



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Investor Money Requirements

Guidance

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1. General Requirements

1.1 Interpretation

This Guidance relates to the Central Bank's Investor Money Requirements which are set out in Part 7 of the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Investment Firms) Regulations 2017) (the "Regulations").

Defined terms in the Regulations have the same meaning in this Guidance.

1.2 Examples of circumstances in which money is investor money

(i) Cheques, electronic transfers and other payable orders

Cheques and other payable orders received from investors will be investor money from the time of receipt of the cheque or other payable order by the fund service provider. Money sent to an investor by way of, cheque, electronic transfers or other payable order does not cease to be investor money until the cheque, electronic transfers or other payable order is presented and paid by the third party (as defined in Part 7).

(ii) Interest

If a fund service provider has agreed in writing to pay interest to investors, such interest is investor money when the interest is paid into the third party collection account. Payment of accrued interest to investors prior to its receipt should not be paid from the third party collection account unless funded prior to distribution.

1.3 Examples of Another Money

The below examples are not exhaustive. If in doubt, a fund service provider should be prudent in its approach and act in the best interest of the investors.

(i) Investment Fund Asset

If money held in a third party collection account is an asset of an Investment Fund, Part 7 of the Regulations does not apply.

(ii) Money Payable to a fund service provider or to other party

Money that is due and payable to a fund service provider itself, or to a third party, is other money where it is due and payable in accordance with the following provisions:

- a) the amount is in accordance with a formula or basis previously disclosed to the investor by the fund service provider; or
- b) a statement showing the amount of fees and commissions has issued to the investor and a number of working days, no less than 10, - (as determined by the fund service provider and recorded in its investor money management plan), - has elapsed, and the investor has not raised any queries; or
- c) the precise amount of fees or commissions has been agreed by the investor in writing, or has been finally determined by a court of competent jurisdiction.

Examples of money, once known, which may be due to a third party include, but are not limited to, the following:

- Commission
- Transaction Charges;
- Performance Fees;
- Management Fees; and
- Contingent Deferred Sales Charges.

(iii) Cheques

A cheque or other payable order received from an investor is not honoured by the paying third party.

(iv) Transferred Money

Investor money paid ceases to be investor money where the money is paid or transferred, from the third party collection account to:

- a) bank account in the name of the investor (not being an account which is also in the name of the fund service provider);
- b) a third party upon the written instructions of the investor and is no longer under the control of the fund service provider.

2. Segregation

2.1 When is a fund service provider deemed to hold investor money

(i) Subscriptions

- a) Money received prior to the cash transfer cut off time for the investment fund on the dealing date is considered investor money. On the cash transfer cut off time on the dealing date, this money should be transferred to the investment fund and entrusted to the depositary. Where money is received from an investor on/after the cut off time on the dealing date, this money should not be held in a collection account. This money is not investor money and should be dealt with in accordance with the legal arrangement between the fund service provider and the investment fund.
- b) If circumstances arise where an investment fund is investing money as an 'investor' into another investment fund and lodges this money into a third party collection account held by a fund service provider, the investing fund will fall under the definition of 'investor' under the Regulations.

(ii) Redemption proceeds / Dividends

A fund service provider will be deemed to hold investor money when money is received by the fund service provider from an Investment Fund and is deposited into a third party collection account for onward transmission to the investor. This would apply in the case of a redemption of the investment fund or where an investment fund pays a dividend.

2.2 How a fund service provider should hold investor money

(i) Investor money denominated in another currency

The Central Bank expects a fund service provider to receive money into a third party collection account from the investor in the currency of the transaction as instructed by the investor or in the base currency of the investment fund. Where the fund service provider has no third party collection account denominated in that currency and it would be unduly burdensome for it to open such an account, the fund service provider may convert investor money on receipt and hold it in a third party collection account in a different currency.

(ii) Mixed Remittances

Examples of mixed remittances include but are not limited to the following:

- Commission
 - Transaction Charges;
 - Performance Fees;
 - Management Fees; and
 - Contingent Deferred Sales Charges.
- a) As part of the process provided for in Regulation 72(5), when addressing instances of mixed remittances in the investor money management plan (i.e. the steps a fund service provider would follow in assessing how to deal with the receipt of investor money in this manner), consideration of other regulations/legislation should be taken into account, e.g. anti-money laundering obligations. A fund service provider should consider adopting cut-off time limits for the collection of the missing investor documents. The timeframe adopted should be reflective of the level of importance of documents omitted by the investor, ensuring the adoption of such timeframes will not result in the fund service provider breaching any other regulations/legislation; a fund service provider should seek legal advice if it is in any doubt such assessment should be made without delay, but in any event, a fund service provider should ensure it takes action in order to act in accordance with Regulation 72(5). A fund service provider should have clear procedures in place to ensure that the unallocated money is monitored and reconciled each working day. All such investor money should be included in the fund service provider's daily reconciliation and daily calculation.
- b) If an investor pays investor money into an incorrect bank account in error (e.g., the fund service provider's own firm bank account), the fund service provider should transfer that investor's money into a third party collection account without delay but in any event no later than one working day in accordance with Regulation 72 (3) of the Regulations. A fund service provider should not ignore such an occurrence and, if such an exception occurs, the fund service provider should:
- A. investigate as to why an investor's money was deposited into the incorrect bank account;
 - B. put in place a procedure to prevent such an event from re-occurring; and

- C. reflect this procedure in the fund service provider's investor money management plan.

3. Holding and Depositing Investor Money

- (i) As part of the assessment provided for in Regulation 72(6), the Central Bank expects a fund service provider to take into account how investor rights would be affected in the event of the insolvency of the fund service provider, or the third party, or both.
- (ii) The Central Bank expects a fund service provider to clearly document in its investor money management plan the procedures it would follow to carry out the review required by Regulations 72(6) and 72(7).

4. Designation

4.1 Designation of third party collection accounts in the financial records of a fund service provider

- (i) A fund service provider may hold investor money in an individually designated third party collection account e.g.,- “*XYZ Ltd third party collection account Investment Fund A*” or a pooled designated third party collection account(s) for all investment funds e.g.,- “*XYZ Ltd third party collection account*”.
- (ii) Where a fund service provider holds investor money in a pooled third party collection account, accounting segregation should be maintained. In its internal records, a fund service provider should maintain detailed and accurate records in order to identify how much each investor holds in that pooled third party collection account and movements in that balance.
- (iii) The designation in respect of a third party collection account requires the specific designation to be used with no variation permitted. The designation should be in the name field of the third party collection account and not in the address field.

4.2 Designation of third party collection accounts in the financial records of a third party

- (i) Where the third party collection accounts are designated in the financial records of a third party, the designation should be in the name field of the third party collection account and not in the address field or any other field within the third party’s financial records. If a third party has limited capacity to record the full title, an abbreviation such as “Coll a/c” is acceptable. The Central Bank expects the verification of the designation to take the form of a bank statement or other electronic form. A fund service provider may hold this verification electronically.
- (ii) The verification process should be followed each time a third party collection account is opened and not each time investor money is deposited in that particular third party collection account. Arising from Regulation 75(1), the fund service provider has up to three working days after the initial deposit of the money to withdraw the money if the third party collection account is not correctly designated. This process of designation verification is a separate process to what is required under Regulation 75(2)(b), which relates to ensuring that the third party collection account is set up in accordance with the provisions of the Investor Money Facilities Agreement.

(iii) The Investor Money Facilities Agreement can be printed on the headed paper of the fund service provider of the third party, should be signed and dated by the third party and stamped with the third party's official stamp. The Agreement should be reviewed annually and may need to be amended in the event of any change in the relationship between a fund service provider and the relevant third party. Where third party collection accounts are opened simultaneously (i.e. on the same day), one confirmation may be obtained but the fund service provider should ensure that the confirmation from the third party lists all applicable account numbers. This confirmation can be provided and received in electronic form.

5. Investor Money Facilities Agreement

- (i) The Investor Money Facilities Agreement (refer to Regulation 74 for detail of the agreement content) should be regarded as the master agreement obtained at the outset of the business relationship between the fund service provider and the third party. If such a relationship changes, the Investor Money Facilities Agreement may need to be reviewed and amended accordingly.
- (ii) Where a fund service provider prints the Investor Money Facilities Agreement on its own headed paper and provides these agreements to the relevant third party for signature, the fund service provider should ensure that the third party clearly signs, dates and stamps the agreements with the third party's official stamp.
- (iii) The Agreement should be reviewed annually and may need to be amended in the event of any change in the relationship between a fund service provider and the relevant third party.

6. Verification and Third Party Collection Accounts

Where third party collection accounts are opened simultaneously (i.e. on the same day), one confirmation of the third party collection account may be obtained but the fund service provider should ensure that the confirmation from the third party lists all applicable account numbers. This confirmation can be provided and received in electronic form.

7. Reconciliation

An illustrative form of a bank reconciliation is included at Appendix I of this Guidance.

7.1 What a fund service provider must reconcile

- (i) A fund service provider should reconcile each third party collection account in the currency of denomination; dormant accounts should also be included.
- (ii) The balance on each third party collection account as recorded by the fund service provider should be reconciled with the balance on that account as set out in the statement, or similar document, issued by the relevant third party with which those third party collection accounts are held. The statement or other form of confirmation from the third party may be provided in an electronic format, on condition that the fund service provider retains a copy, either in electronic or hard copy format, and can be reproduced without delay. A fund service provider should ensure that the reconciliation is performed from investor money records that are accurate and that the reconciliation itself is performed accurately.
- (iii) A fund service provider should be in a position to demonstrate upon request, the date on which a reconciliation was prepared. This evidence can be in electronic form.
- (iv) A fund service provider should ensure each reconciliation has relevant supporting backup material to facilitate the verification of figures in the reconciliation; the backup material should include statements received from third parties.
- (v) The manner in which the fund service provider exercises oversight should be documented in the fund service provider's investor money management plan. The fund service provider should maintain a record to evidence the on-going oversight of the process.

7.2 Material reconciliation differences for the purposes of reporting to the Central Bank

- (i) When considering whether a reconciliation difference is material, the Central Bank expects the following considerations to be taken into account:
 - a) The monetary value of the reconciliation difference;
 - b) The number of reconciliation differences appearing within reconciliations over time;

- c) The length of time that a reconciliation difference remains outstanding; and
 - d) The nature of the reconciliation difference.
- (ii) Taking the quantum of the reconciliation difference into account alone when seeking to establish whether an amount is material may result in a number of low value reconciliation differences being ignored when in aggregate these issues may prove to be material to a fund service provider. Low value items by virtue of their nature, age or number of occurrences may be indicative of significant underlying issues within a fund service provider, which should be reported to the Central Bank. While not an exhaustive list, in general, reconciliation differences may arise as a result of:
- a) **Timing differences:** The Central Bank expects any reconciliation timing difference that has not cleared within ten (10) working days to be reported as a material reconciliation difference.
 - b) **Errors on the part of a third party:** It is a fund service provider's responsibility to contact the third party in order to resolve any errors which it identifies. The Central Bank expects errors which remain un-reconciled in excess of fifteen (15) working days to be reported as material reconciliation differences.
 - c) **Errors on the part of the fund service provider:** The Central Bank expects errors which remain un-reconciled in excess of 15 working days to be reported as material reconciliation differences. However, errors identified in the fund service provider's records which result in the fund service provider having to lodge own firm money into the third party collection account should be reported to the Central Bank without delay.
- (iii) The Central Bank may engage with a fund service provider to discuss how its material reconciliation differences have been determined and to assess if other factors need to be considered.

8. Daily Calculation

An illustrative example of a daily calculation is included at Appendix II of this Guidance.

8.1 The investor money requirement for a fund service provider

- (i) For any third party collection account held by a fund service provider, the investor money requirement includes:
 - a) cash which is received from investors for pending subscriptions prior to the cash transfer cut-off time on the dealing date of the investment fund(s); or
 - b) cash received from the investment fund(s) as a result of, for example, redemptions / dividends that have yet to be paid to the investors of the investment fund(s); or
 - c) cash rebates, distributions or any other investor related payments.
- (ii) These examples are not exhaustive. If in doubt, a fund service provider should be prudent in its approach and act in the best interests of the investors.
- (iii) Any investor money held in an account that is not denominated in euro may be included in that currency or may be converted to euro using the Central Bank rate for that day or any other established automatic rate feed.

8.2 When is a fund service provider required to notify the Central Bank of an excess or shortfall in completing its daily calculation?

- (i) The Central Bank will require each fund service provider to assess what level of shortfall or surplus is considered material and record this rationale in its investor money management plan.
- (ii) The Central Bank expects a fund service provider to immediately notify the Central Bank via the ONR when the level of money it deposits or withdraws from its third party collection account is material and to explain in the notification the reasons for this transfer. The Central Bank, where it considers necessary, may engage with the fund service provider to discuss its funding and its rationale.

- (iii) A fund service provider should ensure that each daily calculation has the relevant supporting backup material available to enable the verification of figures in the daily calculation.
- (iv) Where a fund service provider outsources the performance of the daily calculation, it should have appropriate oversight of the process to ensure that the third party (including a group entity) has appropriate processes, systems and controls for the performance of this activity. The fund service provider should maintain a record to evidence the oversight of the process.

9. Risk Management

- (i) In general, the Central Bank expects that a director to be appointed as Head of Investor Money Oversight (HIMO). If this is not the case, the HIMO should be a senior manager within the fund service provider with direct access to the board in respect of that function.
- (ii) The board of the fund service provider (the “Board”) is ultimately responsible for safeguarding investor money, the requirement to have a Head of Investor Money Oversight role does not detract from this. In most cases, the Central Bank expects a director to be nominated and appointed for the Head of Investor Money Oversight position. If this is not the case, the Head of Investor Money Oversight should be a senior manager within the fund service provider with direct access to the Board in respect of that function.
- (iii) The Board should ensure that the individual undertaking the Head of Investor Money Oversight can demonstrate that he / she is free from any conflicts of interest in this area and document this in the investor money management plan. In this regard, the Head of Investor Money Oversight should be sufficiently removed from the performance of day-to-day operational functions relating to the administration of investor money. The Board should document in the investor money management plan the rationale for the nomination and appointment of the HIMO, including the criteria used by the fund service provider in making the appointment.
- (iv) The fund service provider should arrange for appropriate cover to ensure the HIMO duties are addressed where the HIMO is on leave.

10. Investor Money Management Plan

- (i) The investor money management plan should be regarded as a master document and must be continually re-assessed to ensure it remains current and reflective of the fund service provider's evolving business model. Not all material referred to in the investor money management plan needs to be contained within the document itself. However, it should record the location of where such information is readily available (for example, including live hyperlinks within the investor money management plan that direct the reader to the relevant information and documentation, and / or including the file path to the relevant material's location on the fund service provider's systems etc.). The reader should have relevant access to any such information / documentation held external to the investor money management plan.
- (ii) The investor money management plan should be approved on at least an annual basis by the Board. Material changes to the investor money management plan should be notified to the Board and discussed. This should include any significant changes to the fund service providers business or arrangements and any errors, omissions or control weaknesses highlighted from the regular monitoring, including the external auditors review (refer to Investor Money Examination section herein) to ensure that the investor money management plan remains current. Any changes to the investor money management plan should be documented and an updated investor money management plan should be prepared and approved by the Board.
- (iii) Any judgement made by the Board and / or senior management in relation to the following should be documented with the basis for that judgement and the information used to support it at that time:
 - a) materiality;
 - b) new investment funds;
 - c) using new third parties;
 - d) managing concentration risk (counterparty).
- (iv) This is not an exhaustive list; in the event circumstances change, the impact on management's judgement should be considered and updated.

- a) On an on-going basis, a fund service provider should monitor its materiality threshold level and, in particular, when there is a change to its business model, the environment or the level of investor money held, amend the materiality threshold level when appropriate. Amendments to the materiality threshold level should be approved by the Head of Investor Money Oversight and the Board, and be clearly communicated to the fund service provider's staff.
 - b) Non-material changes to the Investor Money Management Plan should be documented and presented to the board for the purposes of the annual review.
- (v) Each fund service provider should document in its investor money management plan matters which are relevant to its business model and the related risks to safeguarding investor money. The following list of what should be included in the investor money management plan under this heading is not exhaustive.
- a) A fund service provider should define and document its materiality threshold levels in its investor money management plan. The rationale for these thresholds and related triggers should be set for dealing with breaches of its controls, processes and procedures. The thresholds and related triggers should be approved by the Board and take into account both quantitative and qualitative factors (e.g. the level of investor money, the type of investors and prior history of breaches relating to investor money).
 - b) A fund service provider should specify and document in its investor money management plan a quantitative level of materiality, taking into account the amount of investor money held but also considering the fund service provider's own net assets. Furthermore, a breach may be quantitatively immaterial but indicative of a qualitative issue which may indicate a risk to effectively safeguarding investor money.
- (vi) A quantitative level of materiality, taking into account the amount of investor money held but also considering the fund service provider's own net assets. Furthermore, a breach may be quantitatively immaterial but indicative of a qualitative issue which may indicate a risk to effectively safeguarding investor money.
- (vii) A fund service provider should document in its investor management plan the basis for its judgment in determining materiality thresholds for the purposes of Regulation 83 of the Regulations.

- (viii) A fund service provider should document the materiality level for reporting and escalating matters to the Board in respect of any errors or breaches in the controls to safeguard investor money, (including, its approach to making judgements and any relevant trigger set). Threshold levels should be monitored and amended if necessary, particularly where there is a change in business model, operating environment or levels of investor money held.

- (ix) For the purpose of Regulation 79(4)(a) a fund service provider should consider:
 - a) The reporting lines to the Board and/or senior management in relation to investor money management: A fund service provider should document the management information provided to the Board to monitor the risks and mitigants associated with the safeguarding of investor money, including details of the recipients of this information.
 - b) The rationale for holding investor money: as part of this, consideration should be given where there is an outsourcing arrangement in place to hold investor money with a group company or a third party for the safeguarding of investor money. The fund service provider should clearly document the arrangement, identifying the outsourced company, the rationale for the outsourced arrangement and an explanation as to where the arrangement fits into the overall control process. The statement should also specify what is excluded from the outsourcing arrangement. The fund service provider should document how the effectiveness of the outsourced arrangement is overseen and monitored, including identifying who within the fund service provider is responsible for oversight of each outsourced arrangement.
 - c) A records of the particular responsibilities of the Head of Investor Money Oversight.

- (x) A fund service provider should document the material risks to investor money held as well as the processes and controls to mitigate those risks, as provided for under Regulations 79(4)(c) and 79(4)(d). This should include items such as:
 - a) counterparty risk including jurisdiction and associated legal risks,
 - b) concentration risk,
 - c) operational risk including risk of fraud,
 - d) compliance with investor mandates,
 - e) outsourcing,

- f) group arrangements, and
 - g) any other relevant issues.
- (xi) The Central Bank expects a fund service provider to map the material risks identified to the relevant controls and processes in place, in order to mitigate these risks. When considering these risks, a fund service provider should consider the life cycle of the transaction - the receipt of money from the investor to the point where the money is transferred to the investment fund and, likewise, from the investment fund until it is returned back to the investor.
- (xii) Consideration of the life cycle could include, but is not limited to flowcharts or illustrative diagrams showing critical interventions, particularly in cases where the processing of investor money requires manual intervention. The fund service provider should record how cash is received and disbursed.
- (xiii) A description of relevant systems should be captured including how access to these systems is controlled and how segregation is implemented in practice.
- (xiv) A list of the fund service provider's third parties holding investor money including all account numbers, details of the authorised persons to the third party collection accounts and whether such third party collection accounts are pooled. The Central Bank expects a fund service provider to have and apply a process to ensure that any amendments to the list of third parties are made only following approval by senior management. Counterparty risks and the controls in place to mitigate them should be documented. A fund service provider should document its processes in maintaining and updating relevant legal agreements associated with the holding of investor money.
- (xv) A description of the systems and controls in relation to the production of information in relation to investor money and submission of such information to a third party. The Central Bank expects a fund service provider to have appropriate segregation of duties to ensure documented controls are reviewed by independent and appropriately qualified and knowledgeable persons.
- (xvi) For the purpose of Regulation 79(4)(d), the fund service provider should consider the following, where relevant:
- a) all legal agreements between a fund service provider and a third party holding investor money and any amendments to such agreements;

- b) all legal agreements between a fund service provider and any third party nominated by the fund service provider to hold investor money on behalf of the fund service provider;
 - c) details of third party collection accounts held with a third party nominated by the fund service provider;
 - d) all Investor Money Facilities Agreements from third parties holding investor money, confirming segregation of such investor money;
 - e) details of the relevant accounts on the general ledger system recording investor money transactions, including instructions on how to access reports on the system;
 - f) details of all persons with access to the ledger system;
 - g) details of how to access or generate any relevant reports from the general ledger system;
 - h) description of any key reports used to monitor investor money with instructions on how to generate such reports;
 - i) record of where the most recent daily calculation is stored and details of how to access previous daily calculations;
 - j) records of where the most recent bank reconciliation is stored and details of how to access previous reconciliations.
- (xvii) The investor management plan should be sufficiently detailed to enable the reader, including the Central Bank and an insolvency practitioner, to understand the business model and controls for safeguarding investor money. An insolvency practitioner needs to know the location and the value of investor money. A fund service provider should ensure there is sufficient information available to enable the distribution of investor money to take place as quickly as possible with minimum cost to investors. This information should also be available in the event that a fund service provider is required to facilitate an orderly transfer of investor money to another fund service provider.

11. Investor Money Examination

11.1 Who may conduct the Investor Money Examination

The investor money examination may be conducted by the fund service provider's statutory auditor or another external auditor. A fund service provider should provide the auditor with all information and explanations that the auditor requires for the purposes of conducting the investor money examination.

11.2 The Scope of the Investor Money Examination

- (i) In relation to the assessment of the investor money management plan, a fund service provider should ensure that the auditor reviews the process undertaken by the fund service provider to assess the on-going appropriateness of the investor money management plan, including evidence of the steps taken by the fund service provider to test and maintain the investor money management plan.
- (ii) In addition to all other procedures that the auditor deems necessary for the completion of the investor money examination, subject to the considerations as set out within the auditor's technical standard¹ on auditing compliance with the Regulations, the Central Bank expects a fund service provider to engage with the auditor to seek, at a minimum, third party confirmations (external confirmations) for a representative sample of account balances held in respect of investor money, both at year-end and also on one other randomly selected date during the year.

11.3 When any findings arise from the Investor Money Examination

The assurance report prepared by the auditor following the Investor Money Examination should make provision for the fund service provider to comment and to set out actions it has taken, or will take, where the report has identified recommendations for remediation and to ensure that such remedial actions are submitted in writing to the Central Bank. The fund service provider should address those findings without delay. The auditor is not required to comment on the appropriateness of the fund service provider's proposed remedial action.

¹ The guidance for Auditors in relation to the investor money examination engagements issued by the Auditors' professional body can be found here: <https://www.charteredaccountants.ie/Member/Technical/News/chartered-accountants-ireland-publishes-guidance-on-the-new-central-bank-of-ireland-investor-money-regime>

12. Reporting Requirements

Throughout the Regulations and this Guidance reference is made to certain reporting obligations to the Central Bank by the fund services provider. Where possible, any obligation to report information in this regard should be completed by fund service providers using the Central Bank's Online Reporting System ("ONR").

End of guidance

APPENDIX I

A. Illustrative Format for a Reconciliation

Balance per General Ledger			A
Timing Differences: Transactions in the General Ledger but not in the bank Statement			B
[List items identified]	(Date/Description/Amount)		
Unpresented Cheques			
[List items identified]	(Date/Description/Amount)		C
Uncorrected errors identified in own records			D
[List items identified]	(Date/Description/Amount)		
Amended balance per General Ledger			E (A±B±C±D)
Balance per third party's statement			F
Timing Differences: Transactions in the third party's but not in the GL			G
[List items identified]	(Date/Description/Amount)		
Uncorrected errors identified in the third party's statement			H
[List items identified]	(Date/Description/Amount)		
Amended balance per third party's statement			I (F±G±H)
Unexplained reconciliation difference*			J (E-I)
* should total to 0			

B. Daily Calculation Example for a Fund Service Provider

Daily Calculation example for investor money for 31 July 2018 (carried out by firm on 1 August 2018).

This example is based on the assumption that the fund service provider has identified its investor money creditors. The Central Bank expects a fund service provider to have a process in place to identify when money becomes investor money.

Step 1

Funds owed to its investors (a fund service provider's internal creditors ledger only *) = Investor Money Requirement ("A")

Investor List@ 31/07/18	€	
A Smith	100,000	B
A Jones	70,000	C
J Bloggs	50,000	D
B Murphy	80,000	E
Total Creditors	300,000	B+C+D+E
Unpresented cheques	60,000 **	F
Total Investor Money Requirement (A)	360,000	B+C+D+E+F

* If an investor on the fund service provider's debtor ledger is identical to a creditor on its creditor ledger, a credit can be reduced by the amount of the debit for that specific investor,

or

if there is a legally enforceable set-off agreement in place between investors, a credit can be reduced by the amount of the debit for that specific investor.

** Represents investor money paid to investors via cheque, but which the investors have yet to present for payment (Note: cheques issued to investors remain investor money until cleared by the credit institution).

Note: A fund service provider should assess what other adjustments may be required to calculate a fund service provider's total investor money requirement (e.g., unidentified investor money).

Step 2

Money in third party collection account (a fund service provider's internal bank ledger) = Investor Money Resource ("B")

Bank List @ 31/07/18	€	
Pooled third party collection account held in Bank A	130,000	W
Pooled third party collection account held in Bank B	100,000	X
Segregated third party collection account held in Bank C	50,000	Y
Total Investor Money Resource (before adjustments)	280,000	W+X+Y
Unpresented cheques	60,000 ***	Z
Total Investor Money Resource (B)	340,000	W+X+Y+Z

*** Represents investor money paid via cheque to investors but the investors have yet to present for payment (Note: investor money remain investor money until cleared by the credit institution).

Note: A fund service provider should assess what other adjustments may be required to calculate a fund service provider's total investor money resource (e.g. unidentified investor money).

Step 3

Final step in the Daily Calculation to determine if the investor money resource ("B") requires funding to meet the investor money requirement ("A")

A @ 31/07/18	€360,000
B @ 31/07/18	€340,000
A-B @ 31/07/18	(€20,000) ****

**** In this example, the daily calculation carried out on 1 August 2018 demonstrates that the fund service provider does not have sufficient money to meet its creditors for the close business 31 July 2018. Therefore, the fund service provider is required to put €20,000 of its own firm money into the third party collection account to meet the shortfall. This transfer should be carried out no later than close of business 1 August 2018.

Please note that the third party collection account, which provides for pooling of investor money, may be held by the fund service provider at the level of investor, investment fund, or fund service provider.



T: +353 (0)1 224 6000
E: INVFIRMSpolicy@centralbank.ie
www.centralbank.ie



Banc Ceannais na hÉireann
Central Bank of Ireland

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