Appendix 9
QRG: time and costs for wind-down

9.1 Estimating the time necessary and costs for wind-down

App9.1.1 G *Firms* may take into account the following to estimate the time and costs needed for wind-down.

(1) *Firms* should not take on new *clients* after a decision to wind down the *firm's* regulated business is made, but there may be a continuing income stream from contracts with existing *clients* before the cancellation period is over. *Firms* may however want to consider how certain these remaining income streams will be in the context of winding down.

(2) *Firms* then need to estimate the costs of winding down. These costs include redundancy payments, retainer premiums for essential *employees*, legal and other professional *fees*, or cancellation penalties with third party providers.

(3) *Firms* may draw out these estimated revenue and costs on a month-by-month schedule covering the entire wind-down period.

(4) The estimated wind-down costs may also take into account the possible need for an administrator and all other wind-down conditional costs such as tax, legal, specialist consultancy and audit.

(5) *Firms* need to estimate, conservatively, the time necessary to wind down to the point that the *FCA* would cancel the *firm's Part 4A permission*.

Effective	Less effective
The *firm* sets out a month-by-month schedule of revenue and costs in the wind-down period. Costs are itemised and conservatively estimated.	The *firm* estimates costs on a quarterly basis. [**Note:** Though this is not necessarily wrong, this would make it difficult to assess if the *firm* would have enough *cash* or liquid assets to meet its expenses on a monthly basis.]

9