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**Sent:** Thursday, November 24, 2016 06:23 PM  
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**Subject:** Feedback on GT Licence SSC A15A

Rupika

Further to the discussion of the proposed amendment to the GT Licence at the FGO POB meeting on 18 November, I am writing as requested to clarify our observations on the drafting of SSC A15A paragraph 7(b).

As drafted, it requires a prohibition on the distribution of profits and declaration of dividends to be included in the CDSP Articles of Association, but also allows a return of profits with the Authority's written consent. We believe that the intention was for the Authority's consent to relate only to the scope of services and not the return of profits to shareholders. To ensure that the correct changes are made to Xoserve's Articles, we would welcome clarification of this matter, and suggest that a prohibition without exception would be most closely aligned to Ofgem's original intentions, would remove any potential uncertainty for the CDSP and its stakeholders, and would be straightforward to implement.

Noting that we are not Licence drafters, we believe that the following might achieve what we understand to be the objective of this element of the Licence – this was broadly as discussed and endorsed at last Friday's POB:

~~"be a company the purpose of which (except where the Authority consents otherwise in writing) is to provide CDSP Services and which shall not return a profit (except where the Authority consents otherwise in writing) (whether income or capital) through its share capital and shall set out within its articles of association a prohibition on the distribution of profits and declaration of dividends (save for dividends in respect of profits relating to periods prior to 1 April 2017 or such later date as the Authority may direct)"~~

I can confirm that we have no further comments on the drafting of SSC A15A, and that we are comfortable with the proposed amendment to clarify the governance for changes to the CDSP Charging Methodology.

Kind regards

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Kind regards

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