

SCHEDULES

SCHEDULE 3

TRANSFER SCHEMES

Compensation for third parties

- 10 (1) A third party is entitled to compensation in respect of the extinguishment of that party's entitlement where—
- (a) the entitlement is to an interest or right which would, apart from a provision of a scheme and paragraph 2(3) and (4), have become enforceable in respect of the transfer or creation of any property, rights or liabilities in accordance with the scheme,
 - (b) the provisions of that scheme or of paragraph 2(3) and (4) have the effect of preventing that party's entitlement to that interest or right from being enforced in respect of anything for which the scheme provides, and
 - (c) provision is not made by the scheme for securing that an entitlement to that interest or right, or to an equivalent interest or right, is preserved or created so as to arise and be enforceable in respect of the first occasion when corresponding circumstances next occur after the coming into force of the transfers for which the scheme provides.
- (2) The amount of compensation to which a third party is entitled under this paragraph is the amount necessary for securing, to the extent that it is just to do so, that the third party does not suffer financial loss from the extinguishment of the entitlement.
- (3) A liability to pay compensation under this paragraph falls on the Secretary of State.
- (4) This paragraph has effect in relation to—
- (a) the provisions of an agreement or instrument entered into or executed in pursuance of an obligation imposed by a scheme, and
 - (b) the provisions of an agreement under paragraph 8 relating to property, rights or liabilities transferred or created in accordance with a scheme,
- as it has effect in relation to the scheme but as if, in the case of an agreement under paragraph 8, only persons who are not parties to the agreement were third parties.