

CMA Bulletin

To: CMA MEMBERS
No: BU145
Title: Performance Standards Charges Q4 2020_21
Purpose: For Information
Expiry date: NA
From: Amanda Hancock
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Market Participants will be aware that Performance Standards charging was suspended as one of the responses to the Covid 19 outbreak and that these charges (excepting those for the R10 measure) have now been re-instated from 1st January 2021.

MCCP248 (Derogations During the Covid 19 Outbreak), issued on 27th March 2020, included the following provision:

It has been agreed by the CMA Board, under its existing discretionary powers, that all performance standard charges should be disapplied from the 4th quarter of 2019/20 until further notice. This ensures consistency with the general agreements described above. To support this, the document identifies that, whilst performance charges will continue to be calculated and presented via the LVI, the charges for the last quarter of 2019 until further notice, will not apply and will not therefore be invoiced.

Subsequently, MCCP257 (Unwinding the Covid 19 Derogations), issued on 6th October 2020, included the following:

The unwinding of the MCCP248 derogations in a phased manner, as requested by the CMA Board (letter to participants from the CMA CEO, dated 2020-09-29) regarding Performance Measures except for the R10 and Peer Review reporting.

This Bulletin has been issued to clarify some of the details as to how the Performance Standards invoices reflect the above. As described in CSD0002, Performance Standards charges are levied against both SW and LPs, with payments based around financial years, but payable on a quarterly basis. SW and LPs each pay 'CMA Performance Standard Charges' and SW additionally pay 'SWLP Performance Standard Charges' that are then credited to relevant LPs.

CMA Performance Charges are subject to a cap (0.15% of R1 settlement charges), such that participants will only pay the minimum of the cumulative gross CMA Performance Standard charges and the cumulative cap for that participant for the given FY. The quarterly payments are reconciled with this annual cumulative outcome. To allow for this, payments in a given quarter are calculated as the minimum of: The cumulative CMA Performance Standard Charges for all preceding quarters in the given FY and the cumulative cap for all preceding quarters in the given FY. Invoices are then issued for this amount, less any payments already made.

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For FY 2020/21, invoices are only being raised for Q4, therefore only the CMA Performance Standard Charges and the caps for that quarter will apply (and any accumulation of charges and caps for preceding quarters will not be added on), although these will continue to be identified on the Performance Standard Reports on the LVI, as per the discretionary arrangements set out in MCCP248. It should also be noted that the SWLP Performance Standard Charges will also be identified for SW and credited to relevant LPs, for Q4. In accordance with CSD0002.

For FY 2021/22, normal accumulation of cap amounts and charge amounts will resume (albeit with the R10 measure only being re-instated at the designated time, as identified in MCCP248 and MCCP257)

Any queries relating to these arrangements should be submitted to enquiries@cmascotland.co.uk.

Many thanks

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