

Client	The client is a global Investment and Merchant Bank with subsidiaries in the United Kingdom
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Project Name	Individual Liquidity Adequacy Assessment (ILAA)
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Project Start Date	February 2010	Project End Date	Ongoing
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Industry	<input checked="" type="checkbox"/> Commercial banking	<input type="checkbox"/> Insurance
	<input type="checkbox"/> Fund Custody & Investment Services	<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
	<input type="checkbox"/> Broker / Dealer	

Category of Service	<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

The Challenge	<p>The client has a number of subsidiaries in the United Kingdom. In the wake of the adoption of Policy Statement 09/16, <i>Strengthening Liquidity Standards</i>, the client requested advantage to assist the client in:</p> <ul style="list-style-type: none"> • review of the Non-ILAS and exempt Full-Scope BIPRU Investment Firms to identify whether they comply with the liquidity self sufficiency requirements; • evaluate all BIPRU in-scope firms for compliance with the BIPRU systems and controls requirements, identify gaps in liquidity risk management controls, determine actions required to remediate any shortcomings and maintain future compliance; • develop enhancements to the stress testing framework required to satisfy the ILAS requirements, i.e. how the stress scenarios would impact the 10 sources of liquidity classified in BIPRU 12.6.34; and • prepare the ILAA document for the UK Defined Liquidity Group.
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Approach and Solution	<p>avantage provided ongoing assistance to the client both in the UK and at Group level to ensure timely preparation of the ILAA document for the UK Defined Liquidity Group. advantage specifically assisted the client in determining the effect the 'ILAA stresses' would have on each of the 10 sources of liquidity risk outlined in PS09/16 and the net level of outflows that would occur before any management actions.</p> <p>We assisted the client in developing and embedding the required stress tests. advantage also assisted in the development and implementation of a Contingency Funding Plan setting out the client's strategy for addressing liquidity shortfalls in stressed conditions with the aim to ensure that the client will have sufficient liquidity resources to meet liabilities as they fall due.</p> <p>Finally, we assisted the client in preparing the ILAA document in line with FSA</p>
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	guidance and our experience with more than 20 ICAAP submissions in the UK.
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| Results and Benefits | <ul style="list-style-type: none"> • Robust, ILAA-compliant, fully-embedded stress testing framework; and • ILAA document. |
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Software used	Not applicable
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