



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

2015

Monthly Metrics Report – Guidance Note for Irish Investment Firms



General

1. The Monthly Metrics Report is applicable to all investment firms authorised under S.I. No. 60 of 2007, the European Communities (Markets in Financial Instruments) Regulations 2007 (“MiFID firms”) and *certain* investment business firms authorised under the Investment Intermediaries Act, 1995 (“IIA Non-Retail firms”). Throughout this guidance note these firms will be collectively referred to as “Irish investment firms” or simply “firms”. It should be noted that the Monthly Metrics Report is not applicable to either retail intermediaries authorised under the Investment Intermediaries Act, 1995 or fund service providers.
2. This guidance note provides direction on how to complete the Monthly Metrics Report and specifies definitions for the fields contained within the return. It may be updated periodically and the most up-to-date version will be available on the Central Bank of Ireland (“Central Bank”) website¹.
3. Firms should submit the Monthly Metrics Report each month to the Central Bank via the Online Reporting System twenty working days from the previous month end.
4. The Monthly Metrics Report is depicted in Appendix 1.
5. If firms have any queries in relation to the Monthly Metrics Report or the content of this guidance note, they should contact their supervisor.

Section 1 Assets under Management as at the reporting period end

6. Section 1 *Assets under Management as at the reporting period end* applies to firms that have a MiFID portfolio management authorisation (the investment service listed at Schedule 1, Part 1, Point 4 of S.I. No. 60 of 2007) and/or are authorised to provide BES fund management services (the investment business service listed at (i) under “investment business services” in Section 2 of the Investment Intermediaries Act, 1995). Irish investment firms that do not have either of these authorisations should leave field 2.1 *Total AuM* blank.
7. Relevant firms should populate field 1.1 *Total AuM* with the total of all assets under management covered by the MiFID portfolio management authorisation and/or all BES funds under management.
8. All amounts in Section 1 are to be entered in euro thousands.

¹ <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).

Section 2 Financial Data

9. Section 2 *Financial Data* applies to all Irish investment firms.
10. All amounts in Section 2 are to be entered in euro thousands.
11. The definitions given below for fields 2.1, 2.2, 2.4, 2.5, 2.8 and 2.9 make reference to specific line items in the FINREP templates² (which are used for firms' submissions of management accounts and audited year-end financial statements). Firms should ensure that the figures entered in fields 2.1, 2.2, 2.4, 2.5, 2.8 and 2.9 are calculated in the same way as the figures entered in the relevant rows (as specified below) in the FINREP templates. Firms should note however that in most cases management accounts are submitted on a different reporting cycle to the Monthly Metrics Report and therefore the figures reported on the two returns will be for different reporting periods.
12. The field 2.1 *Total income for the current month* should be populated with the firm's total income for the reporting period. It should be noted that this is the total income for the month being reported, not the year-to-date figure. The figure reported in field 2.1 should be calculated in the same way as the total income reported in FINREP Table 2 *Income Statement* for the firm's management accounts submissions. In this regard the total income in FINREP Table 2 should be considered to be the following calculation:

2.1.1.01	<i>Interest Income</i>
	-
2.1.1.02	<i>Interest Expense</i>
	-
2.1.1.03	<i>Expenses on share capital repayable on demand</i>
	+
2.1.1.04	<i>Dividend Income</i>
	+
2.1.1.05	<i>Fee and Commission Income</i>
	-
2.1.1.06	<i>Fee and Commission Expenses</i>
	+
2.1.1.07	<i>Realised gains (losses) on financial assets & liabilities not measured at fair value through profit or loss, net</i>
	+
2.1.1.08	<i>Gains (losses) on financial assets and liabilities held for trading, net</i>
	+
2.1.1.09	<i>Gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net</i>
	+
2.1.1.10	<i>Gains (losses) from hedge accounting, net</i>
	+
2.1.1.11	<i>Exchange differences [gain (loss)], net</i>
	+

² More information on the FINREP templates can be found in the Central Bank's **FINREP for Irish Investment Firms – Guidance Note** which is available in the reporting requirements section of the Central Bank's website: <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).

2.1.1.12	<i>Gains (losses) on derecognition of assets other than held for sale, net</i>
	+
2.1.1.13	<i>Revenue from insurance and reinsurance contracts issued</i>
	+
2.1.1.14	<i>Other income/expenses from insurance and reinsurance contracts, net</i>
	+
2.1.1.15	<i>Other operating income</i>
	-
2.1.1.16	<i>Other operating expenses</i>

13. The field 2.2 *Total expenditure for the current month* should be populated with the firm's total expenditure for the reporting period. This is the total expenditure for the month being reported, not the year-to-date figure. The figure reported in field 2.2 should be calculated in the same way as the figure reported in FINREP Table 2, Row 2.1.1.17 *Administration Costs* for the firm's management accounts submissions. The figure reported in field 2.2 should therefore exclude depreciation.
14. The field 2.3 *Net Profit/Loss (before Tax/Dividends) for the current month* should be populated with the firm's net profit or loss before tax figure for the reporting period. This is the net profit or loss before tax figure for the month being reported, not the year-to-date figure. Field 2.3 should not necessarily be taken as the net of field 2.1 and field 2.2, but should be the Net Profit and Loss for the Current Month.
15. The field 2.4 *Intercompany debtors as at the reporting period end* should be populated with the firm's total intercompany debtors, net of provisions, as at the reporting date. For the avoidance of doubt, this field should also include any intercompany amounts that are reported under loans and receivables (FINREP field 1.1.05).
16. The field 2.5 *All other debtors as at the reporting period end* should be populated with the firm's 'trading book debtors' and non-trading book debtors, net of provisions, excluding intercompany debtors, as at the reporting date. The figure reported in field 2.5 should be calculated in the same way as the trade and non-trade debtors information reported in FINREP Table 33B for the firm's management accounts submissions, i.e. it should be consistent with the sum of the following rows in FINREP Table 33B:
33. B.1.1 Trading Book Debtors – Net
33. B.1.2 Non-Trading Book Debtors -Net
17. The field 2.6 *Bank and Cash as at the reporting period end* should be populated with the firm's total bank and cash position as at the reporting date. The figure reported here should be net of overdraft and working capital facilities and should not include any client funds held by the firm.
18. In field 2.7 *Level of write-offs during the current month*, firms should enter the value of any debtors' balances written off during the month.

19. Field 2.8 *Intercompany creditors as at the reporting period end* should be populated with the firm's total intercompany creditors, as at the reporting date. This field should also include any intercompany loans.
20. The field 2.9 *All other creditors as at the reporting period end* should be populated with the firm's loans, trading book creditors and non-trading book creditors (excluding intercompany creditors), as at the reporting date. The figure reported in field 2.9 should be calculated in the same way as the trade and non-trade creditors information reported in FINREP Table 33C for the firm's management accounts submissions, i.e. it should be consistent with sum of the following rows in FINREP Table 33C:
- 33. C.1.1 Trading Book Creditors
 - 33.C.1.2 Non-Trading Book Creditors

Section 3 Liquidity

21. Section 3 *Liquidity* applies to all Irish investment firms.
22. For the purposes of the Monthly Metrics Report, liquid assets are to include cash and readily marketable assets. Specifically, they should include:
- the firm's cash position net of overdraft and working capital facilities (the cash should be able to be withdrawn at any time in times of stress),
 - the net balance sheet value of long and short positions in readily marketable financial assets, and
 - accrued interest on cash deposits due within 4 days of the reporting period end.
23. Readily marketable financial assets include:
- equities and bonds quoted on a regulated exchange for which there exists a liquid market,
 - money market instruments
24. For the avoidance of doubt firms should exclude among others the following from Liquid assets:
- CFD's,
 - Grey market and unlisted equities.
 - OTC Derivatives
 - Unlisted debt instruments
 - Investments in group securities

25. The firm's cash position should exclude:
- cash balances deposited with third parties that are not freely available to the firm to cover the day-to-day running expense (e.g. margins deposited with general clearing members), and
 - All client funds held in designated accounts and all firm funds held as a buffer in client money bank accounts.
26. For the avoidance of doubt, the firm must exclude any encumbrances to cash or readily marketable assets in calculating the liquidity position.
27. Firms should input the value of their liquid assets in field 3.1 *Liquid assets as at the reporting period end*.
28. The total liquid assets figure in field 3.1 is also required to be analysed over four time buckets, based on firms' assessment of the time-to-cash period of their liquid assets. In general it is expected that liquid assets, being cash and readily marketable securities, should fall within the '0-1 month' bucket. However there may be some categories of liquid assets that are appropriate to include in the later buckets such as term deposits with no break clause.
29. In field 3.2 *Current liabilities as at the reporting period end* firms should input their total current liabilities figure excluding short positions in financial assets that are deducted from the liquid assets figure in field 3.1. Firms are also required to analyse their current liabilities over four maturity buckets depending on when the liabilities fall due.
30. Firms should note that if supervisory concerns arise in relation to a firm's liquidity risk or liquidity risk management, the firm may be required to submit detailed historical and forecast cash-flow information to the Central Bank on a periodic basis.
31. All amounts in Section 3 are to be entered in euro thousands.

Section 4 Investment Business Services

32. Section 4 *Investment Business Services* applies to all Irish investment firms.
33. The meaning of 'client' in Section 4 is:
- any natural or legal person to whom the firm provides investment services³, ancillary services⁴, investment business services⁵, investment advice⁶ or a combination thereof.*
34. In field 4.1 *Total number of clients*, under the column *All clients on firm's system*, firms should input the number of clients per their system for whom they provide regulated services (regulated by the Central Bank of Ireland)

³ as defined under Regulation 3 of S.I. No. 60 of 2007 (as amended)

⁴ as defined under Regulation 3 of S.I. No. 60 of 2007 (as amended)

⁵ as defined under Section 2 of the Investment Intermediaries Act, 1995

⁶ as defined under Section 2 of the Investment Intermediaries Act, 1995

and with whom they expect to do business with again in the future. This may include Clients for whom the firm has **not** done business with in the past 12 months but who the **firm** still regards as active.

35. In field 4.1, under the column *Active Clients* firms should input the total number of active clients for whom they provide regulated services (regulated by the Central Bank of Ireland) *and* with whom they have done business within the last twelve months.

36. The following rules also apply to section 4:

- If the firm is currently earning fees from a client, that client should be considered an active client and included under the Active Clients column;
- If the firm is holding client money or securities for a client, that client should be considered an active client and included under the Active Clients column;
- If the firm has provided a MiFID service for a client within the last 12 months, but the relationship with the client has since terminated, that client should not be included under either column in Section 4;
- If the firm holds two separate accounts for a single natural or legal person, that client should only be included once in client aggregations.
- A fund or sub fund should be included as a single client - The participants in the fund should not be counted as separate clients.

37. The definitions detailed in paragraphs 35 to 39 for the two columns *All clients on firm's system* and *Active Clients* apply also to fields 4.2, 4.3 and 4.4.

38. The field 4.2 *of which: MiFID Professional* should only be populated by MiFID firms. MiFID firms should input their total number of professional clients as at the reporting date. The meaning of 'professional clients' here is as defined under Regulation 3 of S.I. No. 60 of 2007 (as amended) and includes eligible counterparties.

39. The field 4.3 *of which: MiFID Retail* should only be populated by MiFID firms. MiFID firms should input their total number of retail clients as at the reporting date. The meaning of 'retail clients' here is as defined under Regulation 3 of S.I. No. 60 of 2007 (as amended).

40. In field 4.4 *Of which: Other clients for whom the firm provides regulated services* firms should input the number of clients for whom they provide regulated services other than MiFID services.

41. Fields 4.2, 4.3 and 4.4 should sum to the figure for the total number of clients input in field 4.1. All fields in Section 4 should be populated with actual numbers (i.e. not in thousands).

Section 5 No. of staff as at the reporting period end

42. Section 5 *No. of staff as at the reporting period end* applies to all Irish investment firms.
43. Field 5.1 *Total no. of staff* should be populated with the firm's full time equivalent (FTE) number of employees, including executive directors (and excluding non-executive directors) as at the reporting date.
44. Field 5.1 should be populated with actual numbers (i.e. not in thousands).

Section 6 Material Issues

45. Section 6 *Material Issues* applies to all Irish investment firms.
46. In Section 6 the firm should provide a summary of any material issue(s) that arose during the reporting period or that is(/are) impacting on the firm's ability to provide investment services to its clients. The firm should simultaneously communicate a detailed account of the issue(s) to its supervisor if it has not already done so.
47. Material issues here may be of a financial or non-financial nature.

Section 7 ICAAP

48. The firm's internal assessment of capital as calculated in accordance with the firm's ICAAP. This figure should be subject to constant review and updated when necessary.
49. The firm's internal assessment of capital needs as calculated in accordance with the firm's ICAAP. This figure should be subject to constant review and updated when necessary.

Appendix 1 – Monthly Metrics Report

Monthly Metrics Report					
		(All amounts are in €000's)			
1	Assets Under Management as at the reporting period end				
1.1	Total AUM				
2	Financial Data				
2.1	Total income for the current month				
2.2	Total expenditure for the current month				
2.3	Net profit/loss (before tax/dividends) for the current month				
2.4	Intercompany debtors as at the reporting period end				
2.5	All other debtors as at the reporting period end				
2.6	Bank and cash as at the reporting period end				
2.7	Level of write-offs during the current month				
2.8	Intercompany creditors as at the reporting period end				
2.9	All other creditors as at the reporting period end				
3	Liquidity				
		Total	0 to 1 mth	Over 1 mth to 3 mths	Over 3 mths to 6 mths
3.1	Liquid assets as at the reporting period end				
3.2	Current liabilities as at the reporting period end				
4	Investment business services				
	<i>No. of clients as at the reporting period end</i>	All clients on firm's system	Active Clients		
4.1	Total Number of clients				
4.2	of which: MiFID professional				
4.3	of which: MiFID retail				
4.4	of which: Other clients for whom the firm provides regulated services				
5	No. of staff as at the reporting period end				
5.1	Total no. of staff				
6	Material Issues				
6.1	Has any material issue occurred in the previous month?				
6.2	If yes, please explain				
7	ICAAP				
7.1	Internal Assessment of Capital				
7.2	Internal Assessment of Capital Needs				



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