



CASE STUDY

# Wind-Down of a Global Broker's Equity Business

The experts at FTI Consulting advised a global broker in the orderly wind-down of its large equity business.

## SITUATION

Following a review by its board of director (“BoD”), a top-tier global broker decided to wind-down its equity business due to a mismatch with the company’s risk appetite and increased funding and liquidity requirements of that business.

The equity business consisted of the structured equity finance (“SEF”) desk, the inter-dealer equity broker desk and the equity clearing, settlement and custody services (together, the “Equity Desks”).

The Equity Desks offered comprehensive services including financing, prime brokerage, execution, clearing, settlement, and custody. It mostly operated in the OTC market and focused on instruments such as listed shares and OTC derivatives.

## OUR ROLE

FTI Consulting experts prepared with the company the wind-down plan that covered which services were to be terminated, the financial and non-financial impacts of the wind-down, the approach for closing-out the Equity Desks, and some of the operational implications of the wind-down. As part of the plan, the experts at FTI considered:

- The impact of the wind-down on the broker's clients and the overall market;
- Liquidity, market, operational, regulatory, and legal risks and requirements associated with the wind-down; and
- Resources needed during and after the wind-down (e.g. funding, key employees, IT systems and vendors).

FTI Consulting experts monitored closely the execution of the wind-down plan (including a close-out of all cash and derivatives positions) and communicated to the broker's BoD any deviations from the plan.

The team at FTI communicated with and worked with the regulators on the wind-down at both the planning and execution stages.

The team also facilitated the data harvesting to retain a complete set of historical records relevant to the Equity Desks' activity.

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## OUR IMPACT



FTI Consulting experts successfully assisted the broker with the planning, implementation, supervision and monitoring of the wind-down exercise, including the orderly close-out of all cash and derivative positions.



The wind-down was completed ahead of schedule and to the full satisfaction of both the broker and its regulators.



The team at FTI Consulting ensured that relevant and necessary historical records were recorded for future access by the broker.



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