

Mr Rohan Churm
Director – Financial Resilience and Controls
Office of Gas and Electricity Markets
10 South Colonnade
Canary Wharf
London E14 4PU

Wales & West House
Spooners Close,
Celtic Springs, Coedkernew
Newport NP10 8FZ

Ty Wales & West
Clos Spooner,
Celtic Springs, Coedcernyw
Casnewydd NP10 8FZ

RegFinance@ofgem.gov.uk

15th January 2026

Wales & West Utilities Limited (“WWU”) response to Ofgem’s Energy Networks Ring-fence Review consultation

Dear Rohan,

Thank you for the opportunity to respond to the above consultation, which has a response deadline of 15 January 2026. We note Ofgem intends to undertake a statutory consultation following consideration of responses to this consultation followed by licence modifications in summer 2026.¹

Ofgem’s review of the ring-fence conditions is timely – the last review was undertaken in 2010 followed by licence modifications in February 2013.² We note Ofgem’s general intent in paragraph 1.4 : “this review is an opportunity to ensure we have appropriate powers to protect consumers and support investment while maintaining each network’s financial resilience”.

Regulatory ring fence considerations are unavoidably important and proposals to change can be complex. We ask Ofgem to explain why its proposals would be justified within the context of its statutory duty in s 4AA(5A) of the Gas Act 1986, and in particular explain why its proposals are targeted at cases where action is needed. We are supportive of transparent, accountable, proportionate, and consistent evidenced based measures to support financial resilience and targeted at cases in which action is needed.³ Proposed new drafting should be unambiguous.

The full marked-up gas distribution licence has not been presented in the consultation document. Andrew Ryan at Ofgem has helpfully advised WWU that Ofgem. “will discuss more developed draft licence modifications with industry as part of industry engagement following

¹ Section 3.1, page 23 of the Consultation.

² Paragraph 1.1

³ Aligned with Ofgem’s GA86 duty s.4AA(5A)(a)

Wales & West Utilities Limited

Registered Office/Swyddfa Gofrestredig: Wales & West House, Spooners Close, Celtic Springs, Coedkernew, Newport NP10 8FZ.
Registered in England and Wales number 5046791



Smell gas? Call us free on
Aroglu Nwy? Foniwch Ni Am Ddim

0800 111 999*

* All calls will be recorded and may be monitored. For information on our privacy policy see: www.utilities.co.uk/legal
* Caiff pob galwad ffôn ei gofnodi ac efallai'i fonitro. I gael gwybodaeth am ein polisi preifatrwydd, gweler: www.utilities.co.uk/legal



0800 912 2999



enquiries@wwutilities.co.uk



www.utilities.co.uk



[wwutilities](https://www.facebook.com/wwutilities)



[@wwutilities](https://twitter.com/wwutilities)



[@wwutilities](https://www.instagram.com/wwutilities)

the closure of the policy consultation in mid-January.”⁴ A fully marked up licence is essential to complete our review and progress through internal governance. Our comments below are therefore conditional on, and subject to, our review of that document, when published by Ofgem.

We set out general comments below, followed by our specific responses to the consultation questions and proposed drafting both in Appendix A to this letter.

General comments

Ring-fence objectives

Ofgem states that the “primary objective of the ring-fence is to ensure licensees remain financially resilient throughout the energy transition and are protected from riskier business activities of the corporate structure they operate within to mitigate risk of value extraction”.⁵ Specific objectives are presented as follows:⁶

“Objectives of the ring-fence include:

- Preventing the onset of financial distress by imposing a range of regulatory obligations to reinforce corporate governance arrangements of network licensees. Thus, ensuring the licensee maintains sufficient legal, financial and operational independence from other entities within the corporate structure such that the licensee is protected from riskier activities or financial distress of other entities within its corporate structure;
- To ensure regulatory assets and resources of the licensee are used solely for the purpose of delivering network services;
- Asset transfers or other financial transactions that could compromise the licensee’s ability to meet its regulatory obligations are restricted;
- Provide warning signals when symptoms of financial distress appear or potential threats are identified by licensees or our financial resilience monitoring; and
- Mitigate the severity and impact of financial distress factors should they arise and reduce any ‘chain reaction’ of adverse financial events.”

We note these objectives are different in some respects to those outlined in Ofgem’s Call For Input issued in 2024. It would be helpful if Ofgem provided some rationale for those changes.⁷

Ofgem’s rationale and analysis

Ofgem’s rationale is provided in paragraphs 1.1 to 1.4. As to this :

⁴ Email from Andrew Ryan to WWU on 16 December 2025

⁵ Executive Summary

⁶ Paragraph 1.5

[Energy Networks ring fence review – Call for input](#), September 2024, page 4

- We do not agree that the review should be premised on a need to strengthen the conditions **in addition** to the financial resilience measures finally determined by Ofgem for RIIO-3.⁸
- In particular, Ofgem has not explained why the retail crisis cited in paragraph 1.2.1 is relevant to energy networks. Nor has it explained in paragraph 1.2.2 why the default of Thames Water's parent company is relevant. Ofgem has not cited examples within regulated energy network sectors where complexity of corporate structures has weakened, or is likely to weaken, financial resilience in those sectors. Indeed, in its introduction, Ofgem acknowledges that networks have remained resilient.
- The other areas noted by Ofgem in paragraphs 1.2.3 and 1.2.4 covering energy transition and increased monitoring respectively come with little supporting detail. With regard to energy transition, Ofgem cites asset repurposing, but there is little evidence that material amounts of gas distribution network infrastructure assets will likely be repurposed over RIIO-GD3. With regard to increased monitoring, we note that increased financial resilience monitoring was introduced with effect from April 2021 for the GDN sector following RIIO-2 price control modifications.
- We note Ofgem's stated objectives in paragraph 1.5. However, Ofgem should have examined the extent to which those objectives are not met by the current ring fence protections through an evidenced based gap analysis, to identify areas of concern.

To conclude, Ofgem's rationale for a further strengthening of conditions does not seem justified. This presumptive disposition is not accompanied by adequate supporting rationale and evidence on its part.

In terms of Ofgem's analysis in paragraphs 1.5 to 1.8:

Ofgem states in paragraph 1.5 : ".....our monitoring and review work has identified issues which could potentially weaken the financial resilience of the networks, including:⁹

- Ambiguity on how licence conditions are interpreted;
- Inconsistent approaches across sectors;
- Insufficient independent assurance of compliance;

⁸ Foreword. "This consultation proposes to extend these resilience measures to the electricity distribution sector **and a set of additional measures across all sectors to strengthen the ring-fence licence conditions** which should benefit consumers and investors alike."(WWU emphasis on bold text)

⁹ Ofgem notes these areas are the subject of this consultation. It further noted for future consideration beyond this consultation two additional areas, i.e. (i) significant loans from licensee to parties and (ii) non-core activities.

Taking each of these in turn:

Ambiguity :

The paramount importance of clarity of regulatory intent in policy making and licence drafting is clear - anything less would undermine regulatory stability and transparency. Therefore, we welcome Ofgem's focus on this matter, e.g. in paragraph 2.3, Ofgem "are proposing to modify the licence conditions or guidance, as appropriate, to avoid misinterpretation or ambiguity and to improve clarity". However, Ofgem then proposes text which is not clear, for example:

1. The proposed ring fence definition: Ofgem states in paragraph 2.7 "By providing this definition we aim to eliminate ambiguity and any misinterpretation of the purpose of the network ring-fence." We highlight below where such ambiguity is present in the proposed definition¹⁰ : (ambiguous text highlighted in bold, italics and underlined). The text highlighted below is not clearly defined by Ofgem.
 - a. "Regulatory ring-fence" means the set of licence conditions and obligations designed to ensure that:
 - i. the licensee maintains **sufficient** legal, financial and operational independence from other entities within its corporate structure such that the licensee is protected from exposure to financial and operational risks arising from the **activities or financial distress** of other entities within **its corporate structure**;
 - ii. the assets and resources of the licensee are **used solely** for the purpose of delivering regulated network services, are not exposed to **material unrelated risks**;
 - iii. Cross-subsidisation, asset transfers or other financial transactions that **could compromise** the licensee's ability to meet its obligations under the licence are restricted;
 - iv. the Licensee has **adequate** financial and operational resources to meet its obligations under the licence; and
 - v. to **minimise the likelihood** and **mitigate the impact** of financial distress within the **corporate group on the licensee**.
2. In A1.5, Ofgem's drafting suggests that this ring fence definition be made a condition on licensees, not just a definition per se. It is not possible to comply with any condition that is not expressly bounded by clear language. Nor is there any rationale proposed by Ofgem for making such a definition a condition to be complied with. Therefore, we ask Ofgem not to make this definition a condition and instead provide it solely to assist licensees and other stakeholders to better understand the regulatory context in which the specific conditions and obligations are set. The definition would therefore be more appropriately included within the "Standard Special Condition A3: Definitions and Interpretation" section of the gas transporter licence.

¹⁰ In Appendix A1.5

3. A1.7 proposes new text requiring a Sufficiently Independent Director (SIDs) to, inter alia : “act in the best interest of the consumer”. Ofgem offers no explanation of what is meant by that text or how “best interest” could be measured objectively.

Inconsistent approaches across sectors

We agree with Ofgem that inconsistencies across sectors should be removed, where appropriate.

Insufficient independent assurance of compliance

In paragraph 1.6, Ofgem states that its monitoring and review work has identified insufficient independent assurance of compliance issues that could potentially weaken the financial resilience of the networks and is being addressed as part of the consultation. This is a speculative and subjective statement by Ofgem - can it confirm that an impact assessment has been performed, evidencing actual or perceived consumer harm, that supports the need to introduce measures to address this apparent issue.

Finally, two additional general comments:

- All proposals for changing the ring-fence conditions should be strictly prospective in nature. The current licence drafting does not adequately restrict the proposals from the commencement of RIIO-GD3 in a number of the amended conditions (e.g., A1.2 Availability of Resources 30.4 and 30.6). In respect of paragraph 1.6 Ofgem proposes consulting separately with networks about possible changes to reporting requirements for Cross Subsidy Agreed Upon Procedures (AUPs). Because AUP's are backward looking, with those in summer 2026 reflecting 2025/26 reporting, the relevant AUP's consultation will be in H1 2027 for 2026/27 reporting.
- Given the significant new financial resilience measures for RIIO-3 and following the implementation of any ring-fence changes that may be made after this consultation, it would be helpful to have some period of stability. We note in the consultation document that further licence changes after this consultation may arise (i.e. intercompany debt and changes to capital structure) and it would be helpful to have a clear pathway to future reviews with no further changes by March 2028.

Yours sincerely



Neil Henson
CFO
Wales & West Utilities Limited

APPENDIX A

Responses to consultation questions

Q1. Do you agree with the definition provided for the purpose of the regulatory ring-fence?

Ofgem's stated aim is "to eliminate ambiguity and any misinterpretation of the purpose of the network ring-fence"¹¹. However, in A1.5, Ofgem states: "We may include this in the introduction of the licence condition rather than as a definition." It is not clear if Ofgem intends to make this proposed definition a condition on licensees to be complied with. We would disagree with that intent as there is no justification provided by Ofgem and we do not see any need for the imposition of that condition. In addition, and as noted earlier, the proposed text in A1.5 is ambiguous, contrary to Ofgem's aim stated in paragraph 2.7. We recommend that these ambiguities should be removed.

Q2. What is your view of the proposal to introduce a ring-fence checklist and AoR certificate templates for completion?

The provision of appropriately drafted AoR certificate templates for completion would be welcomed in principle, provided it is solely aimed at improving consistency and does not add to regulatory compliance burden.

Q3. What is your view of financial certificates 1F, 2F and 3F including a reference to a cash flow forecast as one of the factors to be considered by the board of directors?

Licensees need to be able to redact forecast cash flow information where it is commercially sensitive (e.g. timing and amount of new capital issuance in the capital markets) in the opinion of the licensee. The licence drafting needs to include provisions to this effect.

Q4. What is your view of compliance certificates 1C and 2C requirements being updated to reference all relevant ring-fence conditions?

This can only be acceptable provided the text in those conditions is unambiguous, transparent and proportionate, particularly in respect of any changes arising from this ring-fence review.

Q5. What is your view of certificate in relation to dividends referencing all ring-fence licence conditions?

This refers to paragraph 2.14. This is not appropriate - the proposal is disproportionate and unnecessarily adds to regulatory burden. The certificate in relation to dividends should reference only the ring-fence licence conditions that are relevant to the making of, or restrictions on, dividends by licensees.

¹¹ Paragraph 2.7.

Q6. What is your view about a requirement for two signatories of AoR certificates, one executive director and one SID?

We do not agree with the proposed requirement. Under the existing arrangements, a SID must have certain qualities, as already set out by Ofgem, in order to be appointed and continue as such a director, but subject to this he/she has the same responsibilities as any other director under legislation, including under the Companies Act 2006, as amended from time to time ("the Act"). Ofgem through this consultation seeks to reconstitute the SIDs as a particular tier of directors whose duties and functions are different from those of other directors.

In our response to Q22, Q23 and Q24 we set out the specific points in relation to the duties of directors under the Act and the basis upon which we say that what Ofgem is seeking to create is incompatible with the Act by creating two tiers of directors with the different duties of the SIDs being a departure from those under the Act.

We refer to our responses to Q22 which should be read in conjunction with our response to this question. For the reasons we set out in our responses to Q22 it is not lawful to require SIDs to be subject to special duties incompatible with the Act and thereby create a two-tier board, and since each SID must necessarily have the same director's duties as every other director, there is no logical basis for the proposed requirements that SIDs must be involved in signing off or overseeing various certificates and submissions. Their role can be no different to that of any other director, and their involvement in these specific activities therefore serves no purpose. It is for the board as a whole, including the SIDs, to decide how such certificates and submissions are signed off on behalf of the company before issue.

In addition as the certificate must be approved by a resolution of the board, and the board is required to consist of at least two SIDs, extending the signatories to include a SID is not necessary. Further, there is no need to include the word "executive" before "director". We have no objection to extend the requirement from one to two signatories from directors.

Q7. Do you agree the intervention plan should be submitted upon request, on an ad-hoc basis, should distress of the licensee is anticipated?

We would agree, subject to appropriate notice of the intervention plan submission being provided to licensees by Ofgem. This is to ensure that annual leave, staff absences, holiday periods and internal governance reviews can be accommodated. A minimum of 15 business days is recommended.

Q8. Do you agree with a review of the intervention plan by Ofgem being undertaken for a price control period?

For the avoidance of doubt, we understand that this would be a point in time review by Ofgem and not "for a price control period" as the question states. We would agree, subject to appropriate notice of the review and request of the intervention plan being provided to licensees by Ofgem. This is to ensure that annual leave, staff absences, holiday periods and internal governance reviews can be accommodated. A minimum of 15 business days is recommended.

Q9. Do you have any views on extending the RIIO-3 measures (obtaining two investment grade credit ratings) to the electricity distribution sector in 2026?

n/a

Q10. Do you agree the obligation to provide a Financial Resilience Report and associated financial projections should be added to the ED licence condition to align with other sectors?

n/a

Q11. Do you agree the obligation to provide published rating reports should be added to the ED licence condition to align with other RIIO sectors?

n/a

Q12. Do you agree with extending the distribution lock up trigger proposed in RIIO-3 to ED?

n/a

Q13. What is your view about extending the distribution lock up to the 2C certificate?

This refers to paragraph 2.23. We disagree with extending the very specific dividend lock-up trigger to the submission of the 2C certificate which covers all ring-fence conditions as the proposed mechanical lock up in these circumstances is excessive and disproportionate.

Q14. What is your view about amendment proposed to SLC41.3 regarding any alterations to existing capital and reserves?

We do not agree that the licensee should be required to seek prior consent from the Authority if it is considering any alterations to existing capital and reserves held to enable a future dividend distribution. It is for the licensee to manage its own capital structure and to make any dividends as permitted under company law and the lock up triggers within the regulatory licence in force at the time. Ofgem's proposed new financial resilience measures for RIIO-3 would provide significantly more regulatory intervention in this area, which are not necessary and are seen as excessive and disproportionate.

Q15. Do you agree we should consider appropriateness of response time period in respect of indebtedness licence condition?

This refers to paragraph 2.25, Yes, we would agree.

Q16. Do you agree the Independence of the network licence condition should be extended to ET?

n/a

Q17. Do you agree with the amendment for a reconciliation to be provided to show regulatory obligations are being met for De Minimis Business when audited statutory financial statements are being utilised rather than regulatory accounts?

We do not agree because this would be disproportionate. A reconciliation showing regulatory obligations are being met for De Minimis Business when audited statutory financial statements are being utilised rather than regulatory accounts should only be necessary where the year-end for the audited statutory financial statements differs to the Regulatory Financial Performance Reporting (RFPR). The licence drafting should be amended to clarify this point.

Q18. Do you agree with the proposed change to extend the notice period when required?

This refers to paragraph 2.31. We do not agree. The existing two-month notice period remains appropriate and we are concerned that the ability to extend the timeframe at Ofgem's discretion could jeopardise commercial transactions which are ultimately in the interest of customers.

Q19. Do you agree with adding 'financial asset' to ED SLC26.2?

n/a

Q20. Do you agree a non-financial asset being sold, transferred or disposed of by a licensee should be valued according to its highest and best use?

We do not agree for the following reasons:

- In general terms, we see no basis for Ofgem intrusion where disposal is to an unrelated third party or to parties where the GDN seller does not have a controlling interest and we therefore consider these proposals disproportionate;
- Ofgem could block/defer any disposal on this basis, given subjectivity of valuation methodologies;
- No need for intervention as shareholder and consumer interests are clearly aligned – i.e. get the best price and Ofgem has not provided any evidence of consumer harm;
- These proposals would increase costs of disposal significantly given the requirement for a best use valuation (in addition to land valuations for non-operational asset disposals, we tend to get already as an indication of expected disposal price) and Networks would need to be compensated for these additional costs. The proposals could therefore go against Ofgem's intention in paragraph 2.33 to "guard against assets, such as land, being sold, transferred or disposed of by the licensee at a lower value than could ultimately be reasonably achieved to the detriment of consumers";
- Highest and best use for non-financial assets in FRS 102 2A.9-2A.12 represents a valuation basis where there is no transaction between independent parties. Where there is a transaction with a third party, it is not foreseeable that the contract price can be overridden;
- Note FRS 2A.11 – highest and best use deemed to be current use unless factors suggest otherwise; and
- Highest and best use as proposed does not seem consistent with Depreciated Replacement Cost basis as proposed by Ofgem for asset disposals to HTBM entities.

Q21. Do you agree to completion of a checklist for SID details?

This refers to paragraph 2.36. Yes, we agree. We would request that Ofgem limits the information to details that are not already available in the public domain or via RFPR submissions.

Q22. Do you agree it would be in consumer interest for at least one SID to be a signatory on submissions in relation to the ring-fence?

We do not agree. We also note the proposed licence drafting at referenced at 43A.2(d)¹² and set out our comments below. Under the existing arrangements, a SID must have certain qualities, as already set out by Ofgem, in order to be appointed and continue as such a director, but subject to this he/she has the same responsibilities as any other director under legislation, including under the Act. Ofgem through this consultation seeks to reconstitute the SIDs as a particular tier of directors whose duties and functions are different from those of other directors. Ofgem appear to be seeking to convert SIDs into consumer-representative directors. This would obviously be a very significant departure from the existing arrangements and for the reasons set out below this is not appropriate as a matter of policy or law.

Specific relevant points to highlight:

- (a) The duties of a director are set out at sections 171 to 177 of the Act and these duties are owed to the company – section 170(1). The most fundamental duty is that directors must act in a way that will promote the success of the company for the benefit of its members (i.e. shareholders) as a whole – section 172(1).
- (b) The Act makes provision that this includes a duty to have regard to the impact of the company's operations on the community and environment – section 172(1)(d) – and therefore includes the requirement to take into account the wider public interest.
- (c) The duties are binding on all directors equally. There are no classes of director which are exempt from them, or which have different, overriding or supplemental duties. In some circumstances, but only where expressly required by law, the normal duties to directors may become subject to a duty to act in the interests of creditors – section 172(3). But there is no provision for them to become subject to duties in respect of any other category of person.
- (d) What Ofgem is seeking to create is incompatible with the Act, namely – (i) two tiers of directors, one (the SIDs) with different duties to the others; (ii) the different duties of SIDs being a departure from those under the Act and reflecting Ofgem's own objective (the interests of consumers).
- (e) In accordance with the public law principle of legality, Ofgem's powers to set licence conditions are subject to the general law and cannot override it. This incompatibility with the Act therefore renders the proposed licence modifications unlawful.
- (f) The illegitimate step is reflected in the proposed licence drafting. Currently the definition of a SID is based on factual criteria about the nature, experience and remit of the SID. Ofgem wishes to add a fourth limb, which is of a different character altogether, requiring that a SID must 'act in the best interests of the consumer'.

¹² Under GN – this is referred to as StSpLC A42

- (g) This has nothing to do with the qualities of the individual appointed to the role of SID and is an attempt to direct the SID as to how he/she must perform their duties as a director.
- (h) The purpose of a SID is independence. SIDs must not only be independent by background and remit, but also, like all directors, exercise independent judgment – section 173(1).
- (i) Even if these proposals had been lawful, Ofgem, by seeking to impose on the SIDs its own principal objective and other duties of its own devising – is effectively making the SIDs a proxy for Ofgem itself – would be skating close to (if not crossing the line of) becoming a shadow director in accordance with section 251 of the Act. Ofgem would benefit from no protection under section 251(2)(b) since it has no statutory function of issuing instructions, directions, guidance or advice to independent directors
- (j) None of this could be appropriate either as a matter of law or policy.

No evidence of consumer harm has been demonstrated by Ofgem justifying changes to the current arrangements which are incompatible with the Act as set out in our responses.

However, if Ofgem proceed with the proposals for SIDs to be a signatory, and assuming the proposal to act in the best interest of the consumers is removed, we make the following further points:

- 'Any downgrade in credit rating and / or outlook or credit rating withdrawal' – in these circumstances the Rating Agency Report will provide reasoning to the market for the change in rating, and it is difficult to conceive what additional assurance/information a SID signatory or indeed any director of the licensee can add to this. Therefore, this proposal is not reasonable and is excessive;
- 'Proposed asset disposals' – it is disproportionate for a SID to be involved in operational business decisions of this nature, particularly as there is no perceived consumer harm from the current disposal arrangements over which Ofgem has oversight.

Accordingly, subsections (b), (c) and (e) should be removed from the proposed licence drafting at A1.7 Sufficiently Independent Directors 43A.8.

Q23. What is your view about the requirement for at least one SID to be in attendance to reach Quorum at licensee board meetings?

We disagree with any mandated requirement and refer to our responses above at Q22 and Q24. Any mandated change to quorum is disproportionate, inappropriate and would also involve changes relating to corporate governance, company constitutional documents and relevant shareholder agreements.

Q24. What is your view about the requirement for at least one SID to attend Remuneration Committee (or equivalent) meetings where licensee entity executive remuneration is discussed?

We disagree with any requirement that is mandated and refer to our responses at Q22 above. In addition, when referring to the role of a SID on the remuneration committee, Ofgem wishes to state that he/she must have a further duty *'to ensure executive remuneration is*

commensurate with operational performance of the licensee'. These provisions are an attempt to override the Act by making the SIDs subject to different and inconsistent directors' duties to those laid down by the Act – in particular the core duty in section 172 – and to create a two-tier board by distinguishing the role and function of SIDs from that of the other directors. As such, they would be contrary to the principle of legality and unlawful.

Q25. Do you agree with the proposed definition changes to ultimate controller?

We raise no issue in relation to the changes to this definition.

Comments on Appendix 1 – Draft modifications to licence conditions

A1.2 Availability of Resources 30.13 – it is not clear what the meaning of 'a distress situation is forecast' is; and the drafting should be amended to clarify what event and/or situations would trigger a submission request by Ofgem.

A1.3 Credit rating of the licensee 40.4 – the relevance of this provision is unclear. Can Ofgem provide further background information on the requirement.

A1.4 Indebtedness 41.1 – Ofgem should explain its rationale for its proposed extension of prohibition of security to all financial assets. Additionally, can Ofgem clarify what is meant by 'consumer interest'

A1.4 Indebtedness 41.11 – in respect of subsections (a) and (b) Ofgem is proposing to require its consent in writing – this would be significant intrusion in actual capital structure matters between a licensee and its lenders. If lenders have agreed to any cure of any breach or renegotiation, then it is unnecessary for Ofgem to intervene as proposed. This proposal directly conflicts with Ofgem's stance that the risks and rewards for actual capital structures are a matter for companies and their investors.¹³

A1.6 Disposal of relevant assets and restrictions on charges 26.2 – this proposal is backdated to 1 April 2023 – licensees have been advised by Andrew Ryan at Ofgem that all changes from this ring fence review would be prospective in nature. In addition, can Ofgem explain why it proposes to extend the prohibition on security to all financial assets.

¹³ Paragraph 5.3 of the FD Finance Annex.