



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

# Monthly Client Asset Report

## Guidance Note for investment firms

July 2023

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# Introduction

The Monthly Client Asset Report (MCAR) is a return that investment firms, subject to the Client Asset Requirements<sup>1</sup> (the CAR), are required to complete and submit to the Central Bank of Ireland (Central Bank) via The Central Bank of Ireland Portal. The MCAR is an important supervisory tool for the Client Asset Specialist Team (CAST).

1. Pursuant to Regulation 8 of the Investment Firms Regulations, the MCAR is applicable to investment firms subject to the CAR.
2. The MCAR template is available [here](#) on the Central Bank Website.
3. The MCAR template contains rules and data validation. Guidelines for completing the template are included on the Cover tab. This Guidance Note provides additional guidance on how to complete the MCAR template.
4. All monetary amounts should be entered in thousands of Euros. Non-monetary figures should be entered as a full number and not in thousands.
5. When reporting the value of client financial instruments, an investment firm should use the most recently available market value.
6. Any queries in relation to the MCAR template or the content of this Guidance Note should be directed to CAST ([cast@centralbank.ie](mailto:cast@centralbank.ie)).

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<sup>1</sup> As set out in Part 6 of the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Investment Firms) Regulations 2023 (S.I. No. 10 of 2023).

# Return Fields

This section provides guidance on how to complete each field in the MCAR template.

## 1. Client Asset Holdings

### a) Total client assets in Euros

An investment firm should enter the total value of client assets held by the investment firm as at the reporting period end.<sup>2</sup> This should equal the sum of the values in Q1(b) and Q1(c).

### b) Of which: the total value of client funds

An investment firm should enter the total value of client funds held by the investment firm as at the reporting period end.

### c) Of which: the total value of client financial instruments

An investment firm should enter the total value of client financial instruments held by the investment firm as at the reporting period end. This should include physical client financial instruments.

## 2. Clients

### a) MiFID retail clients

Investment firms should report:

- (i) the total number of MiFID retail clients for whom the investment firm held client assets as at the reporting period end; and
- (ii) the total value of client assets held on behalf of those MiFID retail clients as at the reporting period end.

### b) MiFID professional clients

Investment firms should report:

- (i) the total number of MiFID professional clients for whom the investment firm held client assets as at the reporting period end; and
- (ii) the total value of client assets held on behalf of those MiFID professional clients as at the reporting period end.

### c) MiFID eligible counterparties

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<sup>2</sup> Client assets held by an investment firm's EEA branches should be included in these totals and as relevant throughout the MCAR.

Investment firms should report:

- (i) the number of MiFID eligible counterparties for whom the investment firm held client assets as at the reporting period end; and
  - (ii) the total value of client assets held on behalf of those MiFID eligible counterparties as at the reporting period end.
- d) Clients to whom the firm provides regulated products/services other than MiFID

Where an investment firm provides a combination of MiFID and non MiFID products/services to its clients, it should report:

- (i) the total number of clients for whom the investment firm held client assets that relate to regulated products/services other than MiFID as at the reporting period end;
- (ii) the total value of client assets held on behalf of those clients to whom it provides regulated products/services other than MiFID as at the reporting period end; and
- (iii) details of the regulated products/services provided to those clients.

### 3. Receipt of Client Funds

- a) Does the firm receive all client funds directly into third party client asset account(s)?

An investment firm should indicate whether it receives all client funds directly into third party client asset accounts by selecting an option from the dropdown list. If an investment firm receives all client funds directly into a third party client asset account(s), that investment firm should select 'Yes'.

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

Where client funds are initially deposited into the investment firm's own bank account or any other account before being deposited in a third party client asset account(s) in accordance with Regulation 49(3) of the CAR, please provide a summary explanation of why client funds are deposited in this manner.

- c) If N/A, please provide an explanation:

Investment firms that do not hold client funds in the course of undertaking MiFID investment business should select N/A and

provide an explanation. For example, a credit institution availing of the MiFID banking exemption.

## 4. Client Funds - Values

- a) What is the highest value of client funds held during the reporting period?

An investment firm should enter the highest value of client funds held at close of business on any given day during the reporting period.

- b) What is the lowest value of client funds held during the reporting period?

An investment firm should enter the lowest value of client funds held at close of business on any given day during the reporting period.

- c) What is the average value of client funds held during the reporting period?

An investment firm should enter the average value of client funds held during the reporting period.

## 5. Client Financial Instrument - Values

- a) What is the highest value of client financial instruments held during the reporting period?

An investment firm should enter the highest value of client financial instruments held at close of business on any given day during the reporting period.

- b) What is the lowest value of client financial instruments held during the reporting period?

An investment firm should enter the lowest value of client financial instruments held at close of business on any given day during the reporting period.

- c) What is the average value of client financial instruments held during the reporting period?

An investment firm should enter the average value of client financial instruments held during the reporting period.

Where an investment firm values client financial instruments on a month-end basis only, that investment firm may report the month end values in the average, highest and lowest value fields.

## 6. Uncontactable Clients

- a) Total number of uncontactable/gone away clients for whom the firm is holding client assets as at the reporting period end.

The term "uncontactable/gone away client" is not defined in the CAR. For the purposes of the MCAR, an investment firm may consider a client to be "uncontactable/gone away" where it has held client assets on behalf of that client for at least five years following the last movement on the client's account (disregarding any payment or receipt of interest, charges or similar items) and has not been able to contact the client during this period.

- b) Alternatively, an investment firm may use its own internal definition of "uncontactable/gone away" client for the purpose of completing Q6(a) to (d). Where an investment firm takes this approach, the definition relied upon should be provided in the comments section in Q11. What is the value of client funds held on behalf of uncontactable/gone away clients?

An investment firm should enter the value of client funds held on behalf of "uncontactable/gone away clients" as at the reporting period end. A numerical value must be entered.

- c) What is the value of client financial instruments held on behalf of uncontactable/gone away clients?

An investment firm should enter the value of client financial instruments held on behalf of "uncontactable/gone away clients" as at the reporting period end. A numerical value must be entered.

- d) Please provide additional information as required.

An investment firm may include any additional information in respect of uncontactable/gone away clients as appropriate.

## 7. Breaches and Incidents

- a) How many client asset breaches/incidents occurred during the reporting period?

An investment firm should state the total number of client asset breaches/incidents that occurred during the reporting period, including those that were recorded but not reported to the Central Bank i.e. the number recorded in the firm's own client asset breach and incident log.

- b) How many client asset breaches/material incidents were reported to the Central Bank of Ireland during the reporting period?

An investment firm should state the total number of client asset breaches/material incidents reported to the Central Bank pursuant to Regulation 76 of the CAR.

- c) Where the numbers recorded in fields 7(a) and 7(b) differ, please provide an explanation.

No additional guidance deemed necessary.

## 8. Client Asset Examination

- a) Name of the external auditor that performs the investment firm's Client Asset Examination and prepares the auditor assurance report.

No additional guidance deemed necessary.

- b) Reporting date for the auditor assurance report.

An investment firm should state the date on which the auditor assurance report is prepared in respect of the client asset examination in accordance with Regulation 76(4) of the CAR.

## 9. Client Financial Instrument Reconciliation

- a) At what frequency is the client financial instrument reconciliation performed?

An investment firm should enter the frequency at which it performs the client financial instrument reconciliation as required by Regulation 57 of the CAR. Please state the frequency in a concise manner e.g. intraday, daily, weekly, bi-weekly, or monthly.

## 10. Client Financial Instrument Calculation

- a) At what frequency is the client financial instrument calculation performed?

An investment firm should enter the frequency at which it performs the client financial instrument calculation as required by Regulation 58 of the CAR. Please state the frequency in a concise manner e.g. intraday, daily, weekly, bi-weekly, or monthly.

## 11. Comments

Investment firms may use this field to provide any additional information in respect of the data reported in the MCAR.

## 12. Activity/Business line

- a) Business line

An investment firm should use separate rows to identify each business line where client assets arise and may do so using its own description of that business line (e.g. Wealth Management). This may align with the distinctions between business lines that the investment firm uses in reporting to management or may reflect the different business units within the investment firm.

b) Activity

An investment firm should name the services or activities that give rise to client assets in respect of each business line. Investment firms may wish to reference the investment services and activities listed in Part 1 of Schedule 1 to the MiFID Regulations for this purpose.

c) Number of clients

An investment firm should report the number of clients within each business line for whom client assets were held as at the reporting period end.

d) Value of client funds

An investment firm should report the value of client funds held by the firm on behalf of clients, in respect of each business line as at the reporting period end. The total value of client funds entered should equal the value of client funds specified in Q1(b).

e) Value of client financial instruments

An investment firm should report the value of client financial instruments held by the firm in respect of each business line as at the reporting period end. The total value of client financial instruments entered should equal the value of client financial instruments specified in Q1(c).

In the event that a subset of client asset holdings are common to more than one Business Line, to avoid duplication of the number of clients and the value of client assets reported under Q12(c) to Q12(e), an investment firm should select the most appropriate Business Line for which those client assets should be recorded, and report the requested information in respect of that Business Line only. The investment firm should make a note of this in the comments section in Q11, providing an explanation for the duplication including details of the relevant Business Lines, the number of clients and the value of client assets involved.

## 13. Client Funds

a) Third party name

An investment firm should state the full legal name of the third party institution where client funds were deposited as at the reporting period end.

b) Third party type

An investment firm should indicate the type of the third party where client funds were deposited as at the reporting period end by selecting an option from the dropdown list: (a) a Central Bank, (b) a credit institution authorised in accordance with Directive 2013/36/EU, (c) bank authorised in a third country, (d) a qualifying money market fund, or (e) a relevant party.

c) Country of incorporation of third party

An investment firm should indicate the country of incorporation of the third party institution by selecting an option from the dropdown list.

d) Is the third party in the same group as the investment firm?

An investment firm should indicate whether the third party institution is in the same group as the investment firm by selecting an option from the dropdown list.

e) Value of client funds

An investment firm should state the value of client funds deposited with third party institutions as at the reporting period end. This value should equal to the sum of the total value of client funds held in omnibus client asset accounts entered into Q13(f) and the total value of client funds held in individual client asset accounts entered into Q13(g) and the total value of client funds specified in Q1(b).

f) Value of client funds – Omnibus client asset accounts

An investment firm should state the value of client funds held in omnibus client asset accounts as at the reporting period end.

g) Value of client funds – Individual client asset accounts

An investment firm should state the value of client funds deposited in individual client asset accounts as at the reporting period end.

## 14. Client Financial Instruments

a) Third party name

An investment firm should state the full legal name of the third party institution where client financial instruments were deposited as at the reporting period end.

b) Form of Financial Instruments

An investment firm should state the form (physical or dematerialised) of the financial instruments held by selecting an option from the dropdown list.

c) Country of incorporation of third party

An investment firm should state the country of incorporation of the third party institution by selecting an option from the dropdown list. In the case of client financial instruments physically held by an investment firm, the investment firm should select Ireland as the country of incorporation.

d) Is the third party in the same group as the investment firm?

An investment firm should indicate whether the institution is in the same group as the investment firm by selecting an option from the dropdown list.

e) Value of client financial instruments

An investment firm should state the value of client financial instruments held as at the reporting period end. This value should equal to the sum of the total value of client financial instruments held in omnibus client asset accounts entered into Q14(f) and the total value of client financial instruments held in individual client asset accounts entered into Q14(g) and the total value of client funds specified in Q1(c).

f) Value of client financial instruments - Omnibus client asset accounts

An investment firm should state the value of client financial instruments deposited in omnibus client asset accounts as at the reporting period end.

g) Value of client financial instruments - Individual client asset accounts

An investment firm should state the value of client financial instruments deposited in individual client asset accounts as at the reporting period end.

## 15. Outsourcing

a) Did the firm outsource client asset functions/activities during the reporting period?

An investment firm should indicate whether any function related to the safeguarding of client assets was outsourced to an outsourced service provider during the reporting period by selecting the appropriate

option from the dropdown list. This field is not intended to capture third parties where client assets are deposited.

b) Outsourced client asset function/activity

An investment firm should list the functions that it outsources in respect of each outsourced service provider. This should include any functions outsourced to an outsourced service provider within the same group as the investment firm.

c) Name of outsourced service provider

An investment firm should state the full legal name of the outsourced service provider. This field is not intended to include third parties where client assets are deposited.

d) Jurisdiction of outsourced service provider

An investment firm should indicate the jurisdiction of each outsourced service provider listed from the dropdown list.

e) Is the outsourced service provider in the same group as the investment firm?

An investment firm should indicate whether the outsourced service provider is within the same group as the investment firm by selecting an option from the dropdown list.

## 16. Jurisdictional Analysis of Retail Clients

a) Jurisdiction

An investment firm should indicate the country of any retail clients for whom it held client assets as at the reporting period end by selecting an option from the dropdown list. An investment firm should indicate the country in which the client ordinarily resides per their primary correspondence address.

b) Number of retail clients for whom the firm held client assets

An investment firm should state the number of retail clients in each jurisdiction for whom it held client assets as at the reporting period end.

c) Value of client funds held on behalf of firm's retail clients

An investment firm should state the value of client funds held on behalf of its retail clients in each jurisdiction as at the reporting period end.

d) Value of client financial instruments held on behalf of firm's retail clients

An investment firm should state the value of client financial instruments held on behalf of its retail clients in each jurisdiction as at the reporting period end.

e) Total value of client assets held on behalf of firm's retail clients

An investment firm should state the total value of client assets held on behalf of its retail clients in each jurisdiction on the reporting date. This value should equal the value of client assets specified in Q2(a)(ii).

## 17. Branches

a) Does the firm have any EEA branches which held client assets during the reporting period?

If 'yes', a firm should complete sections Q17(b) to Q17(f) as set out in the relevant table.

b) Jurisdiction of the branch

An investment firm should indicate the jurisdiction of each branch by selecting an option from the dropdown list.

c) Number of clients for whom the branch held client assets

An investment firm should state the number of clients for whom the relevant branch held client assets as at the reporting period end.

d) Value of client funds

An investment firm should state the value of all client funds held on behalf of clients by the relevant branch as at the reporting period end.

e) Value of client financial instruments

An investment firm should state the value of client financial instruments held on behalf of clients by the relevant branch as at the reporting period end.

f) Total value of client assets

An investment firm should state the total value of client assets held on behalf of clients by the relevant branch as at the reporting period end.

# Glossary

| Term                               | Meaning                                                                                                                                                                                                                                                                                  |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “the Central Bank”                 | The Central Bank of Ireland.                                                                                                                                                                                                                                                             |
| “Client asset examination”         | The process undertaken by an investment firms’ external auditor pursuant to Regulation 65 of the CAR.                                                                                                                                                                                    |
| “EEA”                              | European Economic Area.                                                                                                                                                                                                                                                                  |
| “Eligible counterparty”            | As defined in Regulation 38(3) of the MiFID Regulations.                                                                                                                                                                                                                                 |
| “the Investment Firms Regulations” | The Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Investment Firms) Regulations 2023(S.I. No. 10 of 2023).                                                                                                                                                        |
| “MCAR”                             | Monthly Client Asset Report. A monthly return that firms holding client assets are required to complete and submit to the Central Bank via The Central Bank of Ireland Portal, 20 working days after each calendar month-end.                                                            |
| “the MiFID ‘banking exemption’”    | The exemption as set out in paragraph 3(2) of Schedule 3 to the MiFID Regulations.                                                                                                                                                                                                       |
| “the MiFID Regulations”            | The European Union (Markets in Financial Instruments) Regulations 2017 (S.I. No. 375 of 2017).                                                                                                                                                                                           |
| “MiFID” or “MiFID II”              | The MiFID II legislative package which includes Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, MiFIR and all applicable Level 2 and Level 3 measures. |
| Omnibus client asset account       | means a third party client asset account in which the client assets of more than one client are held                                                                                                                                                                                     |
| “Professional clients”             | A client meeting the criteria laid down in Annex II of MiFID.                                                                                                                                                                                                                            |
| “Reconciliation differences”       | Means differences between internal and external records identified through the performance of a reconciliation.                                                                                                                                                                          |
| “Retail clients”                   | Retail client means a client who is not a professional client.                                                                                                                                                                                                                           |



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