

Modification Proposal 0338V – Remove the UNC requirement for a ‘gas trader’ User to hold a Gas Shipper Licence

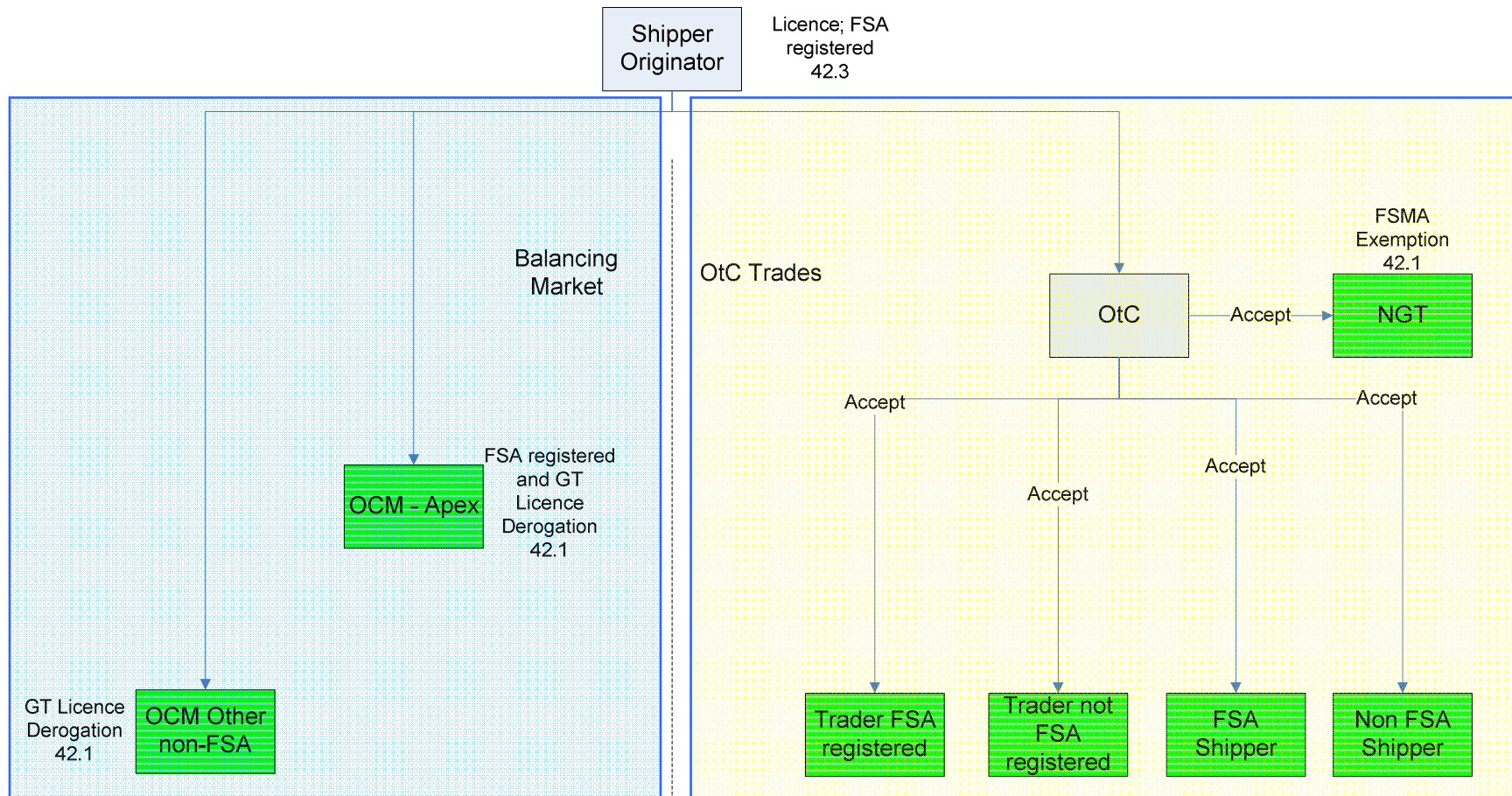


- Modification seeks to enable parties to sign up to Code without holding a Shipper or Transporter licence.
 - 0338 replaced by 0338V to incorporate changes resulting from discussions regarding FSA authorisation.
- Following slides seek to explain the FSA exemptions and their application to various parties

- Two relevant exemptions apply:
 - Art. 42 (1) Transco plc is exempt from the general prohibition in respect of any regulated activity of the kind specified by article 14, 21[, 25 or 25D] of the Regulated Activities Order (dealing in investments as principal or agent[, arranging deals in investments or operating a multilateral trading facility]) which it carries on —
 - (a) **in its capacity as a gas transporter under the Transco Licence**; and
 - (b) for the purposes of enabling or facilitating gas shippers to buy or sell an investment of the kind specified by article 84 or 85 of the Regulated Activities Order (futures or contracts for differences etc).

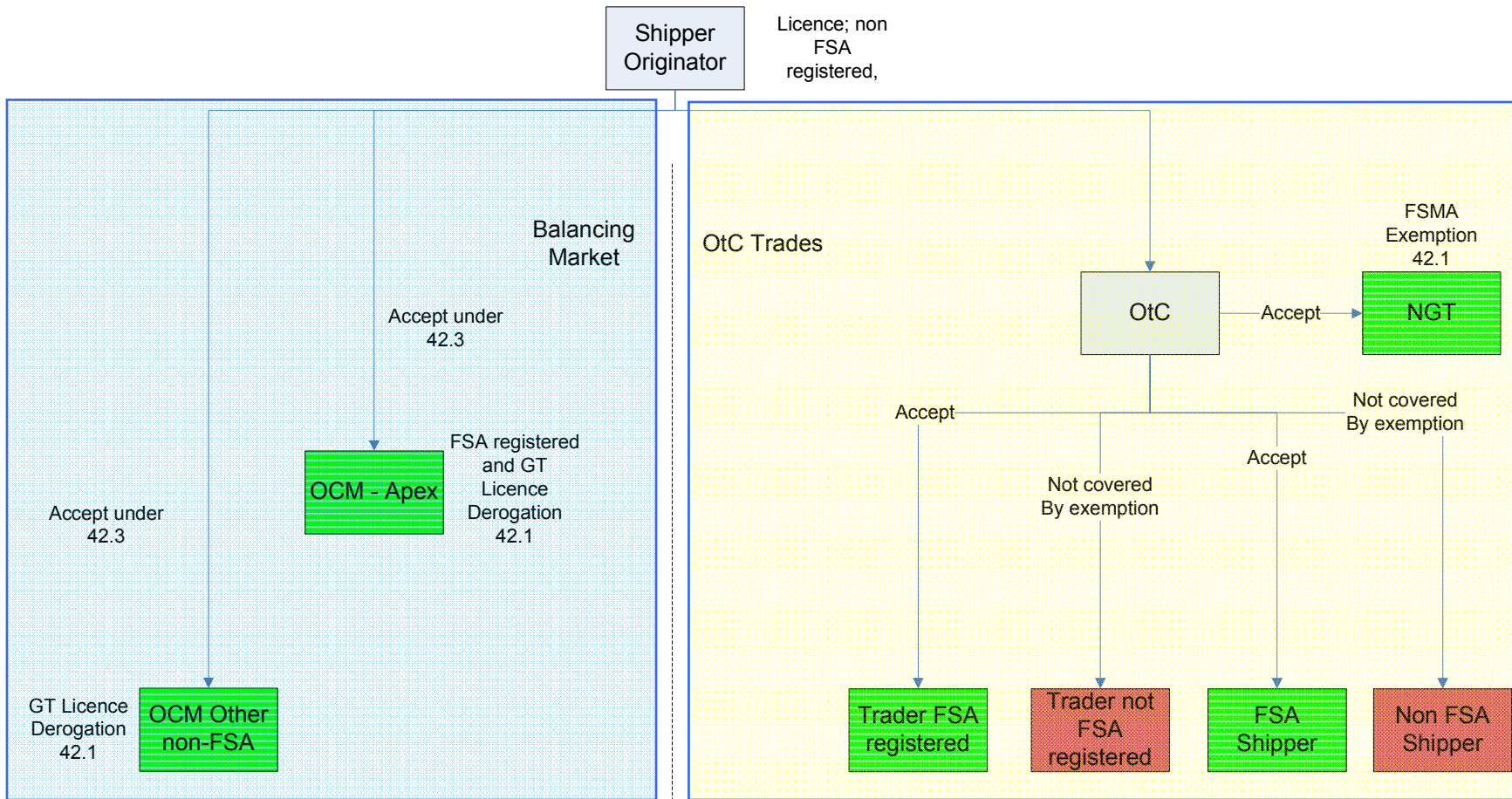
- Art. 42 (3) Transco plc and relevant gas shippers are exempt from the general prohibition in respect of any regulated activity of the kind specified by article 14 or 21 of the Regulated Activities Order (dealing in investments as principal or agent) in so far as that activity relates to an investment of the kind specified by article 84 or 85 of that Order (futures or contracts for differences etc) and is carried on **for the purpose of participating in the balancing market.**

Scenario 1: FSMA Registered Shippers



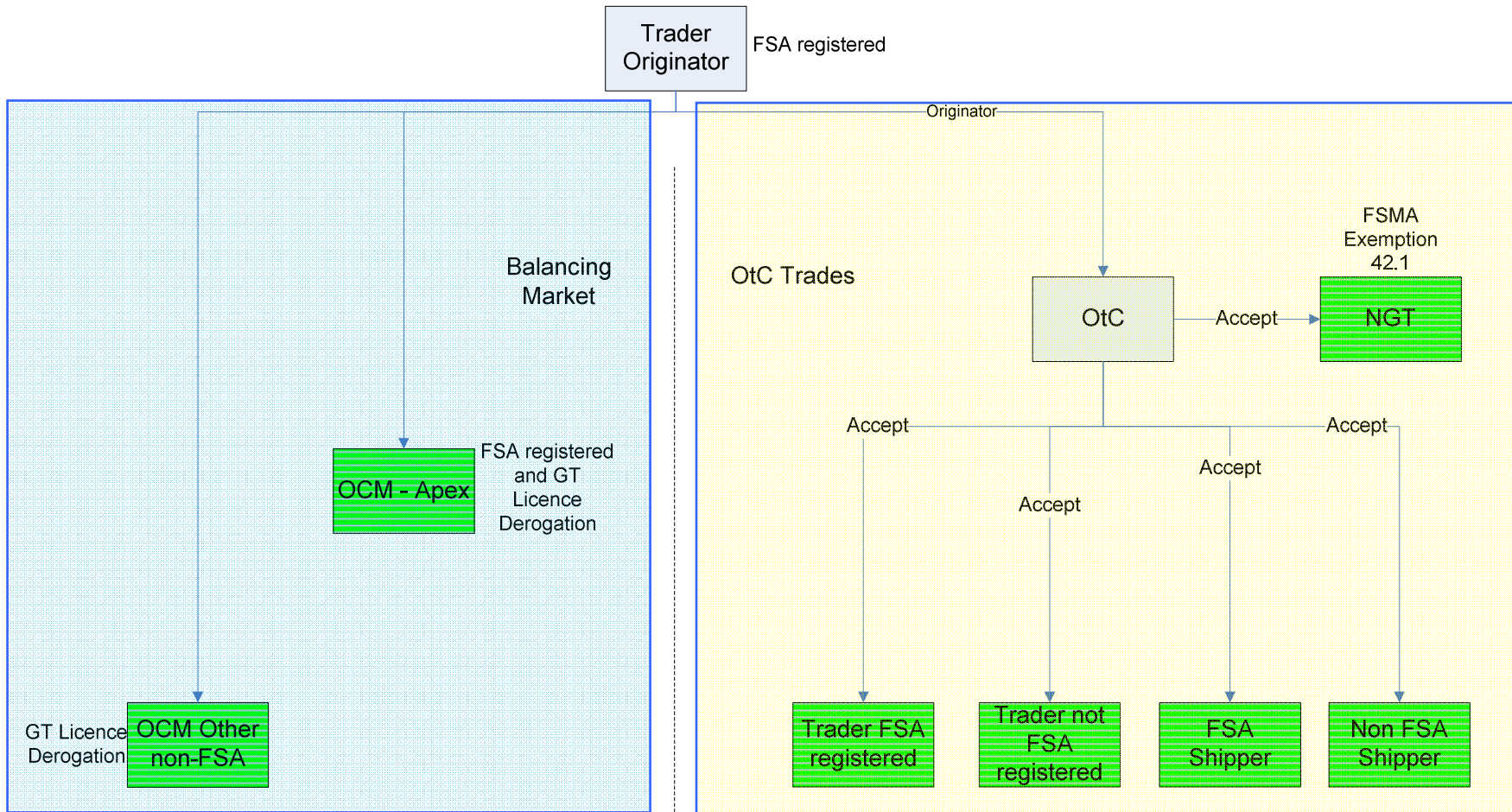
 **OK to trade**

Scenario 2: Non FSMA Shippers

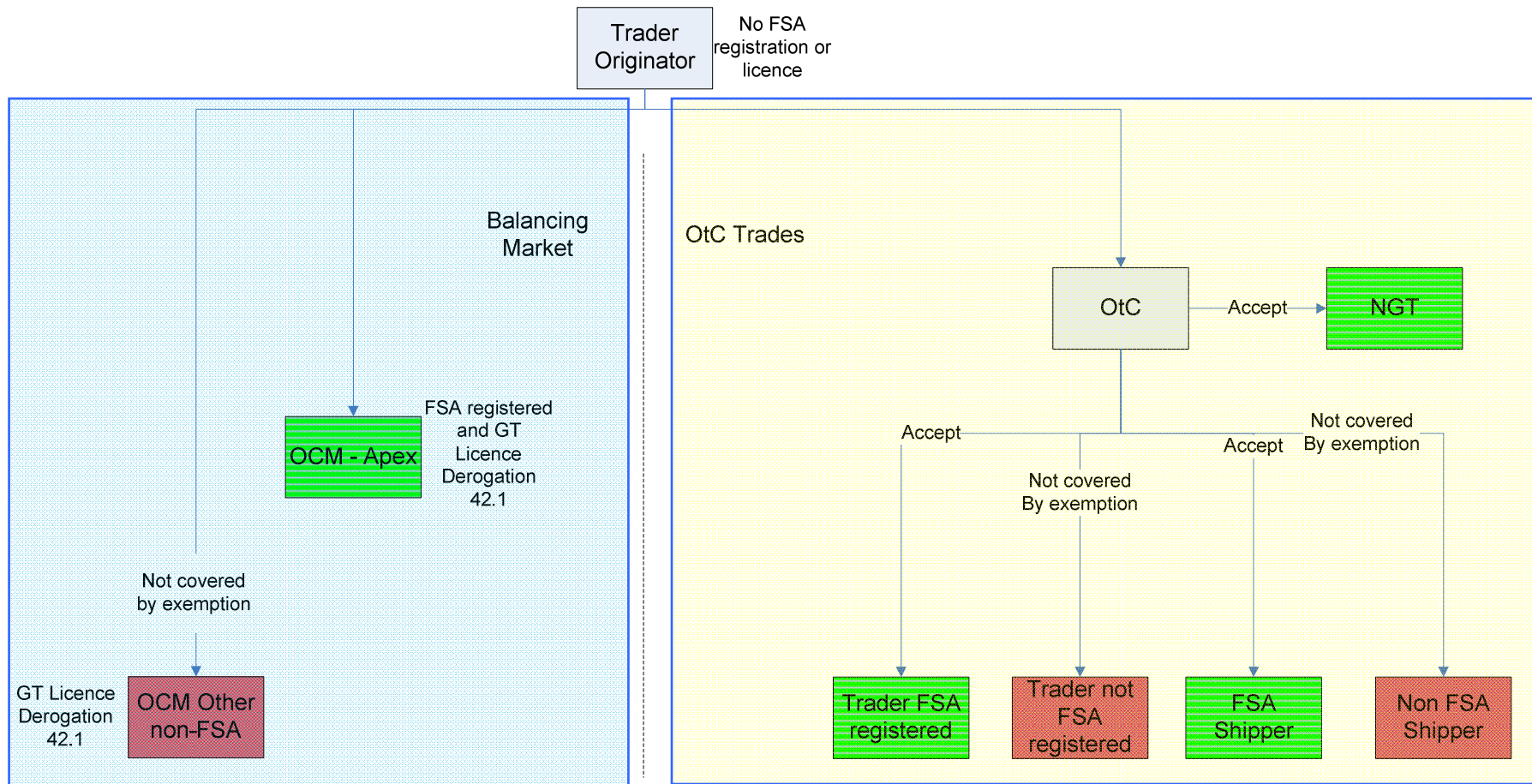


Trade may not be OK

Scenario 3: FSMA Registered Traders



Scenario 4: Non FSMA Traders



Scenario 5: National Grid Transmission

