

DEPARTMENT OF TRANSPORT

NETWORK LICENCE

granted to

LONDON UNDERGROUND LIMITED

Table of Contents

	PAGE
<i>Part I - Scope Of The Licence</i>	1
<i>Part Ii - Interpretation</i>	2
<i>Part Iii - Conditions</i>	3
<i>A: Consumer Protection Conditions</i>	3
Insurance Against Third Party Liability	3
Claims Allocation And Handling	3
Transport Police	4
<i>B: Other Conditions</i>	5
Liability Of Operators To Each Other	5
Environmental Matters	5
Conduct Of Licensed Activities	5
Accounting Requirements	6
Co-Operation With Railtrack Plc	6
Provision Of Information To The Regulator And The Authority	6
<i>Schedule - Terms As To Revocation</i>	8

Part I - Scope of the Licence

1. The Secretary of State, in exercise of the powers conferred by section 8 of the Railways Act 1993 (as amended) ("the Act"), hereby grants to London Underground Limited ("the licence holder") a licence authorising the licence holder:
 - (a) to be the operator of a network ("a licensed network") other than a network falling with article 3(a) of the Railways (London Regional Transport) (Exemptions) Order 1994 ("the Exemptions Order");
 - (b) to be the operator of a train being used on a licensed network for any purpose comprised in the operation of that network; and
 - (c) to be the operator of a train being used on a licensed network for a purpose preparatory or incidental to, or consequential on, using a train as mentioned in paragraph (b) above,

subject to the Conditions set out in Part III hereof ("the Conditions").

2. This licence shall come into force on 1 April 1994 and shall continue in force unless and until revoked in accordance with the provisions of the Schedule hereto or by not less than 10 years' notice given to the licence holder by the Secretary of State, such notice not to be given earlier than 25 years after the date on which this licence comes into force.

31 March 1994

Signed by authority of the
Secretary of State for Transport

Part II - Interpretation

1. In this licence:

"Authority" means the Strategic Rail Authority;

"licensed activities" means things authorised to be done by the licence holder in its capacity as operator of a network or trains pursuant to this licence.
2. Any reference in this licence to a numbered paragraph is a reference to the paragraph bearing that number in the Condition in which the reference occurs.
3. In interpreting this licence, headings shall be disregarded.
4. Where in this licence the licence holder is required to comply with any obligation within a specified time limit, that obligation shall be deemed to continue after that time limit if the licence holder fails to comply with that obligation within that time limit.
5. The provisions of section 149 of the Act shall apply for the purposes of the service of any document pursuant to this licence.

Part III - Conditions

A: Consumer Protection Conditions

Condition 1: Insurance Against Third Party Liability

1. The licence holder shall, in respect of licensed activities, maintain insurance (including self-insurance) against third party liabilities on terms which the Authority, having taken into consideration the licence holder's insurance arrangements for any network falling within article 3(a) of the Exemptions Order, has approved¹ (including, but without limitation, with respect to the type, cover and level of insurance and identity of insurer), with any such modification as may be required pursuant to paragraph 3.
2. The licence holder shall, except as the Authority may otherwise consent, procure that every insurance policy maintained pursuant to paragraph 1 shall (on first renewal after the coming into force of this licence and thereafter) bear an endorsement to the effect that 30 days' notice shall be given to the Authority by the insurer or insurance broker of any lapse or cancellation of, or material change to, the policy.
3. Where the Authority notifies the licence holder that the Authority, having taken into consideration the licence holder's insurance arrangements for any network falling within article 3(a) of the Exemptions Order, reasonably requires any modification of the insurance approved by the Authority pursuant to paragraph 1, the licence holder shall, no later than 60 days (or such longer period as the Authority may approve) from the date of the notice, procure that such modification is made.
4. In this Condition:

"self-insurance" means the licence holder's financial capacity to meet any liability to a third party in respect of which the licence holder does not otherwise have insurance.

Condition 2: Claims Allocation and Handling

1. The licence holder shall, except in so far as the Authority may otherwise consent, ensure that either the licence holder is, or London Regional Transport are, at all times party to such agreements or arrangements relating to:
 - (a) the allocation, among operators of railway assets, of liabilities to persons other than such operators; and
 - (b) the handling of claims by or on behalf of such persons against such operators
-

¹ Pursuant to the Transport Act 2000 (Railway Licence Modification) Scheme any approval given before 1st February 2001 by the Regulator in respect of a consumer protection condition in this licence, has effect as if such approval were given by the Authority.

(in such case in relation to licensed activities) as may have been approved by either:

- (i) the Regulator as at the date on which this licence came into force (as may have been amended from time to time); or
 - (ii) the Authority (as amended from time to time).
2. Except with the consent of the Authority, the licence holder shall not, in relation to any of the agreements or arrangements described in paragraph 1 (the "relevant claims handling arrangements"), enter into any agreement or arrangement with any other party to the relevant claims handling arrangements:
- (a) under which the licence holder agrees not to exercise any rights which it may have under any of the relevant claims handling arrangements; or
 - (b) varying the relevant claims handling arrangements,
- other than as provided for under the terms of those arrangements.

Condition 3: Transport Police

The licence holder shall, in respect of licensed activities, ensure that there is in force at all times an agreement approved by the Secretary of State with the employer of the British Transport Police, for the provision to the licence holder of services specified for the time being as core police services in the code issued by the Police Committee established under the scheme made, or treated as if made, under section 132 of the Act.

B: Other Conditions

Condition 4: Liability of Operators to Each Other

1. The licence holder shall, except in so far as the Regulator may otherwise consent, ensure that either the licence holder is, or London Regional Transport are, at all times a party to such agreements or arrangements relating to certain matters relating to the liabilities of operators of railway assets to each other (in such case in relation to licensed activities), as may have been approved by the Regulator as at the date on which this licence came into force (as amended from time to time).
2. Except with the consent of the Regulator, the licence holder shall not, in relation to any of the agreements or arrangements described in paragraph 1 (the "relevant claims handling arrangements"), enter into any agreement or arrangement with any other party to the relevant claims handling arrangements:
 - (a) under which the licence holder agrees not to exercise any rights which it may have under any of the relevant claims handling arrangements; or
 - (b) varying the relevant claims handling arrangements,other than as provided for under the terms of those arrangements.

Condition 5: Environmental Matters

1. The licence holder shall, taking due account of any relevant guidance issued to it by the Regulator, within 6 months beginning with the day on which this licence came into force establish a written policy designed to protect the environment from the effect of licensed activities, together with operational objectives and management arrangements to give effect to the policy. The licence holder shall review the policy, the operational objectives and the management arrangements periodically and otherwise as appropriate. Nothing contained in this paragraph shall oblige the licence holder to undertake any action that entails excessive cost taking into account all the circumstances, including the nature and scale, of operations of the type carried out by the licence holder.
2. The licence holder shall, upon establishment and any material modification of them, promptly send the Regulator a copy of the policy together with a general description of the operational objectives and management arrangements.
3. The licence holder shall act with regard to the policy and operational objectives and use its reasonable endeavours to operate the management arrangements effectively.

Condition 6: Conduct of Licensed Activities

1. Except in so far as the Regulator may otherwise consent, the licence holder shall not, in conducting licensed activities or in carrying out any other function contemplated by this licence, unduly discriminate between particular persons or between any classes or descriptions of person.

2. Without prejudice to the generality of paragraph 1, the licence holder shall be deemed to have unduly discriminated if it unfairly favours to a material extent a business carried on by it (including, in particular, any business related to the operation of a railway) so as to place any person competing with that business at a competitive disadvantage beyond what may reasonably be regarded as de minimis in relation to that person.
3. The licence holder shall give early notice to the Regulator of any major plan or proposal for the development of any licensed network.

Condition 7: Accounting Requirements

The licence holder shall maintain such accounting records relating to licensed activities as the Regulator may reasonably require for the purpose of assessing any proposed charge for permission to use a licensed network or determining any such charge. Any accounting records maintained pursuant to this Condition shall comply with such accounting policies as the Regulator may reasonably require. This licence holder shall, when the Regulator so requires, allow such records to be audited (at the licence holder's expense) by a person approved by the Regulator.

Condition 8: Co-operation with Railtrack PLC

The licence holder shall co-operate with Railtrack PLC for the purpose of:

- (a) ensuring the efficient operation of railway services and the provision of railway facilities; and
- (b) co-ordinating, where possible, anticipated investment projects,

to the extent that such matters affect or may affect both the licensed activities and Railtrack PLC's provision of railway services.

Condition 9: Provision of Information to the Regulator and the Authority

1. Subject to paragraphs 3 and 4, the licence holder shall furnish to the Regulator and the Authority such information as the Regulator may reasonably require for the purpose of carrying out any of his functions under Part I of the Act, or the Authority may reasonably require for the purpose of carrying out any of its functions which relate to consumer protection conditions as defined in section 7A of the Act.
2. Information required to be furnished under this Condition shall be furnished in such form and manner and at such times as the Regulator or the Authority may reasonably require.
3. This Condition shall not require the licence holder to furnish to the Regulator or the Authority with information for the purpose of any function of the Regulator under sections 69 and 71 of the Act, or any function of the Authority under section 71A of the Act.

4. Neither this Condition nor any other Condition shall require the licence holder to produce any documents or furnish any information:
 - (a) for any purpose referred to in section 58 of the Act which it could not be compelled to produce or furnish under that section; or
 - (b) which it could not be compelled to produce or to give in evidence in civil proceedings in any court.
5. Subject to paragraph 4, nothing in this Condition shall prejudice any right of the Regulator or the Authority to require information under or pursuant to any other Condition. The right of the Regulator or the Authority to require information pursuant to this Condition shall not be affected by any right to require information under or pursuant to any other Condition.

Schedule - Terms as to Revocation

1. The Secretary of State may, after having consulted the Regulator and the Authority revoke this licence by not less than 3 months' notice to the licence holder:
 - (a) if the licence holder agrees in writing with the Secretary of State that this licence should be revoked; or
 - (b) if a final order has been made, or a provisional order has been confirmed under section 55 of the Act, in respect of any contravention or apprehended contravention by the licence holder of any Condition, and the licence holder does not comply with the order within a period of 3 months beginning with the day on which the Secretary of State gives notice to the licence holder stating that this licence will be revoked pursuant to this term if the licence holder does not so comply; provided that the Secretary of State shall not give any such notice before the expiration of the period within which an application could be made under section 57 of the Act in relation to the order in question or before any proceedings relating to any such application are finally determined.
2. The Secretary of State, after having consulted the Regulator and the Authority, revoke this licence forthwith by notice to the licence holder if the licence holder commits a serious breach of the Railways (Safety Case) Regulations 2000.