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MP076 Refinement Consultation

1. Purpose

This is the Refinement Consultation for [MP076 'Pursuing Non-Payment in Events of Default'](#). We invite you to respond to this consultation in order to help the Proposer in the development of this modification.

The draft Modification Report is included in this consultation pack, along with a response form containing the questions we seek your views on.

This consultation will close at **17:00** on **Monday 29 July 2019**. We may not be able to consider late responses.

2. Summary of the proposal

What is the issue?

In practice the wording of Section J2.6 'Pursuing Non-Payment' means that the Data Communications Company (DCC) will keep the SEC Panel updated on matters regarding pursuing non-payment as well as allowing the Panel to express their views, but ultimately the DCC must decide what they consider to be the best course of action (unless the Panel say it is no longer worthwhile to try and recover the costs). There is a general concern that the way that payment defaults are currently handled could affect the outcome of future defaults. The Panel seek to eliminate the possibility for SEC Parties to pay socialised costs as far as possible.

What is the Proposed Solution?

The Proposer seeks to amend Section J2.6(b) by obliging the DCC to show all reasonable steps and proceedings to gain agreement from the Panel, as well as consult with the Panel on matters regarding pursuing non-payment. The DCC could still choose not to take the Panel's advice but would have to show why they did so and that they took all reasonable steps to attempt to gain agreement from the Panel. This will provide clarity for the Panel as well as the DCC in how to manage such scenarios in future, as well as limit the risk of increased costs to be socialised amongst SEC Parties in Events of Default by ensuring action is taken swiftly enough to prevent this from happening.

Will I be impacted?

MP076 is expected to impact the following SEC Parties:

- The DCC

Full details of how this modification may impact you can be found in the Modification Report.

3. Contact

If you have any questions on this modification, please contact **Joe Hehir** on 020 7770 6874 or email sec.change@gemserv.com.