

## 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.