



Prudential Advisory and Regulatory Reporting

Bespoke to meet your needs

With the heightened risks to firms' financial resilience arising from recent global events, and the updates to the prudential frameworks via the Investment Firms Prudential Regime (IFPR) and Basel 3.1 reforms, there has been increased regulatory focus on the prudential soundness of firms. Robust resource adequacy assessments support the regulators' objectives of ensuring that consumers and clients are protected should a business become unviable and need to wind-down; and that markets continue to function well. When a firm is unable to demonstrate that it has carried out a robust assessment of its risks, and allocated sufficient financial resources to manage those risks, it creates a risk of regulatory breaches and interventions.

Effective capital and Liquidity assessments are needed to comply with regulatory requirements and should reflect changes in the business, emerging regulatory guidance, and the environment in which the firm operates. They also support senior management with its strategic and day-to-day decision making. In addition, the regulators have shared feedback on instances of inaccurate data being reported in regulatory filings. In more serious cases, these have led to supervisory interventions such as Supervisory Reviews (SREP) and s166s, it is vital that firms get their capital assessments and regulatory reports right.

At BDO, we have a team of prudential specialists who understand the regulators' objectives and expectations. Our team has extensive experience in applying a proportionate but rigorous approach to deliver bespoke prudential and risk management support. We also support firms in delivering accurate regulatory reports to the regulators in a cost-efficient manner.

Sector expertise

Our expertise covers a wide range of solo and dual-regulated firms including:

 Banking

 Payments Services and E-Money Firms

 Wealth and Asset Management

 Capital Markets

 Platform Providers

 Insurance

 Consumer Credit

 Mortgage Providers

Our expertise

Our specialist teams have expertise in the following areas:

Capital and Liquidity Adequacy Assessments

The regulators are increasingly concerned about the quality of internal processes and assessments around capital and liquidity adequacy. Consequently, it has never been more important to have a defensible, coherent and robustly documented framework for the assessment of capital and liquid assets adequacy. These assessments should incorporate current regulatory expectations and demonstrate appropriate rigour and challenge.

Wind-Down Planning

Wind-down planning is a core component of firms' assessment of the adequacy of their financial resources. Insufficient liquidity assessments in wind-down plans, a lack of group-wide implications and misaligned wind-down scenarios and triggers continue to remain issues that cast out doubt on the overall credibility and operability of firms' plans which could lead to regulatory challenge or inaccurate assessment of capital and liquidity requirements.

Recovery Planning

Recovery planning is another core component of the regulators' financial resilience agenda. Effective recovery planning allows firms to identify severe stress events that could lead to significant deterioration of their financial situation; and the measures they could take to restore their financial position. For Banks, a new Supervisory Statement on trading activity wind-down takes effect in March 2025. Good Recovery plans should be operable, have realistically quantified impacts and timelines; and demonstrate senior management ownership of its implementation.

Remuneration Reviews

Remuneration is a key driver of employee conduct and strongly influences the risk environment in which firms operate. Firms with appropriate remuneration policies and practices support the prudential regulatory objectives. The remuneration codes for banks and other firms require periodic reviews by independent functions to ensure that their remuneration policies reflect the remuneration code principles.

Pillar III / Public Disclosures

Public disclosures, including Pillar III disclosures, support market discipline by allowing market participants to understand firms' approach to risk management and how they meet their prudential obligations. The requirements for these disclosures also continue to evolve prompted by developments with Basel 3.1 and ESG. Publishing compliant disclosures is therefore crucial.

Regulatory Reporting

All regulated firms are subject to various reporting requirements, which can often be time consuming, require complex calculations and leverage data from multiple sources. Notwithstanding these challenges, firms are expected to have appropriate systems and controls in place to ensure returns are filed accurately and in a timely manner. Submitting inaccurate returns to the regulators risks enhanced scrutiny or s166 reviews being commissioned.

Our services

We offer a range of support services to our clients:

On-demand Advice

Section 166

Regulatory Due Diligence

Co-sourced arrangements

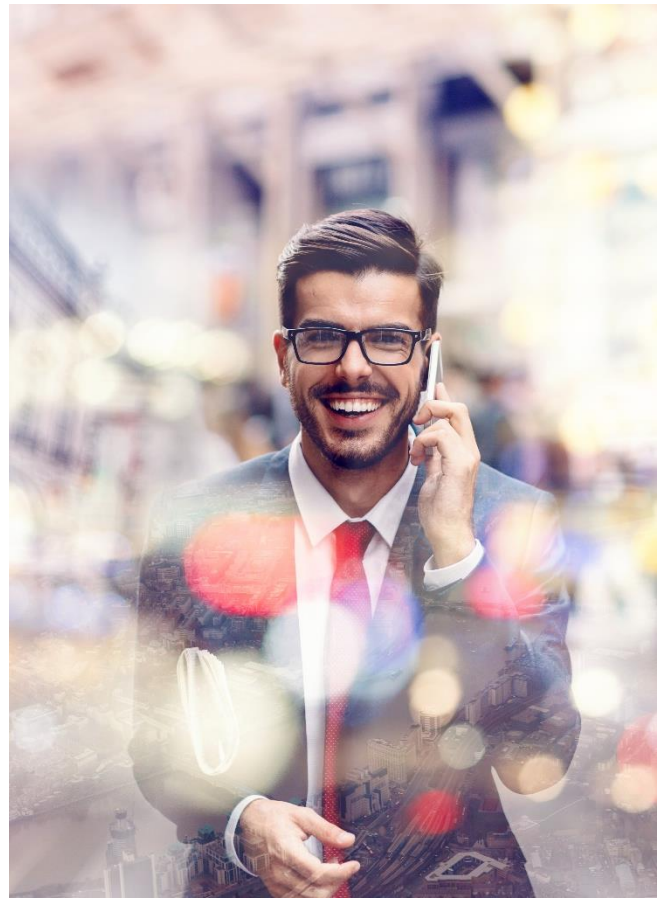
FCA/PRA Application support

Mock-SREPs

Group Structuring and Consolidation Analysis

Bespoke training

Remediation Support



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