**Schedule** **3 (****Charges)**

1. **How Charges are calculated**
   1. The Charges:
      1. shall be calculated in accordance with the terms of this Schedule;
      2. cannot be increased except as specifically permitted by this Schedule; and]
   2. Any variation to the Charges payable under a Contract must be agreed between the Supplier and the Buyer and implemented using the procedure set out in this Schedule.
2. **The pricing mechanisms**

The pricing mechanisms and prices set out in Annex 1 shall be available for use in calculation of Charges in this Contract.

1. **Are costs and expenses included in the Charges**
   1. Except as expressly set out in Paragraph 5 below, or otherwise stated in the Award Form the Charges shall include all costs and expenses relating to the provision of Deliverables. No further amounts shall be payable in respect of matters such as:
      1. incidental expenses such as travel, subsistence and lodging, document or report reproduction, shipping, desktop or office equipment costs, network or data interchange costs or other telecommunications charges; or
      2. costs incurred prior to the commencement of this Contract.
2. **When the Supplier can ask to change the Charges**
   1. The Charges will be fixed for the first **3** years following the Start Date (the date of expiry of such period is a "**Review Date**"). After this Charges can only be adjusted on each following yearly anniversary (the date of each such anniversary is also a "**Review Date**").
   2. The Supplier shall give the Buyer at least three (3) Months' notice in writing prior to a Review Date where it wants to request an increase. If the Supplier does not give notice in time then it will only be able to request an increase prior to the next Review Date.
   3. Any notice requesting an increase shall include:
      1. a list of the Charges to be reviewed;
3. **Other events that allow the Supplier to change the Charges**
   1. The Charges can also be varied (and Annex 1 will be updated accordingly) due to:
      1. a Specific Change in Law in accordance with Clauses 28.7 to 28.8;
      2. a request from the Supplier, which it can make at any time, to decrease the Charges;
      3. verification of the Allowable Assumptions in accordance with Paragraph 9.
4. **[Annex 1 – Rates and Prices**

Suppliers can quote firm flat annual charges or volume based charges linked to the number of modelling and asset allocation projects undertaken annually. The Buyer estimates that up to 16 projects could be undertaken in year 1 of the Contract, increasing to 24 by the end of year 2 of the Contract and 32 by the end of the initial term of the Contract. Suppliers may also quote hybrid pricing models which combine a flat annual element and volume based charges.