

BANCO DE ESPAÑA

Departamento de Operaciones

Madrid, 14 de octubre de 2009

**Query as to consideration of the debt instruments issued by the Fund of Ordered Bank Restructuring (FROB) guaranteed by the Government (Royal Decree 9/2009) as guarantee assets in monetary policy operations of the European Central Bank.**

With regard to your query indicated above, kindly be informed that the issues of debentures/bonds which could be put into circulation by the FROB satisfy the necessary requirements stipulated to be included as guarantee assets ("collateral") in the monetary policy operations of the European Central Bank.

As far as the haircuts applicable to these securities are concerned, it is my understanding that in principle the FROB issues would be classified within the III liquidity group, which has haircuts of 4.5% for issues of between 3 and 5 years of maturity, and of 5.5% for issues with maturity of between 5 and 7 years.