



**Financial Services
Commission**

Notes for Completion Payment Services Supervisory Return

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Table of Contents

Introduction.....3

Security Settings3

Excel Templates5

Specific Guidance - Appendix A5

Appendix A6

Introduction

These notes for completion are meant to provide clarification on the completion of the return. They are not a replacement for legislative or other requirements that may apply, from time to time.

These reporting instructions cover the Supervisory Return for all types of payment institutions authorised under the Financial Services (Investment and Fiduciary Services) Act and include the regulatory requirements set out in the Financial Services (EEA)(Payment Services) Regulations 2010 (“PS Regs”) and Payment Services Directive.

The return provides a snap-shot of the financial position, and related financial information, of an entity.

The main purpose of the return, for locally incorporated subsidiaries, is to arrive at an ‘Own Funds’ figure in order to assess compliance with PS Regs and from there, establish whether a firm is meeting its prudential requirements.

The return must be:

- Original
- Submitted within 21 days of the quarter end
- Signed by Senior Management (two signatures required)

Security Settings

Upon first using the template, you may be alerted by a Microsoft Excel Macros security setting alert screen as illustrated below:

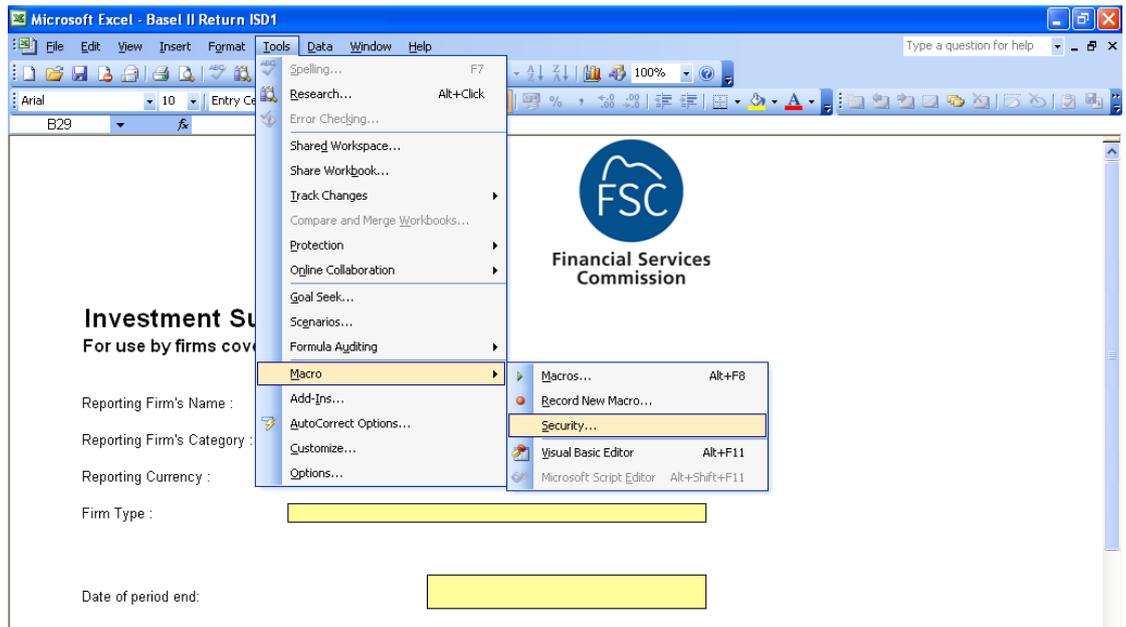
Fig. 1



This is because the Macro security on your PC has been set high and therefore the Macro has been automatically disabled. The system gives you a number of options, however the recommended course of action is to use the following procedure to enable the Macro:

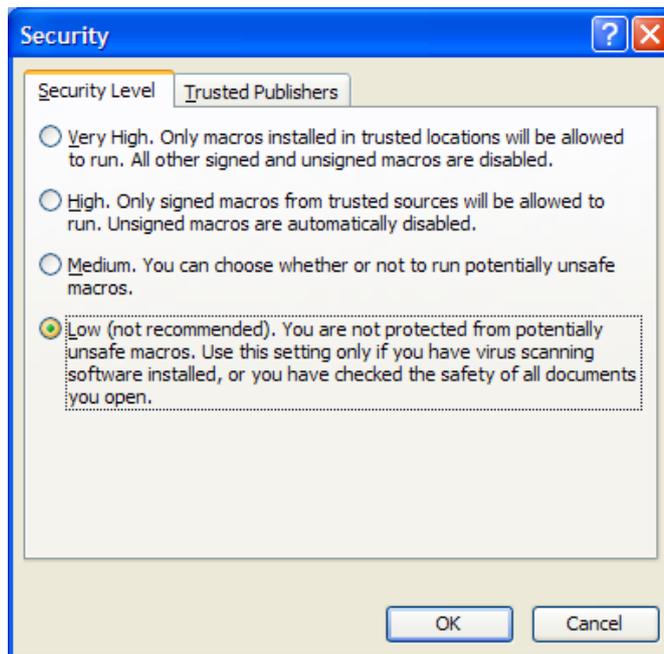
1. Select the **Tools** menu option and then select **Macro** and **Security**. In the resulting **Security** dialog (see illustrations below):

Fig. 2



2. Set the security level to Low by clicking the **Low** button.

Fig. 3



These notes for completion refer to the return as a whole.

Upon opening the payment services Return template, you will be prompted to provide certain information. This requires confirmation of the reporting currency, confirmation of the services authorised for, and which on-going own funds method the institution has opted for calculating its own funds requirement, i.e. Method A, Method B or Method C, as per the PS Regs. The relevant return will then be produced on screen in accordance with the information provided.

Excel Templates

The return is made up of a number of sheets. Each tab along the bottom left-hand corner of the page enables the user to navigate from sheet to sheet.

Fig. 6



The cells in each sheet are protected and cannot be altered. The only cells that can be typed into or moved to are shaded in yellow. The results fields, which are automatically calculated by the spreadsheet, are shaded in blue. Cells that are shaded in grey represent figures which the sheet automatically picks up from another sheet or another cell belonging to that sheet.

Some sheets are enabled with validation checks. If a figure has been calculated incorrectly, or does not conform with the relevant capital requirements (i.e. Own Funds) this will be highlighted in red and needs to be reviewed and addressed by senior management before the return is submitted to the FSC.

For ease of reference each sheet has numbered rows, with some sheets also incorporating column headings. These references should be used where possible when communicating with the FSC. This referencing is also used in the guidance at Appendix A.

Specific Guidance - Appendix A

The table at Appendix A provides a comprehensive guide through the return and describes what information is required.

These notes mostly make reference to the sections in one or more of; Legislation, Regulations, Guidance Notes or Directives. A number of fields will require consideration of whole sections of legislation/regulation etc.

For the purposes of Appendix A the following abbreviations have been used:

- PS Regs = Financial Services (EEA)(Payment Services) Regulations 2010
- PSD = Payment Services Directive 2007/64/EC
- Guidance Note = Payment Services Guidance Note

Payment institutions should draw up their annual and consolidated accounts in accordance with Council Directive 78/660/EEC of 25 July 1978 on the annual accounts of certain types of companies and, where applicable, Council Directive 83/349/EEC of 13 June 1983 on consolidated accounts and Council Directive 86/635/EEC of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions.

When printing up the return please ensure that this is printed as a workbook.

Appendix A

Section	Subsection	Reference	Notes
Own Funds Calculations			
1.15	Value Adjustments	FSCACI Regulations 7(1)(e)	
1.16	Other Securities and Instruments	FSCACI Regulations 7(1)(f)	
1.37	Total Tier 1	FSCACI Regulations 15(2)(a)	Calculated automatically by the sheet
1.38	Total Tier 2	FSCACI Regulations 15(2)(b)	Calculated automatically by the sheet
2.00	Minimum Own Funds Required	PS Regs 8	Calculated automatically by the sheet from the Method selected by the firm. This also includes the additional 20% of funds over and above the minimum required under the PS Regs, as imposed by the FSC under Article 8 of the PS Regs.
Supervisory Ratios			
1.03	Capital Buffer		This figure should represent additional funds above the minimum own funds requirement and should at least be the equivalent of three months expenditure.
3.02	Minimum capital requirement in Euros		This will be dependent on the services authorised to provide. The correct figure will automatically be generated.
Balance Sheet			
12.01	Ordinary Share Capital		For Partnerships please include Partners' capital accounts
12.03	Share Premium Account		For Partnerships please include Partners' current accounts
Profit and Loss account			
1.01	Interest receivable and similar income		This item includes all other income, including income from assets included in Assets items in the balance sheet.
1.02	Interest payable and similar charges		This item includes all other expenditure, including charges arising out of liabilities included in Liabilities items in the balance sheet.
2.01	Remuneration to Staff		Include salary costs, employer's social security contributions, the employer's contribution to any pension scheme and the costs of staff benefits paid on a per capita basis such as private medical insurance, staff travel concessions etc. General staff benefits should be included under "other expenses" as appropriate.
2.02	Administration		Normal business expenses
2.05	Taxes		The taxation charge should be estimated by applying a reasonable estimate of the institution's tax liability applicable for the year in question.
4.00	b. Cumulative Profit (Loss) for the year		This should include figures for the quarters from the last year end until the quarter end
Payment Services Own Funds - Method A			
Refer to Section 8 of the PS Regs. Based on the preceeding financial year figures. If a start up firm, the projected figures for the year should be used. The own funds required are calculated automatically depending on the other information on income and expenses			
Payment Services Own Funds - Method B			
Refer to Section 8 of the PS Regs. Based on the preceeding financial year figures. If a start up firm, the projected figures for the year should be used. The own funds required are calculated automatically depending on the other information on income and expenses provided.			
Payment Services Own Funds - Method C			
Refer to Section 8 of the PS Regs. The own funds required are calculated automatically depending on the other information on income and expenses provided.			
Further Analysis			
1.01	Acquisitions/Disposals		Enter any provisions made as a result of an acquisition or disposal of a subsidiary company the balance sheet of which includes specific or general provisions and is included in the consolidation for the particular return. Where the net adjustment is negative, report the amount in brackets.
1.02	Exchange rate Movements		Enter any provisions made for exchange rate movements in respect of provisions denominated in currencies other than sterling. Where the adjustment is negative, report the amount in brackets.
1.03	Amounts Written Off, not previously provided for		Enter the gross amount written off and not previously provided for (before recoveries). Where the adjustment is negative, report the amount in brackets.
1.04	Recoveries		Enter the total amount recovered which have previously been written-off.

1.06	Charge/credit to P&L	Enter the total net charge or credit to the profit and loss account in respect of provisions. A net credit should be shown in brackets. The gross charge for new provisions should be offset by other items including any provisions made in earlier years but now released in the current year's profit and loss account. The charge or credit for specific provisions should include the charge or credit for provisions in respect of suspended interest where it is the practice of the reporting institution to show suspended interest as interest receivable in the profit and loss account.
1.07	Previous Balance	Show the balance outstanding on the specific and general provisions account at the end of the previous accounting year relating to debts considered bad or doubtful. Do not include provisions made against the value of investments.
2.01	Staff numbers: employed directly by the licensee	Total number of employees directly employed by the licensee
2.02	Staff numbers: employed by a group service company	Total number of employees that provide employment services to the licensee but are employed by another group company.

Further Analysis II

1.01 - 1.11	Column A - C Transactions Remitted	This section must include all transactions remitted by currency - for each currency, aggregate all the transactions for the period. Currencies are to be listed using the internationally recognised abbreviations as stipulated under the ISO 4217 standard i.e. GBP, EUR, USD.
1.01 - 1.11	Column D F Transactions Received	This section must include all transactions received by currency - for each currency aggregate all the transactions for the period. Currencies are to be listed using the internationally recognised abbreviations as stipulated under the ISO 4217 standard i.e. GBP, EUR, USD.
2.02 - 2.12	Column A - C Top Ten Destination Countries	List the top ten countries to which funds are remitted, the total number of transactions to that country, and GBP equivalent of total amount of funds. Country names should be stated in full.
2.02 - 2.12	Top Ten Countries of Origin	List the top ten countries from where funds are received, the total number of transactions from that country, and GBP equivalent of total amount of funds. Country names should be stated in full.

Analysis of Large Exposures

Column A	Counterparty	The identity of a counterparty will generally be one of the following: (i) the borrower (customer); (ii) the person guaranteed (where the reporting firm is providing such guarantee); (iii) in the case of a security held, the issuer of a security; (iv) or in the case of a derivatives contract the party with whom the contract was made. To note - items added in this field must fit into the box provided and if needed, should be abbreviated and a supporting note advising the Key should be supplied.
Column AA	Connected Counterparty	To select yes or no from the drop down box to confirm if the counterparty is connected to the firm.
Column B	Amount	Maximum amount of the exposure during the reporting period
Column F	Specific Bad Debt Provisions at Reporting Date	Enter here the net charge for specific and general bad debt provision as at reporting date
Column J/K/L/M	Security (2) F/C/S/G	F = Foreign Currency. C = Secured on Cash. S = OECD Government Stock. G = Parent Bank Guarantee
Column N	Counterparty Type (3)	As per the footnote (3) on the sheet of the return

Loss Details - Major operational risk losses recorded in the last year or which are still open

The reporting threshold is set as 5,000 Euros or equivalent.		
Column A	Internal reference number	Internal code used by the firm in its internal database in order to identify each loss
Column C	Of which: unrealised	The part of the gross loss amount not yet accounted for
Column D	Status ended? Y or N	Yes, if the loss amount is finally determined and there is no expectation on additional losses
Column E	Loss already recovered	Any amount recovered by the firm in the course of its activities trying to revert the impact of a loss event. Accordingly, no recovery from insurance is to included
Column F	Loss already recovered from risk transfer mechanisms	Payments received in compensation of operational risk losses which were covered by risk transfer mechanisms
Column G	Loss potentially to be recovered directly or from risk transfer mechanisms	Any amount that is expected yet to be recovered by, either the firm in the course of its activities trying to revert the impact of a loss event, or as a compensation of operational risk losses covered by the risk transfer mechanisms

Questions for e-money returns

Payment institutions should ensure that it confirms that the various requirements have been met, if not an explanation is required in a letter.