

Compliance plan for Marlborough Lines

Non-compliance	Description		
Audit Ref: 2.2 With: 11.2(2) of Part 11 From: 16-Aug-16 To: 31-Aug-17	Incorrect data is corrected but in some cases, it identified late, it results in backdating transaction in the registry. It is not a structures process yet Potential impact: Low Actual impact: Low Audit history: None Controls: Moderate Breach risk rating: 2		
Audit risk rating	Rationale for audit risk rating		
Low	Audit risk rating is assessed as low because Marlborough Lines proactively pursue data correction. No impact on settlement outcomes. The controls we assessed as moderate, many monitoring reports are being put in place but they need to be refined		
Actions taken to resolve the issue		Completion date	Remedial action status
ML will look at opportunities to refine their monitoring reports to improve controls further.			Identified
Preventative actions taken to ensure no further issues will occur		Completion date	

Non-compliance	Description		
<p>Audit Ref: 3.5</p> <p>With: 7(2A) of Schedule 11.1</p> <p>From: 16-Aug-16</p> <p>To: 31-Aug-17</p>	<p>25 ICPs (7.6%) electrically connected since the last audit had Initial Electrical Connection Date populated later than 10 business days</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Twice previously</p> <p>Controls: Moderate</p> <p>Breach risk rating: 2</p>		
Audit risk rating	Rationale for audit risk rating		
Low	<p>We have recorded the controls as moderate. The company setup a new monitoring process, in May this year, to address non-compliance, which appears to be working well. The impact on participants is none, therefore audit risk rating is low</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
ML will continue to use the process set up in May to ensure this issue is managed on an ongoing basis.			Identified
Preventative actions taken to ensure no further issues will occur		Completion date	

Non-compliance	Description		
<p>Audit Ref: 4.1</p> <p>With: 8 of Schedule 11.1</p> <p>From: 16-Aug-16</p> <p>To: 31-Aug-17</p>	<p>Pricing and network updates later than 3 business days for small percentage of ICPs (10%)</p> <p>Potential impact: Low</p> <p>Actual impact: Low</p> <p>Audit history: Multiple times</p> <p>Controls: Moderate</p> <p>Breach risk rating: 3</p>		
Audit risk rating	Rationale for audit risk rating		
Low	<p>We have recorded the controls as moderate. There is good control over ICPs status and addresses but pricing updates are “driven” by traders. 10% of transactions are effected, in most cases they are so -called special cases. The impact on participants is none, therefore the audit risk rating is low.</p>		
Actions taken to resolve the issue		Completion date	Remedial action status
ML consider the 10% number is too high and will investigate a sample of these to see if further controls are required or business rules need amending.			Identified
Preventative actions taken to ensure no further issues will occur		Completion date	

Non-compliance	Description		
Audit Ref: 4.4 With: 2 of Schedule 11.1 From: 16-Aug-16 To: 31-Aug-17	Six ICPs had duplicate addresses that did not allow them to be readily located Potential impact: Low Actual impact: Low Audit history: None Controls: Strong Breach risk rating: 1		
Audit risk rating	Rationale for audit risk rating		
Low	We have recorded the controls as strong. This non-compliance is identified for the first time and only six ICPs were effected. The impact on participants is none, therefore audit risk rating is low		
Actions taken to resolve the issue		Completion date	Remedial action status
ML will investigate if the current process is sufficient as the Auditor noted the controls were string or is additional controls are required.			Identified
Preventative actions taken to ensure no further issues will occur		Completion date	

Non-compliance	Description		
Audit Ref: 4.6 With: 7(1) of Schedule 11.1 From: 16-Aug-16 To: 31-Aug-17	12 ICPs had incorrect or missing data in the registry Potential impact: Low Actual impact: Low Audit history: Once before Controls: Moderate Breach risk rating:		
Audit risk rating	Rationale for audit risk rating		
Low	We have recorded the controls as moderate. The company setup a new monitoring process, in May this year, to address non-compliance, which appears to be working well. The impact on participants is none, therefore audit risk rating is low		
Actions taken to resolve the issue		Completion date	Remedial action status
ML will continue to use the process set up in May to ensure this issue is managed on an ongoing basis.			Identified
Preventative actions taken to ensure no further issues will occur		Completion date	