

Passenger Train Licence

granted to

**North Yorkshire Moors
Railway Enterprises plc**

Table of contents

	PAGE
Part I - Scope.....	1
Part II - Interpretation	2
Part III - Conditions.....	4
Condition 1: Insurance Against Third Party Liability	4
Condition 2: Claims Allocation and Handling.....	5
Condition 3: Through Tickets and Network Benefits	6
Condition 4: Information for passengers	7
Condition 5: Disabled People’s Protection Policy.....	9
Condition 6: Complaints Procedure	11
Condition 7: Liaison with the RPC and LTUC	12
Condition 8: RSSB Membership	13
Condition 9: Railway Group Standards	14
Condition 10: Environmental Matters.....	15
Condition 11: Payment of Fees	16
Condition 12: Change of Control	17
Condition 28: Rail Delivery Group	18
Part IV - Revocation.....	19

Note: Conditions 13-27 are not used in this licence.

Part I - Scope

- 1. The Office of Rail Regulation ("ORR"), in exercise of the powers conferred by section 8 of the Railways Act 1993 (as amended) ("the Act"), hereby grants to North Yorkshire Moors Railway Enterprises Plc, company registration number 02490244 ("the licence holder") a licence authorising the licence holder:
 - (a) to be the operator of trains being used on a network for the purpose of carrying passengers by railway;
 - (b) to be the operator of trains being used on a network for a purpose preparatory or incidental to, or consequential on, using a train as mentioned in (a) above; and
 - (c) to be the operator of trains being used on a network for the purpose of assisting other operators of railway assets

subject to the Conditions set out in Part III.

- 2. This licence shall come into force on January 2007 and shall continue in force unless and until revoked in accordance with Part IV or the Act.

January 2007

Signed by authority of the
Office of Rail Regulation



Part II - Interpretation

1. In this licence:

“comply” is to be interpreted in accordance with ORR’s most recently published licensing guidance.

"control" (a) A person is taken to have control of the licence holder if he exercises, or is able to exercise or is entitled to acquire, direct or indirect control over the licence holder’s affairs, and in particular if he possesses or is entitled to acquire:

(i) 30% or more of any share capital or issued share capital of the licence holder or of the voting power in the licence holder; or

(ii) such part of any issued share capital of the licence holder as would, if the whole of the income of the licence holder were in fact distributed among the participators (without regard to any rights which he or any other person has as a loan creditor), entitle him to receive 30% or more of the amount so distributed; or

(iii) such rights as would, in the event of the winding-up of the licence holder or in any other circumstances, entitle him to receive 30% or more of the assets of the licence holder which would then be available for distribution among the participators.

(b) Subsections (4) to (6) of section 416 of the Income and Corporation Taxes Act 1988, and the legislative provisions referred to in those subsections, apply to the interpretation of paragraph (a) in the same way that they apply to the interpretation of subsection (2) of section 416 of that Act.

"licensed activities" means things authorised to be done by the licence holder in its capacity as operator of trains pursuant to this licence.

"LTUC" means the London Transport Users Committee and any successor to LTUC which performs the same functions.

"the RPC" means the Rail Passengers Council¹ and any successor or delegated body which performs the functions of the RPC.

"RSSB" means Rail Safety and Standards Board Limited (a company limited by guarantee and registered in England and Wales under number 04655675), and its successors and assigns.

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. Where in this licence there is a provision for ORR or the Secretary of State to give consent, such consent may be given subject to conditions.
6. The Interpretation Act 1978 shall apply to this licence as if it were an Act.
7. The provisions of section 149 of the Act shall apply for the purposes of the service of any document pursuant to this licence.
8. Unless the context otherwise requires, terms and expressions defined in the Act and the Railways Act 2005 shall have the same meanings in this licence.

¹ RPC was renamed Passengers' Council (PC)

Part III - 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 approved by ORR (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 where ORR may otherwise consent, ensure that every insurance policy maintained pursuant to paragraph 1 shall require 30 days' notice to be given to ORR by the insurer or insurance broker of any lapse or cancellation of or material change to the policy.
3. Where ORR notifies the licence holder that ORR reasonably requires any modification of the insurance approved by ORR pursuant to paragraph 1, the licence holder shall, no later than 60 days (or such longer period as ORR 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 ORR may otherwise consent, at all times be a party to and comply with such agreements or arrangements (as amended from time to time) relating to:
 - (a) the handling of claims against operators of railway assets; and
 - (b) the allocation of liabilities among operators of railway assetsas may have been approved by ORR.

2. Except with the consent of ORR, 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 arrangementsother than as provided for under the terms of the relevant claims handling arrangements.

Condition 3: Through Tickets and Network Benefits

1. The licence holder shall, except in so far as the Secretary of State may otherwise consent, be a party to and comply with such arrangements (as amended from time to time) relating to:
 - (a) stations at which, and the journeys in respect of which, through tickets, and tickets from any station specified in or under such arrangements to any other such station, shall be sold and honoured;
 - (b) operation of a telephone enquiry bureau relating to railway passenger services;
 - (c) settlement of amounts due to or from the licence holder in respect of tickets within sub-paragraph (a); and
 - (d) conditions of carriage in respect of through ticketsas shall have been approved by the Secretary of State.

Condition 4: Information for passengers

Purpose

1. The purpose is to secure the provision of appropriate, accurate and timely information to enable railway passengers and prospective passengers to plan and make their journeys with a reasonable degree of assurance, including when there is disruption.

General duty

2. The licence holder shall achieve the purpose to the greatest extent reasonably practicable having regard to all relevant circumstances, including the funding available.

Specific obligations

3. The following obligations in this condition are without prejudice to the generality of the general duty in paragraph 2 and compliance with these obligations shall not be regarded as exhausting that general duty. In fulfilling these obligations the licence holder shall at all times comply with the general duty in paragraph 2.

Planning services

4. The licence holder shall cooperate, as necessary, with Network Rail and other train operators to enable Network Rail to undertake appropriate planning of train services and to establish or change appropriate timetables, including when there is disruption.
5. In particular, the licence holder shall:
 - (a) provide Network Rail with such information about the licence holder's licensed activities as may be reasonably necessary for Network Rail to fulfil its obligations relating to timetabling in its network licence;
 - (b) participate constructively in any timetabling consultation carried out by Network Rail;
 - (c) use reasonable endeavours to resolve promptly any timetabling disputes; and
 - (d) respond expeditiously to any timetabling matter which Network Rail reasonably considers to be urgent.

Code(s) of practice and improvement plan(s)

6. The licence holder shall, unless ORR otherwise consents, publish one or more code(s) of practice or other documents setting out the principles and processes by which it will comply with the general duty in paragraph 2.
7. Where the licence holder considers, or is directed by ORR, that improvements to its arrangements for the provision of information to railway passengers and prospective passengers are necessary or desirable to enable it better to fulfil the general duty in paragraph 2, it shall develop, publish and deliver a plan, which sets out the improvements it intends to make and the dates by which such improvements will be made.
8. The licence holder shall, from time to time and when so directed by ORR, review and, if necessary, revise, following consultation, anything published under paragraph 6 and any plan under paragraph 7 so that they may better fulfil the general duty in paragraph 2.
9. ORR shall not make any direction under paragraphs 7 or 8 without first consulting the licence holder.

Provision of information to intermediaries

10. The licence holder shall as soon as reasonably practicable:
 - (a) provide to the holders of passenger and station licences; and
 - (b) provide to all timetable information providers on request reasonable access to

appropriate, accurate and timely information to enable each on request to provide passengers with all relevant information to plan their journeys including, so far as reasonably practicable, the fare or fares and any restrictions applicable.
11. In this condition:

“Network Rail” means Network Rail Infrastructure Limited (a company registered in England and Wales under number 02904587), and its successors and assign.

Condition 5: Disabled People's Protection Policy

1. The licence holder shall establish and thereafter comply with:
 - (a) a statement of policy; and
 - (b) a detailed body of arrangements, procedures, services and other benefits to be implemented or provided by the licence holder, designed to protect the interests of people who are disabled in their use of trains operated by the licence holder and to facilitate such use (together the "DPPP").
2. In establishing the DPPP and in making any change to it, the licence holder shall have due regard to the code of practice published by the Secretary of State pursuant to section 71B of the Act and to articles 19 and 20(1) of the PRO Regulation.
3. The licence holder shall not establish, or make any material changes (save in respect of paragraph 4(b)), to the DPPP unless and until:
 - (a) the PC and, where appropriate, LTUC has been consulted; and
 - (b) the licence holder has submitted the DPPP, or (as the case may be) the proposed change, to ORR and ORR has approved it.
4. Where ORR requires the licence holder to carry out a review of the DPPP or any part of it or the manner in which it has been implemented, with a view to determining whether any change should be made to it, the licence holder shall:
 - (a) promptly carry out a review and submit a written report to ORR setting out the results or conclusions; and
 - (b) make such changes to the DPPP, or the manner in which it is implemented, as ORR may reasonably require after ORR has received a report under paragraph 4(a) and consulted the licence holder, the PC and, where appropriate, LTUC.
5. The licence holder shall:
 - (a) send a copy of the DPPP and of any change to it to ORR and the PC and, where appropriate, LTUC;

- (b) in a place of reasonable prominence at each station at which trains operated by the licence holder are scheduled to call, display or procure the display of a notice giving the address from which a current copy of the statement may be obtained; and
 - (c) make available free of charge a current copy of the statement to any person who requests it.
6. Nothing in this condition 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 licensed activities.

Condition 6: Complaints Procedure

1. The licence holder shall establish and thereafter comply with a procedure for handling complaints relating to licensed activities from its customers and potential customers (the “Complaints Procedure”).
2. The licence holder shall not establish, or make any material change (save in respect of paragraph 3(b)), to the Complaints Procedure unless and until:
 - (a) the PC and, where appropriate, LTUC has been consulted; and
 - (b) the licence holder has submitted the Complaints Procedure, or (as the case may be) the proposed change, to ORR and ORR has approved it.
3. Where ORR requires the licence holder to carry out a review of the Complaints Procedure or any part of it or the manner in which it has been implemented, with a view to determining whether any change should be made to it, the licence holder shall:
 - (a) promptly carry out a review and submit a written report to ORR setting out the results or conclusions; and
 - (b) make such changes to the Complaints Procedure, or the manner in which it is implemented, as ORR may reasonably require after ORR has received a report under paragraph 3(a) and consulted the licence holder, the PC and, where appropriate, LTUC.
4. The licence holder shall:
 - (a) send a copy of the Complaints Procedure and of any change to it to ORR and the PC and, where appropriate, LTUC;
 - (b) in a place of reasonable prominence at each station operated by the licence holder, display or procure the display of a notice giving the address from which a current copy of the Complaints Procedure may be obtained; and
 - (c) make available free of charge a current copy of the Complaints Procedure to any person who requests it.

Condition 7: Liaison with the RPC and LTUC

1. Whenever reasonably requested to do so by the RPC and LTUC (as relevant) the licence holder shall meet with the RPC and LTUC (as relevant) to discuss and review such matters as the RPC and LTUC (as relevant) may wish to consider in connection with its functions under Part I of the Act. The licence holder shall not under this Condition be obliged to attend more than two meetings with the RPC and LTUC (as relevant) in any calendar year.
2. The licence holder shall provide the RPC and LTUC (as relevant) with such information as satisfies all the following conditions:
 - (a) the RPC and LTUC (as relevant) reasonably requests the information for the proper performance of its functions under Part I of the Act;
 - (b) no undue burden is imposed on the licence holder in procuring or furnishing the information; and
 - (c) the information would normally be available to the licence holder, unless the RPC and LTUC (as relevant) considers the information essential to enable it to exercise its functions under Part I of the Act.
3. In every calendar year in which the licence holder meets with the RPC and, where appropriate, LTUC pursuant to paragraph 1, the licence holder shall be represented by one or more senior executives of the licence holder in at least one meeting with the RPC and LTUC (separately or jointly).
4. Where the licence holder also holds another licence each number specified as a maximum or minimum in this Condition shall apply jointly to meetings under this Condition and to meetings under any corresponding condition in that other licence.
5. Where:
 - (a) the licence holder and the RPC or LTUC, or both disagree as to the reasonableness of a request made to the licence holder by the RPC or LTUC, or both under paragraph 1 or paragraph 2;
 - (b) either party refers the dispute to the Secretary of State; and
 - (c) the Secretary of State determines that the request is reasonablethe licence holder shall promptly thereafter comply with the request.

Condition 8: RSSB Membership

1. If the licence holder's annual turnover has never exceeded £1 million and the licence holder is not a franchise operator, paragraph 2 shall not have effect until the licence holder's annual turnover exceeds £1 million for the first time. The licence holder shall provide ORR with such information in respect of its annual turnover as ORR may from time to time require.
2. With effect from the date of the coming into force of this licence, the licence holder shall:
 - (a) become and thereafter remain a member of RSSB;
 - (b) comply with its obligations under the Constitution Agreement and the articles of association of RSSB;
 - (c) exercise its rights under the Constitution Agreement and the articles of association of RSSB so as to ensure that RSSB shall act in accordance with the Constitution Agreement; and
 - (d) comply with the Railway Group Standards Code prepared by RSSB.
3. When a licence holder first becomes subject to the obligations in paragraph 2 his rights, obligations and liabilities associated with such membership shall commence on the same day, and the licence holder shall complete the formal and legal documentation associated with such membership within three months of that date.
4. In this condition:

“franchise operator”	includes an operator of last resort, under section 30 of the Act.
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Condition 9: Railway Group Standards

1. The licence holder shall comply with the Railway Group Standards applicable to its licensed activities.

2. In this Condition:

"Railway Group Standards" means standards authorised pursuant to the Railway Group Standards Code prepared by RSSB.

Condition 10: Environmental Matters

1. The licence holder shall establish a written policy designed to protect the environment from the effect of licensed activities, together with operational objectives and management arrangements (together "the environmental arrangements").
2. The environmental arrangements shall:
 - (a) take due account of any relevant guidance issued by ORR;
 - (b) be effective within six months beginning with the day on which this licence comes into force; and
 - (c) be reviewed by the licence holder periodically, and otherwise as appropriate.
3. Nothing contained in paragraph 1 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.
4. The licence holder shall, upon establishment and any material modification of the environmental arrangements , promptly send ORR a current copy of the policy together with a summary of the operational objectives and management arrangements.
5. 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 11: Payment of Fees

1. In respect of the year beginning on 1 April 2006 and in each subsequent year, the licence holder shall render to ORR a payment which is the aggregate of the following amounts:
 - (a) the annual fee applicable to this licence as determined by ORR; and
 - (b) an amount which shall represent a fair proportion as determined by ORR of the amount estimated by ORR (in consultation with the Competition Commission) as having been incurred in the calendar year immediately preceding the 1 April in question by the Competition Commission in connection with references made to it under section 13 of the Act with respect to this licence or any class of licence of which ORR determines that this licence forms part.
2. The payment shall be rendered by the licence holder within such time as ORR may require, being not less than 30 days beginning with the day on which ORR gives notice to the licence holder of its amount.

Condition 12: Change of Control

1. The licence holder shall, if any person obtains control of the licence holder, notify ORR as soon as practicable thereafter.

Condition 28: Rail Delivery Group

1. The licence holder shall:
 - (a) become and thereafter remain a Licensed Member of RDG;
 - (b) comply with its obligations under the RDG Articles; and
 - (c) procure that any member of its Group that is entitled under the RDG Articles to become a Member of RDG:
 - (i) becomes and thereafter remains a Member of RDG; and
 - (ii) complies with its obligations under the RDG Articles.

2. In this condition:

“Group” has the meaning ascribed to it in the RDG Articles;

“Licensed Member” has the meaning ascribed to it in the RDG Articles;

“Member” has the meaning ascribed to it in the RDG Articles;

“RDG” means the Rail Delivery Group (a company limited by guarantee and registered in England and Wales under number 08176197); and

“RDG Articles” means the articles of association of RDG.

Part IV - Revocation

1. ORR may (after having consulted the appropriate franchising authority where the licence holder is a franchise operator) revoke this licence at any time with the agreement of the licence holder.
2. ORR may (after having consulted the appropriate franchising authority where the licence holder is a franchise operator) revoke this licence by not less than three months notice to the licence holder:
 - (a) 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 three months beginning with the day on which ORR 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 ORR 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;
 - (b) if the licence holder has not commenced carrying on licensed activities within one year beginning with the day on which this licence comes into force or if the licence holder ceases to carry on licensed activities for a continuous period of at least one year;
 - (c) if the licence holder is convicted of an offence under section 146 of the Act in making its application for this licence; or
 - (d) if a person obtains control of the licence holder and:
 - (i) ORR has not approved such obtaining of control;
 - (ii) within one month of that obtaining of control coming to the notice of ORR, ORR serves notice on the licence holder stating that ORR proposes to revoke this licence in pursuance of this paragraph unless the person who has obtained control of the licence holder ceases to have control of the licence holder within

the period of three months beginning with the day of service of the notice; and

(iii) that cessation of control does not take place within that period.

3. ORR may (after having consulted the relevant franchising authority where the licence holder is a franchise operator) revoke this licence by not less than 10 years notice, such notice not to be given earlier than 25 years after the date this licence takes effect.