
Summary

This Client is a UK-based, global online trading provider, offering their clients a wide range of trading products including FX, CFDs, Indices, Equities and Commodities as well as facilities for spreadbetting.

Issue to be resolved

The Client wanted to improve its 'Internal Capital Adequacy Assessment Process' (ICAAP) specifically to cover the Supervisory Review under 'Pillar II'. Therefore, they needed to :

1. identify and assess all relevant risks;
2. mitigate these risks; and
3. understand how much current and future capital would be required, having identified the mitigating factors.

Action taken

Using the 'Financial Exposures' area within the Risk Registers, the Client began documenting and reviewing all relevant risks, assessing any potential financial exposures and then identifying what controls and processes they had in place to mitigate them. Where adequate controls were missing, the client put in place a plan to enhance and improve any necessary internal procedures. Moreover, with the system's ability to link various components, the Client was able to better understand which controls linked to which risks and vice versa.

Results

With all financial exposures and mitigating controls defined and quantified, the Client now has a robust methodology for regularly reviewing this area and has found that producing any 'evidencing' and supporting documentation for the ICAAP to be much quicker and simpler. Their hope is that any Capital Adequacy requirements can eventually be minimised by using this methodology.

Next Steps

The Client is now prepared for its next review and is hoping that its capital requirements may be reduced.

Other information

The GRCS now has circa 3,500 registered users across 120 multi-national businesses, managing over 36,000 risks and 4,000 control documents. Over 33,000 individual assessments have been entered.

Should you wish to find out more, or discuss any of the issues involved, please contact us:

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