



CENTRAL BANK OF
TRINIDAD & TOBAGO

**INSTRUCTIONS FOR THE COMPLETION OF THE
TEMPLATE FOR CAPTURING GROUP ASSET DATA
FOR COST RECOVERY PURPOSES**

August 2010

1. INTRODUCTION

The Central Bank of Trinidad and Tobago (the Central Bank) has advised the industry of its intention to implement a framework for the recovery of supervisory costs incurred in the supervision of all persons regulated by the Central Bank. The supervisory costs to be recovered refers to the total amount of direct and indirect budgeted costs and expenses to be incurred by the Central Bank in respect of its supervision and regulation of all regulated persons. From this, a supervisory fee is derived which is the portion of the supervisory costs that is allocated to a regulated person and payable annually.

The purpose of these instructions and reporting form is to enable the Central Bank to capture the necessary information in a consistent format in order to calculate the appropriate supervisory fees for licensed financial institutions (LFIs) and registered insurance companies (RICs) that are also holding companies, and financial holding companies (FHCs) registered under the Financial Institutions Act, 2008 (FIA).

In accordance with the draft *Regulations for the Payment of Supervisory Fees and Charges* which was circulated by the Central Bank, the applicable formula for calculating the supervisory fee for a LFI, RIC and FHC is as follows:-

$$\frac{\text{Total assets of regulated person}}{\text{Total assets of regulated sector}} \times \text{Supervisory costs apportioned to regulated sector}$$

However, in the case of LFIs and RICs that are also holding companies and FHCs registered under the FIA, the application of the formula to all the assets would result in double counting where the financial group contains regulated institutions for which a supervisory fee would have been calculated on a solo basis. In addition, where cross border regulated entities are involved, consideration must be given to the fact that fees would be payable to the Supervisory Authority in the foreign jurisdiction.

Consequently, in deriving the supervisory fee payable by a LFI or a RIC that is also a holding company or an FHC, the following **deductions** should be made to total assets prior to the application of the formula:-

- 100% of the assets of the regulated domestic entities for which supervisory fees are calculated on a solo basis; and
- 50% of the assets of the entities regulated by other domestic or foreign regulators.

2. REPORTING FORMAT

2.1 The worksheet shown in Appendix 1 takes the form of a balance sheet of the parent company before and after consolidation with subsidiaries. The information required is listed on the left side of the worksheet and is detailed under the headings of assets and liabilities. Column 1 of the Table requests balances in TT\$ for the parent company as per unconsolidated accounts.

2.2 Columns 2, 3 and 4 seek to record balance sheet data for local and foreign regulated and unregulated subsidiaries. In the case of the regulated subsidiaries, the institution is required to record data for each regulated subsidiary (local or foreign) separately, and columns can be added as appropriate (see Columns 2 and 3). Institutions should clearly record the name of the regulated subsidiary and whether it is local or foreign. However, the data for all unregulated subsidiaries can be recorded in aggregate (see Column 4).

2.3 As shown in Appendix 1, Column 5 totals Columns 1 to 4. Institutions are then required to enter any consolidation adjustments in Column 6. Such consolidation adjustments may include balances due to related companies and investments in subsidiary companies. As a cross check, institutions should verify that the figures representing totals asset and liabilities in Column 7 of the worksheet correspond with the consolidated shareholder accounts of the LFI or the RIC that is also a holding company or of the FHC.

