



eMoneyHub Ltd Wind-down Plan

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1. Introduction

A guidance consultation from the FCA (GC16/05) stressed the importance of regulated firms considering the contents of a wind-down plan as best practice. This was further enhanced in June 2019 following the publication of Policy Statement PS19/14. Guidance from a Thematic Review TR22/1 was published in April 2022 (post pandemic). This plan has been reviewed considering subsequent FCA communications and supervisory expectations issued since 2022.

Wind-down planning is described as a process in which the firm's governing body:

1. Identifies the steps and resources it needs to wind-down its business, especially in a situation where resources are limited; and
2. Evaluates the risks and impact of a wind-down and considers how to mitigate them.

As a peer-to-peer platform we are unusually advanced in already considering much of a wind-down plan as the regulatory requirement to conduct the activities of an "Operating an electronic system in relation to lending" mandate that we have:

- A Client Money Resolution Pack
- A Business continuity and disaster recovery plan, and:
- Have planned to have a contracted supplier of a "Living Will" (a formal resolution agreement.)
- A Peer-to-Peer Resolution Manual.

Using the FCA guidance and Quick Reference Guide (See section 8) this plan sets out the governance arrangements, operational procedures, estimated costs and resource requirements for an orderly wind-down of the business to a point where it ceases its regulated activities and achieves cancellation of its permission with minimal adverse impact on its clients or counterparties.

It is reviewed once a year in line with the compliance monitoring programme calendar of events considering any further guidance and learnings from our own BCP testing

2. Governance process for wind-down scenario

The Board of eMoneyHub Ltd has ultimate responsibility for the firm and its stakeholders. As such it will determine when the wind-down plan will be invoked.

In the event of a trigger event, the Board may consider multiple options available to support recovery to a viable position, such as finding potential investors to acquire or invest in the stressed business. Where all alternatives have been exhausted, despite positive management actions, the wind-down plan is invoked.

Clearly for any business the wind-down plan is action of last resort, but it is recognised that if the Board considers that the business is not a going concern then the implementation of the wind-down plan must be considered.

As parent company of the group, should the wind-down plan be invoked by the Board then all subsidiary companies will form part of the plan. Separate workgroups for each subsidiary may be set up to report back to the Board and the wind-down plan leader.

On conclusion of the wind-down plan the Board, via the wind-down plan leader will formally notify the permission granting authority of its cessation of activity and request withdrawal of permissions.

3. Operational Analysis for winding down

Timeline planning

On invocation of the plan a realistic project management timeline will be presented to the Board by the wind-down leader. This timeline will include, communications, finance handover, staffing plan, “living will” provider hand over, and regulator liaison.

Communication Plan

Notification of the wind-down and next steps to be distributed to all stakeholders:

- Borrowers
- Lenders
- Staff
- Shareholders
- Introducers
- Professional advisers (accountants, auditors, lawyer, administrator etc)
- Living Will provider
- Suppliers (IT, premises etc)
- Regulators

Finance handover

This is detailed in the CASS resolution pack and would happen within 48 hours of invocation.

Staffing plan

The core staff identified to execute the wind-down plan are:

- CEO with admin support. As the staff base grows there is a potential for HR support (managing redundancies), but this will be reviewed as the firm grows.

Living Will provider

The living will provider, is on a retained contract to supply services to run off the loan book on a 'trigger event'. Invocation of the wind-down plan would be deemed a trigger event, and full details can be found in the Resolution agreement. Should this variation of permission not be forthcoming then the outsourcing contract with Peak Collections would run until the entire book has run off.

The living will provider does not hold HMRC ISA Manager Status, so an agreement has been confirmed with a further third-party compliance solution provider to provide IF-ISA manager services within 2 weeks of a trigger event through a one off set up fee and a fixed monthly service fee funded through revenue from the loan-book.

Loan Agreement Administration

The loan agreement administration processes would pass through to the living will provider. All information, instruction, data, and access will pass to the living will provider in line with the contractual terms specified in the living will.

Contractual terms of our provider identify that the administration would be undertaken based on the agreement and application of resources to fully manage and complete the run-down of the loan-book. Resources applied will be proportional to the volume of loans being administered.

One of the key aspects of is the availability of the portal to lenders throughout the life of any loan. The portal is company owned and developed and is a low-cost maintenance activity. No restriction to this portal's information is anticipated upon execution of a wind-down scenario or thereafter. All lenders would be provided unrestricted access to the system to allow their own monitoring of loan agreements to within which they are involved.

4. Estimated revenue/cost schedule of the wind-down

The WDP Financial Model (WDPFM) includes a set of assumptions that enables the Board to assess and estimate the revenue and costs of implementation.

The WDPFM illustrates the total cost expectation for loan agreement administration across the life of the loans in the firm's loan-book. This is reviewed and updated on a bi-annual basis and presented to the Board for their review to assess whether the WDPFM is financially feasible.

The current estimate of the minimum adequate cost on a month-by-month schedule are shown in the WDPFM.

The WDPFM includes an assessment of the level of capital required to meet the firm's capital resource requirements as specified by the FCA/PRA.

Following the Portfolio letter received in May 2021 and using the guidance from FG20/01 surrounding liquidity monitoring an adequate "buffer" is regularly calculated and ringfenced separately in a liquid form. See details in the WDPFM.

5. Resource assessment

The two main resource requirements for wind-down are people and systems.

eMoneyHub operational systems are fully owned. They are fully transferrable upon trigger of the wind-down plan.

Being a start up technology led finance firm, it is used to operating with limited resources and operated for 2 years with a governing Board and 2 members of staff.

The key individual is CEO and significant shareholder Lee Birkett. It is inherently in his own interests to stay to wind-down the business so additional financial resource would not be required for his retention. Additional administration resource can be adequately met by 1 FTE.

It is agreed with the living will provider that resources will be provided which are commensurate with the workload expected. Additional resource is the responsibility of the living will provider.

6. Review

This plan is part of the compliance monitoring programme and is entered into the calendar of activities. It will be reviewed on its anniversary and re-approval sought at Board level.