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Modification Decision

SECMP0049:

Section D Review: Amendments to the Modification Process

What stage is this document in the process?

01 Initial Assessment
02 Refinement Process
03 Modification Report
04 Decision ◄

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Summary

This modification proposes to amend the end-to-end SEC Modifications Process to introduce a formal 'pre-modification process' and enhance the role of the Change Board in developing and assessing modification

Change Board Decision

✓

- The Change Board believes that SECMP0049 does better facilitate the SEC Objectives. The Change Board recommends to the Authority that the **SECMP0049 alternative solution** should be **approved**.

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About this Document

This is the Modification Decision document for SECMP0049. This document provides a summary of the Change Board discussions and conclusions as well as its recommendation to the Authority on SECMP0049.

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1. Change Board discussions

The view of the Change Board is that SECMP0049 does facilitate General SEC Objective (g) and that the **alternative solution** should be **approved**.

Change Board discussions

The Change Board highlighted the general support within the Modification Report Consultation (MRC) responses as well as the scrutiny on the legal text changes.

There was a discussion regarding weather the Change Board should act as the Change Sub-Committee under the revised modification process and how this would affect its current workload, leading to it possibly being overloaded. In contrast, the other option posed is for the duties to be discharged by a new Sub-Committee, as the legal text allows for both options. The Panel had previously expressed its preference for having the Change Board perform this new role in the modifications process, but Change Board members noted this went against the general views of the industry, who believe there should be a new standalone group. The Change Board agreed that this view should be communicated to the Panel. One member mentioned that an Issues Group type body would be welcome in this scenario as they work well across industry, which is what the Change Sub-Committee role could act as under the SEC. Another member considered that the logistics of having the Change Board fulfil this additional role too would seem too complicated for them to support this approach, as separate terms of reference may be needed for the different parts of the meeting. There could also be a conflict of interest if the Change Board is subsequently voting on modifications it helped to develop. A further member considered that this clash could be managed by setting the right terms of reference.

One member sought clarification under the alternative solution, in which the Change Board would be able to send Final Modification Reports (FMR) back directly to the Working Group at the final vote stage, rather than to the Panel, and how this would be managed. SECAS clarified that in this scenario, the updated Modification Report would have to go back out for Modification Report Consultation phase so would have to pass through the Panel prior to this.

Members noted that a post-implementation review was scheduled for 12 months after implementation. One member considered whether this was too short a period, noting that the issues being seen around the costs of releases was having a detrimental impact on engagement in the modifications process generally. They felt a longer period may be needed before realisation of the benefits could be properly assessed.

Members noted that in order for SECMP0049 to be successful the industry will need to realise a cultural change, and that SECAS should ensure maximum visibility of the changes and the benefits they will bring ahead of implementation.

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Views against the General SEC Objectives

Objective (g)[1]

The **unanimous** view of the Change Board is that the modification better facilitates SEC objective (g), to facilitate the efficient and transparent administration and implementation of the Code.

Introducing a 'pre-modification process' will better enable potential modifications to be assessed prior to entering the formal process. Part of this stage will be to consider the merits of the change. This will improve efficiency by reducing the number of modifications with little chance of success from undergoing a full assessment, incurring the corresponding SECAS and industry time and resource, which would allow this to be focused on modifications with a greater chance of success. Early consideration of the modification by the Change Sub-Committee will also support drawing out up-front the areas that will need to be considered by the Working Group as the modification progresses, allowing the Panel to set more effective timetables. It will also allow for proposals to be more thoroughly developed before being presented to the Panel.

The mechanism in the Alternative Solution would remove a step in the modification process, thus making it quicker and more efficient as well as the fact that overall, it is a more thoroughly developed proposal. The Change Board focused on the fact that the Alternative Solution would make the whole process slightly shorter, which is essentially the issue this seeks to resolve.

However, two Large Suppliers favoured the Proposed Solution as they believed the Panel should have visibility over all changes, as well as concerns with the degree of cultural change that would be required for Industry Parties for this modification to be successful. Several other members noted they would be happy with either solution.

For the avoidance of doubt, the Change Board believe that SECMP0049 is neutral against all other SEC objectives.

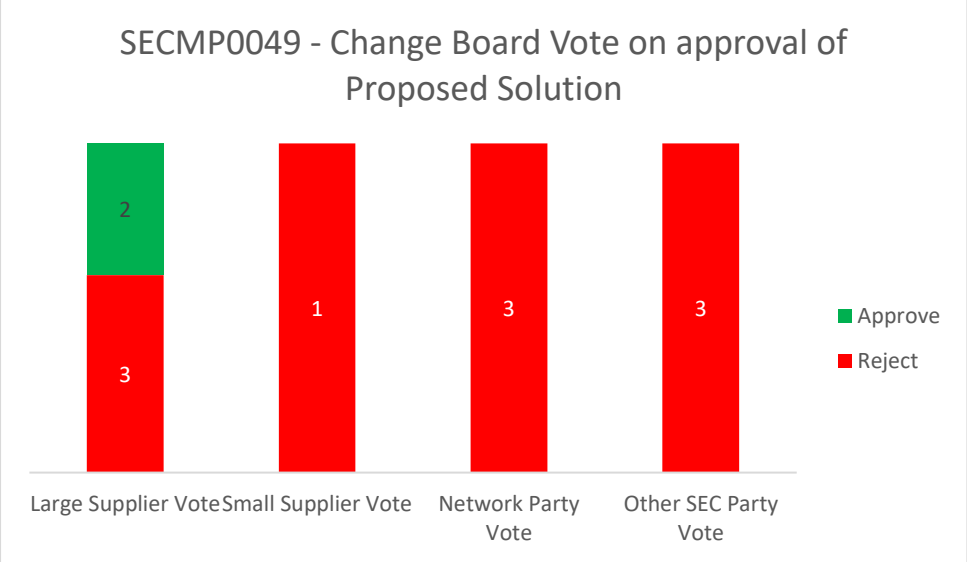
[1] Facilitate the efficient and transparent administration and implementation of this Code.

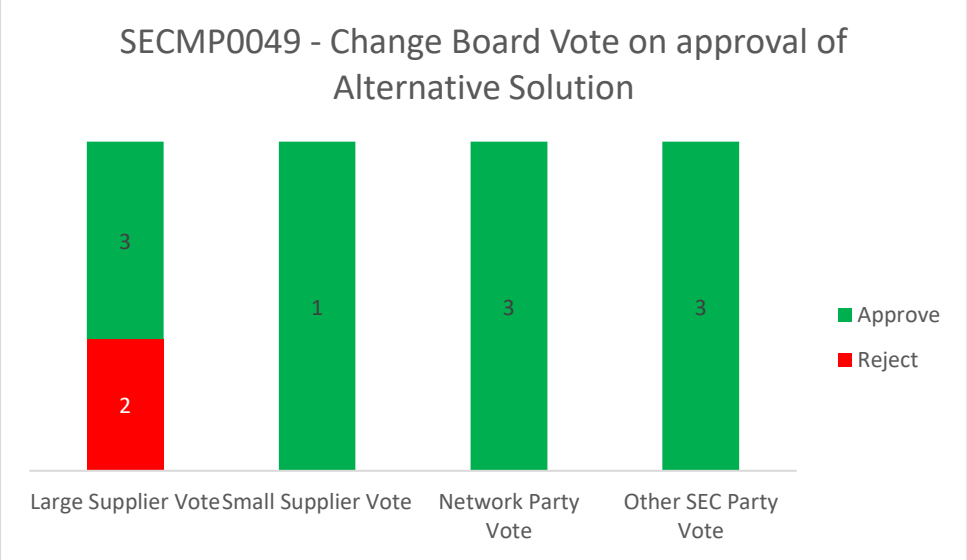
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2. Change Board Vote

This section sets out the breakdown of the Change Board's vote.

The Change Board voted to approve the alternative solution to SECMP0049.





Please note that **all members were in support of both solutions**, but members were only able to vote to approve one of the Proposed or Alternative Solutions. The majority of members favoured the Alternative Solution.

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3. Change Board recommendation

The Change Board:

- **CONSIDERED** the Final Modification Report and Modification Report Consultation responses for SECMP0049;
- **RECOMMENDED** that the SECMP0049 alternative solution should be approved by the Authority for implementation on the 1st November 2018; and
- **PROVIDED** rationale as to why SECMP0049 better facilitates the General SEC Objectives.

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