

Appendix 4 QRG: the business and operating models

4.1 Analysing the business and operating models

App4.1.1 **G** To analyse the business and operating models effectively, a *firm* should:

- (1) place emphasis on understanding how its balance sheet generates profit and loss and the details of operations;
- (2) carry out a review of the sources and uses of both its capital and liquidity by reviewing, among other items, revenue drivers, cost drivers and sources of *cash* inflows and outflows;
- (3) consider which areas may be difficult to wind down, e.g. due to longer notice periods of some *employees*, certain *transactions* or contracts with third parties that are subject to a longer cancellation period; and
- (4) consider internal and external connectedness, i.e. the dependencies the *firm* has on other parties or group members and the dependencies others have on the *firm*.

Effective	Less effective
The working group carefully studies the data gathered from the workshops, and assesses which areas may be difficult to wind down.	The working group does not draw out vulnerabilities and pinch points from the workshops.