

# Single Euro Payments Area Credit Transfer Scheme Indirect Participation Agreement

## 1 Agreement

This agreement is made on

between:

Lloyds Bank plc (registered in England and Wales under number 2065. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under registration number 119278.) (the "Bank"); and

Customer name

(the "Customer")

### Background

- (A) EBA Clearing, a limited liability company incorporated under French law and owned by the Participants of the Euro System of the EBA Clearing Company ("EBA Clearing"), operates a pan-European processing system for the sorting, forwarding and settlement of payment orders.
- (B) The STEP2 SEPA Credit Transfer Service is an interbank processing service which processes credit transfers denominated in euro.
- (C) The Bank is a Direct Participant (as defined in the STEP2 Services Documentation) of the STEP2 SEPA Credit Transfer Service.
- (D) The Customer is not a Direct Participant of the STEP2 SEPA Credit Transfer Service, but wishes to use the STEP2 SEPA Credit Transfer service provided by EBA Clearing. The purpose of this Agreement is to provide for the Bank to send payment messages to EBA Clearing on behalf of the Customer on the terms of this Agreement.
- (E) The Customer will be an Indirect Participant (as defined in the STEP2 Services Documentation) of the STEP2 SEPA Credit Transfer Service.
- (F) This Agreement is for products supplied by Commercial Banking to customers with an annual turnover of £15m or more. If the Customer has any queries it should contact its relationship manager at the Bank.

NOW IT IS AGREED that:

### 1 Interpretation

1.1 In this Agreement:

**Agreement:** means this agreement, comprising the clauses and the schedules, as amended from time to time in accordance with clause 18.1.

**Business Day:** means any day (other than a Saturday, Sunday, Christmas Day or New Years Day) on which banks are open for general business in London and any Euro Payment Day.

**Clearing Documents:** means each of this Agreement, the STEP2 Services Documentation, and the EPC Rulebook, in effect from time to time in relation to this Agreement and any other agreement or document between the parties relating to the matters contemplated by this Agreement.

**Commercial Banking website:** means the Bank's website and associated services appearing at [www.lloydsbankcommercial.com](http://www.lloydsbankcommercial.com) or any other URL as the Bank may select including all software, hardware, information, content, data and other equipment used to provide such website and services.

**Customer Instruction:** means an instruction submitted by the Customer to the Bank by such method as may be agreed by the Bank and the Customer from time to time.

**Cut-Off Time:** means the applicable time specified in the Indirect Participant User Guide.

**EPC:** means the European Payments Council.

**Euro Payment Day:** means a day on which TARGET2 is open for settlement of payments in euro.

**Event of Default:** means, in relation to a person, the occurrence of one or more of the following in respect of that person:

- (a) a failure to pay on the due date any sum due from it under this Agreement at the time, in the currency and in the manner specified in this Agreement and such failure continues, in the case of failure to pay principal for a period of 10 Business Days and, in the case of failure to pay interest or any other sum apart from principal for a period of 10 Business Days; or
- (b) at any time it is or becomes unlawful for the Customer to perform or comply with any or all of its obligations under this Agreement; or
- (c) an Insolvency Event occurs in relation to the Customer; or
- (d) the Customer loses its regulatory licence.

**Force Majeure Event:** any abnormal or unforeseeable circumstances beyond the reasonable control of the affected party impacting its ability to perform any of its obligations under this Agreement including (without prejudice to the generality of the foregoing and without limitation), acts of God, expropriation or confiscation of facilities, any form of war, hostilities, rebellion, terrorist activity, local or national emergency, sabotage or riots, and floods, fires, explosions or other catastrophes or natural disasters, compliance with a law or governmental order, rule, regulation or direction, or failure of equipment, software or communications network(s) (including the SWIFT network) or other circumstances affecting the supply of goods or services.

**Instruction:** means an instruction corresponding to a Customer Instruction submitted by the Bank through the Submission Process directing EBA Clearing to process certain payment messages.

**Insolvency Event:** means, in relation to a person, the occurrence of one or more of the following in respect of that person:

- (a) it is, or is deemed for the purposes of any law to be, unable to pay its debts as they fall due or to be insolvent, or admits its inability to pay its debts as they fall due; or
- (b) it suspends making payments on all or any class of its debts or announces an intention to do so, or a moratorium is declared in respect of any of its indebtedness; or
- (c) it, by reason of financial difficulties, begins negotiations with one or more of its creditors with a view to the readjustment or rescheduling of any of its indebtedness; or
- (d) any step (including petition, proposal or convening a meeting) is taken with a view to a composition, assignment or arrangement with any of its creditors; or
- (e) a meeting of that person is convened for the purpose of considering any resolution for (or to petition for) its winding-up or for its administration or any such resolution is passed; or
- (f) any person presents a petition for its winding-up or for its administration; or
- (g) an order for its winding-up or administration is made; or
- (h) any other step (including petition, proposal or convening a meeting) is taken with a view to its rehabilitation, administration, custodianship, liquidation, winding-up or dissolution or any other insolvency proceedings involving it; or
- (i) there occurs, in relation to it, any event anywhere which appears to correspond with any of those mentioned in paragraphs (a) to (h) above (inclusive).

**Lloyds Banking Group:** means Lloyds Banking Group plc and its subsidiaries for the time being.

**Lloyds Bank Payment Account:** means the account in the Customer's name provided by the Bank and nominated by the Bank for the purposes of this Agreement.

**Lloyds Bank Validation Process:** means such validation process as the Bank may have in place from time to time.

**Payment Services Regulations:** means the Payment Services Regulations 2009 (SI 2009/209), as may be amended or superseded from time to time.

**Processing Disruption Event:** means any event which in the good faith judgement of either the Bank or EBA Clearing makes it impossible, impracticable or inadvisable to proceed with the processing of Customer Instructions or Instructions, as the case may be, including a Force Majeure Event.

**Indirect Participant User Guide:** means the document so named between the Customer and the Bank dated on or about the date of this Agreement, as may be amended from time to time.

**Services:** means the services provided by the Bank under this Agreement.

**Settlement:** (and related expressions) means the settlement of eligible Customer Instructions by the simultaneous making of debits and credits to the account of a bank.

**STEP2 Services Documentation:** means any documentation, as may be amended from time to time, which relates to the STEP2 SEPA Credit Transfer Service.

**Submission Process:** (and related expressions) means the process by which the Bank submits instructions and other data to EBA Clearing in accordance with the networks specified in the STEP2 Services Documentation or, in the event of any breakdown, disruption, suspension or discontinuation of the networks specified in the STEP2 Services Documentation, such other network or using such other means as the Bank shall determine at its absolute discretion.

**System Operator:** means EBA Clearing or the person appointed by EBA Clearing from time to time to operate the STEP2 SEPA Credit Transfer Service.

**TARGET2:** means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system.

**Transaction:** means the act of transferring funds between the Customer and the Bank.

**User Guides:** means all customer guides, manuals or similar documents made available by the Bank or any of its affiliates to the Customer from time to time in relation to this Agreement and/or the Services, as they may be amended by the Bank or any of its affiliates from time to time.

1.2 In this Agreement, unless the contrary intention appears, a reference to:

- (a) an "amendment" includes a supplement, novation or re-enactment and "amended" is to be construed accordingly;
- (b) an "authorisation" includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration or notarisation;
- (c) a "party" is to a party to this Agreement;
- (d) a "person" includes any individual, company, unincorporated association or body of persons (including a partnership, joint venture or consortium), government, state, agency, international organisation or other entity;
- (e) a "regulation" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- (f) a provision of law is a reference to that provision as amended or re-enacted;
- (g) a Clause, Schedule, Annex or Appendix is a reference to a clause of or a schedule, annex or appendix to this Agreement (or the relevant part of it);
- (h) a person includes its successors, transferees and assigns;
- (i) a document is a reference to that document as amended; and
- (j) any capitalised term not otherwise defined shall take the meaning provided in the STEP2 Services Documentation.

1.3 The index to and the headings in this Agreement are for convenience only and are to be ignored in construing this Agreement.

## 2 Appointment of Bank

- 2.1 The Customer hereby appoints the Bank to process and act upon all eligible Customer Instructions received before the Cut-Off Time, to be sorted and forwarded in accordance with the Single Euro Payments Area Credit Transfer Rulebook and STEP2 Services Documentation, on the terms and conditions of this Agreement. The Bank agrees to act on any such eligible Customer Instructions in accordance with this Agreement and the Submission Process. The Bank shall determine, acting reasonably, whether any Customer Instruction is eligible for submission under this Agreement in accordance with the STEP2 Services Documentation. The Bank shall notify the Customer promptly where it determines that a Customer Instruction is not so eligible. Information on the Single Euro Payments Area Credit Transfer Rulebook is available from the European Payments Council (or equivalent governing body) via its website.
- 2.2 The Customer authorises the Bank to retain an affiliated company and/or any other agents or sub-contractors to provide any aspect of the Services.
- 2.3 The parties agree that this Agreement shall be subject always to the Clearing Documents, and all the applicable laws or regulations or other legal or regulatory requirements and notwithstanding anything to the contrary contained in this Agreement, the Customer may not require the Bank to take any action in contravention of any limitations or in breach of any obligations set out in the Clearing Documents or in the applicable laws or regulations or other legal or regulatory requirements.

## 3 Initial Requirements

- 3.1 Prior to the submission of any Customer Instructions by the Customer, the Customer must:
  - (a) comply with all systems and procedural requirements of the Bank, including but not limited to the provision of the following, in form and substance satisfactory to the Bank (unless waived in writing by the Bank):
    - (i) evidence of signing authority of the person executing this Agreement on behalf of the Customer, in each case certified by an appropriate officer of the Customer, unless the Customer has previously provided this same information to the Bank pursuant to other account relationships;
    - (ii) a copy of any authorisation which the Bank reasonably considers to be necessary or desirable in connection with any Clearing Document; and
    - (iii) such other documents or steps as the Bank may reasonably require.
  - (b) be listed on the list of participants published by the EPC from time to time.
- 3.2 It is a condition precedent to the Bank's performance of its obligations under the Clearing Documents that, at the relevant time:
  - (a) no breach by the Customer of its obligations under the Clearing Documents shall have occurred and be continuing;
  - (b) the representations and warranties given by the Customer in the Clearing Documents are correct and will be correct at the time of the performance of the obligations of the Bank, and any corresponding obligations of the Customer, under the Clearing Documents; and
  - (c) no Event of Default in relation to the Customer is outstanding or might result from the performance of the obligations of the Bank and any corresponding obligations of the Customer, under the Clearing Documents.

## 4 Submission and Processing of Customer Instructions

- 4.1 A Customer Instruction shall be unconditional and in such format as is specified in the Indirect Participant User Guide from time to time.
- 4.2 Each Customer Instruction must be submitted by the Customer in accordance with the procedures and requirements set out in the Indirect Participant User Guide and in any other documents specified by the Bank. Where a Customer Instruction is defective or incomplete, the Bank will use reasonable endeavours to effect repair in co-operation with the Customer, in accordance with the Indirect Participant User Guide.
- 4.3 Upon receipt of a Customer Instruction on a Business Day before the Cut-Off Time, the Bank will submit a corresponding Instruction to the STEP2 SEPA Credit Transfer Service if that Customer Instruction passes the Lloyds Bank Validation Process.
- 4.4 An acknowledgement of a Customer Instruction shall be sent to the Customer in accordance with the Indirect Participant User Guide.
- 4.5 For the avoidance of any doubt, the Bank does not guarantee the performance of any submitted Customer Instructions that fail to satisfy, wholly or in part, any of the requirements specified in the STEP2 Services Documentation.
- 4.6 If the Customer submits a Customer Instruction after the Cut-Off Time, the Customer acknowledges that the Bank may be unable to procure the processing of that Customer Instruction on the same Business Day, and the Bank shall be under no duties other than to submit the corresponding Instruction as soon as reasonably practicable. Notwithstanding that a Customer Instruction has been submitted after the relevant Cut-Off Time, the Bank may, at its absolute discretion, submit the corresponding Instruction, but (without prejudice to clause 13 of this Agreement), the Bank shall have no liability to any person in submitting such an Instruction where the Customer submits a Customer Instruction after the time specified in this clause.
- 4.7 The Bank may at any time in accordance with the Clearing Documents unilaterally or bilaterally cancel any Instruction to which a Customer Instruction relates, without the consent of, and without any obligation to give prior notice to, the Customer. The Bank will give notice to the Customer promptly upon taking such action.
- 4.8 All Customer Instructions shall be irrevocable by the Customer in all circumstances once received by the Bank and the Cut-Off Time for that Business Day has elapsed, unless with the prior consent of the Bank.

## 5 Reliance on Customer Instructions

- 5.1 The Customer shall ensure that any Customer Instruction sent to the Bank under this Agreement, fully and accurately reflects the advice, request, instruction or communication intended to be provided to the Bank by the Customer and is duly authorised.
- 5.2 The Customer irrevocably authorises:
  - 5.2.1 the Bank to treat as authentic and properly authorised, rely upon and implement any Customer Instruction received by the Bank which originates (or appears to originate) from the Customer; and

- 5.2.2 the Bank to process each such Customer Instruction, provided that, subject to clause 5.3, the Bank takes such steps as are mandated at the time by the Clearing Documents with a view to establishing that the Customer Instruction has been sent by or on behalf of the Customer. The Customer acknowledges that the Bank is entitled to assume that Customer Instructions have been duly authorised by the Customer and are authentic and that their integrity has not been compromised and, except as stated in this clause 5.2, is under no obligation to verify the authorisation, authenticity or integrity of such Customer Instructions, even in the case of fraud (unless the Bank has actual knowledge of the fraud).
- 5.3 In determining the steps to be taken with a view to establishing that an Instruction has been sent by or on behalf of the Customer:
- 5.3.1 no regard shall be had to any steps, or any information provided with the Customer Instruction, which go beyond what is mandated with a view to identifying the Customer as the sender of the Instruction (for example, as to the organisational sub-division, individual or individuals who sent the Customer Instruction or authorised the Customer Instruction or any part of the distinguished name attached to the Customer Instruction other than the Customer's code);
- 5.3.2 where the Clearing Documents allow for alternative steps, the Bank may follow any alternative in its absolute discretion in the absence of written agreement between the Bank and the Customer; and
- 5.3.3 the Bank is not required to make any subjective judgement (as to the appropriateness of the Customer Instruction or any accompanying signature or certificate or otherwise).
- 5.4 Without prejudice to clauses 5.2 and 5.3, the Bank is not obliged to treat a Customer Instruction as effective, if:
- 5.4.1 there are insufficient funds in the Lloyds Bank Payment Account and no other arrangements have been agreed with the Bank for covering the payment obligations of the Bank implicit in the execution of the Customer Instruction;
- 5.4.2 the format through which that Customer Instruction is provided does not meet the requirements of the Clearing Documents or otherwise appears not to have been prepared or sent in accordance with this Agreement;
- 5.4.3 the Bank considers that the execution of that Customer Instruction may place the Bank in breach of any law or regulation; or
- 5.4.4 the Bank reasonably suspects that the format in which that Customer Instruction was received by the Bank may not (a) fully and accurately reflect an advice, request, instruction or communication that the relevant Customer intended to give to the Bank; or (b) have been given in accordance with the Customer's authorisation procedures.
- 5.5 If the Customer requests the Bank to cancel or modify any Customer Instruction for whatever reason, any step to be taken in response to that request shall be regulated by the Indirect Participant User Guide and not this Agreement, but the Bank shall not have any liability for any failure to cancel or modify the Customer Instruction if the request is received at a time or in circumstances that render the Bank unable reasonably to comply with it.
- 5.6 At no time shall the Bank be under any obligation to check, verify or amend the details of any Customer Instruction, whether prior to submitting a corresponding Instruction to the STEP2 SEPA Credit Transfer Service or otherwise.
- 6 Payments**
- 6.1 In accordance with the Indirect Participant User Guide, the Bank will post all payment amounts (being sums due to be paid by or on behalf of the Customer) and receipt amounts (being sums due to be received by or on behalf of the Customer) individually to the Lloyds Bank Payment Account, throughout the day.
- 6.2 Payments to the Bank shall be made by the Customer effecting payment to the Lloyds Bank Payment Account, except to the extent that other arrangements have been agreed with the Bank for covering the payment obligations of the Bank implicit in the execution of Customer Instructions. The Customer shall pay such sums to the Bank in the manner, and at the times, specified in the Indirect Participant User Guide to settle the Customer's positions.
- 6.3 All payments made by the Customer shall be irrevocable and without condition and, save as provided expressly in this Agreement, free of set-off.
- 6.4 If the Customer fails to make payment, either in whole or in part at the due time and date for payment, it shall, forthwith on demand by the Bank and without prejudice to any other rights and remedies of the Bank in connection therewith, pay the overdue amount (i) for value as at the date of the Customer Instruction to which the payment amount relates to the Bank (ii) together with interest on such overdue amount from the due date up to the date of actual payment, both before and after judgement, at such reasonable interest rate, and for interest periods of such duration, as the Bank may determine, in either case together with administration fees for late payment as set out in the tariff relating to the Customer's VOSTRO account with the Bank.
- 6.5 Without prejudice to clause 6.4, if the Customer fails to make payment, either in whole or in part, at the due time and date for payment, the Bank may in its sole discretion without notice to the Customer, block any credit balances on the Lloyds Bank Payment Account pending the exercise of the rights of set-off under clause 15.
- 6.6 The Customer shall ensure that sufficient funds are available (either by way of a credit balance or by way of agreed overdraft) on the Lloyds Bank Payment Account to cover amounts to be paid under clause 6.2, except to the extent that other arrangements have been agreed with the Bank for covering the payment obligations of the Bank implicit in the execution of Customer Instructions.
- 6.7 All payments by the Customer in respect of the Lloyds Bank Payment Account shall be made without deduction for tax, set-off or counterclaim. If any tax or amounts in respect of tax must be deducted, or any other deductions must be made, from any amounts payable or paid by the Customer to the Bank in respect of the Lloyds Bank Payment Account, the Customer shall pay such additional amounts as may be necessary to ensure that the Bank receives a net amount equal to the full amount which it would have received had payment not been made subject to tax or any other deduction.
- 7 Processing Failure and Disruption**
- 7.1 If either party becomes aware that it is not, or it is reasonably likely that it will not be, able to fulfil its obligations under this Agreement or that an Insolvency Event has occurred or is reasonably likely to occur in relation to it, it shall notify the other party promptly of the relevant facts.
- 7.2 If at any time, Instructions cannot be processed by the System Operator due to a Processing Disruption Event, upon notification by the System Operator to the Bank that its Instructions will not be processed, the Bank shall as soon as practicable notify the Customer that the Customer Instructions will not be processed.
- 7.3 If an Insolvency Event should occur in relation to EBA Clearing, the Bank may take such steps in relation to EBA Clearing as the Bank considers in its absolute discretion to be appropriate, including entering into alternative settlement arrangements.
- 7.4 If any failure of the processing arrangements contemplated by the STEP2 Services Documentation should occur, or if any unanticipated or abnormal event should affect those processing arrangements, the Bank may, but shall not be obliged to, enter into such alternative processing arrangements as, in its absolute discretion, it considers appropriate, having regard to any discernible market consensus at the time.
- 8 Fees, Expenses and Payments**
- 8.1 The Customer shall pay to the Bank fees in respect of the services of the Bank under this Agreement as set out in the tariff relating to the Customer's VOSTRO account with the Bank.
- 8.2 The Bank shall notify the Customer of the fees payable in respect of the services of the Bank under this Agreement in accordance with the standard charging cycle agreed in writing between the Bank and the Customer.
- 8.3 If the Bank increases any of transaction charges, or introduces a new one, the Bank will give the Customer 30 days' written notice before it makes the change. At any time up to 60 days from the date of the notification the Customer may, without notice terminate this Agreement without having to pay any extra charges for doing so.
- 8.4 Any fee referred to in this Clause 8 is exclusive of any value added tax or any other tax which may be chargeable in connection with that fee. If any value added tax or other tax is so chargeable, it shall be paid by the Customer at the same time as it pays the relevant fee.
- 9 Representations and Warranties of the Customer**
- 9.1 The Customer makes the representations and warranties set out in this clause 9 to the Bank on entering into this Agreement and on submitting each Customer Instruction.
- 9.2 It is duly incorporated and validly existing under the laws of the jurisdiction of its incorporation and it has the power to own its assets and carry on its business as it is being conducted.

- 9.3 It has the power to enter into and perform, and has taken all necessary action to authorise the entry into, performance and delivery of, the Clearing Documents and the transactions contemplated by the Clearing Documents.
- 9.4 Each Clearing Document, when executed in accordance with its terms will constitute its legal, valid and binding obligation enforceable in accordance with its terms, subject to insolvency laws and creditors' rights generally and principles of equity.
- 9.5 The entry into, and performance by it of, each Clearing Document and the transactions contemplated there under do not and will not conflict with any law or regulation, or judicial or official order, the constitutional documents of the Customer or any document which is binding upon the Customer or any asset of the Customer.
- 9.6 All authorisations required or desirable in connection with the entry into, performance, validity and enforceability of, the Clearing Documents and the transactions contemplated there under, have been obtained or effected (as appropriate) and are in full force and effect.
- 9.7 It has reviewed and fully understands its obligations under the Clearing Documents and User Guides, and undertakes to adhere to the same.
- 9.8 It acknowledges that it has read the EPC Rulebook, and undertakes to adhere to it.
- 9.9 It will not take any action under this Agreement which may result in the Bank being in breach of the STEP2 Services Documentation, or the EPC Rulebook.
- 9.10 It agrees to participate in testing procedures with the Bank for any reason, including as a means of ensuring that Customer's systems are functional for purposes of the Bank providing the Service or for changes to the functionality at the Bank or of the STEP2 Service.
- 9.11 In submitting each Customer Instruction it has complied with all provisions of applicable law, including EC Regulation 1781/2006, applicable sanctions laws and anti-money-laundering legislation, and data protection laws.
- 9.12 It shall comply with all applicable laws and regulations in relation to the performance of its obligations and the exercise of its rights under this Agreement. The Customer acknowledges that the Bank has no responsibility for any legal or regulatory obligations to which the Customer may be subject in relation to the Services.
- 9.13 It is solely responsible for ensuring that it is aware of any changes or amendments to the EPC Rulebook and the STEP2 Services Documentation.
- 9.14 Notwithstanding any other provision of the Clearing Documents, the Customer acknowledges that:
- in all its dealings with the Bank under the Clearing Documents, the Customer is acting on its own account as principal and is not acting as agent, trustee or otherwise in a fiduciary capacity in relation to any other person;
  - in all the Bank's dealings with EBA Clearing under the STEP2 Services Documentation (including, without limitation, in relation to Instructions and Settlements arising from Customer Instructions), the Bank is acting on its own account as principal and is not acting as the Customer's agent, trustee or otherwise in a fiduciary capacity in relation to the Customer; and
  - the Customer shall have no recourse to EBA Clearing, and no rights of subrogation against the Bank or any other person, in respect of any matter under the STEP2 Services Documentation.
- 10 Representations and Warranties of the Bank**
- 10.1 The Bank makes the representations and warranties set out in this clause 10 to the Customer on entering into this Agreement.
- 10.2 It is duly incorporated and validly existing under the laws of the jurisdiction of its incorporation and it has the power to own its assets and carry on its business as it is being conducted.
- 10.3 It has the power to enter into and perform, and has taken all necessary action to authorise the entry into, performance and delivery of, the Clearing Documents and the transactions contemplated by the Clearing Documents.
- 10.4 Each Clearing Document, when executed in accordance with its terms will constitute its legal, valid and binding obligation enforceable in accordance with its terms, subject to insolvency laws and creditors' rights generally and principles of equity.
- 10.5 The entry into, and performance by it of, each Clearing Document and the transactions contemplated there under do not and will not conflict with any law or regulation, or judicial or official order, the constitutional documents of the Bank or any document which is binding upon the Bank or any asset of the Bank.
- 10.6 All authorisations required or desirable in connection with the entry into, performance, validity and enforceability of, the Clearing Documents and the transactions contemplated there under, have been obtained or effected (as appropriate) and are in full force and effect.
- 10.7 The Bank is a Direct STEP2 Participant in the STEP2 SEPA Credit Transfer Service.
- 11 Undertakings**
- 11.1 The Customer shall supply to the Bank such information and records as may be required by any governmental or regulatory agency or authority or to any persons appointed by such agency or authority for the purposes of any inquiry, inspection or investigation.
- 11.2 The Customer undertakes at all times to limit access to the data processing system to which the Customer has access to authorised and trained personnel only.
- 12 Indemnity**
- 12.1 The Customer shall indemnify and keep indemnified the Bank, its directors, officers, employees, controlling persons and sub-contractors, on demand against each loss, liability and cost (including each loss, liability and cost incurred as a result of defending or settling a claim alleging such a liability) arising as a result of:
- a breach by a Customer of a warranty and representation in clause 9 or any other breach by a Customer of any relevant law or regulation, or the Clearing Documents;
  - any claim by any person that any Customer Instruction infringes the right, title or interest of any person or contravenes any relevant law, regulation, ordinance, court order or other mandate or prohibition with the force of law;
  - an act or omission of a Customer which places the Bank in breach of the STEP2 Services Documentation; or
  - the Bank treating as authorised or authentic, relying upon and/or implementing any Customer Instruction received by the Bank pursuant to this Agreement.
- 13 Liability of the Bank**
- 13.1 Except as expressly provided in the Clearing Documents, the Bank has no obligation to the Customer to submit Customer Instructions.
- 13.2 Subject to clause 13.4, the entire aggregate liability of the Bank under or in connection with this Agreement, whether for negligence, breach of contract, misrepresentation or otherwise, shall not at any time exceed an amount being six times the average of the monthly fees paid by the Customer under this Agreement during the twelve month period ending at that time (or such lesser period as this Agreement has been in effect).
- 13.3 Subject to clause 13.4, the Bank shall not have any liability to the Customer under or in connection with this Agreement, whether for negligence, breach of contract, misrepresentation or otherwise, for:
- any loss, liability or cost other than a direct loss caused by its breach of this Agreement or deliberate default;
  - any punitive, special, consequential or indirect losses whatsoever, nor for any loss of profits, loss of contracts, financial losses, loss of data or loss of goodwill, however caused;
  - any loss, liability or cost arising as a result of a matter to which an indemnity given in clause 12.1 applies;
  - any loss, liability or cost arising as a result of any act or omission of EBA Clearing; any liability of any Customer to EBA Clearing (or any associated loss or cost); or any loss, liability or cost for which EBA Clearing would have been liable but for an exclusion or limitation of liability in any agreement or otherwise imposed by EBA Clearing;
  - any loss, liability or cost arising as a result of the acts or omissions of any other person who is not party to this Agreement (including any Agent); or
  - incompatibility between the systems used by the Customer and those of the Bank.
- 13.4 Nothing in this Agreement shall operate to exclude or restrict the Bank's liability for:
- death or personal injury resulting from the Bank's negligence; or
  - the fraudulent act of the Bank.
- 13.5 The Bank shall not be responsible for any failure of the Customer Instruction to Settle (including, without limitation, where such failure arises from the Customer failing to meet the Cut-Off Time for the provision of a Customer Instruction or failing to provide any information requested by the Bank by the time specified by the Bank) and shall have no liability to any person in respect of that Instruction. The Bank will however make reasonable efforts to recover any funds involved in the Transaction.
- 13.6 Neither party shall be liable for any loss, damage, delay or failure to perform any obligation resulting from any Force Majeure Event.
- 13.7 Notwithstanding any legislation implementing EC Directive 2007/64/EC (on payment services in the internal market) all statutory or other duties implied by law which may otherwise be applicable to a payment services provider are hereby disapplied by each Party in relation to the other, to the fullest extent permitted by law.



**14 Termination**

- 14.1 If an Event of Default should occur in respect of the Customer then, on or at any time after the occurrence of such an event, the Bank may give notice to the Customer specifying the relevant event and designating a day not earlier than the day such notice is effective as an "Early Termination Date". At and from the Early Termination Date, the Bank may:
- (i) by notice to the Customer, terminate this Agreement with immediate effect subject to the terms of this clause 14; and/or
  - (ii) without notice to the Customer, block any credit balances on the Lloyds Bank Payment Account pending the exercise of the rights of set-off under clause 15; and/or
  - (iii) exercise all or any of its other rights under this Agreement.
- 14.2 Without prejudice to clause 14.1 above, either party may terminate this Agreement by giving 30 days' notice in writing to the other party.
- 14.3 Following the giving of notice by the Bank to terminate this Agreement in accordance with clauses 14.1 or 14.2 all outstanding Instructions shall be cancelled by the Bank to the extent that the Bank is able to effect, and the System Operator complies with, any corresponding cancellation submitted by the Bank.

**15 Set-Off**

- 15.1 In addition to any rights of set-off the Bank may have, as a matter of law or otherwise, the Bank may (but is not obliged to), without prior notice to the Customer or any other person, set off any obligation due and owing to the Bank by the Customer (whether or not arising under a Clearing Document, whether or not matured, whether or not contingent and regardless of the currency, place of payment or booking office of the obligation) against any obligation owing by the Bank to the Customer. If the obligations are denominated in more than one currency, the Bank may make such currency conversions as it considers reasonable in order to be able to exercise its right of set-off to the fullest extent possible. If an obligation is unascertained, the Bank may in good faith estimate that obligation and set off in respect of the estimate, subject to the relevant party accounting to the other when that obligation is ascertained. Nothing in this provision will be deemed to create a charge or other security interest.

**16 Confidentiality and Data Protection**

- 16.1 The parties acknowledge that the Bank's obligations of confidentiality in relation to Instructions received by it are regulated by the Clearing Documents and applicable law and, except as set out in clause 16.2, are not affected by this Agreement.
- 16.2 The Bank acknowledges that it may in connection with this Agreement receive from the Customer information which is confidential to the Customer ("Customer Confidential Information"). Subject to clause 16.3 the Bank shall keep the Customer Confidential Information confidential and not disclose it to any person.
- 16.3 The Bank may disclose and transfer Customer Confidential Information and personal data relating to each Customer, its employees and other representatives: to its professional advisors; to service providers and persons acting on its behalf; as required by law or regulation or requested by any competent authority; and in connection with the performance of the Bank's obligations under this Agreement, including (in each case) transfers to, and processing in, countries and territories which do not have data protection laws providing an equivalent level of protection to those prevailing in the European Union.
- 16.4 The Customer acknowledges that it may in connection with this Agreement receive from the Bank information in relation to the Services and/or this Agreement which is confidential to the Bank, including the information comprised in the User Guides ("Lloyds Bank Confidential Information"). Each Customer shall keep the Lloyds Bank Confidential Information confidential, not use it except for the purpose of receiving the Services and performing its obligations under this Agreement, not disclose it to any person except as required by law or with the prior written consent of the Bank and, promptly following termination of this Agreement to the extent that it relates to the rights and obligations of that Customer, return it to the Bank (or destroy it, and certify to the Bank in writing that it has been destroyed).

- 16.5 If the Bank processes personal data on behalf of the Participating User or another Customer in connection with this Agreement, the Bank shall:
- 16.5.1 process the personal data only on the instructions of the Customer, as given in clause 16.6; and
  - 16.5.2 have in place appropriate technical and organisational measures to protect those personal data against accidental or unlawful destruction; accidental loss, alteration, unauthorised disclosure or access; and other unlawful processing.
- 16.6 The Customer irrevocably instructs the Bank to take such steps in the processing of personal data on its behalf as are reasonably necessary or desirable to the performance of the Bank's obligations under this Agreement.

**17 Notices**

- 17.1 Communications in writing except as specified in this Agreement, any Notice:
- 17.1.1 shall be in writing;
  - 17.1.2 shall be in the English language; and
  - 17.1.3 shall be delivered personally or sent by first class post, pre-paid recorded delivery (and air mail if overseas) to the party due to receive the Notice at its address, and marked for the attention of the person or persons set out in clause 17.2 (Notices Details) or to another address and/or marked for the attention of another person specified by the receiving party by written notice to the Bank, received before the Notice was despatched. A Notice is deemed given when it is actually received.

**17.2 Notices Details**

The address referred to in clause 17.1 (Communications in writing) is:

**17.2.1 in the case of the Bank:**

Lloyds Bank plc,  
25 Gresham Street,  
London,  
EC2V 7HN.

Attention

**17.2.2 In the case of the Customer:**

SWIFT BIC

Account number

Address

  
  


Postcode

Telephone number

Attention

and a copy to:

Address

  
  
  


Postcode

Telephone number

Attention

## 18 Miscellaneous

- 18.1 The Bank may amend this Agreement and/or the Indirect Participant User Guide at its discretion, typically (but not exclusively) to:
- 18.1.1 comply with legal, fiscal or regulatory changes;
  - 18.1.2 rectify errors, omissions, inaccuracies or ambiguities; and/or
  - 18.1.3 take account of any corporate reorganisation within the Lloyds Banking Group of companies, and reflect alterations in the scope and nature of the service which the Bank is able to provide to the Customer under this application in accordance with the Bank's systems' capabilities and routines and having regard to market practice and overall customer demand.
- Changes will be notified to the Customer in writing by post and may direct the Customer to the Commercial Banking website where details of the change are posted. If the Bank amends this Agreement and/or the Indirect Participant User Guide, and the change is to the Customer's disadvantage the Bank will give the Customer 30 days' written notice before it makes the change. At any time up to 60 days from the date of the notification the Customer may, without notice terminate this Agreement without having to pay any extra charges for doing so. If a change is not to the Customer's disadvantage the Bank may make a change immediately and tell the Customer about it in writing within 30 days. If the Bank has made a major change or a number of minor changes in any one year, the Bank will give the Customer a copy of the new Agreement and/or Indirect Participant User Guide or a summary of the changes or direct the Customer to the Commercial Banking website where the latest Agreement and/or Indirect Participant User Guide and/or a summary of the changes are posted.
- 18.2 Each Clearing Document may be executed in any number of counterparts, all of which, taken together, shall constitute one and the same agreement.
- 18.3 No party may assign, transfer, novate or dispose of any interest in, or its rights and/or obligations under, any Clearing Document without the prior written consent of the other party.
- 18.4 If a provision of a Clearing Document is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect the legality, validity or enforceability in that jurisdiction of any other provision of the Clearing Documents, or the legality, validity or enforceability in other jurisdictions of that or any other provision of the Clearing Documents.
- 18.5 The Bank may record telephone conversations in connection with the Service. If a recording is made, it or a transcript may be used in resolving any dispute between the Bank and the Customer. Recordings and any transcripts shall be the property of the Bank.

- 18.6 A person who is not a party to this Agreement shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.
- 18.7 The Payment Services Regulations apply to this Agreement and the Indirect Participation User Guide except that all the provisions contained in those regulations which can be excluded in agreements with certain businesses are excluded to the fullest extent possible.
- 18.8 Copies of the latest documents comprising this Agreement and the Indirect Participant User Guide and all other documents and material referred to therein are available to the Customer on request via its relationship manager and at the Commercial Banking website.
- 18.9 The Bank aims to provide the highest level of customer service possible. If the Customer does experience a problem, the Bank will always seek to resolve this as quickly and efficiently as possible. If the Customer would like a copy of the Bank's complaint procedures, the Customer should contact its relationship manager or any of the Bank's offices. Details can also be found on the Commercial Banking website, at [www.lloydsbankcommercial.com/contactus](http://www.lloydsbankcommercial.com/contactus).

## 19 Law and Jurisdiction

- 19.1 This Agreement and any non-contractual obligations arising out of or in relation to it is governed by, and shall be construed in accordance with, English law.
- 19.2 Each of the Bank and the Customer hereby agrees (a) that the courts of England are to have jurisdiction to settle any disputes in connection with this Agreement and submit to the non-exclusive jurisdiction of the English courts in connection with this Agreement, (b) to waive any objection that such proceedings have been brought in an inconvenient forum and (c) not to claim, with respect to such proceedings, that such court does not have jurisdiction over such party.

Executed by the parties

Signed by (full name)

For and on behalf of Lloyds Bank plc

Signature

Date

Signed by (full name)

For and on behalf of (name of customer)

Signature

Date