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# OPERATIONAL GUIDANCE ON THE IDENTIFICATION AND MOBILISATION OF COLLATERAL IN RESOLUTION

March 2022

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## 1. Introduction<sup>1</sup>

1. The capacity to maximise the amount of collateral that can be mobilised in resolution is key to ensuring the financial continuity of the banks concerned. In times of crisis, markets might have reservations about banks' viability and are likely to require assets as collateral for additional reassurance before providing funding. Collateral is also required to access ordinary central bank (CB) funding and facilitate the provision of extraordinary funding<sup>2</sup>.
2. At the time of resolution, a large part of banks' liquid assets would be encumbered, therefore access to secured funding through private markets, as well as ordinary CB funding, might be limited. A bank in resolution could be required to mobilise less liquid and lower quality assets in order to obtain funding from private markets, ordinary CB funding, and/or the Single Resolution Fund (SRF). Therefore, being able to identify and mobilise available assets as collateral in a timely way is a key element to support the financial continuity of banks in resolution. However, this capacity calls for a clear understanding of the operational and legal requirements that banks need to comply with in order to gain access to collateralised credit.
3. The provision of SRF liquidity support is not an automatic process as it is a discretionary decision of the Single Resolution Board (SRB). This guidance does not pre-empt any decision by the SRB in this regard. It is aimed at assessing banks' capacity to provide relevant information on certain asset classes that could be mobilised as collateral in resolution, regardless of the final liquidity provider and including private lenders.
4. The SRB has developed a collateral policy to provide liquidity support when the Common Backstop to the SRF is used, which should be considered for SRF liquidity support in general. Under this collateral policy, the SRF will provide liquidity on a fully collateralised basis when available and practical. In principle, almost all asset classes are eligible under the SRF collateral framework, and an independent valuation will be performed and haircuts applied according to the internal risk framework developed by the SRB.
5. In the SREP process, the SSM Joint Supervisory Teams (JSTs) assess if a bank holds sufficient amounts of high quality liquid assets (HQLA) to meet its liquidity needs, as well as the applicable regulatory requirements. However, even though the supervisory assessments of banks' collateral management are an important starting point for resolution planning, they cannot substitute assessments from the perspective of a resolution authority for the following reasons:
  - (i) supervisory assessments are aimed at preventing bank failures by overseeing that proper collateral practices and sufficient liquidity buffers are in place. Resolution planning on the other hand starts

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<sup>1</sup> DISCLAIMER: This publication is not intended to create any legally binding effect and does not in any way substitute the legal requirements laid down in the relevant applicable European Union (EU) and national laws. It may not be relied upon for any legal purposes, does not establish any binding interpretation of EU or national laws and does not serve as, or substitute for, legal advice. The SRB's guidance is subject to further revisions, including due to changes in the applicable European Union (EU) legislation. The SRB reserves the right to amend this publication without notice whenever it deems appropriate and it shall not be considered as predetermining the position that the SRB may take in specific cases, where the circumstances of each case will also be considered.

<sup>2</sup> For the purpose of this guidance, extraordinary funding means liquidity support from the SRF.

from the assumption that a bank has failed. In resolution, it is likely that banks will have to mobilise different asset classes as collateral, as the most liquid ones would be a first recourse to withstand distress in the recovery phase. This entails adopting a wider approach to collateral management to facilitate all available funding options, including setting up different processes and developing specific capabilities;

- (ii) supervisory assessments do not consider the consequences of implementing the resolution scheme on the resolution group, on the availability of collateral or on the execution of collateral management operations of a bank in resolution.
6. As stated in the 2022 SRB Work Programme, liquidity and funding in resolution is one of the three common priorities for the 2022 Resolution Planning Cycle (RPC). Moreover, in line with the contents of the SRB priority letter, banks are expected to prioritise work on principle 3.3, 'Identification and mobilisation of collateral during and after resolution', during the 2022 RPC.
  7. This Operational Guidance complements the SRB's Expectations for Banks (EfB) document in providing banks with additional guidance on the capabilities detailed in the EfB (principle 3.3) and on the deliverables requested from banks in the annex to the priority letter for the 2022 RPC.
  8. In line with the EfB, banks are expected to establish processes and develop capabilities to identify and mobilise collateral in resolution. In order to ensure an effective and efficient deployment of the collateral available in resolution, banks should be able to (i) determine the time needed to mobilise eligible collateral for refinancing operations through private markets or public means, and (ii) anticipate the steps needed to make it acceptable to counterparties (EfB, principle 3.3).
  9. In the case of banking union (BU) subsidiaries of third-country banking groups with a Global SPE resolution strategy ('hosted banks'), the SRB practice is to support the group resolution actions taken and led by the home authority. Therefore, hosted banks are expected to demonstrate compliance with the EfB (principle 3.3) and this guidance either a) through local capacity, or b) by relying on group-wide arrangements, or c) through a combination of both.
  10. Against this background, this guidance is structured around **three objectives**:
    - (i) ensuring that banks' **collateral governance and management** is able to support the resolution scheme and contribute to the financial continuity of the group (Section 2);
    - (ii) ensuring that banks have **capacity to identify collateral**, including its amount, location, governing law, currency and overall availability (Section 3);
    - (iii) assessing banks' **capacity to mobilise collateral**, and in particular non-marketable assets and assets not eligible for ordinary CB funding (Section 4).

## 2. The collateral governance and management framework in resolution

11. The collateral governance and management framework of a bank refers to the policies, processes and governance related to the provision of collateral management services. The collateral framework plays a key role in resolutions as it enables banks to gain access to liquidity thereby ensuring their financial continuity.
12. In this light, banks are expected to provide targeted information on their collateral management framework to ensure that the framework:
  - (i) can support the execution of the resolution process;
  - (ii) is suited to the specific circumstances of a resolution scenario; and
  - (iii) would not be adversely impacted by any potential measure that could separate the entities in the group, such as transfer tools.

### 2.1. Collateral governance and management in resolution

13. Banks are expected to describe how collateral governance and management will be structured in resolution, and to provide the following information:
  - details of the collateral governance and management framework, including the level of centralisation of the collateral management function, the decision-making bodies within the different entities of the resolution group and the main business units involved in collateral management and monitoring;
  - the monitoring metrics and early warning indicators used by the bank to trigger recovery or any escalation process, including their asset encumbrance policy, the capacity to monitor asset encumbrance at the level of Key Liquidity Entities (KLE)<sup>3</sup>, the main sources of encumbrance and identified management actions that could release encumbered collateral;
  - any change to the bank's regular collateral governance and management processes following the envisaged application of resolution actions, including any change to roles and responsibilities in the different units and decision-making bodies (taking into consideration the potential separation of entities due to resolution actions). This should include any defined measures, identified by the bank, to address any adverse impact on the collateral management function and governance arrangements following implementation of the Preferred Resolution Strategy (PRS).
14. Resolution actions could have consequences for the group structure, for example if transfer tools are involved, which could have the effect of separating entities or decision-making bodies. Banks should assess whether implementing the PRS could adversely affect the collateral management function

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<sup>3</sup> <https://www.srb.europa.eu/en/content/guidance-liquidity-and-funding-resolution>

(especially in the case of MPE strategies, and transfer tools) and ensure that remedial action is taken so that the collateral framework functions properly at each stage of resolution.

## 2.2. Resolution group access to ordinary central bank (CB) funding

15. Access to ordinary CB funding has an important role in resolution. It is necessary to understand how the resolution group will access ordinary CB funding, to identify the group entities that have access to CB funding and any potential issues that might impact CB access as a result of resolution actions. Banks should provide specific information on their strategy and policies to access CB funding. More specifically, banks should provide information on:
- their group policies and how they would access ordinary CB monetary policy operations as a funding source in times of distress, including early warning signals and escalation procedures and the facilities that would be used;
  - all the group entities that have access to CB funding via subsidiaries and branches, located both in the EU and/or outside the EU.
16. Banks are expected to assess whether the application of resolution actions would impede access to ordinary CB funding. In particular, banks should assess whether application of the PRS could have an impact on access conditions to ordinary CB funding, due to a potential impact on the group structure or changes to the entities in the resolution group following the application of resolution actions.

## 2.3. Resolution group access to secured funding via private markets

17. Banks are expected to describe their strategy and policies for accessing secured funding via private financial markets, i.e. with financial market institutions. As a starting point, and taking account of the use of secured funding options via private markets in the context of a recovery plan and contingency funding plan, the assessment should describe:
- the secured funding operations (e.g. repos, securitisation, covered bonds, etc.) and the group's capabilities for raising secured funding instead of unsecured funding, focusing on:
    - (i) the entities performing the operations, in particular when specific entities have to be set up for the operation (e.g. SPVs);
    - (ii) the entities providing the collateral for securing the operation;
    - (iii) whether implementation of the resolution strategy might prevent some of these operations (e.g. in cases of transfer strategies); and
    - (iv) counterparties that could provide funding in these situations.

### 3. Identification of assets to be used as collateral in resolution

18. Collateral identification should be understood as the capacity to provide detailed information on the resolution group's collateral availability, in a granular and timely manner. This means being able to identify the legal aspects and operational availability of each relevant asset class that could be used as collateral through private financial markets, ordinary CB funding, as well as extraordinary funding. This includes at a minimum, the capacity to identify assets according to their marketability or non-marketability, and CB eligibility or non-eligibility. Banks are expected to provide this information at the level of the resolution group and for each KLE.
19. Pursuant to Article 10(3) and (4) of the BRRD and Article 22(5)(c) of the Commission Delegated Regulation (EU) 2016/1075, resolution plans should identify those assets which would be expected to qualify as collateral. Moreover, Article 29(2) of the Commission Delegated Regulation (EU) 2016/1075 requires Resolution Authorities (RAs) to consider the capacity of the institution or group to provide information on the amount, and location within the group, of assets that would be expected to qualify as eligible collateral to access private financial markets, ordinary CB facilities, as well as extraordinary funding.
20. The identification of available collateral and possible counterparties is a time-consuming process that needs to be addressed ahead of a crisis. Banks are expected to have the required capacity to identify the legal, operational and practical availability of collateral within the resolution group, in particular for those assets not covered by the supervisory process and that could potentially be mobilised for extraordinary funding. An exhaustive list of assets that would be relevant in resolution cannot be defined given the variety of business models and legal frameworks. However, as a starting point, assets should be categorised according to their marketability or non-marketability, and their eligibility or non-eligibility for accessing ordinary CB facilities.
21. Banks are expected to perform an assessment of their capacity to identify collateral that could be used to obtain funding in resolution. In particular, banks are expected to:
  - (i) develop capabilities to accurately identify all assets that could be used as collateral in resolution. Particular focus should be placed on assets of lower quality and less liquid assets and, in particular, assets not eligible for ordinary CB facilities;
  - (ii) have the capabilities to identify the location of available collateral within all relevant KLEs of the resolution group;
  - (iii) have adequate Management Information System (MIS) capacity enabling them to value, provide documentation and monitor the evolution of available collateral, and provide updated reports on a regular basis.
22. Moreover, for (non-) marketable and/or CB (non-) eligible assets that could in practice and feasibly be accepted as collateral through private markets, ordinary CB funding, as well as extraordinary funding, banks should provide the:



- (i) location of the assets within the resolution group, including the physical location of the custodian (and settlement agents) where the assets are held, and the entity in whose balance sheet the assets are booked;
- (ii) legal and practical availability of the asset (unencumbrance), at the level of the KLE or at the level of the resolution group;
- (iii) level of encumbrance at asset class level;
- (iv) governing law of the assets; and,
- (v) the currency in which the assets are denominated.

### 3.1. Assets eligible as collateral for accessing ordinary CB facilities

23. Banks should minimise the amount of assets for which the CB eligibility is unknown<sup>4</sup>, by identifying and taking steps to clarify their (non-) eligibility. The inability to assess the eligibility of collateral, for example because of data quality issues, should not result in a classification of the collateral as not eligible. Banks should describe the root causes of its inability to assess the eligibility of collateral and present a plan to remedy these root causes. The scope of the assessment should cover those assets that could feasibly and in practice be mobilised for access to ordinary CB facilities.

### 3.2. Assets not eligible as collateral for accessing ordinary CB facilities

24. Working on the identification of assets not eligible for accessing CB facilities presents the obvious challenge of not having detailed collateral framework requirements. However, this does not prevent banks from performing specific work at the resolution planning stage, aimed at increasing the likelihood of banks being able to leverage on these assets in resolution.

25. Assets not eligible for CB facilities can be used as collateral to obtain funding during resolution. This asset class could be used to obtain funding via private markets. Additionally, the SRB can in principle accept as collateral assets not eligible for CB facilities, when providing SRF liquidity support (Section 4.2). In this view, banks are expected to develop the capacity to identify assets non-eligible for accessing ordinary CB facilities, e.g. under the Eurosystem collateral framework or applicable collateral framework of the CB where these assets are located (in line with the asset classes detailed in Table 1 below). Banks are expected to have the necessary tools and processes to provide an overview of their holdings at least at asset class level, and this includes:

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<sup>4</sup> One of the outcomes of the 2019 SSM liquidity stress testing exercise highlighted how the volume of assets for which the eligibility assessment is not performed can be significant (c.19% of total assets).



- (i) the currency, market value (in local currency and EUR) and the liquidity value that could be realised via secured funding for marketable assets;
- (ii) the nominal or book value for non-marketable assets.

**Table 1: Collateral asset classes <sup>5</sup>**

		Marketable	
		YES	NO
CB Eligible	YES	<ul style="list-style-type: none"> <li>• Asset-backed securities (ABS)</li> <li>• Government bonds;</li> <li>• Covered bonds;</li> <li>• Corporate bonds;</li> <li>• Uncovered bank bonds;</li> <li>• Others.</li> </ul>	<ul style="list-style-type: none"> <li>• Fixed term deposits;</li> <li>• Credit claims;</li> <li>• Retail mortgage-backed debt instruments (RMBDs);</li> <li>• Non-marketable debt instruments backed by eligible credit claims (DECCs);</li> <li>• Others.</li> </ul>
	NO	<ul style="list-style-type: none"> <li>• Asset-backed securities (ABS)</li> <li>• Government bonds;</li> <li>• Covered bonds;</li> <li>• Corporate bonds;</li> <li>• Others.</li> </ul>	<ul style="list-style-type: none"> <li>• Credit claims;</li> <li>• Retail mortgage-backed debt instruments (RMBDs);</li> <li>• Real estate assets;</li> <li>• Others.</li> </ul>

## 4. Mobilisation of collateral in resolution

26. Collateral mobilisation in resolution refers to the set of contingent actions undertaken by a bank in order to access collateralised funding to support its financial continuity throughout the resolution process. Collateral mobilisation entails very different processes depending on the type of financing transaction (e.g. repos, securities lending/borrowing, etc.), the asset class that is used as collateral (e.g. marketable, non-marketable assets) and the governing law of the assets. For these reasons, banks can develop different capabilities based on their particular business model and funding structure. Given that assets eligible as collateral are likely to be limited or encumbered by the time a bank goes into resolution, banks have to assess additional sources of liquidity, e.g. via the mobilisation of non-marketable CB eligible assets, and assets not eligible for CB ordinary facilities.

<sup>5</sup> Other assets that can be relevant in resolution include, among others, equity instruments, cash in other currencies and other deposits, investments in subsidiaries, joint-ventures and associates, tangible and intangible assets, and tax assets.

27. The overall objective is for banks to have the necessary capacity to maximise the amount of secured funding that they could access in resolution. In particular, this refers to a bank's operational capacity to mobilise different collateral classes and comply with the legal requirements for making it available to different counterparties. Banks should develop and describe their capacity to mobilise different assets as collateral (i.e. eligible or non-eligible for ordinary CB facilities, marketable or non-marketable assets). Banks should pay particular attention to their capacity to mobilise non-marketable CB eligible assets, or assets not eligible for ordinary CB facilities, both marketable and non-marketable.
28. Banks are expected to perform an assessment on each of the following dimensions, and at a minimum on each of the asset classes defined in Table 1 above:
- (i) The bank's capacity to identify any legal and operational barriers to the mobilisation of local and cross-border collateral.
  - (ii) The bank's capacity to identify private counterparties to get access to secured funding in resolution.
  - (iii) The bank's capacity to identify the time that it would take to mobilise collateral to obtain access to secured funding, including the necessary operational steps (e.g. the time to draw up contracts, to implement transactions in IT systems, etc.).
29. Banks should develop and document the operational steps (with their time horizons) for mobilising these asset classes, describing also how these assets can be mobilised (e.g., among others, via sales of assets, repos or central bank facilities). Similarly, banks are expected to identify any potential operational (e.g. limited MIS capabilities), regulatory and legal barriers that could limit or prevent the mobilisation of specific assets in resolution, and define any potential mitigating measures.

## 4.1. Assets eligible as collateral for accessing ordinary CB facilities

30. Accessing ordinary CB facilities in resolution has the advantage of relying on an existing infrastructure for the mobilisation of collateral, and on standard processes that are known to the banks. However, the most liquid eligible assets should be assumed to be limited in resolution, since they are likely to be used in the recovery phase.

### 4.1.1. ELIGIBLE MARKETABLE ASSETS

31. In resolution cases, marketable assets eligible as CB collateral are the most efficient source of collateralised funding, given the high quality of the collateral and the infrastructure already in place to facilitate their mobilisation via CBs. However, this asset class is likely to be limited when a bank goes into resolution, as it is likely to be used as soon as the bank enters into recovery.

### 4.1.2. ELIGIBLE NON-MARKETABLE ASSETS

32. The capacity to mobilise non-marketable assets eligible as CB collateral (e.g. credit claims, debt instruments backed by eligible credit claims (DECCs), retail mortgage-backed debt instruments (RMBDs), etc.) should be subject to an in-depth assessment for resolution planning purposes. These assets could represent an important source of liquidity in resolution mostly for two reasons: (i) they have a higher

probability to be unencumbered at the time of resolution; and (ii) they are likely to represent the relative majority of the assets (especially credit claims) of the bank at the time of resolution.

33. In the context of the Eurosystem, national practices for mobilising credit claims adopted by the relevant NCB(s), in line with the relevant legal framework requirements, make the use of credit claims as eligible CB collateral more challenging in the context of cross-border use. Banks should therefore document their previous experience of mobilising these assets in order to understand whether they can be considered as a source of funding in resolution.
34. In relation to non-marketable assets, such as credit claims, DECCs and RMBDs, the Eurosystem sets out specific CCBM solutions for cross-border mobilisation. These specific assets can be used via the CCBM, using a transfer/assignment/pledge or floating charge on behalf of and in the name of the home central bank. Accordingly, when relevant, banks are expected to develop the necessary capacity to mobilise non-marketable assets that are eligible as CB collateral on a cross-border basis.

#### 4.1.3. CENTRAL BANKS OUTSIDE THE EUROSISTEM

35. Eligible collateral can be located in subsidiaries established outside the Euro Area and there may be barriers for cross-border mobilisation of such eligible collateral. It is then necessary to clarify how this collateral could be mobilised to access funding via the host CB. The options for this include via a subsidiary located in a Member State outside the Euro Area, which forms part of the European System of Central Banks (ESCB), namely Bulgaria, Croatia, Czech Republic, Denmark, Hungary, Poland, Romania, and Sweden. Alternatively, it could be via a central bank located in other jurisdictions, such as Australia, Canada, Switzerland, the United States, or the United Kingdom, among others. Banks are expected to document any relevant information related to the mobilisation of collateral via non-BU CBs.

## 4.2. Assets not eligible as collateral for accessing ordinary CB facilities

36. As mentioned previously, the availability of assets eligible for CB facilities is expected to be limited at the time of resolution, as eligible assets are the first recourse in cases of recovery. Therefore, assessments of the capacity to mobilise non-eligible assets as collateral for CB facilities should be carried out in the planning stage of a resolution. This capacity includes the ability to produce data for the valuation of collateral, the anticipation of terms and operational requirements to secure collateralised credit using these assets and the identification of possible counterparties.
37. The starting point for a bank's assessment of the mobilisation of non-eligible assets as CB collateral is to understand whether and how the bank's previous experience of mobilising non-eligible assets classes as CB collateral could be leveraged on in a resolution context, as potential sources of collateral.
38. Assessing the capacity to mobilise non-eligible assets presents the obvious challenge of not having specific collateral framework requirements for use as benchmarking. However, this should not prevent banks from carrying out specific work in the resolution planning stage aimed at increasing the likelihood of these assets being used as collateral in resolution.
39. A starting point to assess a bank's capacity to mobilise non-eligible assets consists in understanding the bank's ability to adapt quickly and make use of its broader collateral framework if this is available. One

example is its ability to leverage on temporary collateral easing measures, as introduced by the Eurosystem in April 2020 to mitigate the tightening of financial conditions. The ability of banks to quickly adapt to a new collateral framework is key to accessing emergency liquidity in resolution from the SRF, as the higher risk tolerance of this lender may allow it to accept non-eligible assets as collateral subject to the application of different risk-control measures

40. Consequently, banks are expected to document assets that are deemed non-eligible as CB collateral, in order to identify collateral portfolios that could be used if more flexible eligibility criteria were applied. In particular, this refers to assets that are not eligible as collateral for private market funding or ordinary CB facilities, due to insufficient credit quality, but which banks would be operationally ready to mobilise. These assets might be considered as a source of liquidity in resolution. Moreover, performing a gap analysis to identify the reasons for the ineligibility of different assets would enable banks to identify actions that could be taken to meet the eligibility criteria and improve financial resilience in resolution.

#### 4.2.1. MARKETABLE ASSETS

41. Marketable assets have the advantage of standardisation that allows these instruments to be traded in regulated markets. These types of assets offer some additional sources of collateralised credit either through private market counterparties, or the contingent use of extraordinary funding. The resolution planning phase should include assessments of the capabilities to identify the governing law and location of the instrument, the counterparties who would be willing to extend collateralised credit, and conditions thereof, as well as the procedures identified by the bank to mobilise these assets. Banks should indicate whether they can obtain funding from these assets in normal circumstances and elaborate on how this capacity would perform in a resolution scenario.

#### 4.2.2. NON-MARKETABLE ASSETS

42. Generally, processes required for the mobilisation of these assets are less standardised and subject to local requirements. Banks are expected to provide an assessment of how they could leverage on their capabilities to mobilise non-marketable asset classes. Although in principle different asset classes could fall within this category, in practice, the most relevant ones to be considered in a resolution context are credit claims, DECCs and RMBDs. Other relevant categories could include assets such as non-marketable equities or bonds
43. A benchmark for assessing banks' capabilities to mobilise non-eligible non-marketable assets is the Temporary framework for credit claims of the Eurosystem. Additional credit claims (ACCs)<sup>6</sup> are credit

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<sup>6</sup>The possibility of implementing ACC frameworks was introduced in December 2011 as part of the enhanced credit support measures to support bank lending during the financial crisis and was further expanded during the pandemic. While the general Eurosystem collateral framework includes loans to the public sector, corporates, and small- and medium-sized enterprises, the ACC can include also loans to households as well as pools of similar kinds of loans, consisting of, for instance, corporate, SME loans, consumer loans or mortgages. Besides this, the ACC can also include exposures at lower credit quality than acceptable credit quality under the ECB asset eligibility criteria or denominated in other currencies than euros. Moreover, further deviation from the general eligibility criteria is allowed if the NCB sees fit to engage into this kind of activity.

claims that do not fulfil all the eligibility criteria applicable under the general collateral framework, but are eligible under the Temporary framework.

44. Banks are expected to provide the following information on relevant aspects of their use of the ACC framework: i) the extent to which banks have made use of it; ii) the speed at which banks were able to assess additional assets eligible as collateral under this framework; iii) the extent to which banks' own MIS facilitated the identification of additional collateral under the temporary framework; and iv) the extent to which banks' own MIS allowed for the production of data points as required by the ACC templates.
45. Access to secured funding using non-marketable non-eligible assets is likely to require the use of some form of extraordinary support. It is important to note that having collateral does not grant automatic access to this form of support, which remains a discretionary decision of the relevant authority. Therefore, it is important that banks are able to provide relevant instrument-level information to allow a potential collateral receiver to perform a valuation (e.g. through reliable credit quality assessments, taking account of the currency, governing law and location of the instrument).

### 4.3. SRB collateral policy

46. Article 76 SRMR sets out the mission of the SRF and the conditions under which its resources can be used. In resolution scenarios, when applying resolution tools, the SRB may use the SRF only to the extent necessary to ensure the effective application of the resolution tools for the purposes listed in Article 76(1) SRMR. For the purpose of managing its exposures when using the Common Backstop to the SRF for liquidity support, the SRB has developed an internal collateral framework, which should also be considered for SRF liquidity support in general.
47. The SRB collateral framework is built around the following guiding principles:
  - The SRB provides liquidity on a fully collateralised basis to the extent that collateral is available and its mobilisation is practical given the circumstances.
  - While, in principle, all asset classes are eligible under the SRB collateral framework, particular importance is given to asset classes i) on which banks can provide the necessary data and information to perform a valuation, and ii) that can be operationally and legally mobilised in a short timeframe. In this regard, the relevant asset classes are listed in Table 1 above.
  - The SRB requests a valuation of the collateral from an independent third party.
  - The SRB applies risk control measures in the form of specific haircuts in line with the parameters defined in its risk management framework.

## 4.4 Mobilisation of collateral under different resolution strategies

### 4.4.1. SPE

48. In a single point of entry (SPE) strategy, the presumption is that the resolution group should be ready to guarantee sufficient funding for critical economic functions and the core business lines of the whole resolution group, especially when sufficient private sector funding is unavailable. Collateral located in the EU, and in particular in the Banking Union (BU), would facilitate a decision to grant support from the SRF. However, as mentioned previously, the decision to use the SRF remains at the discretion of the SRB. As such, banks should assess the amount of collateral that could be available to the resolution entity, to entities in the resolution group located in the EU or BU, or that could be transferred from other entities of the group to entities located in the EU or BU.
49. In addition to what was stated previously in paragraph 9 of this guidance, hosted banks are expected to demonstrate collateral management capabilities, as well as operational and governance capabilities, in order to handle situations in which collateral mobilisation at local level is required.

### 4.4.2. MPE

50. Under an MPE Strategy, each resolution group should be able to manage its own liquidity independently, in case the group is separated during resolution. Therefore, each resolution group should obtain its own resources and have MIS capabilities to manage its own liquidity and collateral at the level of each resolution group. Banks under an MPE strategy should be able to demonstrate that liquidity and collateral management could be performed in a decentralised way in each resolution group. Resolution groups under an MPE strategy are not expected to lend each other liquidity in a resolution.