

Content of question:

Which conditions should be satisfied in the case of protection by movable assets for the market to be deemed liquid?

Answered by: **Radka Litošová, Martin Pícha**

Approved by: **Pavel Vacek**

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Piece of law	Decree No. 123/2007 Coll. (as amended)
Provision	Annex 15, A, II, 3, a), 1
Explanation	<p>Neither valid pieces of law nor other documents contain any definition of a liquid market for a particular category of movable assets, nor do they further specify conditions or requisites to be met. Considering the variety of types/kinds of movable assets and the degree of dynamics of the development in each individual market, it is not possible and, up to a point, even not desirable to provide a more detailed regulatory specification of these conditions.</p> <p>In assessing the market liquidity for a particular movable asset, it is appropriate to first consider the levels of supply and demand relevant to the given period of time and, subsequently, the type/kind of asset (e.g. whether the asset is a raw material or an end-product), the degree of universality of its usage, the age and the degree of its depreciation etc. It can be expected that the amount of time necessary for disposal will be considerably lower in the case of road vehicles – both cars and cargo vehicles – than in the case of, for example, industrial machinery and machines of a specific nature.</p> <p>The market liquidity for a given type/kind of asset is also, to a considerable degree, dependent on the existing macro-economic conditions, as well as their evolution and their erudite estimate.</p>