



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Monthly Metrics Report

Guidance Note for Irish Investment Firms

September 2021

Contents

General	1
Section 1 Assets under Management as at the reporting period end	2
Section 2 Financial Data	3
Section 3 Liquidity	5
MiFID Investment Firms.....	7
Section 4 Investment Business Services	10
Section 5 No. of staff as at the reporting period end.....	11
Section 6 Material Issues.....	12
Section 7 ICAAP	12
Appendix 1 – Monthly Metrics Report	14

General

1. The Monthly Metrics Report is applicable to all investment firms authorised under S.I. No. 375 of 2017, the European Union (Markets in Financial Instruments) Regulations 2017 (as amended) (“MiFID investment firms”) and *certain* investment business firms authorised under the Investment

Intermediaries Act, 1995 (“IIA Non-Retail firms”). Throughout this guidance, 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 retail intermediaries authorised under the Investment Intermediaries Act, 1995.

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 Central Bank Portal 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 usual 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. 375 of 2017) 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.

Relevant firms should populate field 1.1 *Total AuM* with the total of all assets that are subject to discretionary portfolio management arrangements and/or all BES funds under management.

****SEPTEMBER 2021** – IMPORTANT INFORMATION FOR MiFID INVESTMENT FIRMS**

¹ <http://www.centralbank.ie/regulation/industry-sectors/investment-firms/mifid-firms/Pages/reporting.aspx> (for MiFID investment firms) and <http://www.centralbank.ie/regulation/industry-sectors/investment-firms/ii-a-non-retail-firms/Pages/reporting.aspx> (for IIA Non-Retail firms).

When reporting AuM for the purposes of the Monthly Metrics Report MiFID Investment Firms are only required to include the value of assets the firm manages for its clients under discretionary portfolio management arrangements.

MiFID investment firms which are subject to the reporting obligation under Article 54 of the IFR² will note that the definition of assets under management in Article 4 (1) (27) of the IFR includes the value of assets that a firm manages for its clients under both discretionary and non-discretionary portfolio management arrangements. The definition of assets under management in Article 4(1) (27) IFR shall not be used by MiFID Investment Firms for the purpose of the Monthly Metrics Report (however it should be used when reporting under Article 54 of the IFR for IFR Reporting Requirements).

7. All amounts in Section 1 are to be entered in euro thousands.

Section 2 – Financial Data

8. *Section 2 – Financial Data* applies to all Irish investment firms.
9. All amounts in Section 2 are to be entered in euro thousands.
10. 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 templates (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 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.
11. 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 the FINREP.
12. 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 Regulation 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No. 1093/2010, (EU) No. 575/2013, (EU) No. 600/2014 and (EU) No. 806/2014

2.2 should be calculated in the same way as the figure reported in the FINREP. The figure reported in field 2.2 should therefore exclude depreciation.

13. 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.
14. 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 in the FINREP.
15. 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 nontrade debtors information reported in the FINREP.
16. 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.
17. 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.
18. 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.
19. 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 the FINREP.

Section 3 Liquidity

****SEPTEMBER 2021** IMPORTANT INFORMATION FOR MiFID INVESTMENT FIRMS and IIA Non-Retail firms**

20. Due to the commencement of the IFR, the Central Bank is updating Section 3 of the Monthly Metrics Guidance to reflect the developments in the IFR and the CRD/CRR regimes.

As at September 2021 the Central Bank has not amended Section 3 for IIA Non-Retail firms.

IIA Non-Retail firms

21. 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.

22. Readily marketable financial assets include:

- Equities and bonds quoted on a regulated exchange for which there exists a liquid market; and
- Money market instruments.

23. For the avoidance of doubt firms should exclude among others the following from Liquid assets:

- CFDs;
- Grey market and unlisted equities;
- OTC Derivatives;
- Unlisted debt instruments; and
- Investments in Group securities.

24. 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.

25. For the avoidance of doubt, the firm must exclude any encumbrances to cash or readily marketable assets in calculating the liquidity position.

26. Firms should input the value of their liquid assets in field 3.1 *Liquid assets as at the reporting period end*.

27. 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.

28. 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.

29. 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.

30. All amounts in Section 3 are to be entered in euro thousands.

MiFID Investment Firms²

31. For the purposes of the Monthly Metrics Report, liquid assets as defined by the Liquidity Coverage Ratio Delegated Regulation⁴ are to include but not limited to the following.

Cash assets specifically include:

² This includes all MiFID investment firms, including MiFID investment firms which may be seeking re-authorisation as credit institutions and MiFID investment firms which meet the conditions of Article 1(2) or Article 1(5) of the IFR. ⁴ Liquid assets as defined under Article 43 (1) of the IFR.

- Coins and banknotes; and
- Unencumbered short-term deposits at a credit institution, net of overdraft and working capital facilities available on demand.

Liquid assets include:

- Exposures to central banks;
- Assets representing claims on or guaranteed by EU Member central or regional governments, local authorities, public promotional lender, Member State credit institution or public sector entities;
- Exposures to specific forms of extremely high quality covered bonds; and
- Assets representing claims on or guaranteed by the multilateral development banks³ and the international organisations.

32. Additionally, liquid assets may include the following, subject to meeting specific eligibility criteria and haircut requirements as outlined in Articles 10-15 of the Liquidity Coverage Ratio Delegated Regulation⁴:

- Assets representing claims on or guaranteed by regional governments, local authorities or public sector entities in a Member State;
- Assets representing claims on or guaranteed by the central government or the central bank of a third country or by a regional government, local authority or public sector entity in a third country;
- Exposures in the form of asset-backed securities;
- Corporate debt securities;
- Shares;
- Restricted-use committed liquidity facilities that may be provided by the ECB, the central bank of a Member State or the central bank of a third country;
- Exposures in the form of covered bonds issued by credit institutions in third countries;
- Securitisations;
- Shares or units in collective investment undertaking (CIUs) of the same level as the liquid assets underlying the relevant undertaking up to an absolute amount

³ Article 117(2) and Article 118, respectively of Regulation (EU) No 575/2013

⁴ COMMISSION DELEGATED REGULATION (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013

of €50 million or the equivalent amount in domestic currency with the exception of the €500 million threshold amount referred to in Article 15(1) of that Regulation⁵, and the same applicable haircuts as those laid down in that Article; and

- Financial instruments traded on a trading venue for which there is a liquid market as defined by regulation⁸ and subject to a haircut of 55%.

33. Firms should input the value of their liquid assets in field 3.1 *Liquid assets as at the reporting period end*.

34. 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.

35. 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.

36. 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.

37. Class three MiFID investment firms and class two MiFID investment firms which do not carry out any of the activities referred to in points (3) or (6) of Part 1, Schedule 1 of S.I. No. 375/2017 may also include receivables from trade debtors as well as fees or commissions receivable within 30 days in their liquid assets, where those receivables comply with the following conditions:

- They account for up to a maximum of one third of the minimum liquidity requirements as referred to in Article 43(1) IFR;
- They are not to be counted towards any additional liquidity requirements required by the Central Bank for firm specific risks in accordance with point (k) of Article 39(2) of Directive (EU) 2019/2034; and They are subject to a haircut of 50%.

⁵ COMMISSION DELEGATED REGULATION (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 ⁸ COMMISSION DELEGATED REGULATION (EU) 2017/567 of 18 May 2016 supplementing Regulation (EU) No 600/2014.

38. All amounts in Section 3 are to be entered in euro thousands.

Section 4 – Investment Business Services

39. Section 4 – Investment Business Services applies to all Irish investment firms.

40. The meaning of ‘client’ in Section 4 is:

any natural or legal person to whom the firm provides investment services and activities⁶, ancillary services⁷, investment business services¹¹, investment advice⁸ or a combination thereof.

41. 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) 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.

42. 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.

43. The following rules also apply to section 4:

- a. 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;
- b. 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;
- c. 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;
- d. If the firm holds two separate accounts for a single natural or legal person, that client should only be included once in client aggregations; and

⁶ As defined under Regulation 3 of S.I. No. 375 of 2017 (as amended).

⁷ As defined under Regulation 3 of S.I. No. 375 of 2017 (as amended). ¹¹

As defined under Section 2 of the Investment Intermediaries Act, 1995

⁸ As defined under Section 2 of the Investment Intermediaries Act, 1995

- e. A fund or sub-fund should be included as a single client, the participants in the fund should not be counted as separate clients.

44. The definitions detailed in paragraphs 42 to 46 for the two columns *All clients on firm's system* and *Active Clients* apply also to fields 4.2, 4.3 and 4.4.
45. 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. 375 of 2017 (as amended) and includes eligible counterparties.
46. 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. 375 of 2017 (as amended).
47. 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.
48. 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

49. *Section 5 – No. of staff as at the reporting period end* applies to all Irish investment firms.

50. 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 nonexecutive directors) as at the reporting date.

51. Field 5.1 should be populated with actual numbers (i.e. not in thousands).

Section 6 – Material Issues

52. *Section 6 – Material Issues* applies to all Irish investment firms.

53. 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.

54. Material issues here may be of a financial or non-financial nature.

Section 7 – ICAAP

55. 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 update and where necessary.

56. 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 update and where necessary.

Appendix 1 – Monthly Metrics Report

Monthly Metrics Report

(All monetary 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	Over 6 mths to 12 mths
3.1 Liquid assets as at the reporting period end	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
3.2 Current liabilities as at the reporting period end	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

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	<input type="text"/>	<input type="text"/>
4.2 of which: MiFID professional	<input type="text"/>	<input type="text"/>
4.3 of which: MiFID retail	<input type="text"/>	<input type="text"/>
4.4 of which: Other clients for whom the firm provides regulated services	<input type="text"/>	<input type="text"/>

5 No. of staff as at the reporting period end

5.1 Total no. of staff

6 Material Issues

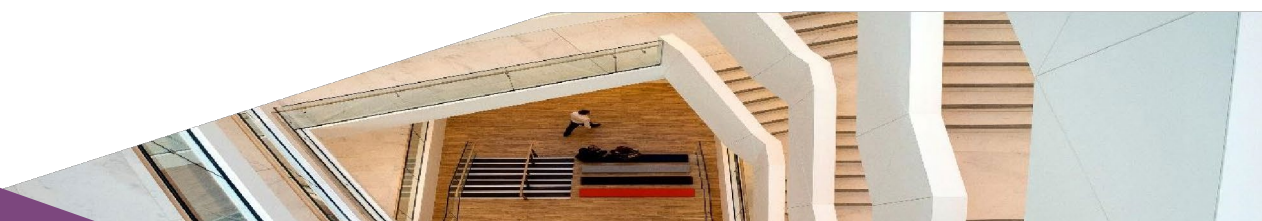
6.1 Has any material issue occurred in the previous month?

6.2 If yes, please explain

7 ICAAP

7.1 Internal Assessment of Capital

7.2 Internal Assessment of Capital Needs



T: +353 (0)1 224 6000

omni@centralbank.ie

www.centralbank.ie



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