- (c) acting as first point of reference for and, where possible, dealing with, all public enquiries about Stock, whether received in written form (including fax or e-mail) or over the telephone;
- (d) obtaining additional information about the identity and residential status of Stockholders with addresses in the European Union and certain other countries as required by any Applicable Legislation;
- (e) notifying DMO and Exchequer Funds and Accounts (“EFA”) at the Treasury of any Stock cancellations immediately following donations or bequests from Stockholders;
- (f) supplying, to the DMO or to the Debt and Reserves Management Team (“DRM”) at the Treasury, as and when agreed, with lists of Stockholders and other information from the Register and/or the record to assist with policy decisions.

## **5. Making and Accounting for Payments**

### **5.1 The basic service comprises:**

- (a) making interest and redemption payments on holdings on the Register, and in respect of bearer bonds and NILO Stock, in accordance with Stockholders’ instructions;
- (b) accounting for such payments (including for tax);
- (c) ensuring that any balance remaining at end of day deriving from funds drawn to meet expected payments are returned to the National Loans Fund (“NLF”) at the Bank of England by the end of the day or as otherwise agreed (but on the basis that the position of the NLF is not prejudiced);
- (d) the regular reconciliation of the Register position with the Treasury’s underlying records of cash movements.

5.2 The Service Provider will regularly include with dividend warrants an “invited mandate” encouraging Stockholders to switch to electronic payments and will use other forms of communication with Stockholders to promote the facility.

5.3 The Service Provider will issue a warrant in relation to all returned BACS payments and seek to follow up uncashed warrants for substantial sums.



- 5.4 Other services in the category include:
- (a) Publishing month-by-month forthcoming record dates for Stocks;
  - (b) striking the balance on each holding for interest and redemption payments on the relevant record date;
  - (c) immediate despatch (fax/email and hardcopy by post) of dividend and redemption claims to EFA for settlement of said claims;
  - (d) striking the balance for CREST members at a particular point during the day on the relevant record date, to ensure Deliveries by Value and Self Collateralising Repurchases are not included in the calculation;
  - (e) providing for payment via Cash Memorandum Accounts in CREST and associated electronic tax vouchers, if required (such date to be agreed but not earlier than 1 April 2005);
  - (f) providing for payment via CHAPS, exceptionally;
  - (g) dealing with applications to change the tax instructions relating to dividends;
  - (h) as agent for the Treasury, collecting and paying to the Inland Revenue tax deducted at source and undertaking the statutory reporting to the Revenue on payments of interest or (to the extent required by the Treasury) providing the Treasury with such information as the Treasury may reasonably require for the purposes of enabling the Treasury to undertake such collecting, paying and reporting;
  - (i) carrying out obligations as paying agent under the proposals contained in the EU Savings Directive;
  - (j) despatching annual statements of interest (“ASIs”) paid and tax deducted, according to Inland Revenue specifications, to Stockholders or their nominees in relation to payments through the banking system;
  - (k) notifying Stockholders who receive warrants of interest paid and tax deducted, whether by means of ASI or by voucher accompanying the warrant;
  - (l) accounting to the Commissioners for the Reduction of the National Debt (“CRND”) in respect of unclaimed dividends and capital repayments;



- (m) paying over the cumulative total of rounded fractions (all dividend payments and capital repayments (index-linked) are rounded down) to the NLF at six-monthly intervals;
- (n) providing a facility for overseas holders to receive, at their own expense, payment in local currency;
- (o) offering a facility for CREST members to receive consolidated payments;
- (p) e-mailing those Stockholders, who receive annual statements and request the service, a notification that interest payments have been made.

## **6. Redemptions and Special Operations**

6.1 The service entails dealing with, on the appropriate dates, the redemption of Stocks (including strips), and bonds and the scheduled conversion (as provided for in the relevant prospectuses or as otherwise fixed by the Treasury) of Stocks.

6.2 Related services include:

- (a) proof-reading and printing redemption notices and conversion-offer documents;
- (b) in the case of redeeming Stocks, publishing a final date for registration of transfers;
- (c) issuing redemption forms to enable Stockholders to provide instructions in good time, and ensuring that holders whose names are added to the Register after the despatch of forms are contacted before the redemption date;
- (d) issuing conversion forms to Stockholders in accordance with the conversion timetable;
- (e) updating the relevant accounts on the Register and in CREST;
- (f) the payment of redemption monies in accordance with the Stockholder's instructions;
- (g) in the case of bearer bonds, cancelling the surrendered bonds.

## **7. Ancillary Matters**



### Bearer Bonds

- 7.1 The management of the 8 extant Stocks with a bearer option will involve:
- (a) making transfers between registered and bearer Stock and *vice versa*;
  - (b) paying bearer coupons and repaying bonds surrendered at or after the redemption date of the underlying Stock
  - (c) custody of unissued bearer coupon sheets.
  - (d) Storing, and issuance as appropriate, of unissued bearer bonds.

### Money Laundering / Approved Group

- 7.2 The Service Provider will put in place any necessary anti-money laundering (“AML”) procedures that the DMO requests and will contribute to any new initiatives that may be needed.
- 7.3 The DMO would expect the Service Provider to train its staff on AML procedures and provide information, when and as specified, to assist decisions taken by the DMO’s senior management.
- 7.4 Particular areas of activity with which the Service Provider will be expected to collaborate include:
- (a) an initiative where applicants have to go through an approval process before being accepted to bid at gilt auctions or buy, and in some cases, sell, through the brokerage service (known as the “Approved Group”). This is designed in accordance with the Money Laundering Regulations 2007, to improve the information held for regular applicants and aid suspicious transaction reporting;
  - (b) monitoring the sanctions list issued by the Bank of England;
  - (c) monitoring movements between registered and bearer holdings;
  - (d) occasional *ad hoc* reviews of the gilt investor base to aid DMO money laundering risk and control assessments; and
  - (e) introduce, if required and at a date to be agreed, a direct sale and purchase service for people on the Approved Group.





### NILO Stocks

- 7.5 The Service Provider will maintain the Register of these Stocks, create new issues and pay interest and redemption monies.

### Reporting and Analysis

- 7.6 The DMO will require regular and ad hoc reporting including:
- (a) monthly/quarterly reports by category showing the breakdown by type of holder of each Stock, and aggregate totals;
  - (b) miscellaneous information as required for statistical and analytical purposes;
  - (c) annual report of performance against targets.

### New Initiatives and Ad Hoc Operations

- 7.7 The Treasury reserves the right to request the Service Provider to undertake work outside the operational agreement, possibly as a result of yet unknown or unscheduled initiatives. The Service Provider's charges for the work will be determined in accordance with Clause 29 (Variations and Change Control).
- 7.8 DMO and/or the Treasury may also wish to make *ad hoc* offers to holders of particular Stocks. The Service Provider would be required to undertake the mailing and processing of such an offer in an accurate and timely manner.

### Dematerialisation

- 7.9 The obligations of the Service Provider set out in this Schedule are to be performed in relation to the issuance, registration and transfer regime applying to Stocks existing at the date of this Contract.
- 7.10 Subject to paragraph 7.11, the Service Provider shall provide to the Treasury all possible assistance in implementing any further proposals to introduce a dematerialised system for the issuance, registration and transfer of Stocks and following such introduction will perform the obligations set out in this Schedule under the dematerialised system with such amendments as may be necessary to this Schedule to reflect the change in practice resulting from the introduction of the dematerialised regime.



- 7.11 Any variations to the terms of this Contract which are necessary for introduction of the dematerialised system (including any variations to the Service Charge to reflect the costs to the Service Provider of the introduction of a dematerialised system) shall be agreed between the Service Provider and the Treasury in accordance with Clause 29 (Variations and Change Control).

#### Introduction of the Euro

- 7.12 If any Stock shall become denominated or redeemable in, or be issued in, Euros then the Service Provider shall (at its own cost) make all necessary changes to the provision of the Services and the Service Provider's mode of operation to take account of this fact.



**Schedule 2**

Service Charge

**Part A**

1. Not used

2. Not used

**3. Charges**

3.1 During the period from and including the Service Commencement Date up to and including the date of expiry or termination of this Contract, the Service Provider shall be entitled at the conclusion of each calendar month during such period or on expiry or termination of the Contract (as appropriate) to issue an invoice in respect of such calendar month (or part thereof) in accordance with Schedule 4 for an amount calculated in accordance with paragraph 3.2 which the Treasury shall pay to the Service Provider within the time limits referred to in Schedule 4.

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**Schedule 3**

## Service Standards

<b>CUSTOMER SERVICE</b>		
1.	Telephone enquiries	Average speed of answer within [REDACTED]
2.	Correspondence	Reply to be sent [REDACTED] business days from day of receipt
3.	Correspondence	Deal with complaints in accordance with agreed complaints procedure
<b>NEW ISSUES</b>		
4.	Approved Group applications	Process within [REDACTED] working days of receipt
5.	Processing applications	Deal on loan day with all applications received before close of offer
6.	Contract Notes/Refund cheques	Issue all on [REDACTED]
7.	Certificates	Issue all by [REDACTED]
<b>REGISTER MAINTENANCE</b>		
8.	Public enquiries	Respond to all within [REDACTED] working days
9.	Changes to stockholding/payment instructions	Record changes in respect of stockholdings and dividend processing within [REDACTED] working days
<b>PRE-REGISTRATION AND REGISTRATION OF TRANSFERS</b>		
10.	Pre-registration checks	Perform all on day of receipt
11.	Postal transfers	Register within [REDACTED] working days of receipt
12.	Certificates	Issue all on working day after registration
13.	Stock	Deal within timescales agreed with Crest

	deposits/withdrawals	
<b>MAKING AND ACCOUNTING FOR PAYMENTS</b>		
14.	Interest and Capital payments	Despatch all dividends and redemption payments ■ business days prior to the payment date
15.	Reconciliation	Reconcile end March and end Sept balances 1) on Exchequer Audit Roll (within ■) and 2) on Govt Stocks and Bonds Account (within ■)
16.	Bearer coupons	Issue payment for all correctly submitted coupons within ■ working days of lodgement, save where a longer period is required by the DMO.
17.	Bearer coupon sheets	Issue new coupon sheets within ■ days of lodgement of talon, save where a longer period is required by the DMO.
<b>SALE AND PURCHASE SERVICE</b>		
18.	Forms & Booklets	Issue forms & booklets to phone callers or other correspondents within ■ working days of receipt of call or correspondence
19.	Application processing	Process applications received by ■
20.	Application processing	Collate applications each morning and communicate details of aggregated transactions to the DMO by ■
21.	Application processing	Effect consequential changes to register on the relevant settlement day
22.	Contract notes and sales proceeds	Despatch contract notes and sales proceeds on the day after settlement and (in the case of purchases) new certificates by the end of the day following clearance of the underlying payment
23.	Approved Group	Deal with approved group applications within ■ days of receipt

## Schedule 4

### Payment Procedure

#### 1. Invoices

- 1.1 Subject to [REDACTED] all sums due to the Service Provider under this Contract are (unless expressly agreed to the contrary) payable by the Treasury within [REDACTED] days of the date of receipt by the Treasury of a correct and properly due invoice in respect of the relevant sum.
- 1.2 All invoices submitted to the Treasury by the Service Provider shall:
- (a) be sent by e mail to the Treasury Contract Manager (or such other person as is designated by him for the purpose) to the address set out in Clause 38 (Notices) or such other address as the Treasury notifies to the Service Provider from time to time in accordance with Clause 38 (Notices); and
  - (b) be accompanied by such reasonable supporting information as the Treasury may reasonably require from time to time and which shall, *inter alia*, explain clearly the basis on which the relevant sums have been calculated.
- 1.3 The Service Provider shall ensure that invoices are received by the Treasury within [REDACTED] Business Days of the end of each calendar month in respect of which the relevant sum becomes due.

#### 2. Disputed Invoices

- 2.1 The Treasury shall have the right to dispute, in good faith, any amount specified in an invoice submitted by the Service Provider under the provisions of this Contract. The Treasury shall pay such amount of the invoice in question as is not disputed when it falls due for payment but shall be entitled to withhold any disputed amount until resolution of the dispute in question. The parties shall use all reasonable endeavours to resolve the dispute within [REDACTED] months of the dispute arising. If they fail to do so, either party may refer the dispute in question to be determined in accordance with Clause 37 (Dispute Resolution).
- 2.2 Payment by the Treasury of any invoice submitted by the Service Provider shall be without prejudice to the Treasury's entitlement subsequently to dispute any part of such invoice which appears to it to have been incorrectly calculated or otherwise not payable to the Service Provider.



**3. Interest**

- 3.1 In respect of amounts due from one party to the other, interest shall be payable on the balance of any overdue payment (or any part thereof) at an annual rate of [REDACTED] the base rate announced from time to time by the Monetary Policy Committee of the Bank of England.
- 3.2 Interest shall be calculated daily on the outstanding balance from [REDACTED] days following the receipt of the relevant invoice by the Treasury until payment is made by the Treasury of the relevant sums.

**Schedule 5**

Not used

## Schedule 6

### Contract Management Regime

#### 1. Purpose of Schedule

This Schedule sets out certain procedures and processes which shall govern the operation and administration of this Contract.

#### 2. General Requirement

The Service Provider shall comply with all reasonable requests made by the Treasury Contract Manager relating to the management of this Contract.

#### 3. Senior Representative Meetings

The parties shall procure that their Senior Representatives shall meet together:

- (a) not fewer than 2 times in each calendar year (the dates of such meetings to be agreed between the parties, but there shall not be less than 4 months between each such meeting) to discuss the overall performance of the Service Provider and any changes of approach or improvements in performance which might be adopted by the Service Provider; and
- (b) at such other times as either of the parties may require, to discuss any matter which either of the parties considers to be of sufficient importance that it should be referred to the Senior Representatives in advance of the next regular meeting under paragraph (a) above.

#### 4. Performance Monitoring Meetings

4.1 The Contract Managers shall meet monthly (or at a frequency otherwise agreed between the parties) to review, *inter alia*:

- (a) the operation of this Contract; and
- (b) the Service Provider's performance and compliance with the provisions of Schedule 3 (Service Standards).

- 4.2 The Contract Managers shall in addition meet on any other occasion which either party may reasonably require, provided that reasonable notice of any such meeting is given by such party to the other.

## 5. Provision of Management Information

- 5.1 At least seven days in advance of each Contract Manager's monthly meeting, the Service Provider shall provide to the Treasury a report, which shall be prepared to such standard and degree of detail as the Treasury may from time to time reasonably require, detailing the Service Provider's assessment of its performance and compliance with the provisions of Schedule 3 (Service Standards).

- 5.2 In addition, within 10 Business Days of the conclusion of each calendar month or, if earlier, at the same time as the provision of the report referred to in paragraph 5.1, the Service Provider shall provide the Treasury with the following reports:

Category Report – containing nominal capital value and number of holdings for CREST members, and retail holders for unredeemed stocks.

Transaction Report – detailing the total number of each type of transfer received in the previous month.

Sale and Purchase Report –

- (a) Number and value of brokerage applications processed during previous month, of which purchases/sales;
- (b) Value of commissions deducted during previous month;
- (c) Number of trades in each Stock in each day during previous month; and

Number and analysis of complaints relating to the service provision received during the previous month

The Registrar will also provide ad hoc reports on the breakdown of the register on request and/or make available an online facility for the Contract Manager to interrogate and analyse the register directly.

**Schedule 7**

## Personnel

**1. Contract Managers**

1.1 The first Treasury Contract Manager shall be Sarah Tebbutt.

1.2 The first Service Provider Contract Manager shall be Kevin Firth.

**2. Senior Representatives**

2.1 The first Treasury Senior Representative shall be Sarah Tebbutt.

2.2 The first Service Provider Senior Representative shall be Kevin Firth.

## Schedule 8

## Document Retention

Transfers	12 years
New Issue Forms	12 years
Brokerage sale/purchase forms	12 years
Conversion forms	12 years
Redemption forms	3 years
Cancelled certificates (dead cover):	
(a) Registered Stockholders	1 year
(b) Bearer (principle & coupon)	Destroyed upon surrender
Changes of address	3 years
Dividend Authorities / Mandates	3 years
Paid Warrants / Cheques	6 years
Renounceable Certificates / Allotment Letters:	
(a) Registrations and original renunciations	6 years
(b) Exchanged for Certificates	1 year
Forms of Acceptance & Transfer Excess Forms	6 years
Routine Correspondence	3 years
Register Records	In relation to each account holder for so long as the account is open and thereafter for a further 50 years

**Schedule 9**

## Outline Exit Management Plan

1. Purpose of Exit Management plan
2. Staff resources required for exit management purposes
3. Transfer of the register
  - 3.1 Transfer of computer records
  - 3.2 Reconciliation of Stocks handed over (CREST reconciliation)
  - 3.3 Reconciliation and transfer of cash balances
  - 3.4 Transfer of physical records
  - 3.5 Transfer of working Stock, including bearer bonds, coupons, talons and printing plates
4. Dealing with work in progress
  - 4.1 Access by Treasury or Successor Provider staff
  - 4.2 Reporting liabilities
5. Transitional management structure
6. Communication
  - 6.1 Communication with sub-contractors
  - 6.2 Communication with Stockholders
  - 6.3 Public communication
  - 6.4 Redirection of mail
  - 6.5 Website
  - 6.6 Transfer of free-phone numbers

- 7. Provision of information
  - 7.1 Due diligence by the Treasury or Successor Provider
  - 7.2 Information required by HMT to form the basis for an invitation to tender
  - 7.3 Performance statistics and monitoring of performance levels
  - 7.4 Hardware and software and other equipment used to supply the services
  - 7.5 Processes and procedures
  - 7.6 Details of all software contracts and Intellectual Property Rights used to supply the services
  - 7.7 Supply of reasonable information requested by the Treasury or Successor Provider
- 8. Segregation of service provider and Treasury networks
- 9. Post transfer support



**Schedule 10****Handover Arrangements****1. General Obligations**

1.1 During the Hand Over Period, the Service Provider shall, without prejudice to any other provisions in this Contract:

- (a) provide such assistance, in accordance with such timetable as the Treasury may reasonably require, for the purpose of facilitating an efficient, effective and fair re-tender of the provision of the Services;
- (b) take all reasonable steps to ensure that, on the termination or expiry of this Contract there is an efficient and seamless transfer of the Services (or any applicable part of them) to the Treasury and/or a Successor Provider;
- (c) implement and comply with the Exit Management Plan; and
- (d) ensure that the copy of the register which is delivered to the Treasury and/or Successor Provider on termination or expiry of this Contract is complete, accurate and up to date.

1.2 The Service Provider shall not at any time knowingly or recklessly do or omit to do anything which may adversely affect the ability of the Treasury to ensure an orderly and prompt transfer of the Services (or any applicable part of them) to the Treasury or a Successor Provider upon the termination or expiry of this Contract.

**2. Provision of Information and Assistance**

2.1 The Service Provider shall ensure that any information provided by the Service Provider under the Exit Management Plan or otherwise for the purposes of any tender process relating to the Services (or their equivalent or any part thereof) and/or any transition to a Successor Provider is true and accurate in all material respects as at the date on which it is provided.

2.2 The Service Provider acknowledges and agrees that the Treasury shall be entitled to use all information provided to the Treasury under the Exit Management Plan for the purposes of any tender exercise in which the Treasury seeks tenders for the provision of the Services (or their equivalent and/or any part thereof) and, in this context, shall

(notwithstanding the provisions of Clause 34 (Confidentiality)) be entitled to disclose such information to potential Successor Providers.

### **3. Transfer of Contracts Extending Beyond Termination or Expiry**

3.1 Within one month of the start of the Hand Over Period, the Treasury and the Service Provider shall endeavour to agree which sub-contracts to which the Service Provider is a party:

- (a) will extend beyond the Termination Transfer;
- (b) will be required by the Treasury or (as the case may be) a Successor Provider following the termination or expiry of this Contract; and
- (c) are to be treated as Termination Transferring Contracts.

In default of any agreement, the Treasury shall have absolute discretion to decide whether or not a particular sub-contract is to be treated as a Termination Transferring Contract.

3.2 On the Termination Transfer Date and in accordance with the provision envisaged by Clause 32.7(b), the Service Provider shall procure that the rights and (to the extent arising after Termination Transfer) obligations of the Service Provider under such Termination Transferring Contract shall be novated in favour of the Treasury (or as the Treasury may direct or require) with effect from Termination Transfer.

3.3 From the Termination Transfer Date and unless and until all Termination Transferring Contracts have been transferred to the Treasury (or as he may direct) in accordance with paragraph 3.2, the Service Provider shall hold them in trust for the Treasury (or as he may direct) absolutely and shall account to the Treasury (or as he may direct) for any sums or other benefits received by the Service Provider in relation thereto.

3.4 From the Termination Transfer Date and until the obligations under each such Termination Transferring Contract have been novated as envisaged in paragraph 3.2:

- (a) (if such sub-contracting is permissible and lawful under the relevant Termination Transferring Contract) the Treasury shall (or shall procure that a third party shall) as the sub-contractor of the Service Provider; or
- (b) (if such sub-contracting is not permissible) the Treasury shall (or shall procure that a third party shall) as the Service Provider's agent

perform all the obligations of and satisfy all of the liabilities of the Service Provider under the relevant Termination Transferring Contract (to the extent arising after Termination Transfer) and shall indemnify the Service Provider for any liabilities of the Treasury under the Termination Transferring Contracts which fall to be performed after the Termination Transfer.

3.5 The liability of the Treasury under paragraph 3.4 shall not be extended or increased by any variation to a Termination Transferring Contract which is made after the date on which the Treasury agrees that the relevant sub-contract is to be treated as a Termination Transferring Contract unless the Treasury has agreed previously in writing that such variation:

- (a) may be made; and
- (b) shall be binding upon the Treasury for the purposes of this Contract.

3.6 The Service Provider shall:

- (a) comply with all of its obligations under the Termination Transferring Contracts which fall to be performed prior to Termination Transfer;
- (b) indemnify the Treasury (and any Successor Provider) for any liabilities of the Service Provider under the Termination Transferring Contracts which fall to be performed prior to Termination Transfer and/or which may have accrued but not then become due under any Termination Transferring Contract;
- (c) if and when required by the Treasury (acting reasonably) provide the Treasury with a file containing full complete and up to date copies of all Termination Transferring Contracts then in existence; and
- (d) if and when required by the Treasury (acting reasonably) update the file referred to in sub paragraph (c).

#### 4. Return of Equipment

Upon the termination of this Contract the Service Provider shall, to the extent that it has not already delivered the same, deliver to the Treasury, in such form and at such place as the Treasury may by notice to the Service Provider reasonably specify, all assets and items of equipment which are then owned by the Treasury and under the possession or control of the Service Provider or any of its Associates as a result of the Service Provider being a party to this Contract.

## 5. Transfer of Employees

5.1 During the Hand Over Period, the Service Provider, in relation to each person who will become a Termination Transferring Employee:

- (a) shall not without the prior written agreement of the Treasury (such agreement not to be unreasonably withheld or delayed) dismiss, or vary or agree to vary the terms and conditions of employment of any such person (other than to the extent that such variations are to be made to the terms and conditions generally applying to other comparable employees of the Service Provider);
- (b) shall use reasonable endeavours to ensure that each such person continues to provide the services (s)he provides; and
- (c) shall comply with its obligations under and in connection with the contract of employment with each such person

and the Service Provider shall not without the prior written agreement of the Treasury (such agreement not to be unreasonably withheld or delayed) recruit any person to be an employee in a position in which (s)he would be engaged wholly or partly in the provision of the Services.

[REDACTED]

5.3 The parties acknowledge and agree that, if the TUPE Regulations apply to a Termination Transfer the contracts of employment between the Service Provider and each of the Termination Transfer Employees (save insofar as those contracts relate to an occupational pension scheme) will be treated as having effect from the Termination Transfer Date as if originally made between the Treasury (in the case of a transfer of responsibility to the Treasury) or the Successor Provider (in the case of a transfer of responsibility to a Successor Provider) and each Termination Transfer Employee.

[REDACTED]



- 5.5 If any person other than a Termination Transfer Employee asserts to the Treasury or to any Successor Provider that by virtue of regulation 4 of the TUPE Regulations a Termination Transfer resulted in his/her contract of employment having effect as if originally made between the Treasury or the Successor Provider and that person, then the Treasury shall, or as appropriate shall procure that the Successor Provider shall, within 15 Business Days of the person making such assertion either:
- (a) retain the person as an employee and give the Service Provider written notice thereof; or
  - (b) terminate the person's employment with immediate effect and give the Service Provider written notice thereof, in which case the Service Provider shall indemnify the Treasury or the Successor Provider (as appropriate) against:
    - (i) all salary and benefits due to the person in respect of their employment between the Termination Transfer Date and the date of termination of employment (based upon pre-transfer salary and benefit entitlements); and
    - (ii) all liabilities, damages, costs (including reasonable legal costs), claims (save for any claim for personal injury which is covered by insurance), awards and expenses arising in relation to the person out of the termination of the person's employment except to the extent that such termination was discriminatory, or unfair for a reason other than that the principal reason for the dismissal was the transfer or a reason connected with it.
- 5.6 In the event of a Termination Transfer to the Treasury, the Treasury shall indemnify the Service Provider against all liabilities, damages, costs (including reasonable legal costs), claims (save for any claim for personal injury which is covered by insurance), awards and expenses arising out of any Termination Transfer Employee's employment with the Treasury after the Termination Transfer Date, including (but not limited to) any claims of unfair dismissal, wrongful dismissal, unlawful deduction from wages, breach of contract, sex discrimination, race discrimination or disability discrimination, or any claim for a redundancy payment.



**6. Provision of Services During the Hand Over Period**

Unless the Treasury otherwise requires, during the Hand Over Period, the Service Provider shall continue to provide the Services in accordance with this Contract and ensure that there is no degradation in the standard to which the Services are provided.

**7. Miscellaneous**

7.1 For the avoidance of doubt and save as provided in paragraph 3 above, neither the Treasury nor any Successor Provider shall assume any liability and/or responsibility for any act or omission by and/or any contract, agreement, arrangement, assignment or order entered into by the Service Provider and/or any of its sub-contractors on or prior to the termination of this Contract.

7.2 The Service Provider shall, on and after the date of any notice to terminate this Contract (or the provision of part of the Services), mitigate, as is reasonable in the circumstances, any Losses, costs, liabilities and expenses which the Service Provider may incur or suffer arising from such termination.

Schedule 11

[REDACTED]

[REDACTED]

[REDACTED]

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## Schedule 12

### Contract Change Control Procedures

1. In any written requirement for a Service Variation which is made by the Treasury in accordance with Clause 29.1, the Treasury shall (acting reasonably) specify the date by which it requires the Service Provider to submit a Change Control Notice to the Treasury in respect of the relevant change. The Service Provider shall acknowledge receipt of the relevant request within 2 Business Days of receipt of the Treasury's request and shall use all reasonable endeavours to meet the deadline specified by the Treasury.
2. If it shall become apparent to the Service Provider that it is not reasonably possible for the Service Provider to meet the deadline specified by the Treasury, the Service Provider shall as soon as reasonably practicable so notify the Treasury and specify an alternative reasonable date and the Service Provider shall then submit the relevant Change Control Notice by such date.
3. A recommendation by the Service Provider of a Service Variation shall be submitted as a Change Control Notice to the Treasury at the time of such recommendation and shall be accompanied by an explanation as to why the change is being recommended.
4. Each Change Control Notice shall contain:
  - (a) the title of the change;
  - (b) the originator and date of the request or recommendation for the change;
  - (c) the reason for the change;
  - (d) full details of the change including any specifications;
  - (e) the effect, if any, of the change on the Service Charge;
  - (f) a timetable for implementation together with any proposals for acceptance of the change;
  - (g) details of the likely impact of the change (including any impact on other aspects of the Services);

- (h) the date of expiry of the validity of the Change Control Notice (which shall not be less than 3 months after the date of the Change Control Notice);
  - (i) the wording for any amendment which would need to be made to this Contract to effect the relevant change; and
  - (j) provision for signature by the Treasury and by the Service Provider.
5. The Service Charge shall be adjusted to take account of the implications of any Service Variation. The Service Provider shall ensure that any proposed change in the Service Charge is fully justified and reasonable having regard to any additional or reduced costs likely to be incurred by the Service Provider and the members of the Service Provider's Group as a result of the relevant change and any such change shall be calculated on a basis which is broadly comparable and consistent with both the methodology and profit margins used in determining the level of the then current Service Charge. Without prejudice to the generality of the foregoing, where the increase or (as the case may be) reduction in the level of the Service Charge (measured over the remainder of the term of this Contract) is likely to be in excess of £10,000 the Service Provider shall, in addition to the information referred to in paragraph 4 above, include within the Change Control Notice details of:
- (a) any change in the level of capital expenditure which would be incurred by the Service Provider as a result of the change;
  - (b) any change in the level of operating expenditure which would be incurred by the Service Provider as a result of the change with an analysis showing any change to the level of expenditure which would be incurred in respect of, *inter alia*, staff costs, consumables, sub-contracted and bought-in services, interest and financing charges and overheads;
  - (c) the profit margin which the Service Provider seeks to achieve in the provision of that part of the Services which would be the subject of the change (including any profit element forming any part of the overhead recoveries referred to in sub paragraph (b) above); and
  - (d) the methodology used to determine the proposed change to the Service Charge.
6. Following the Treasury's receipt of a Change Control Notice, the Service Provider and the Treasury shall meet to discuss the Change Control Notice and agree any changes to it which they may consider appropriate. During such discussions:

- 
- (a) the Treasury may modify the details of any change required or requested (in which case the Service Provider shall as soon as reasonably practicable revise the information provided pursuant to paragraphs 4 and 5 above); and
  - (b) the Service Provider shall provide such additional information as the Treasury may reasonably require.
7. During the period of validity of a Change Control Notice, the Treasury shall be entitled to accept the Change Control Notice and following any such acceptance both the Treasury and the Service Provider shall arrange for two copies of any approved Change Control Notice to be signed by or on behalf of both the Treasury Contract Manager and the Service Provider Contract Manager.
8. A Change Control Notice (as the same may be amended) signed by both the Treasury Contract Manager and the Service Provider Contract Manager shall constitute a variation to this Contract in accordance with Clause 29.1.

**Schedule 13**

## Warranties

**1. Capacity**

- 1.1 The Service Provider has full capacity and authority and all necessary licences, permits and consents to enter into and to perform this Contract and to provide the Services.
- 1.2 This Contract is executed by a duly authorised representative of the Service Provider.
- 1.3 The Service Provider is not aware as at the date of this Contract of any matters within its reasonable control which will or might adversely affect its ability to perform its contractual obligations under this Contract.
- 1.4 The Service Provider has the requisite skill, knowledge and experience in providing services the same as or similar to the Services and such skill is sufficient for providing the Services in accordance with and to the standards required by this Contract.

**2. Tendering Process**

- 2.1 All statements and representations in the tender submitted by the Service Provider in connection with this Contract are, to the best of the Service Provider's knowledge, information and belief (having made due and careful enquiry in respect of the matters contained therein) true, accurate and not misleading.
- 2.2 The Service Provider is aware of the purposes for which the Services are required and that the Treasury is reliant upon the Service Provider's expertise and knowledge in the provision of the Services.
- 2.3 The Service Provider has been supplied with sufficient information about this Contract and has made all appropriate and necessary enquiries to enable it to perform the Services in accordance with this Contract.

**3. Takeovers and Insolvency**

- 3.1 Neither the Service Provider nor any Parent is in discussion with any person for, and is not aware of any plans which will or may lead to, a Change of Control of either the Service Provider or any Parent.

- 3.2 The Service Provider is not, and no Parent is, insolvent or unable to pay its debts, no order has been made or petition presented or resolution passed for its winding up or for an administration order and no receiver, administrative receiver or manager has been appointed by any person of its business or assets or any part thereof nor has any equivalent event taken place in any jurisdiction.

## Schedule 14

### Termination Information Requests

#### 1. Employees

- 1.1 List all those persons employed or engaged by the Service Provider and whose employment would transfer under the TUPE Regulations to the Treasury and/or to a Successor Provider and/or any of their respective sub-contractors (as the case may be) if the relevant Termination Transfer occurred on the relevant Termination Information Date.

Such list must set out their ages, lengths of service, contractual notice periods and salaries accurately as at the Termination Information Date.

- 1.2 Provide full details of all legal obligations (other than those set out in the contracts of employment provided in response to paragraph 1.7 below) which the Service Provider and/or any of its Associates have:
- (a) to make any payment to or on behalf of or confer any benefit on or for any Proposed Termination Transfer Employee, save for reimbursement of expenses properly incurred;
  - (b) to change the rate of remuneration of or the benefits received by or to vary the contract of employment of any Proposed Termination Transfer Employee;
  - (c) to pay any bonus or incentive payment or any payment under a profit sharing scheme or similar to or on behalf of any Proposed Termination Transfer Employee;
  - (d) to any Proposed Termination Transfer Employee under or in respect of any share ownership, share incentive scheme, share option scheme or similar;
  - (e) to make any payment or confer any benefit in connection with the actual or proposed termination or suspension of the employment of any Proposed Termination Transfer Employee; or
  - (f) (apart from the pension and other benefits secured by any pension scheme in which any Proposed Termination Transfer Employees are entitled to participate under the terms of their contract of employment) to pay to or



provide for any Termination Transfer Employee any pension, superannuation allowance, retirement gratuity or like benefit.

- 1.3 In respect of each Proposed Termination Transfer Employee provide details (together with copies of any relevant documents) of:
- (a) any notice which has been given to terminate the employment of the Proposed Termination Transfer Employee;
  - (b) any disciplinary proceedings to which the Proposed Termination Transfer Employee has been or is subject;
  - (c) any oral or written warnings (other than any warnings that have lapsed) given to the Proposed Termination Transfer Employee;
  - (d) any grievance under a grievance procedure which has been taken by the Proposed Termination Transfer Employee or to which he/she has been subject; or
  - (e) any objection which the Proposed Termination Transfer Employee has made, or has indicated he/she intends to make, to the transfer of his/her employment to the Treasury or a Successor Provider under the TUPE Regulations.
- 1.4 Provide details of any claim of any nature whatsoever which any Proposed Termination Transfer Employee has made or threatened to make against the Service Provider which has not been determined or resolved and of any actual or threatened disputes with any trade unions recognised or seeking recognition in respect of any Proposed Termination Transfer Employee.
- 1.5 In relation to each of the Proposed Termination Transfer Employees, provide details of any failure by the Service Provider to comply with:
- (a) any legal obligations imposed on it in relation to such employee;
  - (b) any codes of practice and conduct affecting its employees and/or their employment.
- 1.6 Provide details of any failure by the Service Provider or (where relevant) its sub-contractors to maintain throughout the duration of this Contract adequate and suitable records regarding the appointment and employment of each Proposed Termination Transfer Employee.

- 1.7 Provide complete and up to date copies of the contracts of employment of the Proposed Termination Transfer Employees.

2. **Pensions**

Provide complete and up to date details of each superannuation, retirement benefit or other fund, scheme or arrangement to which the Service Provider contributes, has become or could become liable to contribute and to which any Proposed Termination Transfer Employee participates or is entitled to participate under the terms of their contracts of employment and under which any Proposed Termination Transfer Employee or the widow(er), child or dependent of any such employee is entitled to benefits of any kind upon retirement, redundancy, death, incapacity, sickness, accident or disability or on the attainment of a specified age or the completion of a specified number of years of service.

3. **Changes Before Termination Transfer**

Provide details of any changes which the Service Provider anticipates, on the Termination Information Date and on the basis of the information then available to it, are likely to need to be made to the responses to the matters referred to in paragraphs 1 and 2 of this Part B to ensure that the responses would be full, complete, accurate and not misleading if they were given on the proposed date of the relevant Termination Transfer.

Schedule 15

Approved Sub-contractors

[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]

[REDACTED]	
[REDACTED]	
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

**Execution**

**SIGNED** by .....  
for and on behalf of **THE LORDS COMMISSIONERS  
FOR HER MAJESTY'S TREASURY:**

.....Authorised Signatory

**SIGNED** by .....  
acting on behalf of **COMPUTERSHARE INVESTOR  
SERVICES PLC:**

.....Authorised Signatory

