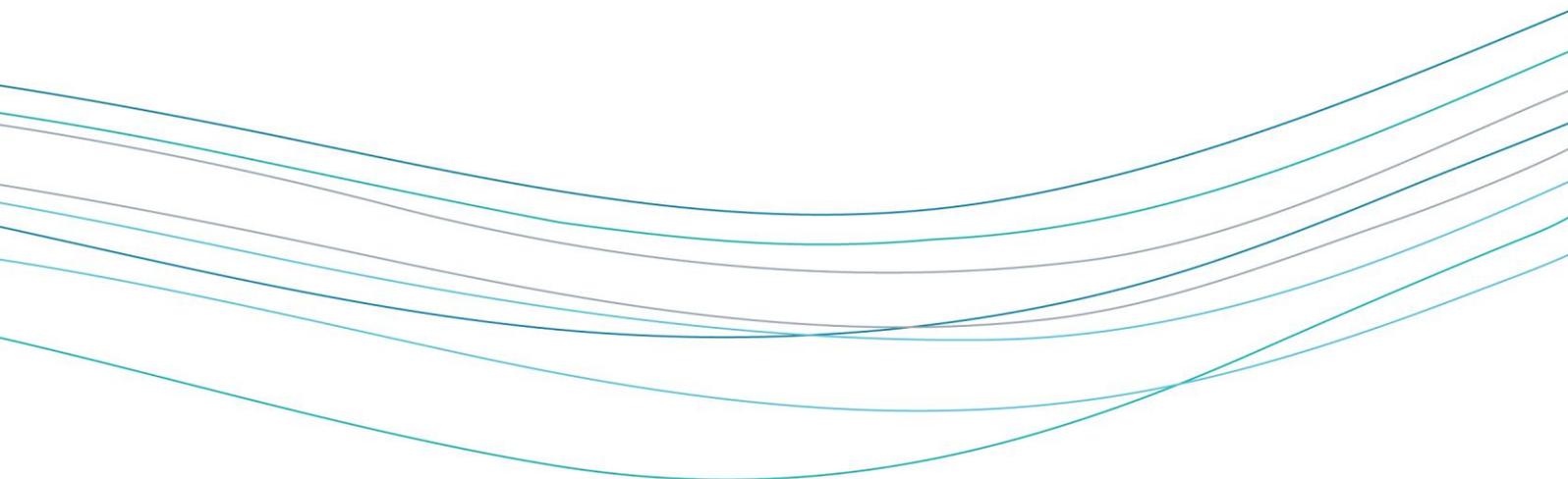


Trading Disputes Guidance Document

Version 1.0



Introduction

The purpose of this document is to provide guidance for trading parties with regards to the trading disputes process. It is intended as a guide to best practice including timescales outlined within the market codes. For further guidance please refer to Section 18 of the Business Terms and Schedule 9 of the Market Arrangements Code.

What is a trading dispute?

“Any query or dispute of whatsoever nature and howsoever arising under the Wholesale-Retail Code as to the existence, nature or effect of any errors in (including omissions from) any Data Item.” (Wholesale Retail Code - Part 1)

A trading dispute is defined as any query, difference or dispute which has arisen due to the existence of an error within any data item (unless in respect of non-primary charges). This includes instances where errors have been identified but not resolved.

Trading disputes occur when two trading parties disagree on whether a data item has been accurately maintained, which has had an effect on primary charges. Under the Market Arrangements Code (MAC), parties have an obligation to ensure that data is maintained accurately. In the event of inaccuracy, raising a trading dispute escalates the query to ensure rectification.

Trading disputes are assessed against key criteria which must be met in order for the trading dispute to be considered as valid. These criteria are as follows:

- ◆ The trading parties are disputing a data item
- ◆ The trading party has raised a query with MOSL
- ◆ The disputing party has notified the other disputing party(ies) in writing of the dispute and held a meeting to attempt resolution
- ◆ The trading dispute is about primary charges
- ◆ The same data item/error has not been previously investigated.

In the majority of cases, it is expected that parties will be able to resolve the issue bi-laterally without the need to raise a dispute. Trading parties are expected to work collaboratively together and with MOSL to resolve potential issues before they are formally raised as disputes. This includes raising a query with MOSL via email to operations@mosl.co.uk prior to raising a dispute. This email should provide details of the issue, the

background of the problem and what efforts have been made to resolve the matter thus far. Disputes should not be raised until the parties involved have made all reasonable attempts to resolve the disagreement.

Trading disputes process

1. Raising a dispute

Trading disputes should be raised and managed through KissFlow. Any additional information which may strengthen the case for raising a dispute can also be attached to the application. MOSL will acknowledge the application within five business days and review against the key criteria to ensure it is valid.

Once validated, MOSL are obligated to publish the dispute to the website within seven business days and will include sufficient details for other trading parties to assess whether it is/will be affected. If another trading party believe they have been affected by the trading dispute they have a period of seven business days from the point of publication in which to notify MOSL that they consider themselves to be an affected party.

If the trading dispute is not deemed to be valid or is unclear, MOSL may request additional information or clarity from the disputing party. Upon request for additional information, disputing parties have ten business days in which to respond to this request or request an extension to this timeframe.

The deadline for raising a trading dispute is 28 calendar months from the date of publication of the final settlement report in which the error in the data item was recognised.

2. Resolving the dispute

From the point at which the trading dispute was raised, parties have ten business days in which to hold a dispute meeting to reach an agreement on a way forward. This meeting must involve representatives from the disputing parties with authority to resolve the dispute and can take place in the form of a meeting in person, a video conference or a conference call. At this meeting it is expected that disputing parties will act in good faith and shall use reasonable endeavour to reach an agreement.

3. Escalation to TDC

If no agreement on resolution can be reached within 20 business days of the date the trading dispute was raised, MOSL may escalate the dispute to the Trading Disputes Committee (TDC). MOSL will provide all relevant documents to the TDC within seven business days once provided by the disputing parties. The trading dispute may not be escalated to the TDC if it is deemed that parties have been able to reach a suitable agreement and sufficient evidence of this has been provided.

It is expected that all parties will endeavour to stick to the timeframe outlined wherever possible. However, in some instances this may not be possible. In these cases, parties should contact MOSL to request an extension

to the specified timeframe. MOSL will review this extension request and if approved, grant the disputing parties another 20 business days before taking the step to escalate to the TDC.

Once escalated, the dispute will be included on the agenda for the next TDC meeting (or next practicable meeting) for discussion and consideration.

4. TDC consideration

Upon consideration of the trading dispute, the TDC may make further enquiries or request additional information and data from trading parties if required to reach a decision. It may also decide to defer a decision for necessary further information to be acquired. Having considered all relevant material, the TDC will then decide as to:

- ◆ Whether there was an error in any data item
- ◆ If so, what changes in data are appropriate to correct the data item(s)
- ◆ Once the data item(s) has been changed, whether the next planned settlement run is appropriate to correct the affected settlement report or, if not, whether any dispute settlement run is necessary to correct the affected settlement report.

5. Following TDC decision

Once the TDC has reached a decision on the trading dispute, MOSL will publish the outcome of the dispute to its website. It will notify any affected parties and the market auditor of the identities of all affected trading parties and the decision made by the TDC. It may also include further information as to the reasons behind the decision if deemed appropriate by the TDC.

Following this, if any affected trading party does not agree with the decision reached by the TDC it may refer the trading dispute to arbitration within 20 business days of receipt of the decision. The trading dispute may also be referred to arbitration if the TDC did not determine the decision by majority.

If no notice of arbitration is received within the 20 business day window, then the decision of the TDC will be final and binding.

Where trading disputes result in an unplanned settlement run as part of the rectification, trading parties will be required to demonstrate the disputed amount meets the materiality threshold in order for the run to be processed (one per cent of total primary charges for the pairing, or £10,000). Please note, trading parties are only required to meet this materiality threshold to run a dispute settlement run; it does not restrict trading parties from raising trading disputes that do not meet the threshold.

If a settlement run is required following the correction of the incorrect data item, MOSL will ensure that either the next planned settlement run or a dispute settlement run is undertaken within 20 business days following the decision of the TDC or as otherwise agreed in the rectification plan.

Arbitration

MOSL do not play an active role beyond monitoring the arbitration process once the dispute has been escalated. Responsibility remains solely on a trading party to organise, communicate to MOSL, and undergo the arbitration process, which must be raised under London Court of International Arbitration (LCIA) rules.

For more information on the trading party's obligations during the arbitration process, please refer to Section 19 of the Business Terms.

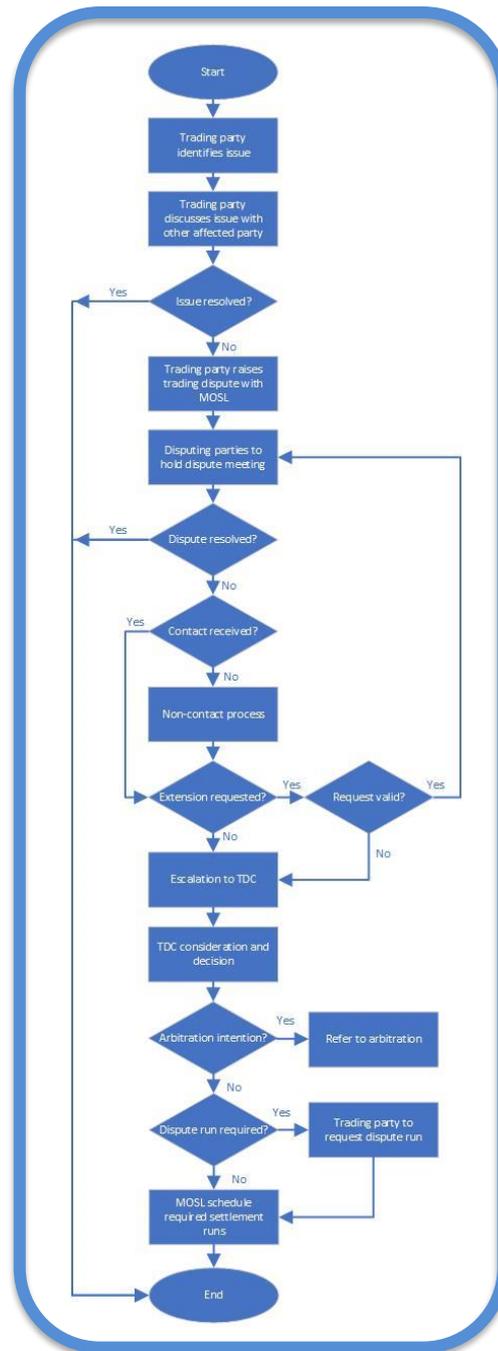
Non-contact

Please note, in any instance where a set timeframe is outlined it is expected that parties will adhere to this. In circumstances where this is not possible, parties should contact MOSL to request an extension to this timeframe. If the Service Level Agreement (SLA) has not been met and no reasonable contact has been received, MOSL will send a notification to the disputing party requesting an update. Following this, trading parties are given 10 working days to respond to the notification. After which, the dispute may either be escalated to the TDC or closed if deemed appropriate by MOSL.

Appendices

1. Process map

The below process map is intended to provide further illustration to the process as described in the above document. For guidance on timeframes please refer to above document and relevant codes.



2. Process timeline

The below timeline is intended to provide illustration on the time frames as set out in the Market Arrangements Code and Business Terms. Please note, no set time period has been apportioned to the consideration of the TDC as there are currently no time frames for this set out in code.

