

Reporting information to clients (MiFID provisions)

Chapter 16A

Reporting information to
clients (MiFID and insurance-
based investment products
provisions)

16A.5 Statements of client financial instruments or client funds

16A.5.1 EU

63(1) Investment firms that hold client financial instruments or client funds shall send at least on a quarterly basis, to each client for whom they hold financial instruments or funds, a statement in a durable medium of those financial instruments or funds unless such a statement has been provided in any other periodic statement. Upon client request, firms shall provide such statement more frequently at a commercial cost.

The first subparagraph shall not apply to a credit institution authorised under Directive 2000/12/EC of the European Parliament and of the Council in respect of deposits within the meaning of that Directive held by that institution.

63(2) The statement of client assets referred to in paragraph 1 shall include the following information:

- (a) details of all the financial instruments or funds held by the investment firm for the client at the end of the period covered by the statement;
- (b) the extent to which any client financial instruments or client funds have been the subject of securities financing transactions;
- (c) the extent of any benefit that has accrued to the client by virtue of participation in any securities financing transactions, and the basis on which that benefit has accrued;
- (d) a clear indication of the assets or funds which are subject to the rules of Directive 2014/65/EU and its implementing measures and those that are not, such as those that are subject to Title Transfer Collateral Agreement;
- (e) a clear indication of which assets are affected by some peculiarities in their ownership status, for instance due to a security interest;
- (f) the market or estimated value, when the market value is not available, of the financial instruments included in the statement with a clear indication of the fact that the absence of a market price is likely to be indicative of a lack of liquidity. The evaluation of the estimated value shall be performed by the firm on a best effort basis.

In cases where the portfolio of a client includes the proceeds of one or more unsettled transactions, the information referred to in point (a) may be based either on the trade date or the settlement date, provided that the same basis is applied consistently to all such information in the statement.

The periodic statement of client assets referred to in paragraph 1 shall not be provided where the investment firm provides its clients with access to an online system, which qualifies as a durable medium, where up-to-date statements of client's financial instruments or funds can be easily accessed by

the client and the firm has evidence that the client has accessed this statement at least once during the relevant quarter.

63(3) Investment firms which hold financial instruments or funds and which carry out the service of portfolio management for a client may include the statement of client assets referred to in paragraph 1 in the periodic statement it provides to that client pursuant to Article 60(1).

[Note: article 63 of the *MiFID Org Regulation*]

- 16A.5.2** **G** *Firms* subject to either or both the *custody chapter* and the *client money chapter* are reminded of the reporting obligations to clients in **■ CASS 9.2** (Prime broker's daily report to clients) and **■ CASS 9.5** (Reporting to clients on request).