

# Update from the “Economics & Finance Cross-Functional Working Group”

18<sup>th</sup> April 2024

AAE Spring Meeting, Vilnius, Insurance Committee Meeting

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# Agenda

- Foci
- E&F Working Group Revival

# Foci in Q1/Q2 2024

## Projects in focus for Q1/Q2 2024

- *Liquidity Risk & Liquidity Risk Mgmt* – draft by summer
- *Maybe* something on (stochastic) dynamic behaviour = policyholders + FMAs

## Collaboration across the AAE

- Set up liaisons with RMC, PC & IC – *looking for volunteers to act as liaison*
  - *Attending RMC, PC, or other WG meetings*
  - *Actively trying to find excellent collaboration opportunities*
  - *Reporting back to the E&F WG and IC*
- Ensure the “project formulation” templates for collaborative projects are readily available to all who are interested

# Liquidity Risk & Liquidity Risk Management

The LRM initial paper has taken shape and is being drafted:

## Part 1

Liquidity for Beginners	Historical Liquidity Case Studies
Box on Repos	Liquidity in the Financial System
Box on Leverage	

*Mostly technical information;  
Currently being drafted;*

*Feedback will be nice*

## Part 2

What liquidity <i>risk</i> looks like for a GI, LI, PC
What liquidity <i>risk management</i> looks like for a GI, LI, PC

*Draft will be high-level;*

*Feedback will ensure quality and realism*

## Part 3

Suggestion for a comprehensive LRM FW:
<ul style="list-style-type: none"> <li>• Ensure good LRM</li> <li>• Ensure UK LDI does not happen again AND is a surprise</li> <li>• FW can be extended to other FIs &amp; NFCs</li> </ul>

*FW is largely complete;  
Leverages previous work;*

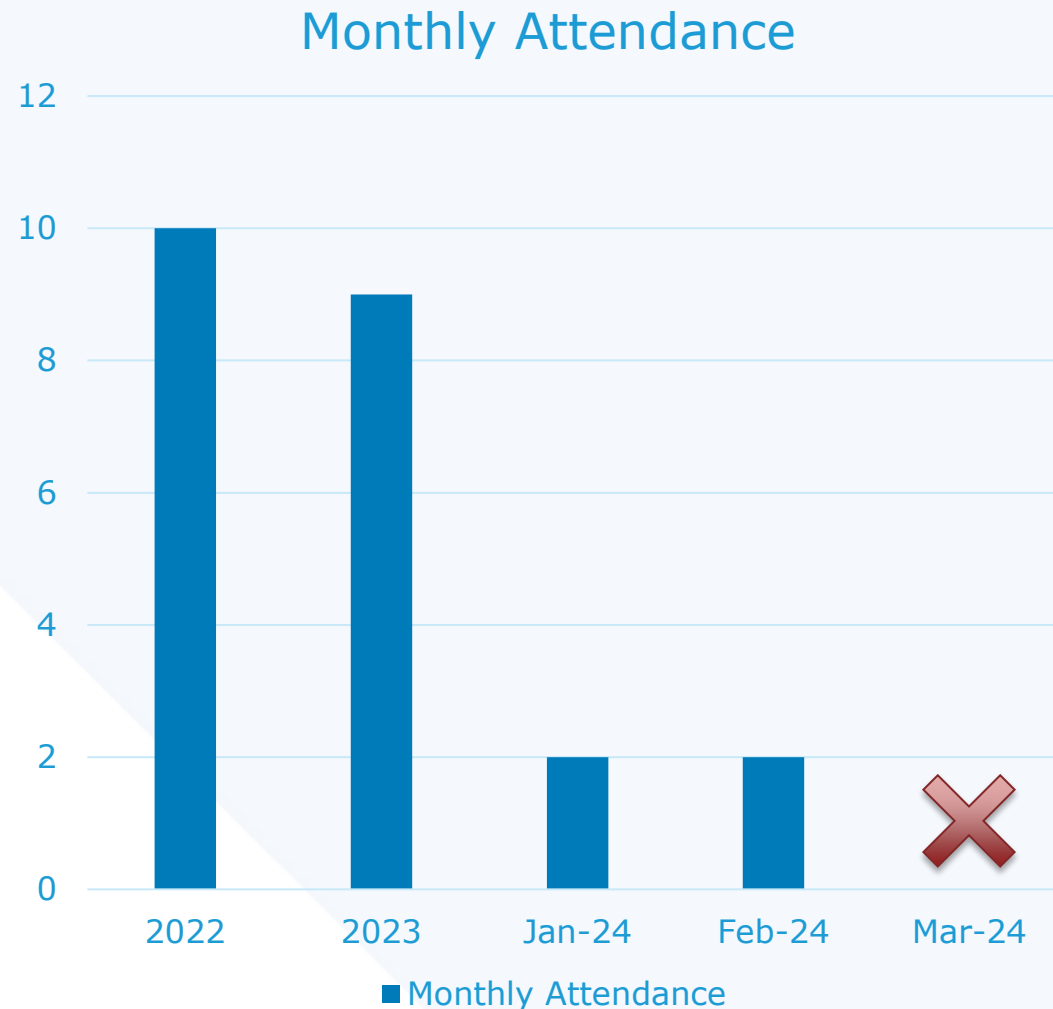
*Feedback will be key*

## Annexes

LRM TBS Approach in detail
Regulations
References & Resources

*Completed annexes will follow in the 2<sup>nd</sup> draft*

# E&F Working Group Revival



Proposed solutions:

1. Direct, but considerate email to WG members
  - “Thank you...”
  - “Would you like to continue?”
  - “I will chase you until you answer yes or no.”
2. Focus: what should the E&F WG be doing? Increased liaison?

Thoughts? Input?



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