12.3 Policy-Constrained Competition

Go up to Architectural Principles

Policy-Constrained Competition is the market condition in which Qualified Nodes and Qualified Service Providers compete for governed work only when they satisfy the policy constraints that apply to the governed function, governed work assignment, Qualification Profile, Qualification Evidence, Non-Functional Characteristics, evidence obligations, jurisdictional constraints, residency constraints, sovereignty constraints, security obligations, service-level expectations, Cost Rules, and market integrity rules.

Policy-Constrained Competition establishes that cost, performance, availability, provider preference, or implementation preference does not override policy obligations, jurisdictional constraints, residency constraints, sovereignty constraints, evidence obligations, security obligations, or market integrity rules.

The market does not treat every lower-cost or higher-performing Node as a valid competitor. A Node competes for governed work only when it satisfies the required governed function, Qualification Profile, Qualification Evidence, Non-Functional Characteristics, policy constraints, evidence obligations, service-level expectations, and applicable Cost Rules.

Policy-Constrained Competition protects the market from Under-Compliance. A provider does not gain a valid competitive advantage by omitting required evidence, weakening controls, bypassing policy evaluation, ignoring residency constraints, reducing auditability, or performing work outside its recognised qualification.

Policy-Constrained Competition also supports fair participation. Large institutions, smaller providers, specialised providers, and jurisdiction-specific providers compete to satisfy the same governed-function obligations and market rules.

Requirement

The Governed Node Service Market SHALL allow competition only among Qualified Nodes and Qualified Service Providers that satisfy the policy constraints applicable to the governed function.

Example

Two Qualified Nodes offer sanctions screening for an FX transaction. One Node offers a lower cost, but its Qualification Profile does not cover the required jurisdictional policy constraint. The market excludes that Node from the eligible set and selects only among Qualified Nodes that satisfy the required policy, evidence, residency, sovereignty, service-level, and Non-Functional Characteristic obligations.