
Calculation of Retrocessions for Business introducers, Independent managers

The principle of retrocessions

In banking it is customary to pay retrocessions, which take the place of remuneration in certain professional categories.

Retrocession calculations vary greatly, and depend on general policies of the bank or are negotiated on a case by case basis. For this reason the system for calculating retrocessions must be very flexible to allow all possible forms of negotiation.

Calculation policies

KRISTAL RETROCESSIONS[®] can record as many policies as the bank wishes, and each policy allows it to determine which type of data it wishes to use to calculate the retrocessions.

These types of data are identified by the type of activity (stock market transaction, transfer, investment, etc.), the type of transaction (purchase or sale on the stock market, etc.), the type of instrument (equities, bonds...), and the type of income.

Beneficiaries

KRISTAL RETROCESSIONS[®] can calculate retrocessions for different types of beneficiaries: **Business introducers, Independent managers, Bank officers, etc.**

It often happens that the income generated by a customer gives rise to retrocessions for more than one beneficiary: business introducers, management group, manager, etc. KRISTAL RETROCESSIONS[®] can handle this whole array of commissions.

Elements of calculation

In theory, all banking income associated with customer asset management can give entitlement to a remuneration.

KRISTAL RETROCESSIONS[®] can calculate the retrocessions on most elements encountered:

Regular income

KRISTAL RETROCESSIONS[®] can calculate retrocessions on regular income such as custody charges, management fees, administrative charges, etc.

Transaction income

It is possible to calculate the retrocessions on any element of transaction income, such as stock exchange charges, brokerage, fiduciary fees, expenses,

Margins

KRISTAL RETROCESSIONS[®] can calculate retrocessions on margins:

Currency margins

These are made up of the difference between the exchange rate applied to the customer and the market rate at which the bank will cover its position.

Interest margins

This is the margin between interest paid by or charged to the customer and the base rate of the lending or borrowing bank.

Wealth

KRISTAL RETROCESSIONS[®] can calculate commission on a range of personal asset items:

- Despoits and withdrawals
- Average capital
- End-of-period assets
- Net portfolio value at end of period
- Average value of portfolio for quarter

Bases of calculation

KRISTAL RETROCESSIONS[®] allows retrocessions to be calculated on both amounts charged and amounts accrued.

If for example the bank accrues custody charges each month, but invoices them to the customer only once a year, it is possible to calculate the retrocessions on the basis of the accrued amounts.

This is one means of calculating future retrocessions, and thus for allowing provision for the amounts to be made in the accounts.

Rules of calculation

KRISTAL RETROCESSIONS[®] allows percentages, or fixed amounts to be applied.

It is possible to set ranges in order to apply different conditions according to the volume of assets or income.

VAT

KRISTAL RETROCESSIONS[®] calculates VAT and processes the different cases in which there is a VAT liability:

- Chargeable, VAT payable by the bank
- Chargeable, VAT payable by the beneficiary
- Chargeable, VAT payable in equal parts by the bank and the beneficiary.
- Self-assessment, VAT payable by the bank
- Self-assessment, VAT payable by the beneficiary
- Self-assessment, VAT payable in equal parts by the bank and the beneficiary.
- Exempt

Lists

KRISTAL RETROCESSIONS[®] can produce, among others:

Advice notes

These are retrocession remittance advice notes which the bank sends to beneficiaries.

Statement

This report allows the amounts of retrocessions on all accounts to be entered in the bank's accounts (beneficiary accounts and profit and loss accounts)