

ARTICLE		
CONTENT	SUBTITLE	TITLE
<ol class="crrNumList" style="list-style-type: none"> This Regulation lays down rules concerning the investment by the Single Resolution Board (the Board) of the amounts held in the Single Resolution Fund (the Fund) referred to in Article 75(3) of Regulation (EU) No 806/2014. This Regulation does not apply to collateral of low-risk assets unencumbered by any third-party rights, at the free disposal of and earmarked for the exclusive use by the Board as referred to in Article 70(3) of Regulation (EU) No 806/2014. 	Scope	Article 1
<div class="crrArticle"> <p>For the purposes of this Regulation, the following definitions shall apply:</p> <ol class="crrNumList" style="list-style-type: none"> institutional sectors means institutional sectors as defined by paragraph 1.28 of Annex A to Council Regulation (EC) No 2223/96; sectors of economic activity means sections set out in Annex I of Regulation (EC) No 1893/2006; bodies governed by public law shall mean bodies governed by public law as defined in Article 1(9) of Directive 2004/18/EC of the European Parliament and of the Council Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts (OJ L 134, 30.4.2004, p. 114).; ESCB central banks shall mean ECSB central banks as defined in Article 4(1)(45) of Regulation (EU) No 575/2013 of the European Parliament and of the Council Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1). </div>	Definitions	Article 2
<ol class="crrNumList" style="list-style-type: none"> The Board shall conduct a prudent and safe investment strategy with the objective of protecting the value of the amounts held in the Fund and of satisfying the liquidity requirements of the Fund. The Board shall take into account both the financial capacity of the Fund and the expected disbursements according to the mission of the Fund as defined in Article 76 of Regulation (EU) No 806/2014. It shall take into account all available information and adequate assumptions and stress scenarios. The investment strategy shall include a definition of the risk appetite, quantifying the maximum tolerable potential loss over a defined time horizon with a defined probability. The amounts referred to in Article 1(1) of this Regulation shall be invested all together as a single pool of resources, regardless of the division of the Fund into national compartments provided for in Article 77 of Regulation (EU) No 806/2014. 	Investment objectives	Article 3
<ol class="crrNumList" style="list-style-type: none"> The Board shall determine the eligibility of assets for investment on the basis of the general requirements for liquid assets of credit institutions laid down in Article 7(2), (4), (5) and (6), and in points (a) and (b) of Article 7(7) of Delegated Regulation (EU) 2015/61. The Board shall invest the amounts referred to in Article 1(1) exclusively in assets which meet the requirements established in Articles 10(1), 11(1), points (a) to (e) of Article 12(1) and Article 15(1) of Delegated Regulation (EU) 2015/61. The requirements for credit institutions laid down in the second sentence of Article 10(1)(d) and in point (iii) of Article 10(1)(f), point (iii) of Article 11(1)(c), point (v) of Article 11(1)(d) and point (ii) of Article 12(1)(e) of Delegated Regulation (EU) 2015/61 shall not apply to the Board. The Board shall conduct an appropriate 	Eligible assets for investment	Article 4

assessment of an eligible asset before investing in it, including an evaluation of its liquidity and creditworthiness and of its compatibility with the investment objectives set out in Article 3. The interaction with the entire investment portfolio should be considered when determining the prudence of an individual investment.		
In case any asset loses its eligibility, the Board shall progressively reduce the exposure of the Fund to that given asset. Without prejudice to Article 3, the Board shall do so within a timeframe and in a manner that minimise any impact on market prices.		
<p>The Board shall comply with the following requirements on the composition of the Fund's portfolio:</p> <ul style="list-style-type: none"> a minimum of 60 % of the portfolio shall be composed of assets which meet the requirements established in Article 10(1) of Delegated Regulation (EU) 2015/61; a minimum of 30 % of the portfolio shall be composed of assets which meet the requirements established in points (a) to (e) and (g) of Article 10(1) of Delegated Regulation (EU) 2015/61; a maximum of 15 % of the portfolio shall be held in assets which meet the requirements established in points (a) to (e) of Article 12(1) of Delegated Regulation (EU) 2015/61. <p>For the purposes of paragraph 1, assets which meet the requirements established in Article 15(1) of Delegated Regulation (EU) 2015/61 shall be treated equivalently to the assets underlying the relevant undertaking.</p>	Composition of the portfolio	Article 5
<ul style="list-style-type: none"> Investments of the amounts held in the Fund shall be sufficiently diversified across sectors. The Board shall limit exposures to individual institutional sectors and to individual sectors of economic activity. The Board shall take into account that correlations between sectors of economic activity may reduce the actual diversification achieved by application of paragraph 2. In addition to the requirements of Article 4(1) of this Regulation, the Board shall also limit indirect exposures to the issuers set out in Article 7(4) of Delegated Regulation (EU) 2015/61. 	Sectorial diversification	Article 6
<ul style="list-style-type: none"> Investments of the amounts held in the Fund shall be geographically diversified, taking into account the structure and composition of any expenditure of the Fund estimated in Part II of the Board's budget pursuant to Article 60 of Regulation (EU) No 806/2014. The exposures to eligible assets specified in Article 4 from issuers established in a given participating Member State, as a share of the total exposures of the Fund, shall not represent more than 1,2 times the share of ex ante contributions raised in accordance with Article 70 of Regulation (EU) No 806/2014 from the institutions authorised in the corresponding Member State. The exposures to eligible assets specified in Article 4 from issuers established in a given non-participating Member State or in a given third country, expressed as a share of the total exposures of the Fund, shall be sufficiently geographically diversified, taking into account criteria such as the size of the economy, the depth and liquidity of the financial market and the additional investment opportunities, including in terms of risk diversification. <p>That exposure shall not exceed in any case the highest limit established by paragraph 2.</p>	Geographical diversification	Article 7
<ul style="list-style-type: none"> The Board shall set a ceiling of up to 30 % of any single issue in which amounts held in the Fund may be invested. That ceiling may be exceeded only where, given the nature of the investment, the purchase of any amount of a security of that given investment results in ownership of 100 % of the corresponding International Securities Identification 	Diversification by issuer and issue	Article 8

DOCUMENT	SECTION	Number (ISIN). The Board shall set a ceiling of up to 30 % for any issuer's total issues in which amounts held in the Fund may be invested. 		
		<ol class="crrNumList"> Without prejudice to Article 3, the Board shall endeavour to diversify investments across maturities. When deciding on diversification, the Board shall take into account the elements laid down in Article 3(1) of this Regulation and, when relevant, the liquidity and other characteristics of the collateral referred to in Article 70(3) of Regulation (EU) No 806/2014. 	Additional criteria on diversification	Article 9
		<ol class="crrNumList"> The Board shall only use derivatives for risk management purposes, including managing market risk and liquidity risk. The Board may adopt guidelines to specify the eligible uses of derivatives. <p>The Board shall only use derivatives cleared by:</p> <ol class="crrCharList"> a central counterparty authorised under Article 14 or 15 of Regulation (EU) No 648/2012 or recognised under Article 25 thereof; or a central bank, provided that exposures to that central bank or its central government are assigned a credit assessment by a nominated external credit assessment institution (ECAI) which is at least credit quality step 1 in accordance with Article 114(2) of Regulation (EU) No 575/2013. The requirement laid down in Article 7(4) of Delegated Regulation (EU) 2015/61 shall not apply to the use of derivatives by the Board pursuant to this Article. 	Derivatives	Article 10
		<ol class="crrNumList"> The Board shall hedge currency risk into euro or into currencies of participating Member States whose currency is not the euro in order to ensure a limited remaining foreign exchange risk for the Fund. Where applicable, in order to manage the currency risk between the different currencies referred to in paragraph 1, the Board shall take into account the elements laid down in Article 3(1). 	Currency	Article 11
		<ol class="crrNumList"> For all investment decisions, the Board shall take into account the possible repercussions on the Fund's creditworthiness in order to safeguard the Board's prerogatives with respect to both alternative funding means, as established by Article 73 of Regulation (EU) No 806/2014, and to access to financial arrangements regarding the immediate availability of additional financial means, as established by Article 74 thereof. Without prejudice to Article 3, the Board shall conduct all transactions related to the investment of the Fund in a manner that limits any effects on market prices, even in situations of market stress. As an immediate investment or divestment of the amounts referred to in Article 1(1) might lead to market impacts, the Board may tolerate some temporary divergence with the general principles and criteria for the investment strategy of the Fund. 	Additional general principles	Article 12
		<div class="crrArticle">The Board shall review the investment strategy every year.</div>	Review of the strategy	Article 13
		<ol class="crrNumList"> The Board shall adopt a governance framework, including an allocation of tasks and responsibilities and necessary delegations, to ensure an efficient implementation of the investment strategy. The Board shall adopt internal control standards to verify compliance between the implementation of the investment strategy, the investment strategy and the rules set out in this Regulation. The executive session of the Board shall keep the plenary session informed of the results of the implementation of the investment strategy. The Board shall adopt any internal rules and procedures necessary to apply this Regulation. The Board may establish a committee of the plenary	Administration	Article 14

session with the mandate to assist the Board in the application of this Regulation.		
<ol class="crrNumList" style="list-style-type: none"> The Board shall comply with the principles of sound financial and risk management. The Board shall quantify all risks using appropriate measures for the management and control of the respective types of risk. The Board shall apply multiple risk measures for each type of risk, capture both current and forward-looking aspects, and use both quantitative and qualitative information in order to avoid overreliance on a single risk measure. The Board shall supplement regular risk measurement by stress tests and scenario analysis in order to identify high-risk areas and to evaluate the combined effects of financial shocks. 	Risk management	Article 15
<ol class="crrNumList" style="list-style-type: none"> The executive session of the Board may decide on the full or partial outsourcing of specific activities conferred upon the Board by Article 75(3) of Regulation (EU) No 806/2014. The Board may outsource the activities referred to in paragraph 1 only to one or more bodies governed by public law, ESCB central banks, international institutions established under public international law or Union law institutions, provided that they have an established practice of managing similar investments and without prejudice to the ability of the service provider to contract services from third parties. The investment mandate from the Board to the service provider shall clearly define at least the duration, maturity, eligible universe and benchmarking requirements, as well as establish a framework for regular reporting from the service provider to the Board. Any contract between the Board and a service provider for the activities referred to in paragraph 1 shall include clauses governing the Board's cancellation rights, outsourcing chains and non-performance by the service provider. The executive session of the Board shall inform the plenary session of upcoming decisions on outsourcing. If the Board fully or partially outsources the activities referred to in paragraph 1, it shall remain fully responsible for discharging all of its obligations under Regulation (EU) No 806/2014 and this Regulation. Where it decides to outsource any activity referred to in paragraph 1, the Board shall refer to best business practices on outsourcing within the financial sector. <p>If the Board fully or partially outsources the activities referred to in paragraph 1, it shall ensure at all times that:</p> <ol class="crrCharList" style="list-style-type: none"> outsourcing does not result in the delegation of the Board's responsibility; outsourcing does not exclude the accountability of the Board under Article 45 and Article 46(1) of Regulation (EU) No 806/2014, nor its independence under Article 47 thereof; outsourcing does not result in depriving the Board from the necessary systems and controls to manage the risks it faces; the service provider implements equivalent business continuity arrangements to those of the Board; the Board retains the necessary expertise and resources to evaluate the quality of the services provided and the organisational and capital adequacy of the service provider, and to supervise the outsourced functions effectively and manage the risks associated with the outsourcing and supervises those functions and manages those risks on an ongoing basis; the Board has direct access to the relevant information of the outsourced activities; the service provider protects any confidential information relating to the Board. 	Outsourcing	Article 16
<ol class="crrNumList" style="list-style-type: none"> Before adopting its first investment strategy, the Board may deposit all the amounts referred to in Article 1(1) with the central banks 		

	of one or more Member States.	Before carrying out the calculations that are required to determine the shares referred to in Article 7(2) for the first time, the Board may make use of estimates in order to apply Articles 7(2) and 7(3).	Transitional provisions	Article 17
	The Board shall submit to the Commission a report on the application of this Regulation by 31 December 2016.		Report	Article 18
	This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union. It shall apply from 1 January 2016.		Entry into force and application	Article 19