

# MARKET CODE / OPERATIONAL CODE CHANGE PROPOSAL

Form  
version 2.1

Change Proposal reference  
(To be completed by the TP Sec.)

**MCCP229**

Version No.

**D.2**

## PART A — SUBMISSION

### A.1. GENERAL DETAILS

A.1.a. TITLE CMA Charge Calculations

A.1.b. COMPANY SWBS

Change Proposals must be authorised by the person designated by the signatory to the Market Code Framework / Accession Agreement

A.1.c. AUTHORISED  
SIGNATURE

NAME

A.1.d. CONTACT NAME

Duncan Innes

CONTACT EMAIL;  
TEL./MOB.

Duncan.innes@business-  
stream.co.uk  
0131 338 3259

A.1.e. ASSOCIATED  
MCCP / OCCP

A.1.f. ASSOCIATED  
DOCS.

A.1.g. PROPOSED  
URGENCY

NON-URGENT

A.1.h. REASONS FOR  
URGENCY

The CMA CEO will review this information and make a decision as to whether to take this MCCP / OCCP forward as urgent as defined under Market Code Part 8.9.1

A.2. MCCP / OCCP DETAILS		
A.2.a. ISSUE OR DEFECT WHICH THIS MCCP / OCCP SEEKS TO ADDRESS Required under Market Code Parts 8.7.1 (ii) (b) and 8.8.1 (ii) (b)		
Schedule 21 to the Market Code sets out the method for calculating the LP shares of CMA Charges, which is done on the basis of the R1 settlement run for <del>the month in question</del> <u>a previous month (e.g. April 2018 charges are calculated using the R1 from February 2018)</u> . A reconciliation is carried out at the end of the year, to deal with any shortfall or surplus resulting from the CMA's outturn costs, but this does not take into account any changes to LP shares from later settlement runs. As a result, no account is taken of any data errors that are subsequently corrected, even if these have a substantial impact on the allocation of costs.		
A.2.b. DESCRIPTION OF THE NATURE AND PURPOSE OF THE MCCP / OCCP AND HOW IT MEETS THE MARKET CODE / OPERATIONAL CODE OBJECTIVES AND PRINCIPLES FOR THE MARKET DOCUMENTS Required under Market Code Parts 8.7.1 (ii) (c) and 8.8.1 (ii) (c)		
General Description		
This paper proposes that the end of year as part of the year reconciliation, the CMA should recalculate LP shares based on the <u>actual months</u> R2 settlement run. This would provide the opportunity to correct any significant discrepancies discovered while not leading to any delay in the timing of the reconciliation. The CMA have confirmed that this could be done on the basis of the previously published figures and would not need any additional reports to be run on the Central Systems. Therefore the additional cost of doing this would be minimal, while the allocation of costs would be fairer and more accurate. Since the change would be simple to implement, it could be done in time for the reconciliation of 2017-18 CMA outturn costs.		
Principles and Objectives affected		
PRINCIPLE	AFFECTED (Y/N)	DESCRIPTION
Proportionality		
Transparency		
Simplicity, Cost-effectiveness, and Security		
Non-exclusivity		
Barriers to Entry		
Customer Contact		
Non-discrimination	Y	The change would lead to a more accurate basis for charging LPs
Non-detrimental to SW Core Functions		
MC / OC OBJECTIVES		

A.2.c. IMPACT  
 Required under Market Code Parts 8.7.1 (ii) (d), (f) and (g), and 8.8.1 (ii) (d) and (f)

CONFIGURED ITEM	IMPACTED (Y/N)	DESCRIPTION
MC / OC	Y	See legal text below
CSDs	N	
Wholesale Services Agreements	N	
Licenses	N	
CMA Central Systems	N	
CMA business processes	Y	There would be an additional step in the CMA's annual reconciliation process.
Trading Party systems	N	
Trading party business processes	N	

A.2.d. DRAFT LEGAL TEXT  
Required under Market Code Parts 8.7.1 (ii) (d) and 8.8.1 (ii) (d)

Section 4 of Schedule 21 (CMA Charges) to the Market Code should be amended as follows:

4. The CMA shall calculate the aggregate Licensed Providers' share of the CMA outturn costs for the Year being two-thirds of the costs in the audited accounts. The CMA shall carry out a reconciliation of each Licensed Provider's share of the outturn costs by

- Allocating the aggregate Licensed Providers' share of the CMA outturn costs to each Month such that the share of the costs for each Month are proportional to the number of days in each Month; and calculating each Licensed Provider's liability for the CMA outturn costs for each Month by applying the Licensed Provider Share (per Month), recalculated on the basis of the actual R2 Settlement Run for each month, ~~originally determined in accordance with paragraph 2 of this Schedule~~ to the aggregate Licensed Providers' share of the CMA outturn costs for the Year.

Each Licensed Provider is liable ~~to~~for any shortfall between the sum of the CMA Charges paid by that Licensed Provider and the sum of its liability for the CMA outturn costs as determined above. Subject to Section 7.11.4, each Licensed Provider shall be entitled to any surplus between the sum of the CMA Charges paid by that Licensed Provider and the sum of its liability for the CMA outturn costs as determined above.

A.3. IMPLEMENTATION DETAILS

A.3.a. PROPOSED IMPLEMENTATION DATE OR LEAD TIME  
Timescale must not overlap with the period of consultation with the Commission and should take account of the impacts identified in Section A.2.c. Any quoted lead time should commence from date of Approval.

e.g. 2018-05-31

A.3.b. ANY LIMITATIONS OR DEPENDENCIES FOR IMPLEMENTATION

A.4. ANY OTHER COMMENTS

## PART B — TP ASSESSMENT

B.1. ASSESSMENT PROCESS			
B.1.a. ASSESSMENT START DATE	2018-04-26	ASSESSMENT END DATE	2018-04-26
B.1.b. IMPACT ASSESSMENT REQUIREMENT	IA NOT REQUIRED		
B.1.c. CONSULTATION REQUIREMENT	TP CONSULTATION NOT REQUIRED		
B.1.d. ASSOCIATED DOCUMENTS (to this Part B)			
B.2. ASSESSMENT DETAILS			
B.2.a. CHANGE SPECIFICATION AND IMPACT (if different from that originally submitted)			
B.2.b. DRAFT LEGAL TEXT (if different from that originally submitted)			
B.2.c. TP ASSESSMENT Taking into account complexity, importance and urgency, and having regard to whether or not such proposal is within the relevant Objectives and Principles as required under Market Code Parts 8.7.1 (v) and 8.8.1 (iv)			
Impact on Principles and Objectives (if different from that originally submitted)			
Cost Estimate			
Benefit Estimate (L: < 10k, M: £10k to £100k, H: > £100k)			
B.3. TP DECISION	TP APPROVED /		
B.4. FINAL TP VIEWS			
B.5. PLANNED IMPLEMENTATION DATE	June 2018		

WITHDRAWN BY PROPOSER?	NO
COMMENTS	
DATE OF WITHDRAWAL	

### PART C — COMMISSION APPROVAL

C.1. DATE FINAL REPORT ISSUED TO COMMISSION	2018-05-29
C.2. APPROVAL STATUS	APPROVED CHANGE
C.3. DATE OF APPROVAL STATUS	2018-06-12
C.4. COMMISSION RESPONSE REFERENCE	

### PART D — IMPLEMENTATION

D.1. IMPLEMENTATION DATE	July 2018
D.2. IMPLEMENTATION DETAILS (MC version, CSD versions, CMA Central Systems release number, etc.)	
<u>Marke Code v39</u>	