

Chapter 4

Further topics

4.4 Groups of firms and overseas businesses

- 4.4.1** **G** If the *firm* is part of a larger *group* and it decides to have its own individual wind-down plan the plan will almost inevitably be impacted by *group* activities. In particular, some or all elements of its governance, financing and operations may be dependent on the *group*. These dependencies have implications on the wind-down plan's cost, duration and simplicity.
- 4.4.2** **G** A *firm* preparing a wind-down plan at *group* level might be facing two possible wind-down scenario options:
- (1) the *firm* winds down its regulated business on its own in an event independent of its *group*; or
 - (2) the *firm* winds down its regulated business as part of a larger *group* failure/wind-down event.
- 4.4.3** **G** The following are some common questions which a *firm* could consider in a group scenario.
- (1) Does the *group*/parent need to be consulted before making the wind-down decision?
 - (2) If the *group* has entities that are *listed*, are there any actions to be taken in line with applicable disclosure regimes and *listing rules*?
 - (3) If there are *intra-group transactions*, how are they unwound and how do they affect wind-down costs?
 - (4) What support will the *firm* receive from the *group* during its wind-down?
- 4.4.4** **G** A *group failure* event is particularly serious, as it could mean the relevant *firm* no longer has access to *group* resources such as a central treasury function, financial resources, IT and administrative functions for its own wind-down operation. It would then need to consider alternative resources in its wind-down planning.
- 4.4.5** **G** Wind-down will trigger the closure of all regulated business undertaken by the *firm*, including *overseas* activities. Closure of *overseas branches* or *subsidiaries* could be complicated due to jurisdictional differences (e.g.

regulatory requirements, laws relating to employment and liquidation, etc.) and time differences (e.g. in relation to announcement of wind-down, closing out transactions etc.), which can add to the cost and duration of winding down.