



## CLIENTS' ASSETS REPORT AND PROCEDURES

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### TEMPLATE OF A CLIENTS' ASSETS REPORT ("CAR")

### APPENDIX C

Isle of Man Financial Services Authority  
PO Box 58  
Finch Hill House  
Bucks Road  
Douglas  
Isle of Man  
IM99 1DT

Date:

Dear Sirs

[Licenceholder's name] – Financial [year/period] ended [date]

#### **Clients' Assets Report ('CAR')**

We confirm that [auditor's name] has performed the procedures set out in Appendix C1 of this CAR as required by Rule 8.23 of the Financial Services Rule Book ('Rule Book') and enclose the auditor's confirmation (Appendix D1), details of the reconciliations the auditor has tested (Appendix C2), details of the transactions the auditor has tested and any exceptions identified (Appendix D2), together with any other exceptions to the Rule Book identified in the course of the auditor's work (Appendix D3).

We confirm that we are responsible for maintaining systems adequate to able us to comply with Part 3 and, where applicable, Part 4 of the Financial Services Rule Book throughout the period; and, all known non-compliance with Parts 3 and 4 of the Financial Services Rule Book have been disclosed.

We confirm that the findings of the Clients' Assets Report have/have not been presented to the Board of the licenceholder.

Yours faithfully,

*[Head of Compliance's signature] or*

*[Director's*

*signature]*

## CLIENTS' ASSETS REPORT AND PROCEDURES

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### APPENDIX C2

#### DETAILS OF RECONCILIATIONS

#### Client Money, Trust Money, Segregated Accounts, Nominee Bank Accounts and Clients' Investments

Select one of each of the following (where appropriate) and the type should be notated on Appendix C2:

- "D" – title of the investments in documentary form;
- "E" – title of the investments in electronic form; and
- "R" – registrable investments.

Sample Number	Full Name of Bank Account or Investment Name	Type of Account	D/ E/ R	Bank Account Currency	Date of Bank / Valuation Statement	Date of performance of Reconciliation
<i>Example</i>	<i>XYZ Client Account 12345678</i>	<i>Client Money</i>	<i>n/a</i>	<i>Sterling</i>	<i>31 January 2017</i>	<i>7 February 2017</i>
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
...						

#### APPENDIX C3 - EXCEPTION LOG – NEED NOT BE COMPLETED IF CAR IS UNDERTAKEN BY AUDITOR

**CLIENTS' ASSETS REPORT AND PROCEDURES**

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**AUDITOR'S CONFIRMATION**

**APPENDIX D1**

Isle of Man Financial Services Authority  
PO Box 58  
Finch Hill House  
Bucks Road, Douglas  
Isle of Man, IM99 1DT

Date:

Dear Sirs

[Licenceholder's name] – Financial [year/period] ended [date]

**Auditor's Confirmation on the Clients' Assets Report**

We have been engaged to perform the procedures (for which the Authority is solely responsible) set out in Appendix C1 of this CAR as required by Rule 8.23 of the Financial Services Rule Book ("Rule Book"). We attach details of the reconciliations that have been tested in Appendix C2 and details of the transactions that have been tested in Appendix D2, along with any exceptions identified on both the reconciliations and transactions testing.

We confirm that nothing has come to our attention to indicate that –

- a) the procedures outlined in this document have not been completed appropriately; and,
- b) the licenceholder has not complied with Parts 3 and 4 of the Rule Book during the [period/year] ending [date of Statement of Financial Position].

In addition, we confirm that, other than those reportable matters detailed in Appendix D2, we [did not note further non-compliance with the Rule Book] / [did note further non-compliance with the Rule Book as detailed in Appendix D3].

This report is intended solely for the Authority's use for the purpose set-out above. As the intended user of the Clients' Assets Report, it is for the Authority to assess both the procedures and factual findings to determine whether they provide, in combination with any other information obtained, a reasonable basis for any conclusions which the Authority may wish to draw on the subject matter. Distribution of this Auditor's Confirmation by the licenceholder is restricted to other entities within the licenceholder's group, and the lead or home regulator of any regulated entity within the group, (since others, unaware of the reasons for the procedures, may misinterpret the results).

Yours faithfully,

*[Auditor's signature]*

**CLIENTS' ASSETS REPORT AND PROCEDURES**

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**APPENDIX D2**

**AUDITOR'S SAMPLE AND EXCEPTION LOG**

[licenceholder name] the [year/period] ended [date of statement of financial position]

Column A	Column B	Column C	Column D	Column E	Column F
Item No.	Procedure and/or Rule reference(s)	Sample reference <sup>1</sup>	Description of the Sample and any Exception	Breach or Best Practice	Licenceholder's Comment re any Exception
<i>Example</i>	<i>3.11 and 3.12</i>	<i>Account 12345678 testing. Transaction reference Receipt payment. /</i>	<i>Description of the sample and any exception.</i>		<i>Licenceholder comment on any exception.</i>
1					
...					

**Instructions for Appendix D2**

In Columns A to D of the above schedule the auditor is to set out details of the samples reviewed and any breaches of the Financial Services Rule Book identified, excluding exceptions identified and recorded by the licenceholder and notified to the Authority. In relation to any breach identified, Column D should include any information regarding the severity and duration of the breach identified and, where relevant, the frequency with which that breach has occurred.

Where no rule breaches or issues are identified, this should be stated.

In Column F the licenceholder should set out any remedial actions taken (if any) associated with the breaches cited, together with an explanation of the circumstances that gave rise to the breach in question.

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<sup>1</sup> This should detail either the account reference and reconciliation date or the account reference and the transaction reference

**CLIENTS' ASSETS REPORT AND PROCEDURES**

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**APPENDIX D3**

**Details of any other non-compliance with the Rule Book identified by the Auditor while carrying out the Procedures**

<b>Column A</b>	<b>Column B</b>	<b>Column C</b>	<b>Column D</b>
<b>Item No.</b>	<b>Rule Reference(s)</b>	<b>Breach identified</b>	<b>Licenceholder's Comment</b>
1			
...			