

SETTLEMENT PROCEDURES FOR COUNTERPARTIES PARTICIPATING IN THE BANK OF ENGLAND'S ASSET PURCHASE FACILITY (APF)

1. These Settlement Procedures explain the settlement processes involved in the Asset Purchase Facility (APF) and should be read in conjunction with the other parts of the documentation relating to the APF.
2. In some cases these Settlement Procedures follow market terminology; e.g. 'Commercial Paper.' This is done for the sake of familiarity, but is not a reflection of the legal nature of the Transactions undertaken under the APF.
3. The Bank may vary or omit any of the procedures on any particular day.
4. References in these Settlement Procedures to Euroclear should be taken to refer to the Euroclear settlement system operated by Euroclear Bank SA/NV. References to CREST should be taken to refer to the CREST settlement system operated by Euroclear UK & Ireland Limited.
5. As part of the sign up process for the APF counterparties must provide the Bank with their authorised signatory list, and settlement area contact details, including telephone numbers, fax numbers and settlement group email addresses. They should also provide Standard Settlement Instructions (for settlement accounts to be used).
6. Where the counterparty operates via an agent / custodian, contact details for the agent / custodian should also be provided in case of settlement issues.
7. Where counterparties use multiple accounts in the settlement systems for different products, counterparties should detail which asset types are delivered from each individual account.
8. These settlement and SSI details can only be changed with 24 hours' notice, either by authenticated signed instruction or by SWIFT instruction (sent to our SWIFT BIC BKENGB2L *fao MST, BFE*).
9. The Bank of England (as settlement agent for the Bank of England Asset Purchase Facility Fund Limited (BEAPFF)) will send transaction confirmations by email to the nominated contact address. Any differences must be highlighted within 24 hours. Otherwise this transaction confirmation will be deemed to be the agreed version.
10. The Bank will not accept written or electronic transaction confirmations sent by counterparties.
11. Where Commercial Paper is purchased in the primary market, counterparties must provide the ISIN(s) to the Bank no later than 16.00 on the trade date.
12. All trades should be input and matched and ready for settlement at 17.00 on the day prior to settlement.

13. Where trades are to settle in real time, it is the counterparties' responsibility to raise the priority (if CREST) or attach a daylight indicator (if ICSD) to enable such trades to settle.
14. All trades settling in CREST must be settled without transaction splitting. Partial / fractional deliveries will not be allowed.
15. The counterparty must exactly match the Bank's cash settlement proceeds for trades settling in CREST. There is no tolerance matching on our account.
16. Where BEAPFF purchase trades do not settle on value date because counterparties lack stock or for any other failure on their part, or the part of their agent, counterparties may be charged a failed trade charge' at the RTGS overdraft rate on the cash proceeds for the period of the fail. Such a charge to be paid within 10 days of notification being sent.
17. *Secondary market purchases of Commercial Paper only.* The Market Notice requires sellers of Commercial Paper in the secondary market to pay a fee (currently 25bp). This fee is to be paid separately to the purchase proceeds paid by BEAPFF. This fee is to be paid on the settlement day in accordance with the sterling settlement instructions listed below.
18. It is a requirement of the Terms and Conditions that transactions should be free of any transfer taxes or other charges. When entering transactions to settle in CREST, this should be done with Stamp Duty Reserve Tax (SDRT) status set to not apply.
19. Counterparties are liable in accordance with the Terms and Conditions to pay or reimburse to the Bank or BEAPFF all of their costs, charges fees, and other expenses. These include in particular (and without limitation) any transfer taxes, registration charges and value added taxes incurred in connection with the transfer of Securities.
20. For reference the CREST account the BEAPFF will use is MGOAD and for ICSD settlement the BEAPFF will use Euroclear account 16833. Fee payments should be made via CHAPS to sort code 10-00-00 account 50002422.
21. Any queries should be directed via email to APF_Settlements@Bankofengland.co.uk