

THE FINANCIAL SERVICES COMMISSION (BAILIWICK OF GUERNSEY) LAW, 1987

GUIDANCE NOTES FOR COMPLETION OF INVESTMENT AUDITED FINANCIAL STATEMENTS AND COMPLIANCE RETURN – FORM 142

FINANCIAL INFORMATION SECTION

Income

This is income accruing to the licensee and may include, among others, Investment Management Fees, Administration Fees and Performance Fees. Please note, the sections in Form 142 do not total and are not necessarily expected to do so. The request for 'Total Income' is separate to the specific line item requests which are, themselves, specific line item extracts from the financials.

- Ø **Total Income** - This means all income received, not just for regulatory business. Please take directly from Financial Statements.
- Ø **Professional Fees earned** - This includes, but is not limited to, the *ad valorem* fees earned
- Ø **Dividend Income** - This is at individual company level rather than consolidated level and therefore will include intra-group dividends receivable.
- Ø **Fee and commissions income** - This means any retrocessions earned.
- Ø **Interest income** - Please do not include any negative income.
- Ø **Other operating income** - Please take directly from financial statements where this is a line item.

Expenditure

- Ø **Bonuses** - Total bonuses for all staff, including directors. Bonuses made by way of stock awards or any non-cash means should be calculated/stated at fair value, as would be required in the financial statements.
- Ø **Director's remuneration** - This information is requested in isolation from the aforementioned field. Please include here details of salaries and bonuses as well as loans made in the period and also written-off in the period.
- Ø **Administration expenses** - Administration expenses in line with agreed presentation in the financial statements. Distribution costs may not be applicable to all; please include them only if relevant to the Licensee.
- Ø **Annual audited expenditure** - Please take directly from Financial Statements.

Gains/Losses

- Ø **Profit (loss) before tax** - Please take directly from Financial Statements.

Assets

- Ø **Total Assets** - Please take directly from Financial Statements.
- Ø **Cash and cash equivalents** - As per GAAP allowable per the Rules.
- Ø **Intangible assets** - As per GAAP allowable per the Rules.
- Ø **Receivables** - Please include management fee, administration fee and performance fee debtors in this line. If there is any provision for bad or doubtful debts this can be a net figure.
- Ø **Intercompany debtors** - This is the total intercompany debtor balances with group entities.

Equity

- Ø **Actual Solvency** - Please refer to the Licensees (Capital Adequacy) Rules 2010 for necessary adjustments to make the FRR assessment.
- Ø **Required Solvency** - Please refer to the FRR in the Licensees (Capital Adequacy) Rules 2010.

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STATISTICAL REPORTING SECTION

The questions appearing in the Statistical Reporting Section are conditionally related to the main regulated activity of the Licensees. Therefore, not every Licensee will be asked every question or combination of questions. Licensees should review the version of the form appearing on their specific OS timelines. The guidance below also appears as tool tips in the form itself.

- Ø **Number of client structures administered** - 'Client' means the entity/individual with which the Licensee has a contractual relationship.
- Ø **Please provide fee and commission income details from the top 5 clients** - Per the question in the Financial Information Section of this form, this means any retrocessions earned.
- Ø **Gross assets under regulated activity (in Sterling)** - This means the total value of all Category 1 and Category 2 business conducted by the Licensee.
- Ø **Number of funds** - This means the total number (rather than value) of funds, either regulated Guernsey Schemes or Non-Guernsey Schemes, with which the Licensee is contracted.
- Ø **Number of staff** - This means the total number of staff with a physical presence in Guernsey.
- Ø **Turnover of stockbroking activities** - This means the value of stockbroking activities undertaken by the Licensee. For the purposes of this form this includes the total consideration, including commissions, relating to these activities.
- Ø **Gross assets under management for top 3 clients** - This refers to the value of the managed accounts held by the Licensee. This will include both discretionary and non-discretionary managed accounts. It does not include execution only style business.
- Ø **Number of Clients** - 'Client' means the entity/individual with which the Licensee has a contractual relationship. This is the total number (rather than value) of client relationships which the Licensee has.