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## CASE STUDY



# Implementing ICARA and Wind-Down Planning in an Investment Management Firm

## Introduction

This case study focuses on the successful implementation of the Internal Capital Adequacy and Risk Assessment (ICARA) framework and the integration of comprehensive wind-down planning into an investment management firm. The firm requested assistance from Devlin Mambo to create tailored ICARA and wind-down plans, including mapping risks to harms, financial modelling and governance support. This case study highlights the resulting timeline and successful outcomes.

## The implementation process

### 1. Creation of ICARA and Wind-Down Plan

The initial creation of the draft ICARA and wind-down plans took approximately two months.

This involved conducting risk assessments, mapping risks to harms, developing financial models, and establishing the governance framework.

Devlin Mambo liaised with SMEs across the full investment management firm to ensure that the plans were comprehensive and tailored to the firm's unique characteristics.

## The Ask

The primary objective was to establish an effective ICARA framework and wind-down planning process that align with industry best practice and regulatory requirements. The investment management firm aimed to enhance risk management capabilities, maintain an appropriate level of own funds and liquid assets, and ensure it had an appropriate process in place to wind-down in an orderly manner, should this situation arise.

### 2. Mapping Risks to Harms

- Devlin Mambo assisted in mapping risks identified within the ICARA framework to potential harms.
- This ensured a clear understanding of the impact on the firm's operations, reputation, and stakeholders.
- The mapping exercise provided insights into the potential consequences of risk events, allowing the firm to prioritise their risk mitigation efforts.



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### 3. Financial Modelling for Ongoing and Wind-Down Requirements

- To ensure the firm maintained an appropriate amount of own funds and liquid assets, Devlin Mambo conducted financial modelling exercises.
- Devlin Mambo leveraged industry guidance, assumptions, and best practices to develop robust financial models.
- The models considered ongoing requirements as well as the specific needs for potential wind-down scenarios, including early warning triggers and recovery planning.

### 4. Governance Process for ICARA and Wind-Down

- Devlin Mambo assisted in establishing a governance process for ICARA and wind-down planning.
- This involved defining roles and responsibilities, implementing reporting structures, and establishing an appropriate review mechanism, given the ICARA is not just an annual process.
- The governance process ensured ongoing oversight and accountability for risk management and wind-down.

## The implementation timeline

#### 1. Initial Creation of ICARA and Wind-Down Plan

- The initial creation of the draft ICARA and wind-down plans took approximately two months.
- This involved conducting risk assessments, mapping risks to harms, developing financial models, and establishing the governance framework.
- Devlin Mambo liaised with SMEs across the full investment management firm to ensure that the plans were comprehensive and tailored to the firm's unique characteristics.

#### 2. Annual Refresh of ICARA and Wind-Down Plans

- The annual refresh of the ICARA and wind-down plans varied in duration, depending on the complexity of the client.
- This refresh process involved reviewing and updating risk assessments, conducting new financial modelling exercises, aligning the plans with evolving regulatory requirements, and incorporating lessons learned from recent incidents and industry developments.



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## CONCLUSION

Through the implementation of the ICARA framework and the integration of wind-down planning, the investment management firm achieved significant improvements in risk management and preparedness for adverse scenarios. The collaboration with Devlin Mambo ensured the development of tailored ICARA and wind-down plans, mapping of risks to harms, robust financial modelling, and a governance process that supports ongoing oversight.

The firm's commitment to regular plan refreshes, guided by Devlin Mambo's expertise, demonstrates its dedication to staying ahead of emerging risks and regulatory expectations, ultimately enhancing its resilience.

## GET IN TOUCH

If you need more details on how we can assist you, get in touch by **email**  
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## 5 Good Reasons to choose Devlin Mambo

### 1 We are Tried, Tested + Trusted

Our approach is about real-world experience. This is what we do; time and time again, earning the trust of our clients with reliable and effective solutions that get the job done

### 2 We Keep it Simple

We believe in clear, straightforward communication that breaks down complex ideas into simple, easy-to-understand language. We want to make sure our clients can quickly and easily turn our insights into action without any unnecessary fuss.

### 3 We're Invested

We're more than just industry experts; we're enthusiasts. Our dedication to our clients' success means that we always go the extra mile.

### 4 We're on Your Side

Using our industry experience, we create processes and solutions that fit our client's specific challenges. This way, our clients get exactly what they need to meet their unique goals

### 5 You're in Good Hands

Collaboration is key. By actively listening and understanding our clients' unique needs and objectives, we forge long-term partnerships built on trust, shared experiences, and aligned goals for success.