



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

2012

Monthly Client Assets Report – Guidance Note for Irish Investment Firms



General

1. Pursuant to Regulation 165(7) of European Communities (Markets in Financial Instruments) Regulations 2007 or Section 65(6) of the Investment Intermediaries Act 1995 (as applicable), the Monthly Client Assets Report is applicable to investment firms subject to the Central Bank of Ireland's Client Asset Requirements ("CAR")¹.
2. This guidance note provides direction on how to complete the Monthly Client Assets Report. It may be updated periodically and the most up-to-date version will be available on the Central Bank of Ireland ("Central Bank") website².
3. Firms should submit the Monthly Client Assets Report by the 20th working day after each month end to the Central Bank via the Online Reporting System.
4. The Monthly Client Assets Report is depicted in Appendix 1.
5. If firms have any queries in relation to the Monthly Client Assets Report or the content of this guidance note, they should contact cast@centralbank.ie.

Definitions

6. Firms should take the meanings of:
 - "client", "client funds", "client financial instruments", "client assets", and "pooled client accounts" as they are defined in the CAR.
 - "Mifid retail client" and "Mifid professional client" as they are defined in S.I. 60 of 2007 European Communities (Markets in Financial Instruments) Regulations 2007 ("Mifid").
 - "Regulated services", as they are defined in Regulation 3 of Mifid and in Section 2 of the Investment Intermediaries Act, 1995 ("IIA").

Return Fields

7. **Section 1: Total Client Assets held as at reporting period end** – a firm should enter the total amount of client assets held by the firm as at reporting period end divided between client funds and client financial instruments. The monetary amount should be entered in thousands of Euros.

¹ Available at: <http://www.centralbank.ie/regulation/industry-sectors/investment-firms/mifid-firms/Documents/Client%20Asset%20Requirements%20updated%20161008.pdf>

² <http://www.centralbank.ie/regulation/industry-sectors/investment-firms/mifid-firms/Pages/reporting.aspx> (for MiFID firms) and <http://www.centralbank.ie/regulation/industry-sectors/investment-firms/iaa-non-retail-firms/Pages/reporting.aspx> (for IIA Non-Retail firms).

8. **Section 2:** *Total number of clients for whom the firm is holding client assets as at reporting period end* – When calculating the number of clients, a firm should ensure that all accounts belonging to a client are aggregated in the relevant rows. The total number of clients should be entered as a full number and not in 000's. Mifid Retail and Mifid Professional should only be populated by a Mifid firm that provides regulated services³ to clients. “Mifid Retail client” and “Mifid professional client” is defined under Regulation 3 of Mifid, “professional client” should also include eligible counterparties. Where a Mifid firm provides a combination of Mifid and non Mifid products/services to their clients, these clients should be included in this field. Other clients for whom the firm provides regulated⁴ services, a firm should enter the number of clients for whom they provide regulated services other than Mifid services. A firm should enter the total number of clients in the left column with the corresponding value of client assets held in the right column. All monetary amounts are to be entered in thousands of Euros.
9. **Section 3:** *Does the firm receive all client funds directly into a client bank account(s)?, if No, please explain in what circumstances client funds would be initially lodged into the firm's own bank account or any other account– if a firm receives all client funds directly into a client designated bank account(s), a firm should enter 'Yes'. If in the event client funds are received directly into the firm's own bank account or any other account prior to transferring to a client bank account(s) please provide a summary explanation of when client funds are lodged in this manner – refer to Requirement 5.1.6 of CAR.*
10. **Section 4:** *What is the Highest value of client funds held during the reporting period* – a firm should enter the highest value of client funds held at any given day during the reporting period. The monetary amount should be entered in thousands of Euros.
11. **Section 5:** *What is the Lowest Value of Client funds held during the reporting period* – a firm should enter the lowest value of client funds held at any given day during the reporting period. The monetary amount should be entered in thousands of Euros.
12. **Section 6:** *What is the Average Value of Client Funds held during the reporting period* – a firm should enter the average value of client funds held during the reporting period. The monetary amount should be entered in thousands of Euros.
13. **Section 7:** *Name the Top 5 Institutions holding client funds during the reporting period end* – a firm should enter the names of the Top 5 institutions holding client funds as at reporting period end. The entries should be made in descending order. A firm should enter the name of each Institution in the 1st column. In the 2nd column entitled 'type of

³ Regulation 3 of Mifid

⁴ Regulation 2 of Investment Intermediaries Act, 1995 ('IIA')

client bank account', a firm should enter a breakdown of the value of these client funds with each Institution into the various account types eg segregated/pooled. The firm should include all account types- umbrella accounts, nominee accounts. Please see CAR for the definition of "pooled client accounts". A "segregated bank account" is an individual account held for a specific client where that client's funds are segregated from the firm's funds and from other clients' funds. In the 3rd column entitled 'Jurisdiction', a firm should enter the value of these client funds for the corresponding jurisdiction for each of these account types, if for example a pooled account is spread over two jurisdictions, a firm should enter the value of pooled client funds for each jurisdiction. A firm should classify 'Jurisdiction' as 1) Ireland, 2) EEA 3) 3rd Country. Only a firm that is part of a group structure and holds client funds within this group structure should populate the final column, in this column a firm is not required to split the value of funds held within the group between each account type. The monetary amount should be entered in thousands of Euros.

14. **Section 8(a):** *What is the amount of client funds if any held on the firm's Balance Sheet during the reporting period?* – If a firm holds any client funds on the balance sheet throughout the reporting period, the highest amount should be entered in thousands of Euros.
15. **Section 8(b):** *If client funds are held on the firm's Balance Sheet please state why* – a firm should provide a summary explanation of why the client funds entered in Section 8(a) were/are held on the firm's balance sheet during the reporting period.
16. **Section 9(a):** *What is the value of the Buffer ("Required Buffer") maintained as at reporting period end as required under CAR?* – a firm should enter the value of the Buffer as outlined under Requirement 5.3 of CAR. The monetary amount should be entered in thousands of Euros.
17. **Section 9(b):** *Does the firm hold an excess Buffer over the Required Buffer?*- If a firm holds additional funds in the client bank accounts above the required buffer, please provide a brief summary explanation of why an additional buffer is held together with the value of it. The monetary amount should be entered in thousands of Euros.
18. **Section 10:** *Name the Top 5 Institutions holding client financial instruments during the reporting period end* – a firm should enter the name of each Institution in the 1st column, the entries should be made in descending order. Note if a firm holds physical documents it should be entered in this column. In the 2nd column entitled 'type of client custody account', a firm should enter a breakdown of the value of these client financial instruments with each Institution into the various account types eg segregated/pooled. The firm should include all account types- umbrella accounts, nominee accounts. Please see CAR for the definition of "pooled client accounts". A "segregated custody account" is an individual account held for a specific client where that client's financial instruments are segregated from the firm's financial

instruments and from other clients' financial instruments. In the 3rd column entitled 'Jurisdiction', a firm should enter the value of these client financial instruments for the corresponding jurisdiction for each of these account types, if for example a pooled account is spread over two jurisdictions, a firm should enter the value of pooled client financial instruments for each jurisdiction. A firm should classify 'Jurisdiction' as 1) Ireland, 2) EEA, 3) 3rd Country. Only a firm that is part of a group structure and holds client financial instruments within this group structure should populate the final column, in this column a firm is not required to split the value of funds held within the group between each account type. The monetary amount should be entered in thousands of Euros.

19. **Section 11:** *List all material reconciling items greater than 10 days overdue on client fund and client financial instrument reconciliations as at reporting period end-* As materiality is firm specific we have not provided a definition as to what constitutes materiality. Requirement 4.5 of the CAR outlines the manner in which these reconciliations should be carried out. A firm should enter a brief description of the material reconciling items greater than 10 days overdue identified on these reconciliations, please note irrespective of frequency of occurrence it is only material items that should be reported. The monetary amount should be entered in thousands of Euros.
20. **Section 12:** *What is the split of the firm's turnover as at reporting period end between regulated and unregulated business?-* a firm should enter the value of its turnover⁵ divided between regulated and unregulated business. A firm should enter turnover derived from regulated investment services as defined under regulation 3 of Mifid and where applicable regulated investment services defined under Section 2 of the IIA as Regulated Business, all other turnover earned should be entered as Unregulated Business. The monetary amount should be entered in thousands of Euros.

⁵ Turnover should equate to total in FINREP Tables

Appendix 1 – Monthly Client Assets Report

Pursuant to Regulation 165(7) of European Communities (Markets in Financial Instruments) Regulations 2007 or Section 65(6) of the Investment Intermediaries Act 1995 (as applicable)

1. Total Client Assets held as at reporting period end :

Client Funds €000's	Client Financial Instruments €000's	Total €000's

2. Total number of clients for whom the firm is holding client assets as at reporting period end:

Type of Client	Number of Clients	Value of Clients Assets
Mifid Retail		
Mifid Professional		
Other clients for whom the firm provides regulated services other than Mifid		

3. Does the firm receive all client funds directly into client bank account(s)?

Yes	No

If No, please explain in what circumstances client funds would be initially lodged into the firm's own bank account or any other account(s):

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4. What is the Highest Value of client funds held during the reporting period:

€000's

5. What is the Lowest Value of client funds held during the reporting period :

€000's

6. What is the Average Value of client funds held during the reporting period :

€000's

7. Name the Top 5 Institutions holding client funds during the reporting period end:

Name of Institution holding the client funds	Type of Client Bank Account- Segregated/pooled	Jurisdiction: Ireland, EEA, 3 rd Country	Is this institution part of the firm's own group y/n

8. (a) What is the amount of client funds if any held on the firm's Balance Sheet during the reporting period?

€000's

- (b) If client funds are held on the firm's Balance Sheet please state why:

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9. (a) What is the value of the Buffer ('Required Buffer') maintained as at reporting period end as required under the Client Asset Requirements?

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- (b) Does the firm hold an excess Buffer over the Required Buffer?

Y/N	Reason Why	€000's

10. Name the Top 5 Institutions holding client financial instruments during the reporting period end:

Name of Institution holding client financial instruments	Type of Client Custody Account- Segregated/pooled	Jurisdiction: Ireland, EEA, 3 rd Country	Is this institution part of the firm's own group y/n

11. List all material reconciling items greater than 10 days overdue on client fund and client financial instrument reconciliations as at reporting period end:

Description/Reason	€000's

12. What is the split of the firm's turnover as at reporting period end between?

Regulated Business €000's	Unregulated Business €000's



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