EUROPEAN CENTRAL BANK

EUROSYSTEM

Survey on credit terms and conditions in euro-denominated securities financing and OTC derivatives markets (SESFOD)

As a follow-up to the recommendation in the Committee on the Global Financial System (CGFS) study group report on “The role of margin requirements and haircuts in procyclicality” published in March 2010, the Eurosystem has decided to conduct a quarterly qualitative survey on credit terms and conditions in euro-denominated securities financing and OTC derivatives markets. The survey is part of an international initiative to collect information on trends in the credit terms offered by firms in the wholesale markets and insights into the main drivers of these trends. The information collected is valuable for financial stability, market functioning and monetary policy objectives.

The survey questions are grouped into three sections:
1. Counterparty types – covers credit terms and conditions for various counterparty types in both securities financing and OTC derivatives markets;
2. Securities financing – focuses on financing conditions for various collateral types;
3. Non-centrally cleared OTC derivatives – credit terms and conditions for various derivatives types.

The survey focuses on **euro-denominated** instruments in securities financing and OTC derivatives markets. For securities financing, this refers to the euro-denominated securities against which financing is being provided, rather than the currency of the loan. For OTC derivatives, at least one of the legs of the derivative contract should be denominated in euro.

Survey participants are **large banks and dealers** active in targeted euro-denominated markets.

Reporting institutions should report about their **global credit terms** and thus the survey is directed to the senior credit officers responsible for maintaining a consolidated perspective on the management of credit risks. Where material differences exist across different business areas, for example between traditional prime brokerage and OTC derivatives, answers should refer to the business area generating the most exposure.

Credit terms are reported from the perspective of the firm as a **supplier of credit to customers** (rather than as receiver of credit from other firms).

The questions focus on how terms have changed over the past three months; why terms have changed; and expectations for the future. Change data should reflect **how terms have tightened or eased over the past three months, regardless of how they stand relative to longer-term norms**. "Future" data should look at expectations of how terms will change over the next three months.

Firms are encouraged to answer all questions, unless some market segments are of marginal importance to firm's business.

The font colour of the reported net percentage of respondents, either blue or red, reflects respectively **tightening/ deterioration** or **easing/ improvement** of credit terms and conditions in targeted markets.

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June 2016 SESFOD results

(reference period from March 2016 to May 2016)

Summary

The June 2016 **survey on credit terms and conditions in euro-denominated securities financing and over-the-counter (OTC) derivatives markets (SESFOD)** collected qualitative information on changes in credit terms between March 2016 and May 2016. This report summarises the findings of the responses from a panel of 27 large banks, comprising 14 euro area banks and 13 banks with head offices outside the euro area.

Highlights

Credit terms offered to counterparties in both the provision of finance that is collateralised by euro-denominated securities and over-the-counter (OTC) derivatives markets became somewhat less favourable over the three-month reference period ending in May 2016. Credit terms are expected to tighten further over the coming three-month reference period between June and August 2016.

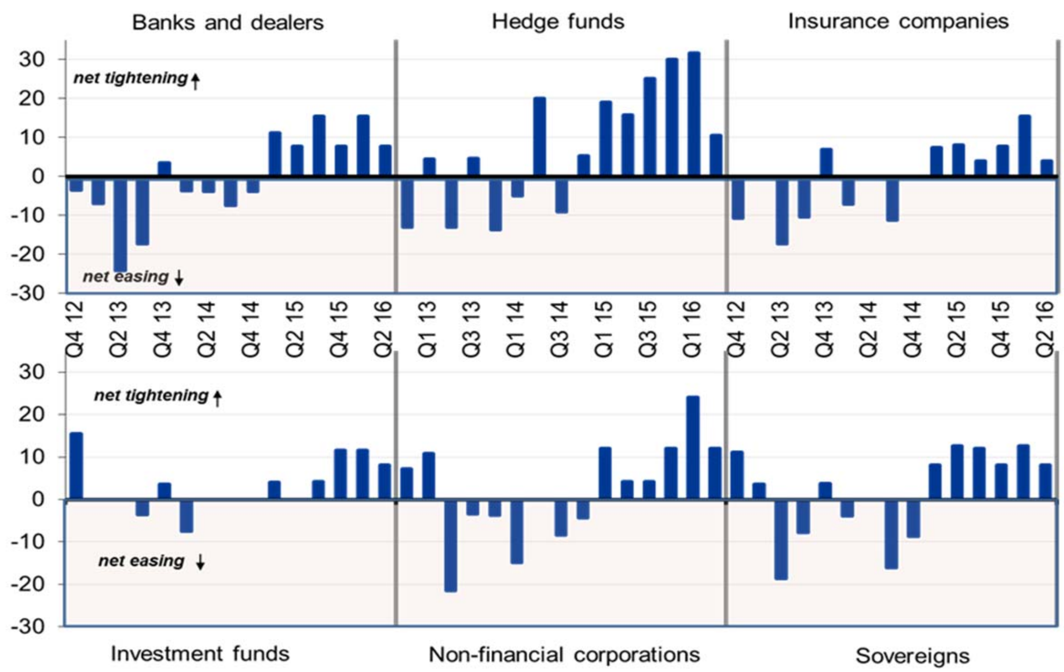
Regarding the provision of finance that is collateralised by euro-denominated securities, survey respondents indicated somewhat less favourable **non-price terms** such as the maximum amount and the maximum maturity of funding against many types of collateral. However, respondents reported more favourable **price terms** such as financing rates/spreads for many types of collateral, in particular when government bonds had been used as collateral, except for high-yield corporate bonds and convertible securities.

Liquidity and functioning of markets for the underlying collateral (as opposed to the securities financing market itself) deteriorated further on balance for almost all types of euro-denominated collateral covered in the survey following the deterioration in liquidity and market functioning that had been reported in the previous four SESFOD surveys.

Counterparty types

Changes: responses to the June 2016 survey suggest that, on balance, credit terms offered to counterparties in both securities financing and OTC derivatives transactions became less favourable over the three-month reference period. The tightening of overall credit terms followed the tightening that had been reported in previous SESFOD surveys for all counterparty types (see Chart A).

Chart A: Changes in overall credit terms offered to counterparties across the entire spectrum of transaction types
(Q4 2012 – Q2 2016; net percentage of survey respondents)



Source: ECB.
Note: The net percentage is defined as the difference between the percentage of respondents reporting “tightened somewhat” or “tightened considerably” and those reporting “eased somewhat” or “eased considerably”.

Expectations: respondents to the June 2016 survey mostly expected credit terms to tighten somewhat further for all counterparties over the coming three-month reference period (June to August 2016). The expected tightening of credit terms is most noticeable for price terms offered to banks, insurance companies, investment funds and non-financial corporations.

Reasons: survey respondents highlighted a number of reasons why, on balance, credit terms had become less favourable over the reference period. A deterioration in liquidity and market functioning, diminished availability of balance sheet or capital and rising internal treasury charges for funding were the most frequently cited key factors. A small net percentage of respondents indicated that changes in the practices of central counterparties (CCPs), including margin requirements and haircuts, had contributed to a tightening of credit terms applied by their institution to clients on bilateral transactions which had not cleared. Finally, qualitative responses to the survey also referred to the upcoming UK referendum on EU membership, which had not yet taken place in the reference period, with a potential decision to “leave” as an additional factor behind tightening credit terms.

Management of concentrated credit exposures to large banks and CCPs: a quarter of reporting banks indicated that their institutions had further increased the level of resources and attention devoted to the management of concentrated credit exposures to both banks and CCPs over the three-month reference period. Qualitative responses to the survey indicated that a wider range of CCPs had been used and more attention had been paid to portfolio compression techniques for both centrally cleared and OTC derivatives portfolios.

Leverage: respondents reported that, on balance, the use of financial leverage by hedge funds had decreased over the three-month reference period, while the use of financial leverage by insurance companies, investment funds, pension plans and other institutional investment pools had, on balance, remained basically unchanged.

Client pressure and differential terms: the results of the June 2016 survey show that clients' efforts to negotiate more favourable price and non-price terms had increased on balance for all counterparty types, in particular for non-financial corporations as counterparties.

Valuation disputes: as in the previous SESFOD survey, respondents reported limited changes with respect to the volume, persistence and duration of valuation disputes with all types of counterparty. Only a few banks reported that the volume, duration and persistence of valuation disputes had increased somewhat. For example, one survey participant highlighted long-running disputes with a small number of banks that use a different discount curve for the valuation of long-dated swaps.

Securities financing

Maximum amount of funding: Responses to the June 2016 survey indicated small, albeit mostly less favourable, changes in the maximum amount of funding under which many types of collateral had been funded over the three-month reference period. A small net percentage of respondents indicated that the maximum amount of funding for average clients had decreased somewhat when government bonds, high-quality financial and non-financial corporate bonds and equities had been used as collateral. The maximum amount of funding for average clients remained basically unchanged for high-yield corporate bonds, convertible securities and covered bonds as collateral. One respondent reported an increase in the maximum amount of funding when asset-backed securities had been used as collateral. Also, with respect to most-favoured clients, survey respondents reported only small changes in the maximum amount of funding under which various types of collateral had been funded.

Maximum maturity of funding: similarly, survey respondents indicated only small changes in the maximum maturity of funding of euro-denominated securities for both average and most-favoured clients over the reference period. A very small net percentage of respondents reported a decrease in the maximum maturity of funding under which high-quality financial and non-financial corporate bonds, equities and covered bonds had been funded for average clients. Survey respondents reported that, on balance, the maximum maturity of funding remained basically unchanged for average clients when domestic government bonds and high-quality government, sub-national and supranational government bonds, high-yield corporate and convertible bonds had been used as collateral. Only one respondent indicated that there had been an increase in the maximum maturity of funding with asset-backed securities used as collateral.

Haircuts: for both average and most-favoured clients, the majority of respondents indicated that, as registered previously, haircuts for many types of euro-denominated collateral covered in the survey had remained basically unchanged over the review period, with only a few institutions reporting changes.

Financing rates/spreads: in net terms, respondents reported that financing rates/spreads had, on balance, decreased somewhat for average clients for most types of collateral except for high-yield corporate bonds and convertible securities. The reported decrease was more pronounced for most-favoured clients. In particular, when all types of government bond and equities had been used as collateral, more than a fifth of respondents reported more favourable financing rates/spreads over the reference period.

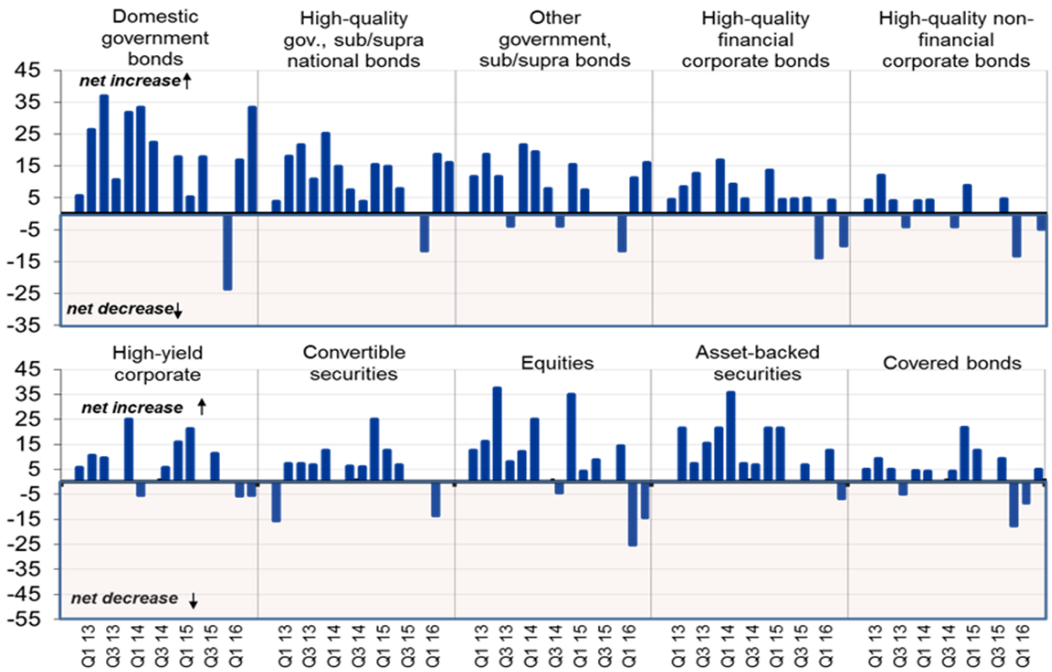
Use of CCPs: banks reported that the use of CCPs had increased somewhat further over the three-month reference period for securities financing transactions with all types of government bond, high-quality financial corporate bonds, high-yield corporate bonds and covered bonds as collateral. Results were similar for average and most-favoured clients.

Covenants and triggers: as in previous surveys, the responses to the June 2016 survey indicated that there had been almost no changes in covenants and triggers for all collateral types over the reference period.

Demand for funding: a significant net percentage of responses to the June 2016 survey indicated that demand by their institutions' clients for funding using all types of government bond, and to a lesser extent also covered bonds, as collateral increased over the three-month reference period (see Chart B). By contrast, a small net percentage of respondents reported a decrease in demand for funding against high-quality financial and non-financial corporate bonds, equities and asset-backed securities.

Chart B: Changes in demand for funding against collateral by collateral type

(Q4 2012 – Q2 2016; net percentage of survey respondents)



Source: ECB.

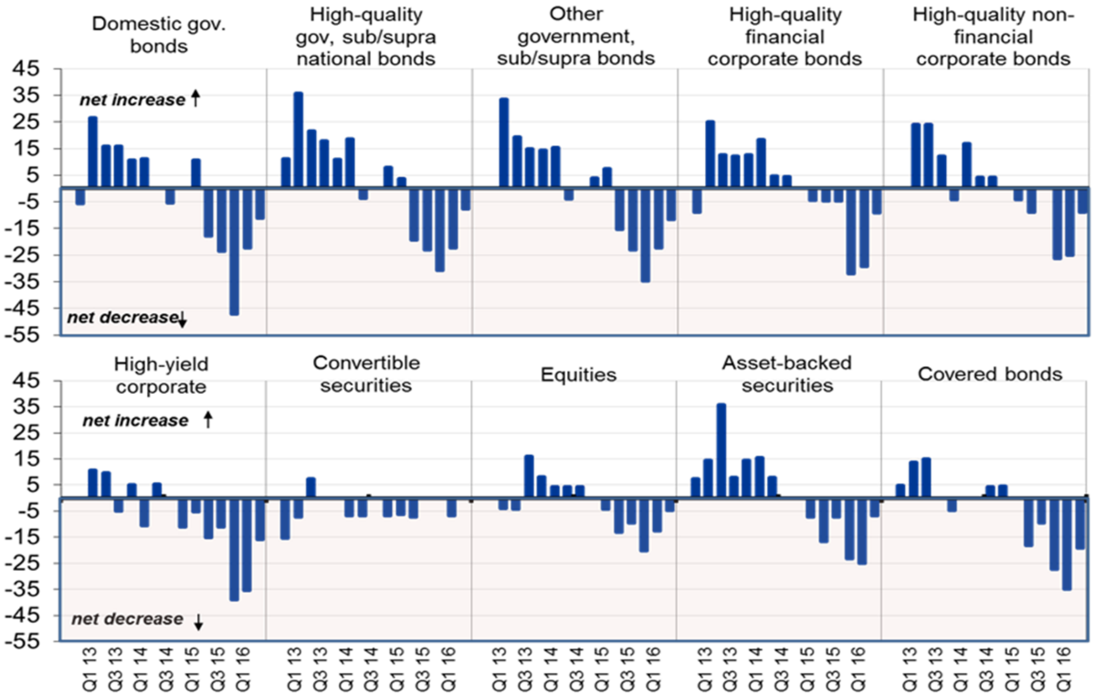
Note: The net percentage is defined as the difference between the percentage of respondents reporting "tightened somewhat" or "tightened considerably" and those reporting "eased somewhat" or "eased considerably".

Liquidity of collateral: on balance, liquidity and functioning of markets for the underlying collateral (as opposed to the securities financing market itself) deteriorated further over the three-month reference period for almost all types of euro-denominated collateral covered in the SESFOD survey. This followed the deterioration in liquidity and market functioning that had already been reported in the previous four SESFOD surveys (see Chart C). The evaporation of liquidity reported in the June 2016 survey was most evident for covered bonds and high-yield corporate bonds.

Collateral valuation disputes: as in previous surveys, respondents indicated that the volume, persistence and duration of valuation disputes for the various types of collateral included in the survey had remained essentially unchanged over the three-month reference period.

Chart C: Changes in liquidity and functioning of markets

(Q4 2012 – Q2 2016; net percentage of survey respondents)



Source: ECB.

Note: The net percentage is defined as the difference between the percentage of respondents reporting "increased somewhat" or "increased considerably" and those reporting "decreased somewhat" or "decreased considerably".

Non-centrally cleared OTC derivatives

Initial margin requirements: responses indicated that initial margin requirements for all types of non-centrally cleared euro-denominated derivatives contract covered in the survey had remained basically unchanged over the three-month reference period ending in May 2016.

Credit limits: the vast majority of responses indicated that the maximum amount of exposure and the maximum maturity of non-centrally cleared OTC derivatives trades had remained basically unchanged over the reference period (i.e. between March and May 2016). Only one institution reported that the maximum amount of exposure with respect to OTC foreign exchange derivatives, credit derivatives referencing corporates and commodity derivatives had decreased somewhat, and one institution indicated that the maximum maturities of trades with respect to OTC equity and commodity derivatives had decreased somewhat.

Liquidity and trading: a small net percentage of banks reported that liquidity and trading had deteriorated somewhat for OTC foreign exchange derivatives and equity derivatives. By contrast, a small net percentage of banks reported that liquidity and trading of OTC credit derivatives referencing sovereigns and corporates had improved somewhat over the three-month reference period.

Valuation disputes: Most respondents reported that the volume, persistence and duration of disputes relating to the valuation of OTC derivatives contracts had remained basically unchanged over the review period for most types of OTC derivatives contract covered by the survey.

Non-price changes in new agreements: A small percentage of responses indicated that margin call practices, acceptable collateral, covenants and triggers, as well as other documentation features incorporated in new or renegotiated OTC derivatives master agreements had, on balance, tightened somewhat over the three-month reference period.

Posting of non-standard collateral: according to the responses to the June 2016 SESFOD survey, the posting of non-standard collateral (i.e. collateral other than cash and government debt securities) had remained basically unchanged, with only a few banks reporting a decrease or increase.

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1. Counterparty types

1.1 Realised and expected changes in price and non-price credit terms

Over the past three months, how have the [price] terms offered to [counterparty type/ all counterparties above] as reflected across the entire spectrum of securities financing and OTC derivatives transaction types changed, regardless of [non-price] terms?

Over the past three months, how have the [non-price] terms offered to [counterparty type/ all counterparties above] as reflected across the entire spectrum of securities financing and OTC derivatives transaction types changed, regardless of [price] terms?

Over the past three months, how have the [price and non-price] terms offered to [counterparty type/ all counterparties above] as reflected across the entire spectrum of securities financing and OTC derivatives transaction types changed [overall]?

(in percentages, except for the total number of answers)

Realised changes	Tightened considerably	Tightened somewhat	Remained basically unchanged	Eased somewhat	Eased considerably	Net percentage		Total number of answers
						Mar. 2016	Jun. 2016	
Banks and dealers								
Price terms	0	26	70	4	0	+14	+22	27
Non-price terms	0	8	92	0	0	-4	+8	26
Overall	0	12	85	4	0	+15	+8	26
Hedge funds								
Price terms	0	16	79	5	0	+20	+11	19
Non-price terms	0	0	100	0	0	0	0	20
Overall	0	16	79	5	0	+32	+11	19
Insurance companies								
Price terms	0	15	74	11	0	+21	+4	27
Non-price terms	0	8	88	4	0	+11	+4	26
Overall	0	15	73	12	0	+15	+4	26
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Price terms	0	19	73	8	0	+19	+12	26
Non-price terms	0	8	92	0	0	+12	+8	25
Overall	0	20	76	4	0	+12	+16	25
Non-financial corporations								
Price terms	0	15	81	4	0	+15	+12	26
Non-price terms	0	8	92	0	0	+8	+8	25
Overall	0	16	80	4	0	+24	+12	25
Sovereigns								
Price terms	0	15	81	4	0	+12	+12	26
Non-price terms	0	8	92	0	0	0	+8	25
Overall	0	12	84	4	0	+13	+8	25
All counterparties above								
Price terms	0	15	81	4	0	+22	+12	26
Non-price terms	0	8	92	0	0	+12	+8	25
Overall	0	16	80	4	0	+24	+12	25

Note: The net percentage is defined as the difference between the percentage of respondents reporting "tightened considerably" or "tightened somewhat" and those reporting "eased somewhat" and "eased considerably".

1.1 Realised and expected changes in price and non-price credit terms (continued)

Over the next three months, how are the [price] terms offered to [counterparty type/ all counterparties above] as reflected across the entire spectrum of securities financing and OTC derivatives transaction types likely to change, regardless of [non-price] terms?

Over the next three months, how are the [non-price] terms offered to [counterparty type/ all counterparties above] as reflected across the entire spectrum of securities financing and OTC derivatives transaction types likely to change, regardless of [price] terms?

Over the next three months, how are the [price and non-price] terms offered to [counterparty type/ all counterparties above] as reflected across the entire spectrum of securities financing and OTC derivatives transaction types likely to change [overall]?

(in percentages, except for the total number of answers)

Expected changes	Likely to tighten considerably	Likely to tighten somewhat	Likely to remain unchanged	Likely to ease somewhat	Likely to ease considerably	Net percentage		Total number of answers
						Mar. 2016	Jun. 2016	
Banks and dealers								
Price terms	0	30	63	7	0	+14	+22	27
Non-price terms	0	8	92	0	0	0	+8	26
Overall	0	20	68	12	0	+8	+8	25
Hedge funds								
Price terms	0	21	68	11	0	+10	+11	19
Non-price terms	0	5	95	0	0	+5	+5	20
Overall	0	17	78	6	0	+5	+11	18
Insurance companies								
Price terms	0	22	74	4	0	+21	+19	27
Non-price terms	0	12	88	0	0	+15	+12	26
Overall	0	20	72	8	0	+12	+12	25
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Price terms	0	23	73	4	0	+15	+19	26
Non-price terms	0	12	88	0	0	+12	+12	25
Overall	0	21	71	8	0	+8	+13	24
Non-financial corporations								
Price terms	0	23	73	4	0	+15	+19	26
Non-price terms	0	12	88	0	0	+12	+12	25
Overall	0	21	71	8	0	+17	+13	24
Sovereigns								
Price terms	0	19	73	8	0	+4	+12	26
Non-price terms	0	4	96	0	0	0	+4	25
Overall	0	13	75	13	0	0	0	24
All counterparties above								
Price terms	0	23	69	8	0	+19	+15	26
Non-price terms	0	12	88	0	0	+12	+12	25
Overall	0	21	67	13	0	+13	+8	24

Note: The net percentage is defined as the difference between the percentage of respondents reporting "likely to tighten considerably" or "likely to tighten somewhat" and those reporting "likely to ease somewhat" and "likely to ease considerably".

1.2 Reasons for changes in price and non-price credit terms

To the extent that [price/ non-price] terms applied to [banks and dealers] have tightened or eased over the past three months (as reflected in your responses in Section 1.1), what was the [first/ second/ third] most important reason for the change?

(in percentages, except for the total number of answers)

Banks and dealers	First reason	Second reason	Third reason	Either first, second or third reason	
				Mar. 2016	Jun. 2016
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	14	0
Willingness of your institution to take on risk	0	25	25	0	13
Adoption of new market conventions (e.g. ISDA protocols)	14	0	0	0	7
Internal treasury charges for funding	0	0	50	14	13
Availability of balance sheet or capital at your institution	29	25	0	21	20
General market liquidity and functioning	43	0	25	36	27
Competition from other institutions	0	0	0	7	0
Other	14	50	0	7	20
Total number of answers	7	4	4	14	15
Possible reasons for easing					
Current or expected financial strength of counterparties	100	0	0	0	50
Willingness of your institution to take on risk	0	0	0	17	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	17	0
General market liquidity and functioning	0	100	0	17	50
Competition from other institutions	0	0	0	0	0
Other	0	0	0	50	0
Total number of answers	1	1	0	6	2
Non-price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	100	0	25
Adoption of new market conventions (e.g. ISDA protocols)	50	0	0	0	25
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	100	0	0	25
General market liquidity and functioning	50	0	0	0	25
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	2	1	1	0	4
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	50	0
Internal treasury charges for funding	0	0	0	50	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	0	0	0	0
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	0	0	0	2	0

1.2 Reasons for changes in price and non-price credit terms (continued)

To the extent that [price/ non-price] terms applied to [hedge funds] have tightened or eased over the past three months (as reflected in your responses in Section 1.1), what was the [first/ second/ third] most important reason for the change?

(in percentages, except for the total number of answers)

Hedge funds	First reason	Second reason	Third reason	Either first, second or third reason	
				Mar. 2016	Jun. 2016
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	7	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	33	0	0	0	17
Internal treasury charges for funding	0	0	100	14	17
Availability of balance sheet or capital at your institution	33	50	0	21	33
General market liquidity and functioning	33	0	0	21	17
Competition from other institutions	0	0	0	29	0
Other	0	50	0	7	17
Total number of answers	3	2	1	14	6
Possible reasons for easing					
Current or expected financial strength of counterparties	100	0	0	0	50
Willingness of your institution to take on risk	0	0	0	11	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	22	0
General market liquidity and functioning	0	100	0	33	50
Competition from other institutions	0	0	0	0	0
Other	0	0	0	33	0
Total number of answers	1	1	0	9	2
Non-price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	0	0	0	0
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	0	0	0	0	0
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	0	0	0	0
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	0	0	0	0	0

1.2 Reasons for changes in price and non-price credit terms (continued)

To the extent that [price/ non-price] terms applied to [insurance companies] have tightened or eased over the past three months (as reflected in your responses in Section 1.1), what was the [first/ second/ third] most important reason for the change?

(in percentages, except for the total number of answers)

Insurance companies	First reason	Second reason	Third reason	Either first, second or third reason	
				Mar. 2016	Jun. 2016
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	6	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	25	0	0	0	11
Internal treasury charges for funding	0	33	50	12	22
Availability of balance sheet or capital at your institution	50	33	0	24	33
General market liquidity and functioning	25	0	50	41	22
Competition from other institutions	0	0	0	12	0
Other	0	33	0	6	11
Total number of answers	4	3	2	17	9
Possible reasons for easing					
Current or expected financial strength of counterparties	67	0	0	0	33
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	33	0	0	0	17
Availability of balance sheet or capital at your institution	0	0	0	13	0
General market liquidity and functioning	0	100	0	38	33
Competition from other institutions	0	0	0	13	0
Other	0	0	100	38	17
Total number of answers	3	2	1	8	6
Non-price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	17	0
Adoption of new market conventions (e.g. ISDA protocols)	50	0	0	17	20
Internal treasury charges for funding	0	50	0	17	20
Availability of balance sheet or capital at your institution	50	50	0	17	40
General market liquidity and functioning	0	0	100	17	20
Competition from other institutions	0	0	0	17	0
Other	0	0	0	0	0
Total number of answers	2	2	1	6	5
Possible reasons for easing					
Current or expected financial strength of counterparties	100	0	0	0	33
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	100	0	0	33
Competition from other institutions	0	0	0	0	0
Other	0	0	100	0	33
Total number of answers	1	1	1	0	3

1.2 Reasons for changes in price and non-price credit terms (continued)

To the extent that [price/ non-price] terms applied to [investment funds (incl. ETFs), pension plans and other institutional investment pools] have tightened or eased over the past three months (as reflected in your responses in Section 1.1), what was the [first/ second/ third] most important reason for the change?

(in percentages, except for the total number of answers)

Investment funds (incl. ETFs), pension plans and other institutional investment pools	First reason	Second reason	Third reason	Either first, second or third reason	
				Mar. 2016	Jun. 2016
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	6	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	20	0	0	0	10
Internal treasury charges for funding	0	33	50	13	20
Availability of balance sheet or capital at your institution	40	33	0	25	30
General market liquidity and functioning	40	0	50	38	30
Competition from other institutions	0	0	0	13	0
Other	0	33	0	6	10
Total number of answers	5	3	2	16	10
Possible reasons for easing					
Current or expected financial strength of counterparties	50	0	0	0	20
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	100	13	20
General market liquidity and functioning	50	50	0	38	40
Competition from other institutions	0	50	0	13	20
Other	0	0	0	38	0
Total number of answers	2	2	1	8	5
Non-price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	17	0
Adoption of new market conventions (e.g. ISDA protocols)	50	0	0	17	20
Internal treasury charges for funding	0	50	0	17	20
Availability of balance sheet or capital at your institution	50	50	0	17	40
General market liquidity and functioning	0	0	100	17	20
Competition from other institutions	0	0	0	17	0
Other	0	0	0	0	0
Total number of answers	2	2	1	6	5
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	0	0	0	0
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	0	0	0	0	0

1.2 Reasons for changes in price and non-price credit terms (continued)

To the extent that [price/ non-price] terms applied to [non-financial corporations] have tightened or eased over the past three months (as reflected in your responses in Section 1.1), what was the [first/ second/ third] most important reason for the change?

(in percentages, except for the total number of answers)

Non-financial corporations	First reason	Second reason	Third reason	Either first, second or third reason	
				Mar. 2016	Jun. 2016
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	25	0	0	6	10
Willingness of your institution to take on risk	0	0	0	6	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	33	0	10
Internal treasury charges for funding	0	33	33	13	20
Availability of balance sheet or capital at your institution	50	33	0	19	30
General market liquidity and functioning	25	0	33	31	20
Competition from other institutions	0	0	0	19	0
Other	0	33	0	6	10
Total number of answers	4	3	3	16	10
Possible reasons for easing					
Current or expected financial strength of counterparties	100	0	0	0	50
Willingness of your institution to take on risk	0	0	0	11	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	11	0
Availability of balance sheet or capital at your institution	0	0	0	11	0
General market liquidity and functioning	0	100	0	11	50
Competition from other institutions	0	0	0	11	0
Other	0	0	0	44	0
Total number of answers	1	1	0	9	2
Non-price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	50	0	0	20	17
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	50	0	17
Internal treasury charges for funding	0	50	0	20	17
Availability of balance sheet or capital at your institution	50	50	0	20	33
General market liquidity and functioning	0	0	50	20	17
Competition from other institutions	0	0	0	20	0
Other	0	0	0	0	0
Total number of answers	2	2	2	5	6
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	50	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	0	0	0	0
Competition from other institutions	0	0	0	0	0
Other	0	0	0	50	0
Total number of answers	0	0	0	2	0

1.2 Reasons for changes in price and non-price credit terms (continued)

To the extent that [price/ non-price] terms applied to [sovereigns] have tightened or eased over the past three months (as reflected in your responses in Section 1.1), what was the [first/ second/ third] most important reason for the change?

(in percentages, except for the total number of answers)

Sovereigns	First reason	Second reason	Third reason	Either first, second or third reason	
				Mar. 2016	Jun. 2016
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	11	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	50	0	13
Internal treasury charges for funding	0	0	50	11	13
Availability of balance sheet or capital at your institution	25	50	0	22	25
General market liquidity and functioning	75	0	0	33	38
Competition from other institutions	0	0	0	11	0
Other	0	50	0	11	13
Total number of answers	4	2	2	9	8
Possible reasons for easing					
Current or expected financial strength of counterparties	100	0	0	0	50
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	17	0
General market liquidity and functioning	0	100	0	17	50
Competition from other institutions	0	0	0	17	0
Other	0	0	0	50	0
Total number of answers	1	1	0	6	2
Non-price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	100	0	25
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	100	0	0	25
General market liquidity and functioning	100	0	0	0	50
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	2	1	1	0	4
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	0	0	0	0
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	0	0	0	0	0

1.2 Reasons for changes in price and non-price credit terms (continued)

To what extent have changes in the practices of [central counterparties], including margin requirements and haircuts, influenced the credit terms your institution applies to clients on bilateral transactions which are not cleared?

(in percentages, except for the total number of answers)

Price and non-price terms	Contributed considerably to tightening	Contributed somewhat to tightening	Neutral contribution	Contributed somewhat to easing	Contributed considerably to easing	Net percentage		Total number of answers
						Mar. 2016	Jun. 2016	
Practices of CCPs	6	13	69	6	6	0	+6	16

Note: The net percentage is defined as the difference between the percentage of respondents reporting "contributed considerably to tightening" or "contributed somewhat to tightening" and those reporting "contributed somewhat to easing" and "contributed

1.3 Resources and attention to the management of concentrated credit exposures

Over the past three months, how has the amount of resources and attention your firm devotes to the management of concentrated credit exposures to [large banks and dealers/ central counterparties] changed?

(in percentages, except for the total number of answers)

Management of credit exposures	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Mar. 2016	Jun. 2016	
Banks and dealers	0	0	73	27	0	-18	-27	26
Central counterparties	0	0	77	19	4	-14	-23	26

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably".

1.4 Leverage

Considering the entire range of transactions facilitated by your institution for such clients, how has the use of financial leverage by [hedge funds/ insurance companies/ investment funds (incl. ETFs), pension plans and other institutional investment pools] changed over the past three months?

Considering the entire range of transactions facilitated by your institution for [hedge funds], how has the availability of additional (and currently unutilised) financial leverage under agreements currently in place (for example, under prime brokerage agreements and other committed but undrawn or partly drawn facilities) changed over the past three months?

(in percentages, except for the total number of answers)

Financial leverage	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Mar. 2016	Jun. 2016	
Hedge funds								
Use of financial leverage	0	22	78	0	0	+11	+22	18
Availability of unutilised leverage	0	0	100	0	0	0	0	17
Insurance companies								
Use of financial leverage	0	4	96	0	0	0	+4	24
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Use of financial leverage	0	4	91	4	0	0	0	23

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably".

1.5 Client pressure and differential terms for most-favoured clients

How has the intensity of efforts by [counterparty type] to negotiate more favourable price and non-price terms changed over the past three months?

How has the provision of differential terms by your institution to most-favoured (as a consequence of breadth, duration, and extent of relationship) [counterparty type] changed over the past three months?

(in percentages, except for the total number of answers)

Client pressure	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Mar. 2016	Jun. 2016	
Banks and dealers								
Intensity of efforts to negotiate more favourable terms	0	0	88	12	0	0	-12	25
Provision of differential terms to most-favoured clients	0	0	91	9	0	+4	-9	23
Hedge funds								
Intensity of efforts to negotiate more favourable terms	0	5	85	10	0	-5	-5	20
Provision of differential terms to most-favoured clients	0	0	89	6	6	0	-11	18
Insurance companies								
Intensity of efforts to negotiate more favourable terms	0	0	96	4	0	+4	-4	26
Provision of differential terms to most-favoured clients	0	0	96	4	0	+4	-4	24
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Intensity of efforts to negotiate more favourable terms	0	0	92	8	0	+4	-8	25
Provision of differential terms to most-favoured clients	0	0	96	4	0	0	-4	23
Non-financial corporations								
Intensity of efforts to negotiate more favourable terms	0	0	84	12	4	+4	-16	25
Provision of differential terms to most-favoured clients	0	4	91	4	0	+4	0	23

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably".

1.6 Valuation disputes

Over the past three months, how has the [volume/ duration and persistence] of valuation disputes with [counterparty type] changed?

(in percentages, except for the total number of answers)

Valuation disputes	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Mar. 2016	Jun. 2016	
Banks and dealers								
Volume	0	4	88	8	0	-4	-4	25
Duration and persistence	0	4	88	8	0	-4	-4	25
Hedge funds								
Volume	0	6	89	6	0	-10	0	18
Duration and persistence	0	0	94	6	0	-5	-6	18
Insurance companies								
Volume	0	0	100	0	0	-4	0	24
Duration and persistence	0	0	100	0	0	0	0	24
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Volume	0	0	100	0	0	-8	0	24
Duration and persistence	0	0	100	0	0	-4	0	24
Non-financial corporations								
Volume	0	4	96	0	0	-8	+4	25
Duration and persistence	0	4	96	0	0	-4	+4	25

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably".

2. Securities financing

2.1 Credit terms by collateral type for average and most-favoured clients

Over the past three months, how have the [maximum amount of funding/ maximum maturity of funding/ haircuts/ financing rate/spreads/ use of CCPs] under which [collateral type] are funded changed for [average] clients (as a consequence of breadth, duration, and extent of relationship)?

(in percentages, except for the total number of answers)

Terms for average clients	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Mar. 2016	Jun. 2016	
Domestic government bonds								
Maximum amount of funding	0	17	72	11	0	+6	+6	18
Maximum maturity of funding	6	6	78	11	0	+6	0	18
Haircuts	0	0	94	6	0	0	-6	18
Financing rate/spread	6	17	67	11	0	+17	+11	18
Use of CCPs	0	0	89	11	0	-22	-11	18
High-quality government, sub-national and supra-national bonds								
Maximum amount of funding	0	8	85	8	0	+7	0	26
Maximum maturity of funding	0	4	92	4	0	+4	0	26
Haircuts	0	0	100	0	0	+4	0	26
Financing rate/spread	0	15	77	8	0	+7	+8	26
Use of CCPs	0	0	96	4	0	-13	-4	25
Other government, sub-national and supra-national bonds								
Maximum amount of funding	0	12	84	4	0	+4	+8	25
Maximum maturity of funding	0	8	88	4	0	+4	+4	25
Haircuts	0	0	100	0	0	0	0	25
Financing rate/spread	0	16	80	4	0	+8	+12	25
Use of CCPs	0	0	96	4	0	-13	-4	25
High-quality financial corporate bonds								
Maximum amount of funding	0	14	82	5	0	+8	+9	22
Maximum maturity of funding	0	9	86	5	0	+8	+5	22
Haircuts	0	0	100	0	0	0	0	22
Financing rate/spread	5	9	86	0	0	0	+14	22
Use of CCPs	0	5	84	11	0	-11	-5	19
High-quality non-financial corporate bonds								
Maximum amount of funding	0	13	78	9	0	+12	+4	23
Maximum maturity of funding	0	9	87	4	0	+12	+4	23
Haircuts	0	0	100	0	0	-4	0	23
Financing rate/spread	4	9	78	9	0	0	+4	23
Use of CCPs	0	5	90	5	0	-5	0	20
High-yield corporate bonds								
Maximum amount of funding	0	5	89	5	0	+11	0	19
Maximum maturity of funding	0	5	89	5	0	+17	0	19
Haircuts	0	5	95	0	0	-11	+5	19
Financing rate/spread	0	0	89	11	0	-11	-11	19
Use of CCPs	0	0	94	6	0	0	-6	18

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably". "Domestic government bonds" are euro-denominated government bonds issued by the government of the country where a respondent's head office is.

2.1 Credit terms by collateral type for average and most-favoured clients (continued)

Over the past three months, how have the [maximum amount of funding/ maximum maturity of funding/ haircuts/ financing rate/spreads/ use of CCPs] under which [collateral type] are funded changed for [average] clients (as a consequence of breadth, duration, and extent of relationship)?

(in percentages, except for the total number of answers)

Terms for average clients	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Mar. 2016	Jun. 2016	
Convertible securities								
Maximum amount of funding	0	0	100	0	0	0	0	14
Maximum maturity of funding	0	0	100	0	0	+7	0	14
Haircuts	0	7	93	0	0	0	+7	14
Financing rate/spread	0	7	86	7	0	+7	0	14
Use of CCPs	0	0	100	0	0	0	0	13
Equities								
Maximum amount of funding	5	5	86	5	0	+4	+5	22
Maximum maturity of funding	0	5	95	0	0	-8	+5	22
Haircuts	0	10	90	0	0	+4	+10	21
Financing rate/spread	5	24	67	5	0	+8	+24	21
Use of CCPs	0	0	100	0	0	0	0	16
Asset-backed securities								
Maximum amount of funding	0	0	94	6	0	0	-6	16
Maximum maturity of funding	0	0	94	6	0	+12	-6	16
Haircuts	0	6	94	0	0	-12	+6	16
Financing rate/spread	0	13	88	0	0	+6	+13	16
Use of CCPs	0	0	100	0	0	0	0	13
Covered bonds								
Maximum amount of funding	0	4	91	4	0	+4	0	23
Maximum maturity of funding	0	9	87	4	0	+13	+4	23
Haircuts	0	0	100	0	0	0	0	23
Financing rate/spread	0	9	87	4	0	+8	+4	23
Use of CCPs	0	0	95	5	0	-14	-5	21

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably".

2.1 Credit terms by collateral type for average and most-favoured clients (continued)

Over the past three months, how have the [maximum amount of funding/ maximum maturity of funding/ haircuts/ financing rate/spreads/ use of CCPs] under which [collateral type] are funded changed for [most-favoured] clients (as a consequence of breadth, duration, and extent of relationship)?

(in percentages, except for the total number of answers)

Terms for most-favoured clients	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Mar. 2016	Jun. 2016	
Domestic government bonds								
Maximum amount of funding	0	11	78	11	0	-6	0	18
Maximum maturity of funding	6	0	83	11	0	-6	-6	18
Haircuts	0	0	94	6	0	0	-6	18
Financing rate/spread	0	28	67	6	0	+17	+22	18
Use of CCPs	0	0	89	11	0	-17	-11	18
High-quality government, sub-national and supra-national bonds								
Maximum amount of funding	0	4	88	8	0	-4	-4	26
Maximum maturity of funding	0	4	92	4	0	0	0	26
Haircuts	0	0	100	0	0	+4	0	26
Financing rate/spread	0	23	73	4	0	+11	+19	26
Use of CCPs	0	0	96	4	0	-8	-4	25
Other government, sub-national and supra-national bonds								
Maximum amount of funding	0	8	88	4	0	-8	+4	25
Maximum maturity of funding	0	8	88	4	0	0	+4	25
Haircuts	0	0	100	0	0	0	0	25
Financing rate/spread	0	20	80	0	0	+8	+20	25
Use of CCPs	0	0	96	4	0	-13	-4	24
High-quality financial corporate bonds								
Maximum amount of funding	0	5	91	5	0	0	0	22
Maximum maturity of funding	0	9	86	5	0	+8	+5	22
Haircuts	0	0	100	0	0	0	0	22
Financing rate/spread	5	9	86	0	0	0	+14	22
Use of CCPs	0	6	83	11	0	-11	-6	18
High-quality non-financial corporate bonds								
Maximum amount of funding	0	4	87	9	0	+8	-4	23
Maximum maturity of funding	0	9	87	4	0	+12	+4	23
Haircuts	0	0	100	0	0	-4	0	23
Financing rate/spread	4	13	78	4	0	-4	+13	23
Use of CCPs	0	5	89	5	0	-5	0	19
High-yield corporate bonds								
Maximum amount of funding	0	0	95	5	0	+11	-5	19
Maximum maturity of funding	0	5	89	5	0	+17	0	19
Haircuts	0	5	95	0	0	-11	+5	19
Financing rate/spread	0	0	95	5	0	-11	-5	19
Use of CCPs	0	0	94	6	0	0	-6	17

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably". "Domestic government bonds" are euro-denominated government bonds issued by the government of the country where a respondent's head office is.

2.1 Credit terms by collateral type for average and most-favoured clients (continued)

Over the past three months, how have the [maximum amount of funding/ maximum maturity of funding/ haircuts/ financing rate/spreads/ use of CCPs] under which [collateral type] are funded changed for [most-favoured] clients (as a consequence of breadth, duration, and extent of relationship)?

(in percentages, except for the total number of answers)

Terms for most-favoured clients	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Mar. 2016	Jun. 2016	
Convertible securities								
Maximum amount of funding	0	0	100	0	0	-7	0	14
Maximum maturity of funding	0	0	100	0	0	0	0	14
Haircuts	0	7	93	0	0	0	+7	14
Financing rate/spread	0	7	93	0	0	+13	+7	14
Use of CCPs	0	0	100	0	0	0	0	12
Equities								
Maximum amount of funding	5	5	86	5	0	+4	+5	22
Maximum maturity of funding	0	5	95	0	0	-8	+5	22
Haircuts	0	9	91	0	0	+4	+9	22
Financing rate/spread	5	23	73	0	0	+8	+27	22
Use of CCPs	0	0	100	0	0	0	0	16
Asset-backed securities								
Maximum amount of funding	0	0	94	6	0	-6	-6	16
Maximum maturity of funding	0	0	94	6	0	+6	-6	16
Haircuts	0	6	94	0	0	-12	+6	16
Financing rate/spread	0	6	94	0	0	+6	+6	16
Use of CCPs	0	0	100	0	0	0	0	12
Covered bonds								
Maximum amount of funding	0	4	91	4	0	+4	0	23
Maximum maturity of funding	0	9	87	4	0	+13	+4	23
Haircuts	0	0	100	0	0	0	0	23
Financing rate/spread	0	13	87	0	0	+4	+13	23
Use of CCPs	0	0	95	5	0	-14	-5	21

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably".

2.1 Credit terms by collateral type for average and most-favoured clients (continued)

Over the past three months, how have the [covenants and triggers] under which [collateral type] are funded changed for [average/most-favoured] clients (as a consequence of breadth, duration, and extent of relationship)?

(in percentages, except for the total number of answers)

Covenants and triggers	Tightened considerably	Tightened somewhat	Remained basically unchanged	Eased somewhat	Eased considerably	Net percentage		Total number of answers
						Mar. 2016	Jun. 2016	
Domestic government bonds								
Terms for average clients	0	0	100	0	0	0	0	17
Terms for most-favoured clients	0	0	100	0	0	0	0	17
High-quality government, sub-national and supra-national bonds								
Terms for average clients	0	0	100	0	0	0	0	25
Terms for most-favoured clients	0	0	100	0	0	0	0	25
Other government, sub-national and supra-national bonds								
Terms for average clients	0	0	100	0	0	0	0	24
Terms for most-favoured clients	0	0	100	0	0	0	0	24
High-quality financial corporate bonds								
Terms for average clients	0	0	100	0	0	0	0	21
Terms for most-favoured clients	0	0	100	0	0	0	0	21
High-quality non-financial corporate bonds								
Terms for average clients	0	0	100	0	0	0	0	22
Terms for most-favoured clients	0	0	100	0	0	0	0	22
High-yield corporate bonds								
Terms for average clients	0	0	94	6	0	0	-6	18
Terms for most-favoured clients	0	0	94	6	0	0	-6	18
Convertible securities								
Terms for average clients	0	0	100	0	0	0	0	14
Terms for most-favoured clients	0	0	100	0	0	0	0	15
Equities								
Terms for average clients	0	0	100	0	0	0	0	18
Terms for most-favoured clients	0	0	100	0	0	0	0	19
Asset-backed securities								
Terms for average clients	0	0	94	6	0	0	-6	16
Terms for most-favoured clients	0	0	94	6	0	0	-6	16
Covered bonds								
Terms for average clients	0	0	100	0	0	0	0	22
Terms for most-favoured clients	0	0	100	0	0	0	0	22

Note: The net percentage is defined as the difference between the percentage of respondents reporting "tightened considerably" or "tightened somewhat" and those reporting "eased somewhat" and "eased considerably". "Domestic government bonds" are euro-denominated government bonds issued by the government of the country where a respondent's head office is.

2.2 Demand for funding, liquidity and disputes by collateral type

Over the past three months, how has demand for funding of [collateral type/ all collateral types above] by your institution's clients changed?

Over the past three months, how has demand for [term funding with a maturity greater than 30 days] of [collateral type/ all collateral types above] by your institution's clients changed?

(in percentages, except for the total number of answers)

Demand for lending against collateral	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Mar. 2016	Jun. 2016	
Domestic government bonds								
Overall demand	0	0	67	33	0	-17	-33	18
With a maturity greater than 30 days	0	6	67	22	6	-17	-22	18
High-quality government, sub-national and supra-national bonds								
Overall demand	0	4	76	20	0	-19	-16	25
With a maturity greater than 30 days	0	4	76	20	0	-15	-16	25
Other government, sub-national and supra-national bonds								
Overall demand	0	4	76	20	0	-11	-16	25
With a maturity greater than 30 days	0	0	80	20	0	-15	-20	25
High-quality financial corporate bonds								
Overall demand	0	10	90	0	0	-4	+10	20
With a maturity greater than 30 days	0	5	90	5	0	-8	0	20
High-quality non-financial corporate bonds								
Overall demand	0	10	86	5	0	0	+5	21
With a maturity greater than 30 days	0	5	86	10	0	-4	-5	21
High-yield corporate bonds								
Overall demand	0	5	95	0	0	+6	+5	19
With a maturity greater than 30 days	0	5	84	11	0	-6	-5	19
Convertible securities								
Overall demand	0	7	87	7	0	+13	0	15
With a maturity greater than 30 days	0	7	93	0	0	+13	+7	15
Equities								
Overall demand	5	14	76	5	0	+25	+14	21
With a maturity greater than 30 days	5	10	85	0	0	+9	+15	20
Asset-backed securities								
Overall demand	0	7	93	0	0	-13	+7	15
With a maturity greater than 30 days	0	7	87	7	0	-19	0	15
Covered bonds								
Overall demand	0	0	95	5	0	+8	-5	21
With a maturity greater than 30 days	0	0	86	14	0	0	-14	21
All collateral types above								
Overall demand	0	8	88	4	0	0	+4	24
With a maturity greater than 30 days	0	4	88	8	0	-8	-4	24

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably". "Domestic government bonds" are euro-denominated government bonds issued by the government of the country where a respondent's head office is.

2.2 Demand for funding, liquidity and disputes by collateral type (continued)

Over the past three months, how have liquidity and functioning of the [collateral type/ all collateral types above] market changed?

(in percentages, except for the total number of answers)

Liquidity and functioning of the collateral market	Deteriorated considerably	Deteriorated somewhat	Remained basically unchanged	Improved somewhat	Improved considerably	Net percentage		Total number of answers
						Mar. 2016	Jun. 2016	
Domestic government bonds								
Liquidity and functioning	0	17	78	6	0	+22	+11	18
High-quality government, sub-national and supra-national bonds								
Liquidity and functioning	0	15	77	8	0	+22	+8	26
Other government, sub-national and supra-national bonds								
Liquidity and functioning	0	15	81	4	0	+22	+12	26
High-quality financial corporate bonds								
Liquidity and functioning	0	14	82	5	0	+29	+9	22
High-quality non-financial corporate bonds								
Liquidity and functioning	0	13	83	4	0	+25	+9	23
High-yield corporate bonds								
Liquidity and functioning	0	16	84	0	0	+35	+16	19
Convertible securities								
Liquidity and functioning	0	0	100	0	0	+7	0	15
Equities								
Liquidity and functioning	5	5	86	5	0	+13	+5	22
Asset-backed securities								
Liquidity and functioning	0	7	93	0	0	+25	+7	15
Covered bonds								
Liquidity and functioning	0	24	71	5	0	+35	+19	21
All collateral types above								
Liquidity and functioning	0	13	83	4	0	+16	+8	24

Note: The net percentage is defined as the difference between the percentage of respondents reporting "deteriorated considerably" or "deteriorated somewhat" and those reporting "improved somewhat" and "improved considerably". "Domestic government bonds" are euro-denominated government bonds issued by the government of the country where a respondent's head office is.

2.2 Demand for funding, liquidity and disputes by collateral type (continued)

Over the past three months, how has the [volume/ duration and persistence] of collateral valuation disputes relating to lending against [collateral type/ all collateral types above] changed?

(in percentages, except for the total number of answers)

Collateral valuation disputes	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Mar. 2016	Jun. 2016	
Domestic government bonds								
Volume	0	6	94	0	0	+6	+6	17
Duration and persistence	0	6	94	0	0	+6	+6	17
High-quality government, sub-national and supra-national bonds								
Volume	0	0	100	0	0	+4	0	24
Duration and persistence	0	0	100	0	0	+4	0	24
Other government, sub-national and supra-national bonds								
Volume	0	0	100	0	0	0	0	24
Duration and persistence	0	0	100	0	0	0	0	24
High-quality financial corporate bonds								
Volume	0	5	95	0	0	+5	+5	20
Duration and persistence	0	5	95	0	0	+5	+5	20
High-quality non-financial corporate bonds								
Volume	0	0	100	0	0	0	0	21
Duration and persistence	0	0	100	0	0	0	0	21
High-yield corporate bonds								
Volume	0	0	100	0	0	0	0	17
Duration and persistence	0	0	100	0	0	0	0	17
Convertible securities								
Volume	0	0	100	0	0	0	0	14
Duration and persistence	0	0	100	0	0	0	0	14
Equities								
Volume	0	0	100	0	0	0	0	18
Duration and persistence	0	0	100	0	0	0	0	18
Asset-backed securities								
Volume	0	0	100	0	0	0	0	15
Duration and persistence	0	0	100	0	0	0	0	15
Covered bonds								
Volume	0	0	100	0	0	0	0	19
Duration and persistence	0	0	100	0	0	0	0	19
All collateral types above								
Volume	0	0	100	0	0	+4	0	22
Duration and persistence	0	0	100	0	0	+4	0	22

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably". "Domestic government bonds" are euro-denominated government bonds issued by the government of the country where a respondent's head office is.

3. Non-centrally cleared OTC derivatives

3.1 Initial margin requirements, credit limits, liquidity and disputes by type of derivatives

Over the past three months, how have [initial margin requirements] set by your institution with respect to OTC [type of derivatives] changed for [average/ most-favoured] clients?

(in percentages, except for the total number of answers)

Initial margin requirements	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Mar. 2016	Jun. 2016	
Foreign exchange								
Average clients	0	0	100	0	0	0	0	19
Most-favoured clients	0	0	100	0	0	0	0	19
Interest rates								
Average clients	0	0	100	0	0	0	0	20
Most-favoured clients	0	0	100	0	0	0	0	20
Credit referencing sovereigns								
Average clients	0	0	100	0	0	0	0	15
Most-favoured clients	0	0	100	0	0	0	0	15
Credit referencing corporates								
Average clients	0	0	100	0	0	0	0	16
Most-favoured clients	0	0	100	0	0	0	0	16
Credit referencing structured credit products								
Average clients	0	0	100	0	0	0	0	14
Most-favoured clients	0	0	100	0	0	0	0	14
Equity								
Average clients	0	0	100	0	0	0	0	18
Most-favoured clients	0	0	100	0	0	0	0	18
Commodity								
Average clients	0	0	100	0	0	0	0	16
Most-favoured clients	0	0	100	0	0	0	0	16
Total return swaps referencing non-securities								
Average clients	0	0	100	0	0	0	0	14
Most-favoured clients	0	0	100	0	0	0	0	14

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably".

3.1 Initial margin requirements, credit limits, liquidity and disputes by type of derivatives (continued)

Over the past three months, how has the [maximum amount of exposure/ maximum maturity of trades] set by your institution with respect to OTC [type of derivatives] changed?

(in percentages, except for the total number of answers)

Credit limits	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage Mar. 2016	Net percentage Jun. 2016	Total number of answers
Foreign exchange								
Maximum amount of exposure	0	4	96	0	0	0	+4	23
Maximum maturity of trades	0	0	100	0	0	-4	0	23
Interest rates								
Maximum amount of exposure	0	0	100	0	0	+8	0	22
Maximum maturity of trades	0	0	100	0	0	0	0	22
Credit referencing sovereigns								
Maximum amount of exposure	0	0	100	0	0	0	0	17
Maximum maturity of trades	0	0	100	0	0	0	0	17
Credit referencing corporates								
Maximum amount of exposure	0	6	94	0	0	+5	+6	17
Maximum maturity of trades	0	0	100	0	0	0	0	17
Credit referencing structured credit products								
Maximum amount of exposure	0	0	100	0	0	0	0	15
Maximum maturity of trades	0	0	100	0	0	0	0	15
Equity								
Maximum amount of exposure	0	0	100	0	0	+4	0	20
Maximum maturity of trades	0	5	95	0	0	0	+5	20
Commodity								
Maximum amount of exposure	0	6	94	0	0	+11	+6	17
Maximum maturity of trades	0	6	94	0	0	+6	+6	17
Total return swaps referencing non-securities								
Maximum amount of exposure	0	0	100	0	0	0	0	15
Maximum maturity of trades	0	0	100	0	0	0	0	15

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably".

3.1 Initial margin requirements, credit limits, liquidity and disputes by type of derivatives (continued)

Over the past three months, how have [liquidity and trading] of OTC [type of derivatives] changed?

(in percentages, except for the total number of answers)

Liquidity and trading	Deteriorated considerably	Deteriorated somewhat	Remained basically unchanged	Improved somewhat	Improved considerably	Net percentage		Total number of answers
						Mar. 2016	Jun. 2016	
Foreign exchange								
Liquidity and trading	0	8	92	0	0	+8	+8	24
Interest rates								
Liquidity and trading	0	4	91	4	0	+20	0	23
Credit referencing sovereigns								
Liquidity and trading	0	0	94	6	0	+10	-6	18
Credit referencing corporates								
Liquidity and trading	0	0	89	11	0	+5	-11	18
Credit referencing structured credit products								
Liquidity and trading	0	0	100	0	0	+6	0	16
Equity								
Liquidity and trading	0	14	86	0	0	+8	+14	21
Commodity								
Liquidity and trading	0	0	100	0	0	+11	0	18
Total return swaps referencing non-securities								
Liquidity and trading	0	0	100	0	0	+6	0	16

Note: The net percentage is defined as the difference between the percentage of respondents reporting "deteriorated considerably" or "deteriorated somewhat" and those reporting "improved somewhat" and "improved considerably".

3.1 Initial margin requirements, credit limits, liquidity and disputes by type of derivatives (continued)

Over the past three months, how has the [volume/ duration and persistence] of disputes relating to the valuation of OTC [type of derivatives] contracts changed?

(in percentages, except for the total number of answers)

Valuation disputes	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Mar. 2016	Jun. 2016	
Foreign exchange								
Volume	0	0	96	4	0	-8	-4	25
Duration and persistence	0	0	100	0	0	-8	0	25
Interest rates								
Volume	0	8	92	0	0	0	+8	24
Duration and persistence	0	8	92	0	0	0	+8	24
Credit referencing sovereigns								
Volume	0	0	95	5	0	0	-5	19
Duration and persistence	0	0	100	0	0	0	0	19
Credit referencing corporates								
Volume	0	0	100	0	0	-5	0	19
Duration and persistence	0	0	100	0	0	-5	0	19
Credit referencing structured credit products								
Volume	0	6	94	0	0	-11	+6	17
Duration and persistence	0	6	94	0	0	-6	+6	17
Equity								
Volume	0	0	90	10	0	-8	-10	21
Duration and persistence	0	0	95	5	0	-8	-5	21
Commodity								
Volume	0	0	100	0	0	0	0	19
Duration and persistence	0	0	100	0	0	0	0	19
Total return swaps referencing non-securities								
Volume	0	0	100	0	0	0	0	17
Duration and persistence	0	0	100	0	0	0	0	17

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably".

3.2 Changes in new or renegotiated master agreements

Over the past three months, how have [margin call practices/ acceptable collateral/ recognition of portfolio or diversification benefits/ covenants and triggers/ other documentation features] incorporated in new or renegotiated OTC derivatives master agreements put in place with your institution's clients changed?

(in percentages, except for the total number of answers)

Changes in agreements	Tightened considerably	Tightened somewhat	Remained basically unchanged	Eased somewhat	Eased considerably	Net percentage		Total number of answers
						Mar. 2016	Jun. 2016	
Margin call practices	0	8	92	0	0	-4	+8	26
Acceptable collateral	0	12	85	4	0	+18	+8	26
Recognition of portfolio or diversification benefits	0	0	96	4	0	-4	-4	25
Covenants and triggers	0	8	88	4	0	+4	+4	26
Other documentation features	0	12	84	4	0	0	+8	25

Note: The net percentage is defined as the difference between the percentage of respondents reporting "tightened considerably" or "tightened somewhat" and those reporting "eased somewhat" and "eased considerably".

3.3 Posting of non-standard collateral

Over the past three months, how has the posting of non-standard collateral (for example, other than cash and high-quality government bonds) as permitted under relevant agreements changed?

(in percentages, except for the total number of answers)

Non-standard collateral	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Mar. 2016	Jun. 2016	
Posting of non-standard collateral	0	9	86	5	0	+4	+5	22

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably".