

<b>Client</b>	The client is a UK securities broker dealer and bank of a global investment bank trading fixed income and equities (cash and derivatives) instruments and providing medium-term loans, foreign exchange and money market products.
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<b>Project Name</b>	Preparation for Supervisory Liquidity Review Process
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<b>Project Start Date</b>	February 2011	<b>Project End Date</b>	March 2011
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<b>Industry</b>	<input checked="" type="checkbox"/> Commercial banking	<input type="checkbox"/> Insurance
	<input checked="" type="checkbox"/> Investment banking	
	<input type="checkbox"/> Private banking	<input type="checkbox"/> Asset and wealth management
	<input type="checkbox"/> Retail banking	<input type="checkbox"/> Corporate

<b>Category of Service</b>	<input type="checkbox"/> Mergers & Acquisitions	<input checked="" type="checkbox"/> Regulatory compliance and reporting
	<input type="checkbox"/> Portfolio risk management	<input type="checkbox"/> Business process creation
	<input checked="" type="checkbox"/> Specialised risks	<input type="checkbox"/> Training and people change
	<input type="checkbox"/> Data Quality	<input type="checkbox"/> System selection and implementation

<b>The Challenge</b>	<p>The client had prepared and submitted their Individual Liquidity Adequacy Assessment documenting its liquidity risk management approach and capabilities. A visit by UK FSA was scheduled to assess compliance with the BIPRU 12.3, 12.4 and 12.5, and form the basis upon which Individual Liquidity Guidance would be subsequently issued by the FSA.</p> <p>Ahead of the visit by the regulator, senior management requested an independent review of adherence to the relevant BIPRU provisions with gap closing solutions identified. Gap closing options were consistent with good practice adopted by peer group institutions was required.</p>
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<b>Approach and Solution</b>	<p>A detailed mapping was undertaken between existing practice and BIPRU 12.3, 12.4 and 12.5. Gaps were identified (and detailed) and an assessment made of improvements needed in the risk management governance, procedures, measurement and reporting framework, together with an evaluation of the magnitude of the risk impact. Mitigating actions (gap closing options) were identified and prioritised. Gap closing options were also assessed in terms of effort needed to deliver improvement across the risk infrastructure or competency.</p> <p>Critical risks were categorised (with reference to correlated underlying events) and presented as an Executive Summary and prioritised action plan for review by senior management.</p> <p>Assistance was also provided in drafting responses to a detailed Funds Transfer</p>
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Pricing questionnaire received from the FSA in advance of its visit.

**Results and Benefits** The prioritised gap identification and detailed action plan helped senior management best prepare for the UK FSA review. This meant they could proactively engage in an open and transparent way acknowledging where gaps existed but with confidence that these could be closed out making best use of finite resources and a timeline which was achievable. Furthermore they were able to demonstrate the degree to which senior management is involved in Liquidity Risk Management and the on-going improvement programme formalised as a result of this exercise.

**Software used** Not applicable.