

Appendix 10 QRG: adequacy of financial and non-financial resources

10.1 Assessing the adequacy of resources

App 10.1.1 G A *firm* may take into account the following to assess if it would have adequate resources to carry out an orderly wind-down:

- (1) A *firm* needs to have adequate financial and non-financial resources. A *firm* that leaves making the decision to wind down until it is too late risks breaching regulatory requirements, engaging in a disorderly wind-down, or even operating illegally while insolvent.
- (2) Whether the *firm* has sufficient *cash* to meet monthly expenses during the wind-down period.
- (3) The level of non-financial resources that are needed for wind-down and whether they are in place.

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| <p>Effective</p> <p>Consider which key <i>employees</i> will be needed for an orderly wind-down but may want to leave the <i>firm</i> after the wind-down decision is made. An additional allowance to retain these <i>employees</i> during the wind-down period may be needed.</p> | <p>Less effective</p> <p>The <i>firm</i> only assesses its capital adequacy, and fails to assess its ability to meet monthly expenses during the wind-down period.</p> |
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