

### **Issue 36: 'Party Failure and Default'**

As a result of the recent defaults under the BSC and the resultant debts that all Parties are being exposed to, the BSC Panel has asked that an Issues Group considers the processes and timings for dealing with defaulting and failing Parties. The Panel is keen to understand if the industry believes there are any improvements that could reduce the potential debt.

Questions that should be considered include:

- 1) Does the Code allow the Panel default powers to be triggered sufficiently early?
- 2) Are there any additional actions that should be undertaken relating specifically to the various mechanisms for a Party 'exiting' the arrangements (e.g. actions specific to entering into administration, trade sale, etc)?
- 3) Is it appropriate to treat ECVNS and MVRNS differently? (Currently Trade sale and SoLR will automatically clear MVRNs and BOAs because they are BMU based, however the Panel is required to agree to clear ECVNs).
- 4) Should we cash out volumes for failed Parties at a neutral price?
- 5) Any further lessons to be learnt from recent failures?