

### Individual Client Balance Method

The Individual Client Balance (ICB) method requires a firm to calculate its client money requirement by reference to how much the firm should be holding in a client bank account for each of its individual clients with a positive balance, across all products and accounts.

A firm may calculate either one ICB for each client, based on the total of the firm's holdings for that client or a number of ICBs for each client, for each product or business line the firm operates for that client. Balances held with a third party should be included when calculating the requirement.

Each individual client balance for a client should be calculated in accordance with this table:

Individual client balance calculation		
	Free <a href="#">money</a> (sums held for a <a href="#">client</a> free of sale or purchase (eg, see (3)(a)) and sale proceeds due to the <a href="#">client</a> :	A
(a)	for principal deals when the <a href="#">client</a> has delivered the <a href="#">designated investments</a> ; and	B
(b)	for agency <a href="#">deals</a> , when:	
(i)	the sale proceeds have been received by the <a href="#">firm</a> and the <a href="#">client</a> has delivered the <a href="#">designated investments</a> ; or	C1
(ii)	the <a href="#">firm</a> holds the <a href="#">designated investments</a> for the <a href="#">client</a> ; and	C2
	the cost of purchases:	
(c)	for principal deals, paid for by the <a href="#">client</a> when the <a href="#">firm</a> has not delivered the <a href="#">designated investments</a> to the client; and	D
(d)	for agency <a href="#">deals</a> , paid for by the <a href="#">client</a> when:	
(i)	the <a href="#">firm</a> has not remitted the <a href="#">money</a> to, or to the order of, the counterparty; or	E1
(ii)	the <a href="#">designated investments</a> have been received by the firm but have not been delivered to the <a href="#">client</a> ;	E2
Less		
	<a href="#">money</a> owed by the <a href="#">client</a> for unpaid purchases by, or for, the <a href="#">client</a> if delivery of those <a href="#">designated investments</a> has been made to the <a href="#">client</a> ; and	F
	proceeds remitted to the <a href="#">client</a> for sales transactions by, or for, the <a href="#">client</a> if the <a href="#">client</a> has not delivered the <a href="#">designated investments</a> .	G
<a href="#">Individual client balance</a> 'X' = (A+B+C1+C2+D+E1+E2)-F-G		X



The calculation of an ICB for each client should include the following:

- dividends received
- interest earned and allocated
- stock lending fees and other payments received and allocated
- money segregated to cover an unresolved shortfall in safe custody assets
- prudent segregation
- cheque payments drawn that have not yet been presented
- any unallocated money
- any unidentified money considered prudent to segregate as client money

And deduct any amounts due and payable by the client to the firm.

### **Important Information**

This document has been compiled for the use of TA Forum members only and is for guidance purposes. This document has been written from the view point of TA's and the administration activities that they perform for regulated firms. Where any firms require further clarification of the rules, guidance should be sought from the FCA.

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