

<p align="center"><b>Change Proposal – BSCP40/02</b></p>	<p><b>CP No: CP1540</b></p> <p><i>Version No: 1.0</i> (mandatory by BSCCo)</p>
<p><b>Title (mandatory by originator)</b></p> <p>Strengthening the Qualification – Change of Ownership Process</p>	
<p><b>Description of Problem/Issue</b> (mandatory by originator)</p> <p>Footnote 22 of BSCP 537 ‘Qualification Process for SVA Parties, SVA Party Agents and CVA Meter Operators’ refers to ‘change of ownership in respect of change of assets including but not limited to a change in the legal entity and/or transfer of assets to another’. The intended purpose of the latter was to allow for internal restructuring within a company group..</p> <p>The footnote is unclear, and would appear to allow Qualification to be transferred as an asset. In order to prevent companies trading their Qualified status, the document on change of ownership should explicitly prohibit the trade. The clarification will also provide guidance for companies enquiring into Qualification.</p>	
<p><b>Proposed Solution</b></p> <p>The proposed solution is to remove footnote 22 in BSCP537 and include a paragraph below the title that explicitly prohibits the transfer of Qualification except in the case of restructuring within a group of companies. This text will be added in the main text of the document, rather than in a footnote, to ensure clarity for market participants as the information will be more prominent. For further clarity, the text in footnotes 23-24 in BSCP537 should also be combined and placed into the new paragraph as this text relates to the entire Change of Ownership Process.</p>	
<p><b>Justification for Change</b> (mandatory by originator)</p> <p>BSCP 537 should be amended to more clearly state when the change of ownership process should apply. The proposed solution of removing footnote 22 and creating a new paragraph would clarify that changes of ownership under the BSC are only permissible through sale and purchase of the majority of shares in a legal entity with Qualified status, or corporate restructuring.</p> <p>This change is expected to create clarity for Qualified Persons wishing to utilise the Change of Ownership process in section 2.6 of BSCP 537.</p>	
<p><b>To which section of the Code does the CP relate, and does the CP facilitate the current provisions of the Code?</b> (mandatory by originator)</p> <p>The CP relates to BSCP 537 and does facilitate the current provisions of the Code.</p>	
<p><b>Estimated Implementation Costs</b></p> <p>The cost of the change will be less than £1000 for one document change.</p>	

<b>BSC Configurable Items Affected by Proposed Solution(s)</b> (mandatory by originator) <a href="#">BSCP537 'Qualification Process for SVA Parties, SVA Party Agents and CVA Meter Operators'</a>
<b>Impact on Core Industry Documents or System Operator-Transmission Owner Code</b> (mandatory by originator) No system or document impacts beyond BSCP537.
<b>Related Changes and/or BSC Releases</b> No related changes or BSC Releases
<b>Requested Implementation Date</b> 4 November 2021 as part of the November 2021 BSC release.
<b>Reason:</b> This is the earliest BSC Release that can include this change so that clarity can be provided to market participants seeking to use the Change of Ownership process at the earliest opportunity.
<b>Version History (mandatory by BSCTCo)</b>
<b><i>Originator's Details:</i></b>
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<b><i>Date:</i></b> 24 December 2020
Attachments: <b>Y/N*</b> Change Proposal redlining to BSCP537