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MP298 ‘Enhancements to SEC Appendix AW – Performance Assurance’ Annex B Table of Changes – version 1.0

About this document

This document contains the changes for the Proposed Solution along with the rationale for each proposed change.

Section	Action	Summary of changes	Rationale
3.6 4.6 5.5 6.3 7.3 8.5 11.2	New and Changed	'SECCo Website' now reads 'Website'.	To match terminology in SEC Section A – Definitions and Interpretation <i>means a dedicated website established at the direction of the Panel for the purposes of this Code.</i>
1.1	New	Performance Assurance Framework (PAF) introduction added.	The document mentions PAF and PAB throughout. Introductions have been added to provide context to the rest of the document.
2.1	New	Performance Assurance (PAB) introduction added.	
3.1	New	Added a definition of a 'SEC Risk'.	This had not previously been defined in any official capacity. Adding the definition provides clarity over what will be assured. The term 'risk and issue' has been replaced by SEC Risk throughout the document where appropriate. This will also be added to SEC Section A – Definitions and Interpretation. Note: BSC and REC also define risks under their assurance frameworks as settlement risks and retail risks respectively, so this is in alignment with other codes best practice.
3.2	Changed	Reworded section.	Simplified and provided clarify on the purpose of the Risk Evaluation Methodology. Used significance rather than materiality which is a more accurate and appropriate description for evaluating SEC Risks.
3.3	Changed	Added 'significance' and 'impact' to risk assessment criteria. Removed term 'materiality'.	Changing this provides clarity over how the risks will be assessed. Materiality is not a realistic quantification of SEC Risks. Significance using impact and probability is in line with risk management best practice and a more practical way for SEC Risks and Issues to be quantified.

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2.2	Removed	Removed section.	Included with 3.1 already so was a duplication.
3.4 a)	Changed	Removed sentence at the start of a).	Wording has been removed due to repetition and paraphrasing of the same text in the first paragraph of 3.4.
3.5	Changed	Moved within section to be before 3.6	Order of events placed in chronological order to be easier to understand.
3.6	Changed	Removed first sentence.	Wording has been removed due to repetition and paraphrasing of text in the first paragraph of 3.4.
4.0	Changed	Added Assurance to Risk Register name, now reads Performance Assurance Risk Register.	Updated to reflect the correct expression as defined in SEC Section A. This did not match and was incorrect. <i>Note this has been changed in the rest of the document also for the same reason.</i>
4.1-4.6	Changed	1. Reordered and renumbered sections. 2. Added Assurance to Risk Register name, now reads 'Performance Assurance Risk Register'.	1. Reordered to read logically, to simplify the text and provide clarity on its intention and to be consistent with 3.4. 2. Risk Register term was incorrect and did not match the definitions in SEC Section A.
4.2	Changed	Changed 'materiality' to read 'significance'.	Matched with 3.3. Used 'significance' rather than 'materiality' which is a more accurate description of evaluating SEC Risks.
4.5	New	Added reference to revising the risk register if there is a change in the Risk Evaluation Methodology.	This practice was already in Appendix AW for other deliverables, so this is now consistent as the same assessment should be done in a hierarchical order depending on which document has changed. i.e. Methodology> Performance Assurance Risk Register>Risk Operating Plan>Risk Management Determination.
5.2	Changed	'Assurance Techniques' changed to 'Performance Assurance Techniques'.	References to the 'Performance Assurance Techniques' updated to reflect the correct expression as defined in SEC Section A. This did not match and was incorrect.
5.3	Changed	Reworded how the different types of techniques are articulated.	Performance Assurance Techniques have been redefined to reflect a balance of compliance and risk-based approach and mirror wording from Section

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			C9 Performance Assurance Board. This change will also encourage and provide opportunity for innovation for the SEC Performance Assurance Service Provider.
5.4-5.5	Changed	Reordered but wording not changed.	To be consistent with the order of previous sections (3.4-3.5).
6.0	New	New Data section created for Performance Assurance Data requests, split from section 5.	Created as an individual own section to provide focus on Data set apart from the techniques. Data may be needed for the techniques but not as a technique itself. This new structure provides flexibility for the PAF and clarity and transparency to SEC Parties.
6.1	Changed	Removed in relation to 'detective techniques' and added 'to present a comprehensive overview of assurance'. Restructure of i, ii, iii placement.	To enable other techniques to use data not just a 'detective' one. <i>Note also removed term 'detective' from section 5.2.</i> Restructured for easier reading of the text.
6.3	New	Added a requirement for SECCo to publish Data requests on SECCo website.	For transparency to industry of the Data requirements that the Assurance function is asking for and to show it is proportionate to its ask. The Data requests will be by Party Category rather than by individual Party name.
7.	New	New section for the publication of Performance Assurance Data: • Publication of data is only on the approval of PAB and SEC Panel. • It is to facilitate cross industry non-compliance, risks or issues resolution; and the management of a failure of a single Party to fulfil its obligations. • Shall be proportionate. • Will not override a party's rights under Section M4 Confidentiality.	Certain codes release peer comparison data to enhance performance. This incentive approach effectively motivates improvement, as underperformance becomes recognisable within the industry. In the absence of financial penalties under the SEC PAF, this serves as a crucial mechanism for ensuring performance standards are upheld. The safeguard for confidentiality sits with PAB and SEC Panel approvals that are to be obtained before any data or information can be published, along with the reference to the obligations under Section M4 Confidentiality. In addition, the wording mirrors that of performance assurance of other codes.

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			The legal text drafting was reviewed by SECAS Lawyers and the legal text presented as part of the modification is a reviewed version, to ensure legal compliance.
8.1	Changed	Changes materiality to significance. Added data requests.	Updated to reflect changes as mentioned in previous sections. Added data requests for transparency to industry.
8.4	Changed	Added Risk Evaluation Methodology. Corrected Performance Assurance Risk Register.	Updated to be consistent with changes in previous sections. Updated to reflect the correct expression as defined in SEC Section A.
8.5	New	Added the publication of the Performance Assurance Operating Plan.	For transparency to industry and be consistent with other Performance Assurance documents.
9.2	Changed	Performance <u>Assurance</u> Risk Register updated. Split section into 'a' and 'b'.	Updated made for consistency with the rest of the document or to provide clarity or transparency. Paragraph was too long, split for ease of reading.
9.2 c)	New	Added Data request to Risk Management Determinations.	If data is being requested from a particular SEC Party should be in the Risk Management Determination.
9.3 b)	Changed	Removed 'from time to time'.	Did not add value to the sentence.
9.5	Changed	Added following a PAB reassessment.	Alignment of process with 9.4.
10.0	Changed	Changed from Performance Management Techniques to 'Performance Assurance Techniques'.	Updated to reflect the correct expression as defined in Section A. This did not match and was incorrect.
10.1	Changed	Rewording of section. Split section to create 'b'.	Updated to provide clarity over the obligation for that section and remove duplication. Paragraph was too long, split for ease of reading.
10.3	New	Added obligation for SEC Parties to respond to Performance Assurance Techniques.	Unlike the BSC the SEC does not and will not have code documents that state how and when a SEC Party should respond to an individual Performance Assurance Techniques. To ensure that the Performance

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			Assurance Framework is effective, an obligation to respond to the Performance Assurance Techniques has been added.
11.1	Changed	Change reference of the 'PAB' from 'PAC' to 'PAB'. Rewording of section.	'PAC' is incorrect reference for 'PAB'. Updated to provide clarity over the obligation for that section and correction of 'Performance Assurance Risk Register'.
12.	New	Added an escalation from the PAB to the SEC Panel.	This has been added to provide clarity over a sanction that the PAB will have under its remit.