

**DCUSA CP 349 – Effectiveness of the current provision of unsecured cover under
Schedule 1**

Draft Legal Text

Amend Paragraphs 2.12 to 2.15 of Schedule 1 as follows:

Payment Record Factor

- 2.12 Where the User's Payment Record Factor is to be used to determine the Credit Allowance Factor in accordance with Paragraph 2.5(b), the Credit Allowance Factor shall equal the value of the Payment Record Factor determined in accordance with Paragraphs 2.13 to 2.15.
- 2.13 With effect from 29th June 2023rd, the Payment Record Factor shall equal the number of months since the Good Payment Performance Start Date (as specified in Paragraph 2.14) multiplied by 0.033% (that is to say, by 0.4% per annum), subject to the following provisos and caps:
- (a) during the first 36 months from the first relevant account (as referred to in Paragraph 2.14(a) or 2.14(b), as applicable to the User), the Payment Record Factor shall be capped at a maximum value of 1.2% (i.e. the maximum which could be earned in that period);
 - (b) during months 37 to 48 (inclusive) following such first relevant account, the Payment Record Factor shall be capped at a maximum value of 0.7%;
 - (c) during months 49 to 60 (inclusive) following such first relevant account, the Payment Record Factor shall be capped at a maximum value of 0.4%;
 - (d) from and including the 61st month following such first relevant account, the Payment Record Factor shall always be zero; and
 - (e) on each occasion that the User fails to pay the Charges on or before the date by which such payment is required to be made under this Agreement (but for which the delay in payment is not so great as to create a new Good Performance Start Date under Paragraph 2.14(c)), the Payment Record Factor that would otherwise apply shall be reduced as follows:

Age of debt past payment date when settled (Working Days)	Value of debt as a percentage of Charges invoiced	Reduction to Payment Record Factor
1 to 3	<25%	Loss of 25% of previously accrued good payment performance
	≥25% and <75%	Loss of 50% of previously accrued good payment performance
	≥75%	Loss of 100% of previously accrued good payment performance

2.13A The Company shall give the User notice of any adverse change in the calculation of its Payment Record Factor under Paragraph 2.13.

2.13B It is acknowledged that the User's first relevant account (as referred to in Paragraph 2.14(a) or 2.14(b), as applicable to the User), may have been before 294 June 20232, and furthermore that it might have been more than 60 months before 294 June 20232 (such that the User's Payment Record Factor shall always be zero from 294 June 20232).

2.14 The Good Payment Performance Start Date shall:

- (a) for Users under Section 2A, initially, be the date of the earliest of the first Initial Account, the first Reconciliation Account, the first account issued pursuant to Clause 21, or the first account comparable to the foregoing issued under the use of system agreement applying between the User and the Company immediately before this Agreement became effective (the **relevant account**);
- (b) for Users under Section 2B, initially, be the date of the earliest of the first account issued pursuant to Clause 44 or 45, or the first account comparable to the foregoing issued under any connection and use of system agreement applying between the User and the Company immediately before this Agreement became effective (the **relevant account**); and

(c) for all Users, where the User fails (or has failed) on any occasion to pay any relevant account relating to undisputed Charges in full on the applicable payment date (and does not remedy that failure within 3 Working Days such that Paragraph 2.13(e) applies), be the date on which a relevant account is submitted in a month subsequent to the month in which such payment failure is remedied (unless, having regard to all the circumstances, including in particular the value, duration, and frequency of failure, the Company reasonably determines an earlier date).

2.15 Where any unpaid disputed invoice is found to have been disputed without merit, a failure to have paid the relevant account in accordance with the terms of this Agreement shall be treated as a failed payment and the provisions of Paragraph 2.14 shall apply accordingly.