Chapter 3

The concept and process of wind-down planning

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3.2 Time horizon and the people involved in the planning process

3.2.1 G This section explains the time horizon (including the likely starting point and end point of the wind-down period), and some of the associated activities and costs *firms* may want to take into account during the wind-down planning process.

3.2.2 G The starting point of the wind-down period is when the *firm's* governing body (e.g. the Board of *Directors* of a company) makes the formal decision to wind down its regulated business.

3.2.3 G The end point of the wind-down period is when the *FCA* cancels the *firm's* *Part 4A permission*.

3.2.4 G However, wind-down planning is not just about the events during the wind-down period (i.e. between the start point and end point as described above). It also includes what precedes the actual wind-down process. In particular, as wind-down can be triggered by a range of scenarios, *firms* that proactively identify and monitor key management information, relevant metrics and early warning indicators are likely to be better prepared. It can also support more effective decision making and, where appropriate, timely initiation of the wind-down plan if needed.

Illustration of the time horizon

Considerations during Business as Usual		**Wind-down period**	
	Start point	**During wind-down period**	**End point**
•Consider a range of wind-down scenarios and possible mitigants •Identify relevant management information to be monitored	A *firm's governing body* makes a decision to wind down	A *firm* wants to close down its regulated business in an orderly fashion and needs sufficient financial and non-financial resources to do so. In parallel a *firm* may try to	Cancellation of *permission*

•Governance process and *internal controls* are in place	recover and/or pursue other mitigating actions (e.g. find a potential investor).

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3.2.5 G Given the significance of wind-down planning, the *governing body* of a *firm* is most likely to be accountable for it, with appropriate engagement of relevant experts across the *firm* and, if required, externally. Senior individuals typically manage the wind-down process, ideally under the leadership of a designated representative, and are accountable to the *governing body*. The following table illustrates how different individuals or business areas could be involved in wind-down planning.

Illustration of who could be involved in wind-down planning

Governing body (e.g. Board of Directors)	**Senior management**	**Front line business and support areas**	**Relevant external experts / third parties**
The *firm's governing body* considers and approves the wind-down plan. This may include challenge from *non-executive directors* if relevant.	The planning process is likely to be most effective if it is led by an appropriate accountable person(s) reporting to the *governing body*. For a very large *firm* or *group* of *firms*, a further working group may be created to help coordinate and deliver the process. *Senior management*, e.g. the CEO, CFO, CRO, COO, provide valuable input to the review, validation and challenge, before the plan is presented to the *governing body* for deliberation.	Front line business and support areas are engaged to understand and mitigate potential operational issues and challenges from the wind-down process, e.g. redundancies, IT systems, access to third-party services, etc.	*Firms* may find it useful to consult external experts (e.g. an insolvency practitioner) and other relevant third parties to improve their understanding and management of key wind-down issues/scenarios.

[**Note:** The above table is an illustration, rather than a definitive list. *Firms* may need to analyse their organisational structure, business model and operating model to decide on the appropriate participants, bearing in mind that if a wind-down is actually triggered some of the original participants may no longer be present.]