

BDO Stoy Hayward Financial Services Risk & Regulatory Practice

We work closely with you to understand your business and the regulatory issues that you currently face. Our approach allows us to deliver pragmatic and clear solutions to address your issues.

Contact us

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'Audit Team of the Year' 2008
'Tax Team of the Year' 2008
'Corporate Finance Deal of the Year' 2008

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Are you liquid enough for the FSA's new regime?

Address the implementation of the liquidity regime with confidence



BDO Stoy Hayward

Are you liquid enough for the FSA's new regime?

What is the FSA's new regime?

To minimise the likelihood of a repeat occurrence of the current liquidity constraints within the financial services market, the FSA are proposing an enhanced liquidity regime covering a wide variety of firms within the sector.

Who is affected?

The FSA's proposed liquidity regime will impact all UK banks, building societies, BIPRU investment firms and also UK branches of overseas banks.

When will this be implemented?

The liquidity regime is currently expected to be implemented in phases over the next year as shown below:

What is the impact?

Firms will:

- be required to increase the strength of their liquidity risk management policies and procedures,
- be subject to increased reporting requirements on liquidity,
- need to increase the documentation surrounding their assessment of their liquidity position, and
- need to consider whether they will have to restructure their business or activities to change the mix of assets held, in order to meet the proposed requirements for levels of liquid assets and highly liquid asset buffers.

How can we help?

Our Financial Services Risk & Regulatory Practice offers a variety of services to prepare firms for the new liquidity regime.

Some of the services we offer include:

Gap analysis

Conducting an in-depth gap analysis assessing existing policies and procedures, delivering key recommendations to streamline the implementation process and focus your next steps to reach the FSA's targets.

Risk framework reviews

Assisting firms in revising or developing their risk and capital frameworks to ensure compliance with the more prescriptive requirements relating to liquidity risk.

Reporting system reviews

Reviewing existing reporting systems to identify areas of development required to meet the new reporting regime.

Knowledge development

Providing tailored internal training courses to relevant staff on the effects of the liquidity regime on your business.

Waiver application assistance

Helping firms and branches in applying for relevant waivers and modifications to the regime.

CP 09/14 Strengthening liquidity standards 3	Systems & Controls	Quantitative requirements	Supervisory approach (ILG)	Reporting requirements
UK Bank (sterling stock approach)	Q4 2009	April 2010	Q1 2010	April 2010
UK Bank (mismatch maturity approach)	Q4 2009	June 2010	June 2010	June 2010
UK Bank (simplified ILAS)	Q4 2009	June 2010	NA	June 2010
Building societies	Q4 2009	April 2010	Q1 2010	April 2010
Building societies (simplified ILAS)	Q4 2009	June 2010	NA	June 2010
UK branch (without GLC)	Q4 2009	September 2010	September 2010	September 2010
UK branch (with GLC)	September 2010	September 2010	NA	September 2010
Full scope BIPRU investment firm	Q4 2009	September 2010	September 2010	September 2010
Non-ILAS (limited licence/activity firms)	Q4 2009	NA	NA	January 2011



These services will benefit your firm by:

- providing a focussed understanding of the impact of the regime,
- identifying the critical gaps to be addressed, and analysing the most cost efficient means to achieve compliance,
- helping to position your firm to ensure compliance with the regime.