

Appendix 8

QRG: operational analysis

8.1 Operational analysis

App8.1.1 **G** In an operational analysis, a *firm* may adopt the following structure to work out what steps may need to be taken in its winding down:

- (1) The starting point of the wind-down timeline is when the wind-down decision is made. The end point is when the regulatory *permission* is successfully cancelled.
- (2) Numerous actions need to occur after the wind-down decision is made and these populate the timeline sequentially.
- (3) The estimated length of the wind-down period can then be calculated from the sequence of the individual actions' durations.
- (4) This in turn allows an assessment of what resources (both financial and non-financial) would be needed to implement it.

App8.1.2 **G** Factors which a *firm* may consider:

- (1) How might the *firm* announce the wind-down decision and manage its communications policy? Will this be sufficient to deal with a "run" on the firm?
- (2) How will the *firm* reconcile *clients'* business records and ensure their interests are not affected? For instance, if a *firm* has to return *client monies* and *assets* when winding down, how would it do this?
- (3) Who needs to be available to assist the *firm* in winding down?
- (4) How would the *firm* deal with redundancies and, conversely, which *employees* need to be retained with special financial arrangements?

- (5) What systems (e.g. IT systems) need to be available to the *firm* during the winding down?
- (6) Will the *firm* need to engage professional advisors to wind down?
- (7) Has the *firm* considered the implications for any *overseas* offices and *branches*?