EUROPEAN CENTRAL BANK
EUROSYSTEM

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

December 2016

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 over-the-counter (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 derivatives 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 the 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.

December 2016 SESFOD results

(Reference period from September 2016 to November 2016)

The December 2016 survey on credit terms and conditions in euro-denominated securities financing and OTC derivatives markets (SESFOD) collected qualitative information on changes in credit terms between September 2016 and November 2016. This report summarises the findings of the responses from a panel of 28 large banks, comprising 14 euro area banks and 14 banks with head offices outside the euro area.

Highlights

Credit terms offered to counterparties both in the provision of finance collateralised by euro-denominated securities and in OTC derivatives markets became somewhat less favourable for banks and dealers and for hedge funds, but remained basically unchanged for other counterparty types. Credit terms are expected to tighten further for all types of counterparty over the next three-month reference period between December 2016 and February 2017.

Regarding the provision of finance collateralised by euro-denominated securities, survey respondents indicated that credit terms such as the maximum amount of funding, the maximum maturity of funding and haircuts remained basically unchanged. A small net percentage of respondents indicated less favourable financing rates/spreads for clients using government, sub-national or supranational bonds as collateral. The liquidity and functioning of markets for the underlying collateral (as opposed to the securities financing market itself) deteriorated over the three-month reference period for all types of government, sub-national and supranational bond, continuing the significant deterioration in liquidity and functioning reported by survey respondents since mid-2015.

Respondents reported that initial margin requirements had increased for all types of non-centrally cleared euro-denominated OTC derivatives contract over the reference period, partly owing to new regulatory requirements to exchange initial margin. Regarding non-price changes in new and renegotiated OTC derivatives master agreements, responses indicated less favourable conditions in relation to margin call practices, acceptable collateral, covenants and triggers, and other documentation features.

Banks reported a decrease in their market-making activities for debt securities and derivatives over the past year. Respondents’ confidence in their ability to act as a market-maker in times of stress was relatively strong for derivatives, government bonds and covered bonds. Their confidence in their ability to act as a market-maker in times of stress was, however, decidedly weaker for the other asset classes covered by the survey.

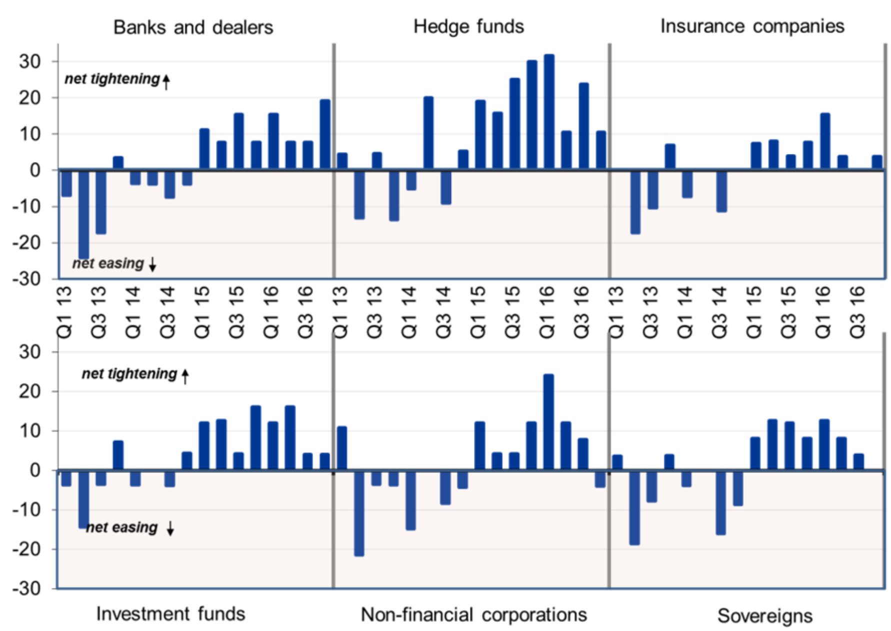
Counterparty types

Changes: responses to the December 2016 survey suggest that, on balance, over the three-month reference period ending in November 2016, credit terms offered in both securities financing and OTC derivatives transactions tightened for banks and dealers and for hedge funds, but remained basically unchanged for other counterparty types. These results are broadly in line with those reported in the previous SESFOD survey. One third of respondents reported less favourable price terms and one fifth of respondents reported less favourable non-price credit terms offered to banks and dealers, while a small net percentage of respondents also reported less favourable price and non-price credit terms offered to hedge funds. This follows the tightening of credit terms offered to these two types of counterparty reported in the previous SESFOD surveys (see Chart A).

Chart A

Changes in overall credit terms offered to counterparties across the entire spectrum of transaction types

(Q1 2013 – Q4 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: a small net percentage of respondents to the December 2016 survey expected credit terms to tighten for many counterparties over the coming three-month reference period (December 2016 to February 2017). The expected tightening of credit terms is most noticeable in relation to terms offered to banks and dealers, where a quarter of respondents reported that they expect less favourable overall credit terms. A small percentage of respondents also expect less favourable non-price credit terms for hedge funds, insurance companies, investment funds, pension plans and other institutional investment pools.

Reasons: survey respondents reported that credit terms offered to banks and hedge funds had become less favourable, mostly owing to a reduced availability of balance sheet or capital, a deterioration in general market liquidity and functioning, rising internal treasury charges for funding, and the adoption of new market conventions (e.g. International Swaps and Derivatives Association (ISDA) protocols). In the qualitative response to the survey, one bank reported that the tightening of (non-price) credit terms was driven by the introduction of standardised ISDA templates in conjunction with the new regulatory requirements to exchange initial margin on non-cleared OTC derivatives, which created a tighter standard with respect to some aspects of collateral eligibility. In addition, 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.

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 a closer monitoring of credit exposures in relation to the continued focus on specific banks and on default fund contribution levels across some CCPs. In addition, one bank indicated that the focus on the management of concentrated credit exposures might decrease once the exchange of initial margin for non-cleared OTC derivatives is (fully) in force.

Leverage: respondents reported that, on balance, the use of financial leverage by insurance companies, investment funds, pension plans and other institutional investment pools remained basically unchanged over the three-month reference period. However, in the case of hedge funds, a fifth of respondents reported a decrease in the use of financial leverage.

Client pressure and differential terms: a few survey respondents reported that clients' efforts to negotiate more favourable price and non-price terms had increased somewhat for all counterparty types.

Valuation disputes: a small percentage of respondents reported that the volume, persistence and duration of valuation disputes with all counterparty types had increased over the reference period. Regarding the reasons, some respondents indicated disagreements about discount curves for valuing long-dated swaps and the aforementioned introduction of the initial margin for non-cleared OTC derivatives.

Securities financing

Maximum amount of funding: responses to the December 2016 survey indicated only small changes in the maximum amount of funding under which different types of collateral had been funded over the three-month reference period. In the case of the maximum amount of funding for average clients, significant changes were reported only when government, sub-national, supranational and high-quality financial corporate bonds had been used as collateral: around 15% of respondents indicated that the maximum amount of funding had decreased somewhat, while less than 5% of respondents reported an increase. The results were similar with respect to most-favoured clients.

Maximum maturity of funding: survey respondents also 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. When government, sub-national and supranational bonds had been used as collateral, a small net percentage of respondents reported an increase in the maximum maturity. On the other hand, a small net percentage of respondents reported a decrease in the maximum maturity of funding under which equities had been funded. For other types of collateral, survey respondents reported that, on balance, the maximum maturity of funding remained basically unchanged for both average and most-favoured clients.

Haircuts: for both average and most-favoured clients, the majority of respondents indicated that 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 an increase or decrease in haircuts.

Financing rates/spreads: in net terms, around 15% of respondents indicated that financing rates/spreads had increased for funding with government, sub-national and supranational bonds as collateral. Regarding other types of collateral, survey respondents reported, on balance, only small changes in financing rates/spreads. The results for average and most-favoured clients were similar.

Use of CCPs: a small net percentage of banks reported that the use of CCPs had increased somewhat over the three-month reference period for securities financing transactions with several types of collateral for both average and most-favoured clients. In net terms, more than 10% of respondents reported that the use of CCPs for securities financing transactions with domestic government bonds and equities as collateral had increased somewhat.

Covenants and triggers: as in previous surveys, the responses to the December 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: respondents to the December 2016 survey reported, on balance, only small changes in the demand for collateralised funding. In net terms, around 15% of respondents indicated that demand by their institutions' clients for funding with a maturity greater than 30 days using government, sub-national and supranational bonds as collateral increased on balance over the three-month reference period. Similarly, a small net percentage of respondents reported an increase in overall demand for funding with equities used as collateral. On the other hand, a fifth of respondents indicated a decrease in overall demand for funding using high-quality financial corporate bonds as collateral.

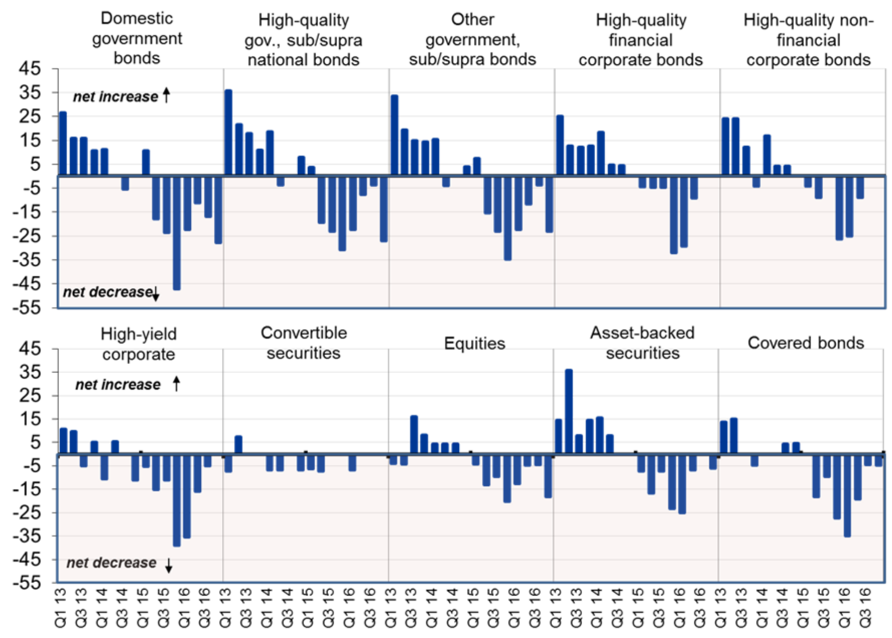
Liquidity of collateral: respondents reported that the liquidity and functioning of markets for the underlying collateral (as opposed to the securities financing market itself) had deteriorated on balance for some types of euro-denominated collateral. In particular, around a quarter of respondents reported a deterioration in liquidity and functioning of the market for all types of government, sub-national and supranational bonds. In addition, around a fifth of respondents reported a deterioration in the case of equities. While the previous survey (September 2016) indicated only small changes, the December 2016 results follow the significant deterioration in liquidity and functioning reported by survey respondents since mid-2015 (see Chart B). On the other hand, no significant deterioration was reported in the markets for high-quality 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 basically unchanged over the three-month reference period.

Chart B

Changes in liquidity and functioning of markets

(Q1 2013 – Q4 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”.

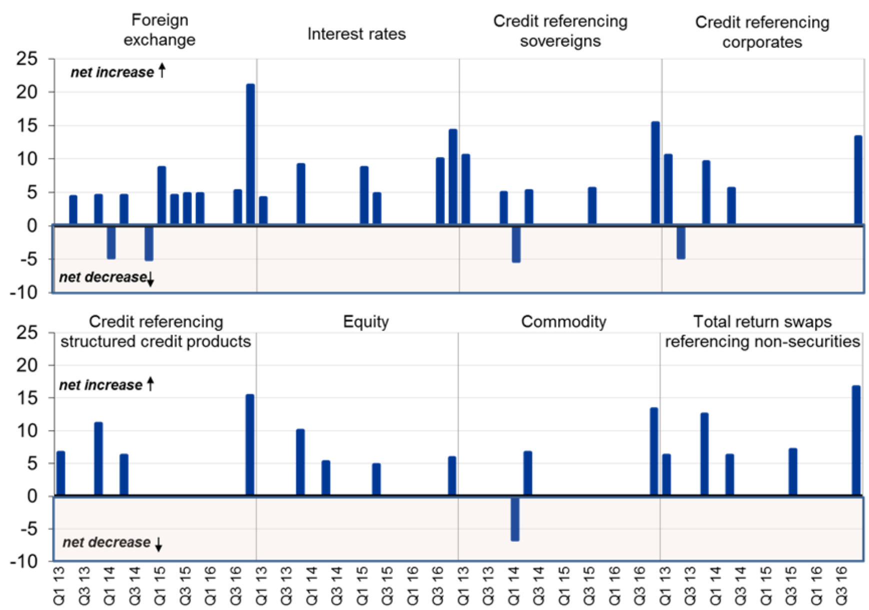
Non-centrally cleared OTC derivatives

Initial margin requirements: responses indicated that, over the three-month reference period ending in November 2016, initial margin requirements had increased for all types of non-centrally cleared euro-denominated OTC derivatives contract covered in the survey. One fifth of respondents reported that, for average clients, the initial margin requirements set by their institution with respect to non-cleared foreign exchange derivatives had increased. Approximately 15% of respondents reported an increase in initial margin requirements for interest rate derivatives, credit derivatives referencing sovereigns, corporates and structured credit products, commodity derivatives, and total return swaps referencing non-securities (see Chart C). Qualitative responses to the survey highlighted the impact of the new requirements to exchange initial margin that started to be phased-in in some jurisdictions on 1 September 2016.[1]

Chart C

Changes in initial margin requirements for average clients

(Q1 2013 – Q4 2016; net percentage of survey respondents)



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

Credit limits: the majority of responses indicated that, over the reference period (i.e. between September and November 2016), there had been almost no changes in the maximum amount of exposure and the maximum maturity set by their respective institutions with respect to non-centrally cleared OTC derivatives trades had remained basically unchanged for all types of derivative.

[1] The Basel Committee on Banking Supervision and the International Organization of Securities Commissions (IOSCO) developed the policy framework that establishes minimum standards for margin requirements for non-centrally cleared derivatives and the framework is being gradually phased in, with the first wave of the new requirements applied only to the largest dealers (those whose notional in non-cleared OTC derivatives across the group exceeds USD/EUR 3 trillion). Some jurisdictions such as Canada, Japan and the United States require compliance with the new rules from the largest dealers already from 1 September 2016, while the European Union will follow on 4 February 2017. European banks that trade with large banks in other jurisdictions may have already been affected by the new rules since 1 September 2016.

Liquidity and trading: a small percentage of banks reported that liquidity and trading had deteriorated somewhat for all types of OTC derivative covered by the survey, except commodity derivatives, for which respondents reported that liquidity and trading had remained basically unchanged.

Valuation disputes: a small percentage of respondents reported an increase in the volume, duration and persistence of disputes relating to the valuation of OTC foreign exchange and interest rate derivatives contracts over the review period ending in November 2016.

Non-price changes in new agreements: approximately a quarter of responses indicated that margin call practices in new or renegotiated OTC derivatives master agreements with their clients had tightened over the three-month reference period. A small net percentage of responses also indicated less favourable conditions in relation to acceptable collateral, covenants and triggers, and other documentation features in new or renegotiated OTC derivatives master agreements.

Posting of non-standard collateral: a small net percentage of responses to the December 2016 SESFOD survey reported that the posting of non-standard collateral (i.e. collateral other than cash and government debt securities) had decreased somewhat.

Special questions

Market-making activities

Survey respondents were asked special questions about their market-making activities amid continued reports of low secondary market liquidity, in particular market liquidity under strained market conditions. These special questions included how their market-making activities had changed over the past year, how such activities were expected to change in 2017, and how they assessed their ability to act as market-makers in times of stress. Similar special questions were asked in the December 2013, December 2014, and December 2015 SESFOD surveys, allowing trends to be gauged from a longer-term perspective.

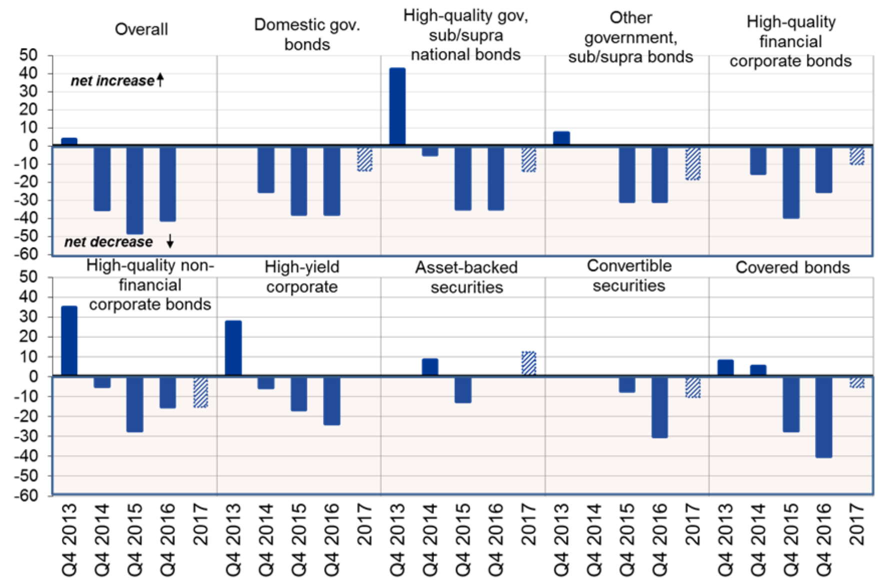
Changes over the past year: while a few banks reported that their market-making activities had increased over the past year, significantly more banks reported a decrease in their market-making activities for debt securities and derivatives. This reduction in activity was most visible in market-making activities for overall debt securities, with 43% of respondents reporting that market-making activities had decreased and 57% of respondents reporting that they had remained basically unchanged. The reported reduction in market-making activities for derivatives was also significant, with 30% of respondents reporting that activities had decreased somewhat and 57% reporting that they had remained basically unchanged, while a few banks reported an increase in market-making activities for derivatives. The reported reduction in market-making activities was, as in the previous year, most pronounced for all types of government bond, for covered bonds and convertible securities and, to a lesser extent, for (financial and non-financial) corporate bonds (see Chart D).

Expected changes in 2017: slightly more respondents expect a further decrease in their market-making activities for most types of bond than those that expect an increase in their market-making activities in 2017 (see Chart D). On balance, survey respondents reported that their market-making activities for derivatives are likely to remain unchanged in 2017.

Chart D

Changes and expected changes in market-making activities

(Q4 2013 – Q4 2016; net percentage of survey respondents)



Source: ECB.
Notes: 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". The values for 2017 are taken from the answers to the questions about expectations of changes for 2017. The values for Q4 2013 represent changes over the period Q4 2008 – Q4 2013.

Reasons for changes and expected changes: the main reasons cited by respondents for the decrease in their market-making activities over the past year were a decrease in the availability of balance sheet or capital at their respective institutions, compliance with current or expected changes in regulation, the impact of central bank policies and reduced profitability of market-making activities. These results were consistent across most asset classes.

Ability to act as a market-maker in times of stress: respondents' confidence in their ability to act as a market-maker in times of stress was strongest for derivatives, for which most respondents reported either a "moderate" or "good" ability. Respondents' confidence in their ability to act as a market-maker for government bonds and covered bonds in times of stress was also relatively strong, with approximately two thirds of respondents reporting either a "moderate" or "good" ability and approximately one third of respondents reporting a "limited" or "very limited" ability. Their confidence in their ability to act as a market-maker in times of stress was decidedly weaker for the other asset classes covered by the survey. 40% of respondents reported a “limited” or “very limited” ability to act as a market-maker for high-quality financial and high-quality non-financial corporate bonds. Approximately half of all respondents reported a “limited” or “very limited” ability to act as a market-maker for asset-backed securities and convertible securities. Respondents’ confidence in their ability to act as a market-maker in times of stress was the lowest for high-yield corporate bonds, with more banks reporting either a “limited” or “very limited” ability than those reporting a “moderate” or “good” ability to act as a market-maker.

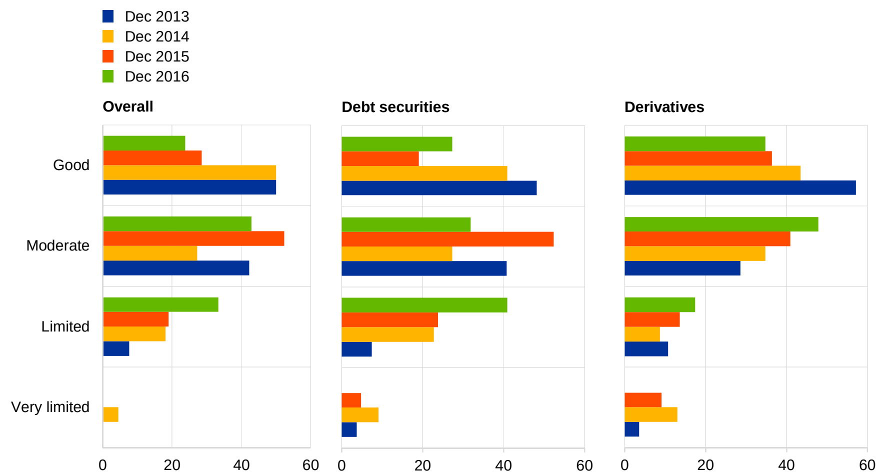
Compared with the results of previous December rounds, the December 2016 survey showed a shift in the distribution of responses regarding confidence in the ability to act as a market-maker in times of stress (see Chart E). Even though, overall, more respondents continued to report either a “good” or “moderate” ability than a “limited” or “very limited” ability, fewer now characterise their ability as “good” and more as just “moderate”, while more banks also characterise their ability as only “limited”. Even for derivatives, where respondents’ confidence in their ability to act as a market-maker in times of stress was strongest, fewer banks characterise their ability as “good” and more as only “moderate”. For debt securities, significantly more banks characterise their ability to act as a market-maker in times of stress as “limited” and significantly fewer banks as “moderate”. Interestingly, compared to one year ago, more banks also characterise their ability to act as a market-maker for debt securities in times of stress as “good”.

Reasons for (in)ability to act as a market-maker in times of stress: banks that reported either a “very limited” or “limited” ability to act as a market-maker for debt securities and derivatives in times of stress mostly pointed to constraints imposed by internal risk management (e.g. VaR limits), low profitability of market-making activities, a limited willingness of their respective institutions to take on risk, and limited availability of hedging instruments as the main reasons. Banks that reported either a “moderate” or “good” ability to act as a market-maker for debt securities and derivatives under strained market conditions, on the other hand, mostly pointed to the availability of balance sheet or capital at their respective institutions, compliance with current or expected changes in regulation, and a willingness to take on risk at their respective institution as the main reasons for that assessment.

Chart E

Ability to act as a market-maker in times of stress

(Q4 2013 – Q4 2016; percentage of survey respondents)



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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]?

Table 1

(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
						Sep. 2016	Dec. 2016	
Banks and dealers								
Price terms	0	33	63	4	0	+14	+30	27
Non-price terms	0	22	78	0	0	+7	+22	27
Overall	0	23	73	4	0	+8	+19	26
Hedge funds								
Price terms	5	11	79	5	0	+24	+11	19
Non-price terms	0	10	90	0	0	+9	+10	20
Overall	5	11	79	5	0	+24	+11	19
Insurance companies								
Price terms	0	7	89	4	0	+4	+4	27
Non-price terms	0	7	93	0	0	-7	+7	27
Overall	0	8	88	4	0	0	+4	26
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Price terms	0	8	85	8	0	+7	0	26
Non-price terms	0	8	92	0	0	-4	+8	26
Overall	0	8	88	4	0	+4	+4	25
Non-financial corporations								
Price terms	0	8	85	8	0	+7	0	26
Non-price terms	0	0	100	0	0	0	0	26
Overall	0	4	88	8	0	+8	-4	25
Sovereigns								
Price terms	0	13	83	4	0	+7	+8	24
Non-price terms	0	0	100	0	0	0	0	24
Overall	0	4	91	4	0	+4	0	23
All counterparties above								
Price terms	0	12	85	4	0	+7	+8	26
Non-price terms	0	4	96	0	0	0	+4	26
Overall	0	8	88	4	0	+4	+4	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]?

Table 2

(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 Sep. 2016	Net percentage Dec. 2016	Total number of answers
Banks and dealers								
Price terms	0	22	70	7	0	+32	+15	27
Non-price terms	0	15	85	0	0	+7	+15	27
Overall	0	27	65	8	0	+22	+19	26
Hedge funds								
Price terms	0	5	89	5	0	+19	0	19
Non-price terms	0	10	90	0	0	+5	+10	20
Overall	0	11	84	5	0	+19	+5	19
Insurance companies								
Price terms	0	7	89	4	0	+11	+4	27
Non-price terms	0	11	89	0	0	0	+11	27
Overall	0	15	81	4	0	+7	+12	26
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Price terms	0	4	92	4	0	+15	0	26
Non-price terms	0	12	88	0	0	+4	+12	26
Overall	0	12	84	4	0	+11	+8	25
Non-financial corporations								
Price terms	0	4	92	4	0	+19	0	26
Non-price terms	0	4	96	0	0	+4	+4	26
Overall	0	4	92	4	0	+15	0	25
Sovereigns								
Price terms	0	4	92	4	0	+19	0	24
Non-price terms	0	0	100	0	0	0	0	24
Overall	0	4	91	4	0	+11	0	23
All counterparties above								
Price terms	0	8	85	8	0	+22	0	26
Non-price terms	0	8	92	0	0	+7	+8	26
Overall	0	12	80	8	0	+19	+4	25

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?

Table 3

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

Banks and dealers	First reason	Second reason	Third reason	Either first, second or third reason	
				Sep. 2016	Dec. 2016
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	40	0	11	11
Adoption of new market conventions (e.g. ISDA protocols)	22	0	0	11	11
Internal treasury charges for funding	0	0	40	11	11
Availability of balance sheet or capital at your institution	33	20	20	33	26
General market liquidity and functioning	44	40	0	11	32
Competition from other institutions	0	0	20	0	5
Other	0	0	20	22	5
Total number of answers	9	5	5	9	19
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	100	0	33
Availability of balance sheet or capital at your institution	0	100	0	0	33
General market liquidity and functioning	100	0	0	33	33
Competition from other institutions	0	0	0	33	0
Other	0	0	0	33	0
Total number of answers	1	1	1	3	3
Non-price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	33	0
Willingness of your institution to take on risk	0	50	0	33	11
Adoption of new market conventions (e.g. ISDA protocols)	40	0	0	33	22
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	20	0	50	0	22
General market liquidity and functioning	20	50	0	0	22
Competition from other institutions	0	0	0	0	0
Other	20	0	50	0	22
Total number of answers	5	2	2	3	9
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 [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?

Table 4

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

Hedge funds	First reason	Second reason	Third reason	Either first, second or third reason	
				Sep. 2016	Dec. 2016
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	50	0	10	17
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	20	0
Internal treasury charges for funding	0	0	100	10	17
Availability of balance sheet or capital at your institution	33	50	0	30	33
General market liquidity and functioning	67	0	0	10	33
Competition from other institutions	0	0	0	10	0
Other	0	0	0	10	0
Total number of answers	3	2	1	10	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	0	0
Availability of balance sheet or capital at your institution	0	0	100	0	33
General market liquidity and functioning	100	0	0	0	33
Competition from other institutions	0	100	0	0	33
Other	0	0	0	0	0
Total number of answers	1	1	1	0	3
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	50	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	50	0
Internal treasury charges for funding	0	0	100	0	25
Availability of balance sheet or capital at your institution	50	0	0	0	25
General market liquidity and functioning	50	100	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	2	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 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?

Table 5

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

Insurance companies	First reason	Second reason	Third reason	Either first, second or third reason Sep. 2016	Either first, second or third reason Dec. 2016
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	17	0
Availability of balance sheet or capital at your institution	50	0	0	33	50
General market liquidity and functioning	50	0	0	17	50
Competition from other institutions	0	0	0	0	0
Other	0	0	0	33	0
Total number of answers	2	0	0	6	2
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	20	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	100	0	33
Availability of balance sheet or capital at your institution	0	100	0	0	33
General market liquidity and functioning	100	0	0	20	33
Competition from other institutions	0	0	0	40	0
Other	0	0	0	20	0
Total number of answers	1	1	1	5	3
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)	50	0	0	0	50
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	50	0	0	0	50
Total number of answers	2	0	0	0	2
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	33	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	33	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	33	0
Other	0	0	0	0	0
Total number of answers	0	0	0	3	0

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?

Table 6

(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	
				Sep. 2016	Dec. 2016
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	17	0
Availability of balance sheet or capital at your institution	50	0	0	33	50
General market liquidity and functioning	50	0	0	17	50
Competition from other institutions	0	0	0	0	0
Other	0	0	0	33	0
Total number of answers	2	0	0	6	2
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	50	0	17
Availability of balance sheet or capital at your institution	0	50	50	0	33
General market liquidity and functioning	100	0	0	33	33
Competition from other institutions	0	50	0	33	17
Other	0	0	0	33	0
Total number of answers	2	2	2	3	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	0	0
Adoption of new market conventions (e.g. ISDA protocols)	50	0	0	0	50
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	50	0	0	0	50
Total number of answers	2	0	0	0	2
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	100	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	1	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?

Table 7

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

Non-financial corporations	First reason	Second reason	Third reason	Either first, second or third reason	
				Sep. 2016	Dec. 2016
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	17	0
Availability of balance sheet or capital at your institution	50	0	0	33	50
General market liquidity and functioning	50	0	0	17	50
Competition from other institutions	0	0	0	0	0
Other	0	0	0	33	0
Total number of answers	2	0	0	6	2
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	100	0	25
Availability of balance sheet or capital at your institution	0	100	0	0	25
General market liquidity and functioning	50	0	0	33	25
Competition from other institutions	50	0	0	33	25
Other	0	0	0	33	0
Total number of answers	2	1	1	3	4
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 [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?

Table 8

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

Sovereigns	First reason	Second reason	Third reason	Either first, second or third reason	
				Sep. 2016	Dec. 2016
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	17	0
Availability of balance sheet or capital at your institution	33	0	0	33	33
General market liquidity and functioning	67	0	0	17	67
Competition from other institutions	0	0	0	0	0
Other	0	0	0	33	0
Total number of answers	3	0	0	6	3
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	100	0	33
Availability of balance sheet or capital at your institution	0	100	0	0	33
General market liquidity and functioning	100	0	0	33	33
Competition from other institutions	0	0	0	33	0
Other	0	0	0	33	0
Total number of answers	1	1	1	3	3
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 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?

Table 9

(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
						Sep. 2016	Dec. 2016	
Practices of CCPs	7	13	73	7	0	+12	+13	15

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 considerably to easing".

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?

Table 10

(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
						Sep. 2016	Dec. 2016	
Banks and dealers	0	0	74	22	4	-18	-26	27
Central counterparties	0	0	78	19	4	-18	-22	27

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?

Table 11

(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
						Sep. 2016	Dec. 2016	
Hedge funds								
Use of financial leverage	5	16	74	5	0	-5	+16	19
Availability of unutilised leverage	0	6	94	0	0	0	+6	16
Insurance companies								
Use of financial leverage	0	5	95	0	0	+8	+5	21
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Use of financial leverage	0	5	95	0	0	+9	+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".

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?

Table 12

(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
						Sep. 2016	Dec. 2016	
Banks and dealers								
Intensity of efforts to negotiate more favourable terms	0	0	92	8	0	-7	-8	26
Provision of differential terms to most-favoured clients	0	4	96	0	0	-4	+4	24
Hedge funds								
Intensity of efforts to negotiate more favourable terms	0	0	95	5	0	-14	-5	19
Provision of differential terms to most-favoured clients	0	0	94	0	6	-5	-6	18
Insurance companies								
Intensity of efforts to negotiate more favourable terms	0	0	96	4	0	-7	-4	25
Provision of differential terms to most-favoured clients	0	0	96	4	0	0	-4	23
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Intensity of efforts to negotiate more favourable terms	0	0	92	8	0	0	-8	24
Provision of differential terms to most-favoured clients	0	0	91	9	0	0	-9	22
Non-financial corporations								
Intensity of efforts to negotiate more favourable terms	0	0	92	8	0	-4	-8	24
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?

Table 13

(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
						Sep. 2016	Dec. 2016	
Banks and dealers								
Volume	0	0	80	16	4	-19	-20	25
Duration and persistence	0	0	88	12	0	-15	-12	25
Hedge funds								
Volume	0	0	89	5	5	0	-11	19
Duration and persistence	0	0	89	11	0	0	-11	19
Insurance companies								
Volume	0	0	88	12	0	-4	-12	25
Duration and persistence	0	0	88	12	0	-4	-12	25
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Volume	0	0	88	13	0	-8	-13	24
Duration and persistence	0	0	88	13	0	-4	-13	24
Non-financial corporations								
Volume	0	0	96	4	0	+4	-4	23
Duration and persistence	0	0	96	4	0	+4	-4	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".

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)?

Table 14

(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 Sep. 2016	Net percentage Dec. 2016	Total number of answers
Domestic government bonds								
Maximum amount of funding	0	17	72	11	0	-6	+6	18
Maximum maturity of funding	0	6	78	17	0	-6	-11	18
Haircuts	0	0	94	6	0	-6	-6	18
Financing rate/spread	0	6	72	17	6	0	-17	18
Use of CCPs	0	6	78	17	0	-6	-11	18
High-quality government, sub-national and supra-national bonds								
Maximum amount of funding	0	19	77	4	0	-4	+15	26
Maximum maturity of funding	0	4	85	12	0	-4	-8	26
Haircuts	0	0	96	4	0	-4	-4	26
Financing rate/spread	0	4	77	15	4	+7	-15	26
Use of CCPs	0	8	75	17	0	0	-8	24
Other government, sub-national and supra-national bonds								
Maximum amount of funding	0	16	80	4	0	+4	+12	25
Maximum maturity of funding	0	4	84	12	0	0	-8	25
Haircuts	0	0	96	4	0	0	-4	25
Financing rate/spread	0	8	72	16	4	0	-12	25
Use of CCPs	0	8	79	13	0	+4	-4	24
High-quality financial corporate bonds								
Maximum amount of funding	0	14	86	0	0	-4	+14	22
Maximum maturity of funding	0	5	95	0	0	+4	+5	22
Haircuts	0	0	95	5	0	-4	-5	22
Financing rate/spread	5	5	86	5	0	-4	+5	22
Use of CCPs	0	6	88	6	0	0	0	17
High-quality non-financial corporate bonds								
Maximum amount of funding	0	13	78	4	4	-8	+4	23
Maximum maturity of funding	0	9	87	4	0	0	+4	23
Haircuts	0	4	96	0	0	+4	+4	23
Financing rate/spread	4	4	83	9	0	-4	0	23
Use of CCPs	0	6	88	6	0	-5	0	17
High-yield corporate bonds								
Maximum amount of funding	0	5	89	5	0	0	0	19
Maximum maturity of funding	0	5	95	0	0	0	+5	19
Haircuts	0	0	100	0	0	+5	0	19
Financing rate/spread	0	0	100	0	0	+5	0	19
Use of CCPs	0	0	93	7	0	0	-7	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". "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)?

Table 15

(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
						Sep. 2016	Dec. 2016	
Convertible securities								
Maximum amount of funding	0	0	92	8	0	+15	-8	12
Maximum maturity of funding	0	0	100	0	0	0	0	12
Haircuts	0	0	92	8	0	0	-8	12
Financing rate/spread	0	0	100	0	0	0	0	12
Use of CCPs	0	0	100	0	0	0	0	11
Equities								
Maximum amount of funding	0	9	77	14	0	-9	-5	22
Maximum maturity of funding	0	9	91	0	0	-4	+9	22
Haircuts	0	5	91	5	0	+4	0	22
Financing rate/spread	0	18	64	18	0	+4	0	22
Use of CCPs	0	0	88	13	0	0	-13	16
Asset-backed securities								
Maximum amount of funding	0	6	89	6	0	-7	0	18
Maximum maturity of funding	0	0	100	0	0	0	0	18
Haircuts	0	6	94	0	0	0	+6	18
Financing rate/spread	0	11	83	6	0	0	+6	18
Use of CCPs	0	0	100	0	0	0	0	10
Covered bonds								
Maximum amount of funding	0	5	95	0	0	-4	+5	22
Maximum maturity of funding	0	5	95	0	0	+4	+5	22
Haircuts	0	0	100	0	0	+4	0	22
Financing rate/spread	0	5	91	5	0	+4	0	22
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".

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)?

Table 16

(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
						Sep. 2016	Dec. 2016	
Domestic government bonds								
Maximum amount of funding	0	17	78	6	0	-6	+11	18
Maximum maturity of funding	0	0	83	17	0	-6	-17	18
Haircuts	0	0	94	6	0	-6	-6	18
Financing rate/spread	0	6	72	17	6	-6	-17	18
Use of CCPs	0	6	78	17	0	-6	-11	18
High-quality government, sub-national and supra-national bonds								
Maximum amount of funding	0	15	81	4	0	-4	+12	26
Maximum maturity of funding	0	4	85	12	0	-4	-8	26
Haircuts	0	0	96	4	0	-4	-4	26
Financing rate/spread	0	8	73	15	4	+7	-12	26
Use of CCPs	0	8	75	17	0	0	-8	24
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	4	84	12	0	0	-8	25
Haircuts	0	0	96	4	0	0	-4	25
Financing rate/spread	0	8	72	16	4	0	-12	25
Use of CCPs	0	8	79	13	0	+4	-4	24
High-quality financial corporate bonds								
Maximum amount of funding	0	9	91	0	0	-4	+9	22
Maximum maturity of funding	0	5	95	0	0	+4	+5	22
Haircuts	0	0	95	5	0	-4	-5	22
Financing rate/spread	5	5	86	5	0	0	+5	22
Use of CCPs	0	6	88	6	0	0	0	17
High-quality non-financial corporate bonds								
Maximum amount of funding	0	4	87	4	4	-8	-4	23
Maximum maturity of funding	0	4	91	4	0	0	0	23
Haircuts	0	4	96	0	0	+4	+4	23
Financing rate/spread	4	4	83	9	0	0	0	23
Use of CCPs	0	6	88	6	0	-5	0	17
High-yield corporate bonds								
Maximum amount of funding	0	0	95	5	0	0	-5	20
Maximum maturity of funding	0	5	95	0	0	0	+5	20
Haircuts	0	5	95	0	0	+5	+5	20
Financing rate/spread	0	5	95	0	0	+5	+5	20
Use of CCPs	0	0	93	7	0	0	-7	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". "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)?

Table 17

(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
						Sep. 2016	Dec. 2016	
Convertible securities								
Maximum amount of funding	0	0	91	9	0	+8	-9	11
Maximum maturity of funding	0	0	100	0	0	0	0	11
Haircuts	0	0	91	9	0	0	-9	11
Financing rate/spread	0	0	100	0	0	+8	0	11
Use of CCPs	0	0	100	0	0	0	0	10
Equities								
Maximum amount of funding	0	5	81	14	0	-8	-10	21
Maximum maturity of funding	0	10	90	0	0	0	+10	21
Haircuts	0	5	90	5	0	+4	0	21
Financing rate/spread	0	14	67	19	0	+4	-5	21
Use of CCPs	0	0	87	13	0	0	-13	15
Asset-backed securities								
Maximum amount of funding	0	0	94	6	0	0	-6	18
Maximum maturity of funding	0	0	94	6	0	0	-6	18
Haircuts	0	6	94	0	0	0	+6	18
Financing rate/spread	0	6	94	0	0	0	+6	17
Use of CCPs	0	0	100	0	0	0	0	11
Covered bonds								
Maximum amount of funding	0	5	95	0	0	-4	+5	22
Maximum maturity of funding	0	5	95	0	0	+4	+5	22
Haircuts	0	0	100	0	0	+4	0	22
Financing rate/spread	0	5	91	5	0	+4	0	22
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".

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)?

Table 18

(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
						Sep. 2016	Dec. 2016	
Domestic government bonds								
Terms for average clients	0	0	100	0	0	**0**	**0**	16
Terms for most-favoured clients	0	0	100	0	0	**0**	**0**	16
High-quality 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
Other government, sub-national and supra-national bonds								
Terms for average clients	0	0	100	0	0	**0**	**0**	23
Terms for most-favoured clients	0	0	100	0	0	**0**	**0**	23
High-quality financial corporate bonds								
Terms for average clients	0	0	100	0	0	**0**	**0**	20
Terms for most-favoured clients	0	0	100	0	0	**0**	**0**	20
High-quality non-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-yield corporate bonds								
Terms for average clients	0	0	100	0	0	**0**	**0**	17
Terms for most-favoured clients	0	0	94	6	0	**0**	**-6**	17
Convertible securities								
Terms for average clients	0	0	100	0	0	**0**	**0**	12
Terms for most-favoured clients	0	0	100	0	0	**0**	**0**	12
Equities								
Terms for average clients	0	0	100	0	0	**0**	**0**	17
Terms for most-favoured clients	0	0	100	0	0	**0**	**0**	16
Asset-backed securities								
Terms for average clients	0	0	100	0	0	**0**	**0**	15
Terms for most-favoured clients	0	0	93	7	0	**0**	**-7**	15
Covered bonds								
Terms for average clients	0	0	100	0	0	**0**	**0**	20
Terms for most-favoured clients	0	0	100	0	0	**0**	**0**	20

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?

Table 19

(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 Sep. 2016	Net percentage Dec. 2016	Total number of answers
Domestic government bonds								
Overall demand	0	17	67	17	0	-6	0	18
With a maturity greater than 30 days	0	6	83	11	0	0	-6	18
High-quality government, sub-national and supra-national bonds								
Overall demand	0	12	76	12	0	0	0	25
With a maturity greater than 30 days	0	4	76	20	0	+4	-16	25
Other government, sub-national and supra-national bonds								
Overall demand	0	12	76	12	0	+4	0	25
With a maturity greater than 30 days	0	4	76	20	0	+4	-16	25
High-quality financial corporate bonds								
Overall demand	0	19	81	0	0	0	+19	21
With a maturity greater than 30 days	0	5	90	5	0	-9	0	21
High-quality non-financial corporate bonds								
Overall demand	0	14	77	5	5	0	+5	22
With a maturity greater than 30 days	0	5	91	5	0	-9	0	22
High-yield corporate bonds								
Overall demand	0	5	90	5	0	0	0	20
With a maturity greater than 30 days	0	5	90	5	0	-10	0	20
Convertible securities								
Overall demand	0	0	91	9	0	0	-9	11
With a maturity greater than 30 days	0	0	100	0	0	0	0	11
Equities								
Overall demand	5	5	67	24	0	-9	-14	21
With a maturity greater than 30 days	5	5	76	14	0	-5	-5	21
Asset-backed securities								
Overall demand	0	6	94	0	0	+7	+6	17
With a maturity greater than 30 days	0	6	88	6	0	0	0	17
Covered bonds								
Overall demand	0	10	86	5	0	+4	+5	21
With a maturity greater than 30 days	0	5	90	5	0	0	0	21
All collateral types above								
Overall demand	0	13	79	8	0	+12	+4	24
With a maturity greater than 30 days	0	8	83	8	0	+4	0	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?

Table 20

(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 Sep. 2016	Net percentage Dec. 2016	Total number of answers
Domestic government bonds								
Liquidity and functioning	6	22	72	0	0	**+17**	**+28**	18
High-quality government, sub-national and supra-national bonds								
Liquidity and functioning	4	27	65	4	0	**+4**	**+27**	26
Other government, sub-national and supra-national bonds								
Liquidity and functioning	4	19	77	0	0	**+4**	**+23**	26
High-quality financial corporate bonds								
Liquidity and functioning	0	5	91	5	0	**0**	**0**	22
High-quality non-financial corporate bonds								
Liquidity and functioning	0	4	91	4	0	**0**	**0**	23
High-yield corporate bonds								
Liquidity and functioning	0	5	90	5	0	**+5**	**0**	20
Convertible securities								
Liquidity and functioning	0	0	100	0	0	**0**	**0**	11
Equities								
Liquidity and functioning	5	14	82	0	0	**+4**	**+18**	22
Asset-backed securities								
Liquidity and functioning	0	6	94	0	0	**0**	**+6**	17
Covered bonds								
Liquidity and functioning	0	10	86	5	0	**+4**	**+5**	21
All collateral types above								
Liquidity and functioning	0	16	80	4	0	**+4**	**+12**	25

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?

Table 21

(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
						Sep. 2016	Dec. 2016	
Domestic government bonds								
Volume	0	0	100	0	0	**0**	**0**	16
Duration and persistence	0	0	100	0	0	**0**	**0**	16
High-quality government, sub-national and supra-national bonds								
Volume	0	0	100	0	0	**0**	**0**	23
Duration and persistence	0	0	100	0	0	**0**	**0**	23
Other government, sub-national and supra-national bonds								
Volume	0	0	100	0	0	**0**	**0**	23
Duration and persistence	0	0	100	0	0	**0**	**0**	23
High-quality financial corporate bonds								
Volume	0	0	100	0	0	**0**	**0**	19
Duration and persistence	0	0	100	0	0	**0**	**0**	19
High-quality non-financial corporate bonds								
Volume	0	0	100	0	0	**0**	**0**	20
Duration and persistence	0	0	100	0	0	**0**	**0**	20
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**	11
Duration and persistence	0	0	100	0	0	**0**	**0**	11
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**	16
Duration and persistence	0	0	100	0	0	**0**	**0**	16
Covered bonds								
Volume	0	0	100	0	0	**0**	**0**	16
Duration and persistence	0	0	100	0	0	**0**	**0**	16
All collateral types above								
Volume	0	0	100	0	0	**0**	**0**	21
Duration and persistence	0	0	100	0	0	**0**	**0**	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". "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?

Table 22

(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
						Sep. 2016	Dec. 2016	
Foreign exchange								
Average clients	0	0	79	21	0	-5	-21	19
Most-favoured clients	0	0	95	5	0	-5	-5	19
Interest rates								
Average clients	0	0	86	14	0	-10	-14	21
Most-favoured clients	0	0	95	5	0	-10	-5	21
Credit referencing sovereigns								
Average clients	0	0	85	15	0	0	-15	13
Most-favoured clients	0	0	100	0	0	0	0	13
Credit referencing corporates								
Average clients	0	0	87	13	0	0	-13	15
Most-favoured clients	0	0	100	0	0	0	0	15
Credit referencing structured credit products								
Average clients	0	0	85	15	0	0	-15	13
Most-favoured clients	0	0	100	0	0	0	0	13
Equity								
Average clients	0	6	82	12	0	0	-6	17
Most-favoured clients	0	6	94	0	0	0	+6	17
Commodity								
Average clients	0	0	87	13	0	0	-13	15
Most-favoured clients	0	0	100	0	0	0	0	15
Total return swaps referencing non-securities								
Average clients	0	0	83	17	0	0	-17	12
Most-favoured clients	0	0	100	0	0	0	0	12

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

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?

Table 23

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

Credit limits	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Sep. 2016	Dec. 2016	
Foreign exchange								
Maximum amount of exposure	0	4	88	8	0	+4	-4	24
Maximum maturity of trades	0	0	100	0	0	+4	0	24
Interest rates								
Maximum amount of exposure	0	0	100	0	0	+4	0	24
Maximum maturity of trades	0	0	100	0	0	+12	0	24
Credit referencing sovereigns								
Maximum amount of exposure	0	0	100	0	0	0	0	16
Maximum maturity of trades	0	0	100	0	0	0	0	15
Credit referencing corporates								
Maximum amount of exposure	0	6	94	0	0	+6	+6	17
Maximum maturity of trades	0	0	100	0	0	0	0	16
Credit referencing structured credit products								
Maximum amount of exposure	0	0	100	0	0	0	0	16
Maximum maturity of trades	0	0	100	0	0	0	0	15
Equity								
Maximum amount of exposure	0	5	95	0	0	+5	+5	20
Maximum maturity of trades	0	0	100	0	0	+5	0	20
Commodity								
Maximum amount of exposure	0	0	100	0	0	+6	0	17
Maximum maturity of trades	0	0	100	0	0	+6	0	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	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

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

Table 24

(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
						Sep. 2016	Dec. 2016	
Foreign exchange								
Liquidity and trading	0	8	92	0	0	+4	+8	25
Interest rates								
Liquidity and trading	0	8	92	0	0	+8	+8	25
Credit referencing sovereigns								
Liquidity and trading	0	13	88	0	0	+5	+13	16
Credit referencing corporates								
Liquidity and trading	0	12	88	0	0	+11	+12	17
Credit referencing structured credit products								
Liquidity and trading	0	6	94	0	0	0	+6	16
Equity								
Liquidity and trading	0	14	86	0	0	+9	+14	21
Commodity								
Liquidity and trading	0	0	100	0	0	0	0	18
Total return swaps referencing non-securities								
Liquidity and trading	0	7	93	0	0	0	+7	15

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

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?

Table 25

(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
						Sep. 2016	Dec. 2016	
Foreign exchange								
Volume	0	0	87	13	0	**-8**	**-13**	23
Duration and persistence	0	0	96	4	0	**-4**	**-4**	23
Interest rates								
Volume	0	0	83	17	0	**-16**	**-17**	24
Duration and persistence	0	0	92	8	0	**-16**	**-8**	24
Credit referencing sovereigns								
Volume	0	0	94	6	0	**-5**	**-6**	17
Duration and persistence	0	0	100	0	0	**0**	**0**	17
Credit referencing corporates								
Volume	0	0	94	6	0	**0**	**-6**	18
Duration and persistence	0	0	100	0	0	**0**	**0**	18
Credit referencing structured credit products								
Volume	0	12	82	6	0	**-11**	**+6**	17
Duration and persistence	0	6	94	0	0	**-11**	**+6**	17
Equity								
Volume	0	5	90	5	0	**-14**	**0**	21
Duration and persistence	0	0	100	0	0	**-9**	**0**	21
Commodity								
Volume	0	0	94	6	0	**-10**	**-6**	18
Duration and persistence	0	0	100	0	0	**-5**	**0**	18
Total return swaps referencing non-securities								
Volume	0	0	93	7	0	**-6**	**-7**	15
Duration and persistence	0	0	100	0	0	**-6**	**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".

3.2 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?

Table 26

(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
						Sep. 2016	Dec. 2016	
Margin call practices	4	20	72	4	0	**0**	**+20**	25
Acceptable collateral	0	20	68	12	0	**+7**	**+8**	25
Recognition of portfolio or diversification benefits	0	0	96	4	0	**0**	**-4**	24
Covenants and triggers	4	8	88	0	0	**+4**	**+12**	25
Other documentation features	0	13	83	4	0	**-4**	**+8**	24

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?

Table 27

(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
						Sep. 2016	Dec. 2016	
Posting of non-standard collateral	0	13	83	4	0	**+4**	**+9**	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".

Special questions

5.1 Market-making activities

Changes in market-making activities

How have the market-making activities of your institution for [debt securities/ derivatives/ overall] changed over the past year?

Table 28

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

Changes over past year	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage	Total number of answers
Debt securities	4	39	57	0	0	**+43**	23
Derivatives	0	30	57	13	0	**+17**	23
Overall	5	41	50	5	0	**+41**	22
Domestic government bonds	13	31	50	0	6	**+38**	16
High-quality government, sub-national and supra-national bonds	9	39	39	13	0	**+35**	23
Other government, sub-national and supra-national bonds	9	30	52	9	0	**+30**	23
High-quality financial corporate bonds	5	25	65	5	0	**+25**	20
High-quality non-financial corporate bonds	0	30	55	10	5	**+15**	20
High-yield corporate bonds	6	29	53	6	6	**+24**	17
Convertible securities	0	30	70	0	0	**+30**	10
Asset-backed securities	0	7	87	7	0	**0**	15
Covered bonds	5	45	40	10	0	**+40**	20

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

Expected changes in market-making activities

How are the market-making activities of your institution for [debt securities/ derivatives/ overall] likely to change in 2017?

Table 29

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

Expected changes in 2017	Likely to decrease considerably	Likely to decrease somewhat	Likely to remain unchanged	Likely to increase somewhat	Likely to increase considerably	Net percentage	Total number of answers
Debt securities	0	13	78	9	0	**+4**	23
Derivatives	0	13	74	13	0	**0**	23
Overall	0	18	64	18	0	**0**	22
Domestic government bonds	0	27	60	13	0	**+13**	15
High-quality government, sub-national and supra-national bonds	5	27	50	18	0	**+14**	22
Other government, sub-national and supra-national bonds	5	23	64	9	0	**+18**	22
High-quality financial corporate bonds	5	20	60	15	0	**+10**	20
High-quality non-financial corporate bonds	0	25	65	10	0	**+15**	20
High-yield corporate bonds	0	18	65	18	0	**0**	17
Convertible securities	0	20	70	10	0	**+10**	10
Asset-backed securities	0	6	75	19	0	**-13**	16
Covered bonds	0	20	65	10	5	**+5**	20

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

Reasons for changes in market-making activities over the past year

To the extent that market-making activities of your institution for [debt securities/ derivatives] have decreased or increased over the past year (as reflected in your responses above), what was the [first/ second/ third] most important reason for the change?

Table 30

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

Changes over the past year	First reason	Second reason	Third reason	Either first, second or third reason
Debt securities				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	14	17	10
Availability of balance sheet or capital at your institution	38	14	33	29
Competition from other banks	0	0	17	5
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	13	43	17	24
Growing importance of electronic trading platforms	13	0	0	5
Profitability of market making activities	13	14	0	10
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	25	14	17	19
Total number of answers	**8**	**7**	**6**	**21**
Possible reasons for an increase				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**0**	**0**	**0**	**0**
Derivatives				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	40	12
Internal treasury charges for funding market-making activities	0	0	20	6
Availability of balance sheet or capital at your institution	17	50	20	29
Competition from other banks	17	0	0	6
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	50	17	0	24
Growing importance of electronic trading platforms	0	17	0	6
Profitability of market making activities	0	17	0	6
Role of high-frequency automated trading in making markets	0	0	20	6
Other (please specify below)	17	0	0	6
Total number of answers	**6**	**6**	**5**	**17**
Possible reasons for an increase				
Willingness of your institution to take on risk	33	33	0	25
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	33	0	13
Competition from other banks	33	0	50	25
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	33	0	13
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	33	0	50	25
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**3**	**3**	**2**	**8**

Reasons for changes in market-making activities over the past year (continued)

To the extent that market-making activities of your institution for [overall/ domestic government bonds] have decreased or increased over the past year (as reflected in your responses above), what was the [first/ second/ third] most important reason for the change?

Table 30 (continued)

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

Changes over the past year	First reason	Second reason	Third reason	Either first, second or third reason
Overall				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	25	6
Internal treasury charges for funding market-making activities	0	17	25	12
Availability of balance sheet or capital at your institution	29	50	0	29
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	43	17	0	24
Growing importance of electronic trading platforms	14	0	0	6
Profitability of market making activities	0	0	25	6
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	14	17	25	18
Total number of answers	**7**	**6**	**4**	**17**
Possible reasons for an increase				
Willingness of your institution to take on risk	0	100	0	50
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	100	0	0	50
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**1**	**1**	**0**	**2**
Domestic government bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	17	20	11
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	57	17	0	28
Competition from other banks	0	0	20	6
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	14	33	20	22
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	14	17	0	11
Role of high-frequency automated trading in making markets	0	0	20	6
Other (please specify below)	14	17	20	17
Total number of answers	**7**	**6**	**5**	**18**
Possible reasons for an increase				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other banks	100	0	0	33
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	100	0	33
Compliance with current or expected changes in regulation	0	0	100	33
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**1**	**1**	**1**	**3**

Reasons for changes in market-making activities over the past year (continued)

To the extent that market-making activities of your institution for [high-quality government, sub-national and supra-national bonds/other government, sub-national and supra-national bonds] have decreased or increased over the past year (as reflected in your responses above), what was the [first/ second/ third] most important reason for the change?

Table 30 (continued)

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

Changes over the past year	First reason	Second reason	Third reason	Either first, second or third reason
High-quality government, sub-national and supra-national bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	25	5
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	50	17	0	30
Competition from other banks	0	0	25	5
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	20	33	25	25
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	10	17	0	10
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	20	33	25	25
Total number of answers	**10**	**6**	**4**	**20**
Possible reasons for an increase				
Willingness of your institution to take on risk	33	0	33	22
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	33	0	11
Competition from other banks	0	0	33	11
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	33	0	0	11
Profitability of market making activities	33	0	0	11
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	67	33	33
Total number of answers	**3**	**3**	**3**	**9**
Other government, sub-national and supra-national bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	25	6
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	50	20	0	29
Competition from other banks	0	0	25	6
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	13	40	25	24
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	13	20	0	12
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	25	20	25	24
Total number of answers	**8**	**5**	**4**	**17**
Possible reasons for an increase				
Willingness of your institution to take on risk	0	0	50	17
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	50	0	0	17
Profitability of market making activities	50	0	0	17
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	100	50	50
Total number of answers	**2**	**2**	**2**	**6**

Reasons for changes in market-making activities over the past year (continued)

To the extent that market-making activities of your institution for [high-quality financial corporate bonds/ high-quality non-financial corporate bonds] have decreased or increased over the past year (as reflected in your responses above), what was the [first/ second/ third] most important reason for the change?

Table 30 (continued)

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

Changes over the past year	First reason	Second reason	Third reason	Either first, second or third reason
High-quality financial corporate bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	60	0	33	33
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	33	8
Compliance with current or expected changes in regulation	0	75	33	33
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	20	25	0	17
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	20	0	0	8
Total number of answers	**5**	**4**	**3**	**12**
Possible reasons for an increase				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	100	0	0	33
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	100	100	67
Total number of answers	**1**	**1**	**1**	**3**
High-quality non-financial corporate bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	60	0	33	33
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	25	0	8
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	20	50	33	33
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	25	33	17
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	20	0	0	8
Total number of answers	**5**	**4**	**3**	**12**
Possible reasons for an increase				
Willingness of your institution to take on risk	33	0	0	14
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	50	0	14
Competition from other banks	0	0	50	14
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	33	0	0	14
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	33	50	50	43
Total number of answers	**3**	**2**	**2**	**7**

Reasons for changes in market-making activities over the past year (continued)

To the extent that market-making activities of your institution for [high-yield government bonds/convertible securities] have decreased or increased over the past year (as reflected in your responses above), what was the [first/ second/ third] most important reason for the change?

Table 30 (continued)

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

Changes over the past year	First reason	Second reason	Third reason	Either first, second or third reason
High-yield corporate bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	33	10
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	25	33	0	20
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	33	0	10
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	50	0	33	30
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	33	33	20
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	25	0	0	10
Total number of answers	**4**	**3**	**3**	**10**
Possible reasons for an increase				
Willingness of your institution to take on risk	50	0	0	25
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	50	0	0	25
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	100	100	50
Total number of answers	**2**	**1**	**1**	**4**
Convertible securities				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	50	14
Internal treasury charges for funding market-making activities	0	50	0	14
Availability of balance sheet or capital at your institution	0	50	50	29
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	33	0	0	14
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	67	0	0	29
Total number of answers	**3**	**2**	**2**	**7**
Possible reasons for an increase				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**0**	**0**	**0**	**0**

Reasons for changes in market-making activities over the past year (continued)

To the extent that market-making activities of your institution for [asset-backed securities/covered bonds] have decreased or increased over the past year (as reflected in your responses above), what was the [first/ second/ third] most important reason for the change?

Table 30 (continued)

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

Changes over the past year	First reason	Second reason	Third reason	Either first, second or third reason
Asset-backed securities				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	100	33
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	100	0	33
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	100	0	0	33
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**1**	**1**	**1**	**3**
Possible reasons for an increase				
Willingness of your institution to take on risk	0	100	0	33
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	100	0	0	33
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	100	33
Total number of answers	**1**	**1**	**1**	**3**
Covered bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	25	5
Availability of balance sheet or capital at your institution	33	0	25	21
Competition from other banks	0	0	25	5
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	17	0	5
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	50	25	21
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	11	33	0	16
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	56	0	0	26
Total number of answers	**9**	**6**	**4**	**19**
Possible reasons for an increase				
Willingness of your institution to take on risk	50	0	0	17
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	50	0	17
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	50	0	0	17
Profitability of market making activities	0	0	50	17
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	50	50	33
Total number of answers	**2**	**2**	**2**	**6**

Reasons for expected changes in market-making activities in 2017

To the extent that market-making activities of your institution for [debt securities/ derivatives] are likey to decrease or increase in 2017 (as reflected in your responses above), what is the [first/ second/ third] most important reason for the expected change?

Table 31

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

Expected changes in 2017	First reason	Second reason	Third reason	Either first, second or third reason
Debt securities				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	50	0	0	33
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	100	0	33
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	50	0	0	33
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**2**	**1**	**0**	**3**
Possible reasons for an increase				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**0**	**0**	**0**	**0**
Derivatives				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	100	17
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	33	50	0	33
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	33	50	0	33
Growing importance of electronic trading platforms	33	0	0	17
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**3**	**2**	**1**	**6**
Possible reasons for an increase				
Willingness of your institution to take on risk	0	33	50	25
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	33	0	13
Competition from other banks	33	0	0	13
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	50	13
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	33	33	0	25
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	33	0	0	13
Total number of answers	**3**	**3**	**2**	**8**

Reasons for expected changes in market-making activities in 2017 (continued)

To the extent that market-making activities of your institution for [overall/ domestic government bonds] are likey to decrease or increase in 2017 (as reflected in your responses above), what is the [first/ second/ third] most important reason for the expected change?

Table 31 (continued)

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

Expected changes in 2017	First reason	Second reason	Third reason	Either first, second or third reason
Overall				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	100	17
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	33	50	0	33
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	33	50	0	33
Growing importance of electronic trading platforms	33	0	0	17
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**3**	**2**	**1**	**6**
Possible reasons for an increase				
Willingness of your institution to take on risk	0	33	50	25
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	33	0	13
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	67	0	0	25
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	33	33	50	38
Total number of answers	**3**	**3**	**2**	**8**
Domestic government bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	50	0	18
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	75	0	0	27
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	25	0	9
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	33	9
Other (please specify below)	25	25	67	36
Total number of answers	**4**	**4**	**3**	**11**
Possible reasons for an increase				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	100	0	50
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	100	0	0	50
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**1**	**1**	**0**	**2**

Reasons for expected changes in market-making activities in 2017 (continued)

To the extent that market-making activities of your institution for [high-quality government, sub-national and supra-national bonds/ other government, sub-national and supra-national bonds] are likey to decrease or increase in 2017 (as reflected in your responses above), what is the [first/ second/ third] most important reason for the expected change?

Table 31 (continued)

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

Expected changes in 2017	First reason	Second reason	Third reason	Either first, second or third reason
High-quality government, sub-national and supra-national bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	25	0	8
Internal treasury charges for funding market-making activities	0	25	0	8
Availability of balance sheet or capital at your institution	67	0	33	38
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	25	0	8
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	33	25	67	38
Total number of answers	**6**	**4**	**3**	**13**
Possible reasons for an increase				
Willingness of your institution to take on risk	25	0	0	13
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	50	0	13
Competition from other banks	0	0	50	13
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	25	0	0	13
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	50	50	50	50
Total number of answers	**4**	**2**	**2**	**8**
Other government, sub-national and supra-national bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	33	0	11
Internal treasury charges for funding market-making activities	0	33	0	11
Availability of balance sheet or capital at your institution	50	0	50	33
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	33	0	11
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	50	0	50	33
Total number of answers	**4**	**3**	**2**	**9**
Possible reasons for an increase				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	50	0	0	25
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	50	100	100	75
Total number of answers	**2**	**1**	**1**	**4**

Reasons for expected changes in market-making activities in 2017 (continued)

To the extent that market-making activities of your institution for [high-quality financial corporate bonds/ high-quality non-financial corporate bonds] are likey to decrease or increase in 2017 (as reflected in your responses above), what is the [first/ second/ third] most important reason for the expected change?

Table 31 (continued)

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

Expected changes in 2017	First reason	Second reason	Third reason	Either first, second or third reason
High-quality financial corporate bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	50	0	14
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	75	0	0	43
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	25	50	0	29
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	100	14
Total number of answers	**4**	**2**	**1**	**7**
Possible reasons for an increase				
Willingness of your institution to take on risk	33	0	0	14
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other banks	0	50	0	14
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	33	0	0	14
Profitability of market making activities	0	0	50	14
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	33	50	50	43
Total number of answers	**3**	**2**	**2**	**7**
High-quality non-financial corporate bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	50	0	14
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	75	0	0	43
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	25	50	0	29
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	100	14
Total number of answers	**4**	**2**	**1**	**7**
Possible reasons for an increase				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	50	0	0	25
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	50	100	100	75
Total number of answers	**2**	**1**	**1**	**4**

Reasons for expected changes in market-making activities in 2017 (continued)

To the extent that market-making activities of your institution for [high-yield corporate bonds/ convertible securities] are likey to decrease or increase in 2017 (as reflected in your responses above), what is the [first/ second/ third] most important reason for the expected change?

Table 31 (continued)

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

Expected changes in 2017	First reason	Second reason	Third reason	Either first, second or third reason
High-yield corporate bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	50	0	0	33
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	50	100	0	67
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**2**	**1**	**0**	**3**
Possible reasons for an increase				
Willingness of your institution to take on risk	33	0	0	17
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	50	0	17
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	33	0	0	17
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	33	50	100	50
Total number of answers	**3**	**2**	**1**	**6**
Convertible securities				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	50	0	20
Availability of balance sheet or capital at your institution	50	0	100	40
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	50	0	20
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	50	0	0	20
Total number of answers	**2**	**2**	**1**	**5**
Possible reasons for an increase				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	100	0	0	100
Total number of answers	**1**	**0**	**0**	**1**

Reasons for expected changes in market-making activities in 2017 (continued)

To the extent that market-making activities of your institution for [asset-backed securities/ covered bonds] are likey to decrease or increase in 2017 (as reflected in your responses above), what is the [first/ second/ third] most important reason for the expected change?

Table 31 (continued)

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

Expected changes in 2017	First reason	Second reason	Third reason	Either first, second or third reason
Asset-backed securities				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	100	0	0	50
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	100	0	50
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**1**	**1**	**0**	**2**
Possible reasons for an increase				
Willingness of your institution to take on risk	33	0	0	33
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other banks	33	0	0	33
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	33	0	0	33
Total number of answers	**3**	**0**	**0**	**3**
Covered bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	50	0	17
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	67	0	0	33
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	50	0	17
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	33	0	100	33
Total number of answers	**3**	**2**	**1**	**6**
Possible reasons for an increase				
Willingness of your institution to take on risk	0	50	0	14
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	50	14
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	33	0	0	14
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	67	50	50	57
Total number of answers	**3**	**2**	**2**	**7**

Ability to act as a market-maker in times of stress

How would you assess the current ability of your institution to act as a market-maker for [debt securities/ derivatives/ overall] in times of stress?

Table 32

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

Ability to act as a market-maker in time of stress	Very limited	Limited	Moderate	Good	Net percentage	Total number of answers
Debt securities	0	41	32	27	**-18**	22
Derivatives	0	17	48	35	**-65**	23
Overall	0	33	43	24	**-33**	21
Domestic government bonds	7	27	27	40	**-33**	15
High-quality government, sub-national and supra-national bonds	0	27	41	32	**-45**	22
Other government, sub-national and supra-national bonds	5	27	50	18	**-36**	22
High-quality financial corporate bonds	5	35	35	25	**-20**	20
High-quality non-financial corporate bonds	10	30	35	25	**-20**	20
High-yield corporate bonds	17	39	28	17	**+11**	18
Convertible securities	17	33	17	33	**0**	12
Asset-backed securities	29	18	24	29	**-6**	17
Covered bonds	5	32	37	26	**-26**	19

Note: The net percentage is defined as the difference between the percentage of respondents reporting "very limited" or "limited" and those reporting "moderate" and "good".

Reasons for (in)ability to act as a market-maker in times of stress

Given the ability of your institution to act as a market-maker for [debt securities/ derivatives] in times stress (as reflected in your responses above), what is the [first/ second/ third] most important reason for this?

Table 33

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

Ability to act as a market-maker in time of stress	First reason	Second reason	Third reason	Either first, second or third reason
Debt securities				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	17	20	0	13
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	17	0	0	6
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	17	20	60	31
Availability of hedging instruments	17	0	20	13
Compliance with current or expected changes in regulation	0	0	20	6
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	17	40	0	19
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	17	20	0	13
Total number of answers	**6**	**5**	**5**	**16**
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	0	43	0	16
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	50	14	25	32
Competition from other banks	13	0	0	5
Competition from non-bank financial institutions	0	0	25	5
Constraints imposed by internal risk management (e.g. VaR limits)	0	14	0	5
Availability of hedging instruments	13	0	25	11
Compliance with current or expected changes in regulation	25	14	25	21
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	14	0	5
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**8**	**7**	**4**	**19**
Derivatives				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	0	50	0	17
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	50	0	50	33
Availability of hedging instruments	50	0	50	33
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	50	0	17
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**2**	**2**	**2**	**6**
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	17	20	0	14
Internal treasury charges for funding market-making activities	8	0	0	3
Availability of balance sheet or capital at your institution	33	0	14	17
Competition from other banks	8	10	0	7
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	10	14	7
Availability of hedging instruments	0	10	14	7
Compliance with current or expected changes in regulation	17	20	29	21
Growing importance of electronic trading platforms	0	10	14	7
Profitability of market making activities	8	10	14	10
Role of high-frequency automated trading in making markets	0	10	0	3
Other (please specify below)	8	0	0	3
Total number of answers	**12**	**10**	**7**	**29**

Reasons for (in)ability to act as a market-maker in times of stress (continued)

Given the ability of your institution to act as a market-maker for [overall/ domestic government bonds] in times stress (as reflected in your responses above), what is the [first/ second/ third] most important reason for this?

Table 33 (continued)

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

Ability to act as a market-maker in time of stress	First reason	Second reason	Third reason	Either first, second or third reason
Overall				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	25	25	0	17
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	25	0	0	8
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	25	25	50	33
Availability of hedging instruments	25	0	25	17
Compliance with current or expected changes in regulation	0	0	25	8
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	50	0	17
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**4**	**4**	**4**	**12**
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	14	20	0	14
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	14	0	0	7
Competition from other banks	14	0	0	7
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	20	50	14
Availability of hedging instruments	14	20	50	21
Compliance with current or expected changes in regulation	29	40	0	29
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	14	0	0	7
Total number of answers	**7**	**5**	**2**	**14**
Domestic government bonds				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	0	50	0	17
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	25	0	0	8
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	50	17
Availability of hedging instruments	25	0	0	8
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	25	0	0	8
Role of high-frequency automated trading in making markets	0	0	25	8
Other (please specify below)	25	50	25	33
Total number of answers	**4**	**4**	**4**	**12**
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	13	33	0	18
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	38	17	0	24
Competition from other banks	13	17	0	12
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	25	0	33	18
Compliance with current or expected changes in regulation	13	17	33	18
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	17	33	12
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**8**	**6**	**3**	**17**

Reasons for (in)ability to act as a market-maker in times of stress (continued)

Given the ability of your institution to act as a market-maker for [high-quality government, sub-national and supra-national bonds/ other government, sub-national and supra-national bonds] in times stress (as reflected in your responses above), what is the [first/ second/ third] most important reason for this?

Table 33 (continued)

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

Ability to act as a market-maker in time of stress	First reason	Second reason	Third reason	Either first, second or third reason
High-quality government, sub-national and supra-national bonds				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	0	33	0	11
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	67	22
Availability of hedging instruments	33	0	0	11
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	33	0	0	11
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	33	67	33	44
Total number of answers	**3**	**3**	**3**	**9**
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	18	33	17	23
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	45	11	17	27
Competition from other banks	9	0	17	8
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	11	17	8
Availability of hedging instruments	0	11	17	8
Compliance with current or expected changes in regulation	18	11	17	15
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	22	0	8
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	9	0	0	4
Total number of answers	**11**	**9**	**6**	**26**
Other government, sub-national and supra-national bonds				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	25	25	0	17
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	25	50	25
Availability of hedging instruments	25	0	0	8
Compliance with current or expected changes in regulation	0	0	25	8
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	25	0	0	8
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	25	50	25	33
Total number of answers	**4**	**4**	**4**	**12**
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	10	38	20	22
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	50	0	20	26
Competition from other banks	10	0	0	4
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	13	20	9
Availability of hedging instruments	0	13	20	9
Compliance with current or expected changes in regulation	20	13	20	17
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	25	0	9
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	10	0	0	4
Total number of answers	**10**	**8**	**5**	**23**

Reasons for (in)ability to act as a market-maker in times of stress (continued)

Given the ability of your institution to act as a market-maker for [high-quality financial corporate bonds/ high-quality non-financial corporate bonds] in times stress (as reflected in your responses above), what is the [first/ second/ third] most important reason for this?

Table 33 (continued)

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

Ability to act as a market-maker in time of stress	First reason	Second reason	Third reason	Either first, second or third reason
High-quality financial corporate bonds				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	40	20	20	27
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	20	20	0	13
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	20	40	20
Availability of hedging instruments	40	0	0	13
Compliance with current or expected changes in regulation	0	0	20	7
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	40	20	20
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**5**	**5**	**5**	**15**
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	17	20	0	15
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	33	0	50	23
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	20	0	8
Availability of hedging instruments	0	40	50	23
Compliance with current or expected changes in regulation	33	20	0	23
Growing importance of electronic trading platforms	17	0	0	8
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**6**	**5**	**2**	**13**
High-quality non-financial corporate bonds				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	40	20	20	27
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	20	20	0	13
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	20	40	20
Availability of hedging instruments	40	0	0	13
Compliance with current or expected changes in regulation	0	0	20	7
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	40	20	20
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**5**	**5**	**5**	**15**
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	17	20	0	15
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	33	0	50	23
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	17	0	0	8
Constraints imposed by internal risk management (e.g. VaR limits)	0	20	0	8
Availability of hedging instruments	0	20	50	15
Compliance with current or expected changes in regulation	33	40	0	31
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**6**	**5**	**2**	**13**

Reasons for (in)ability to act as a market-maker in times of stress (continued)

Given the ability of your institution to act as a market-maker for [high yield corporate bonds/ convertible securities] in times stress (as reflected in your responses above), what is the [first/ second/ third] most important reason for this?

Table 33 (continued)

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

Ability to act as a market-maker in time of stress	First reason	Second reason	Third reason	Either first, second or third reason
High-yield corporate bonds				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	67	20	0	33
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	17	20	0	13
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	20	50	20
Availability of hedging instruments	17	20	0	13
Compliance with current or expected changes in regulation	0	0	25	7
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	20	25	13
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**6**	**5**	**4**	**15**
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	33	0	100	29
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	33	0	0	14
Constraints imposed by internal risk management (e.g. VaR limits)	0	33	0	14
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	33	67	0	43
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**3**	**3**	**1**	**7**
Convertible securities				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	25	25	0	17
Internal treasury charges for funding market-making activities	0	25	0	8
Availability of balance sheet or capital at your institution	25	25	25	25
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	25	25	17
Availability of hedging instruments	25	0	0	8
Compliance with current or expected changes in regulation	0	0	25	8
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	25	8
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	25	0	0	8
Total number of answers	**4**	**4**	**4**	**12**
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	33	0	0	20
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	33	0	0	20
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	50	0	20
Compliance with current or expected changes in regulation	33	50	0	40
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**3**	**2**	**0**	**5**

Reasons for (in)ability to act as a market-maker in times of stress (continued)

Given the ability of your institution to act as a market-maker for [asset-backed securities/ covered bonds] in times stress (as reflected in your responses above), what is the [first/ second/ third] most important reason for this?

Table 33 (continued)

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

Ability to act as a market-maker in time of stress	First reason	Second reason	Third reason	Either first, second or third reason
Asset-backed securities				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	33	33	17	28
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	33	17	0	17
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	17	33	17
Availability of hedging instruments	33	0	17	17
Compliance with current or expected changes in regulation	0	17	17	11
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	17	17	11
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**6**	**6**	**6**	**18**
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	20	0	0	10
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	40	0	0	20
Competition from other banks	0	25	0	10
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	25	0	10
Availability of hedging instruments	0	25	0	10
Compliance with current or expected changes in regulation	40	25	0	30
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	100	10
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**5**	**4**	**1**	**10**
Covered bonds				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	25	25	25	25
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	25	0	8
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	50	17
Availability of hedging instruments	50	0	0	17
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	25	25	25	25
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	25	0	8
Total number of answers	**4**	**4**	**4**	**12**
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	13	60	0	25
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	38	0	0	19
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	20	67	19
Compliance with current or expected changes in regulation	13	20	0	13
Growing importance of electronic trading platforms	13	0	33	13
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	25	0	0	13
Total number of answers	**8**	**5**	**3**	**16**