EUROPEAN CENTRAL BANK
EUROSYSTEM

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

March 2019

The Eurosystem conducts a quarterly qualitative survey on credit terms and conditions in euro-denominated securities financing transaction and over-the-counter (OTC) derivatives markets. This survey is a follow-up to the recommendation in the Committee on the Global Financial System study group report on "The role of margin requirements and haircuts in procyclicality", published in March 2010. 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** – credit terms and conditions for various counterparty types in both securities financing and OTC derivatives markets;

2. **Securities financing** – 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 provided, rather than the currency of the loan. For OTC derivatives, at least one of the legs of the contract should be denominated in euro.

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

Reporting institutions should report on their **global credit terms** – the survey is aimed at the senior credit officers responsible for having an overview of 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 a receiver of credit from other firms).

The questions focus on how terms have tightened or eased over the past three months, regardless of longer-term norms, why they have changed, and expectations for the future. 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.

March 2019 SESFOD results

(Reference period from December 2018 to February 2019)

The March 2019 survey on credit terms and conditions in euro-denominated securities financing and OTC derivatives markets (SESFOD) reports qualitative changes in credit terms between December 2018 and February 2019. Responses were collected from a panel of 28 large banks, comprising 14 euro area banks and 14 banks with head offices outside the euro area.

Highlights

In both the securities financing market and the OTC derivatives market, credit terms offered to counterparties tightened for almost all counterparties between December 2018 and February 2019. Looking ahead, however, a small net percentage of respondents expect price terms ease for most counterparty types over the following three months, with non-price terms expected to remain more stable.

As regards the provision of finance collateralised by euro-denominated securities, survey respondents reported that, on balance, the maximum amount of funding had decreased and some haircuts had increased, especially for funding secured with domestic government bonds and corporate bonds. Liquidity for domestic government bonds used as collateral deteriorated somewhat according to about 30% of respondents. A similar deterioration was reported by about 10% of respondents for all types of corporate bonds and 13% for equities.

As regards non-centrally cleared OTC derivatives, respondents indicated that conditions remained broadly unchanged.

The March 2019 survey also included a number of special questions, which sought to offer a longer-term perspective on credit standards by comparing current conditions with those observed one year ago. Respondents reported that, compared with a year ago, terms and conditions in the secured financing and OTC derivatives markets were, on balance, slightly tighter for all counterparties except hedge funds and insurance companies. In net terms, credit standards for secured funding were broadly unchanged relative to a year ago, with the strong tightening observed by some respondents being offset by the easing reported by others.

Counterparty types

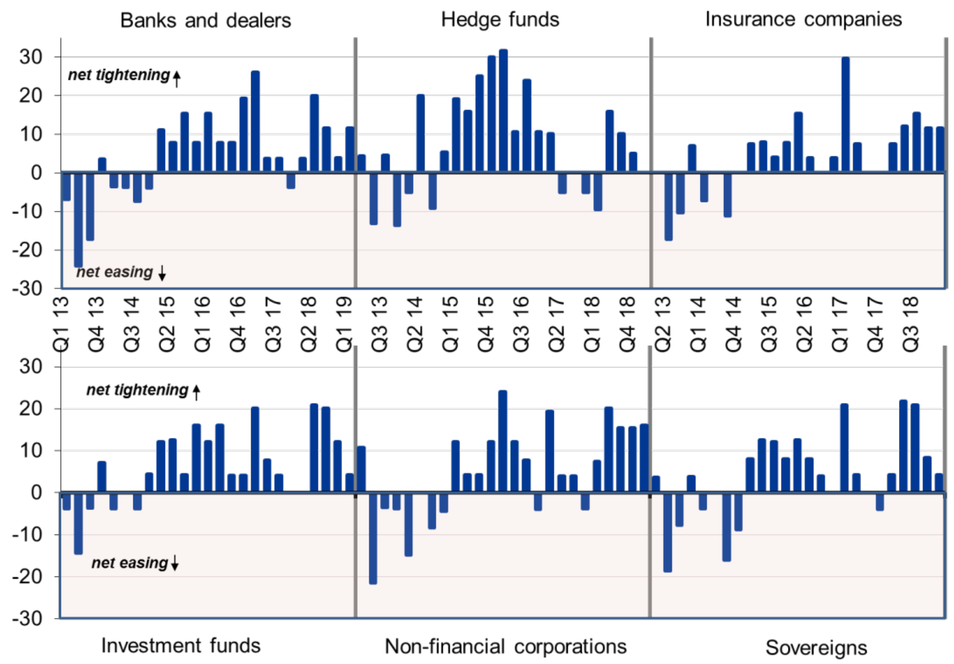
Credit terms and conditions tightened further. Responses to the March 2019 survey suggest that, on balance, credit terms offered to counterparties generally tightened for both securities financing and OTC derivatives transactions in the reference period (see Chart A). Credit terms and conditions for transactions with hedge funds remained broadly unchanged.

Respondents which reported a tightening of credit terms and conditions attributed that tightening to a deterioration in the general liquidity and functioning of the market, competition from other financial intermediaries and availability of balance sheet capacity. According to 11% of respondents, changes to CCPs' practices (including margining and haircuts) had contributed to a further tightening of conditions for both securities financing and OTC derivatives.

Chart A

Changes in overall credit terms offered to counterparties across all transaction types

(Q1 2013 – Q1 2019; net percentage of survey respondents)



Source: ECB.
Note: Net percentages are defined as the difference between the percentage of respondents reporting "tightened somewhat" or "tightened considerably" and the percentage reporting "eased somewhat" or "eased considerably".

Looking ahead, a small net percentage of respondents expect price terms to ease for most counterparty types over the next three months. The strongest expectations were expressed in relation to hedge funds. Overall terms and conditions for sovereigns are expected to remain broadly unchanged.

Attention devoted to concentrated credit exposures to large banks and CCPs increased further in the review period. Reporting banks indicated that, as in the previous reference period, their institutions had further increased the amount of resources and attention they devoted to the management of concentrated credit exposures, both for CCPs (reported by 30% of respondents in net terms) and for banks and dealers (reported by 26% of respondents in net terms).

Use of financial leverage remained broadly unchanged for both hedge funds and investment funds. A small net percentage of respondents (6%) reported a decline in the availability of unutilised financial leverage.

Pressure from clients to obtain more favourable conditions increased over the reference period, particularly with regard to hedge funds. This is consistent with the developments observed in previous survey rounds.

Valuation disputes declined on balance for banks and dealers and investment funds, while remaining broadly unchanged for other counterparty types.

Securities financing

Maximum amount of funding: Responses to the March 2019 survey indicated a decline in the maximum amount of funding secured using domestic government bonds, high-quality government bonds and asset-backed securities. Similar – albeit more limited – trends were observed for all other types of collateral. As these trends were associated with an increase in haircuts, they may point to an overall deterioration in funding conditions for financial institutions.

Maximum maturity of funding: Survey respondents also reported a decline in the maximum maturity of funding secured using euro-denominated securities, for both average and most-favoured clients.

Haircuts: For both average and most-favoured clients, survey respondents reported increases in haircuts for euro-denominated collateral covered by the survey. The net percentage of respondents reporting an increase in haircuts was particularly high (13%) for high-quality financial corporate bonds used as collateral by most-favoured clients.

Financing rates/spreads: In net terms, 6% of respondents indicated that financing rates/spreads had increased over the three-month reference period for funding secured using domestic government bonds. In net terms, around 25% of survey respondents reported an increase in financing rates/spreads for most-favoured clients using equities as collateral. For all other types of collateral, respondents to the March 2019 SESFOD survey reported that, on balance, financing rates/spreads had remained broadly unchanged.

Use of CCPs: Responses to the March 2019 survey indicated that the use of CCPs had increased for many types of collateral, while it had remained broadly stable for equities, convertible securities, high-yield corporate bonds and asset-backed securities.

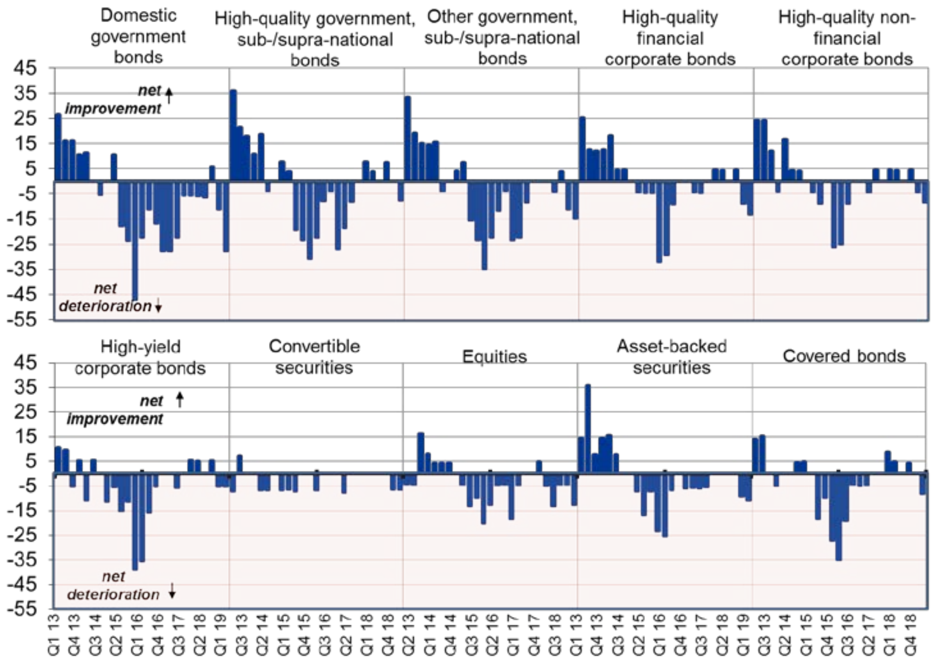
Demand for funding: Respondents reported declines in demand for funding across all maturities, with the exception of funding secured using covered bonds, convertible securities and asset-backed securities. The net percentage of respondents reporting a decline in demand for funding secured using equities (21%) was particularly high. For most types of collateral, overall demand for funding has fallen in two consecutive reference periods, with these latest SESFOD results pointing to a sharper decline than the period September to November 2018.

Liquidity of collateral: In net terms, around 30% of respondents reported a deterioration in the liquidity and functioning of the market for funding secured using domestic government bonds (see Chart B). A similar – albeit weaker – deterioration was observed for high-quality financial and non-financial corporate bonds, high yield corporate bonds and equities. Overall, all other markets showed a somewhat deteriorating pattern, continuing the pattern observed in the previous reference period.

Chart B

Changes in liquidity and functioning of markets

(Q1 2013 – Q1 2019; net percentage of survey respondents)



Source: ECB.
Note: Net percentages are defined as the difference between the percentage of respondents reporting “improved somewhat” or “improved considerably” and the percentage reporting “deteriorated somewhat” or “deteriorated considerably”.

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

Non-centrally cleared OTC derivatives

On balance, initial margin requirements remained broadly unchanged for all clients. A small number of survey respondents reported that initial margin requirements had increased for most-favoured clients, across all types of derivatives except commodities.

Meanwhile, credit limits were increased for products referencing interest and exchange rates. In net terms, 12% of respondents reported that the maximum maturity of trades had increased. Credit limits remained broadly unchanged for other types of derivatives.

Liquidity and trading remained broadly unchanged. Survey respondents indicated that liquidity and trading had, on balance, remained largely unchanged for most types of OTC derivatives covered by the survey. In net terms, 4% of respondents reported a small improvement in liquidity and trading for interest rate derivatives.

Valuation disputes remained broadly unchanged. The majority of respondents reported that the volume of disputes relating to the valuation of OTC derivatives contracts covered by the survey was unchanged from the previous reference period. One exception in this regard was equity derivatives, for which respondents to the March 2019 survey reported net increases in both the volume (10%) and the duration and persistence (5%) of valuation disputes.

Non-price changes in new or renegotiated master agreements contributed to tightening. In net terms, more than 10% of survey respondents reported that there had been some tightening of margin call practices. That tightening was similar to the one reported in the previous survey.

Overall, survey respondents reported a small net increase in the posting of non-standard collateral. This followed the net increase reported in the previous survey round.

Special questions

Longer-term perspective

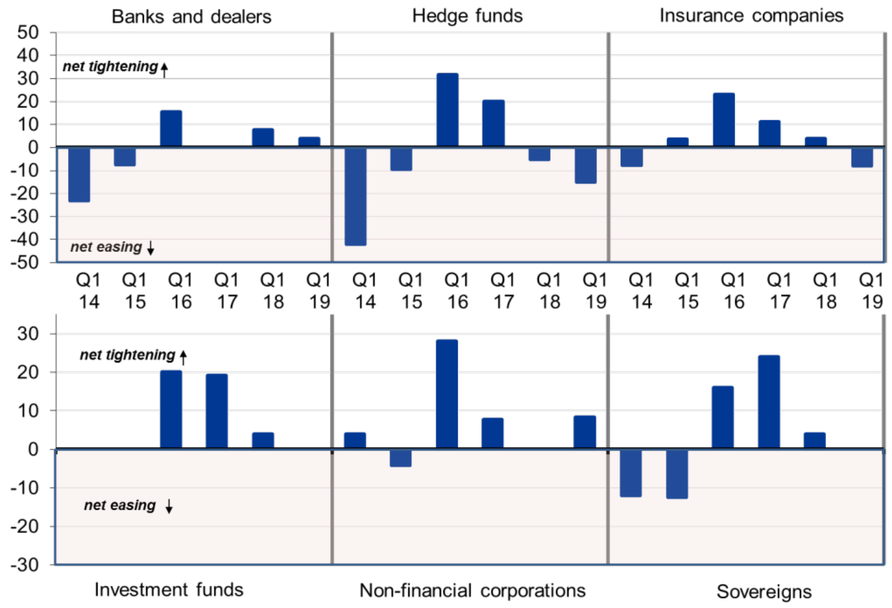
The special questions included in the March 2019 survey sought to provide a longer-term perspective by comparing current credit terms and conditions with those reported one year ago (i.e. in March 2018).

Compared with one year ago, terms and conditions for secured financing and OTC derivatives were moderately tighter for all counterparties except hedge funds and insurance companies. Overall, terms and conditions had only tightened moderately over the last year, with only 8% of respondents reporting tightening in net terms (see Chart C). Hedge funds and insurance companies benefited from an easing of conditions according to around 15% and 8% of respondents respectively in net terms. Hedge funds also benefited from a stronger easing in respect of non-price terms and conditions.

Chart C

Changes in overall credit terms offered to counterparties across all transaction types compared with the previous year

(Q1 2014 – Q1 2019; net percentage of survey respondents)



Source: ECB.
Note: Net percentages are defined as the difference between the percentage of respondents reporting "tightened somewhat" or "tightened considerably" and the percentage reporting "eased somewhat" or "eased considerably".

In net terms, credit standards for secured funding are broadly unchanged from a year ago. Some respondents (around 12%) reported that conditions had tightened over the last year, especially for domestic government bonds, but this was offset by other respondents reporting an easing of conditions. Haircuts remain broadly unchanged, although small net percentages of respondents (between 6% and 8%) reported increases in haircuts for equities, asset-backed securities and covered bonds.

Survey respondents reported that non-price conditions in OTC derivatives markets had not changed substantially for most types of derivatives. A small net percentage of respondents (10%) reported an easing of conditions for equity derivatives.

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
						Dec. 2018	Mar. 2019	
Banks and dealers								
Price terms	0	22	70	7	0	**+7**	**+15**	27
Non-price terms	0	15	85	0	0	**+12**	**+15**	27
Overall	0	19	73	8	0	**+4**	**+12**	26
Hedge funds								
Price terms	0	14	71	14	0	**+5**	**0**	21
Non-price terms	0	5	86	10	0	**0**	**-5**	21
Overall	0	14	71	14	0	**+5**	**0**	21
Insurance companies								
Price terms	0	22	70	7	0	**+15**	**+15**	27
Non-price terms	0	11	89	0	0	**+12**	**+11**	27
Overall	0	19	73	8	0	**+12**	**+12**	26
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Price terms	0	16	72	12	0	**+15**	**+4**	25
Non-price terms	0	4	96	0	0	**+12**	**+4**	25
Overall	0	13	79	8	0	**+12**	**+4**	24
Non-financial corporations								
Price terms	0	23	77	0	0	**+22**	**+23**	26
Non-price terms	0	12	88	0	0	**+12**	**+12**	26
Overall	0	20	76	4	0	**+15**	**+16**	25
Sovereigns								
Price terms	0	20	68	12	0	**+16**	**+8**	25
Non-price terms	0	12	88	0	0	**+8**	**+12**	25
Overall	0	17	71	13	0	**+8**	**+4**	24
All counterparties above								
Price terms	0	23	69	8	0	**+15**	**+15**	26
Non-price terms	0	12	88	0	0	**+12**	**+12**	25
Overall	0	20	72	8	0	**+12**	**+12**	25

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

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

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

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

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

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		Total number of answers
						Dec. 2018	Mar. 2019	
Banks and dealers								
Price terms	0	7	81	11	0	-15	-4	27
Non-price terms	0	0	96	4	0	0	-4	27
Overall	0	4	88	8	0	-4	-4	26
Hedge funds								
Price terms	0	10	76	14	0	-10	-5	21
Non-price terms	0	0	86	14	0	-5	-14	21
Overall	0	5	86	10	0	-10	-5	21
Insurance companies								
Price terms	0	7	81	11	0	-4	-4	27
Non-price terms	0	0	96	4	0	+8	-4	27
Overall	0	4	88	8	0	+4	-4	26
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Price terms	0	8	81	12	0	-4	-4	26
Non-price terms	0	4	92	4	0	+8	0	26
Overall	0	4	88	8	0	+4	-4	25
Non-financial corporations								
Price terms	0	4	85	12	0	0	-8	26
Non-price terms	0	0	96	4	0	+8	-4	27
Overall	0	4	88	8	0	+8	-4	26
Sovereigns								
Price terms	0	8	80	12	0	-12	-4	25
Non-price terms	0	0	100	0	0	0	0	25
Overall	0	4	92	4	0	-4	0	24
All counterparties above								
Price terms	0	8	81	12	0	-4	-4	26
Non-price terms	0	0	100	0	0	+8	0	26
Overall	0	4	88	8	0	+4	-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	
				Dec. 2018	Mar. 2019
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	17	0	0	12	8
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	33	12	8
Availability of balance sheet or capital at your institution	17	25	0	25	15
General market liquidity and functioning	17	50	0	25	23
Competition from other institutions	33	0	33	25	23
Other	17	25	33	0	23
Total number of answers	6	4	3	8	13
Possible reasons for easing					
Current or expected financial strength of counterparties	50	0	0	0	33
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	100	0	33	33
Competition from other institutions	50	0	0	0	33
Other	0	0	0	67	0
Total number of answers	2	1	0	3	3
Non-price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	20	0
Willingness of your institution to take on risk	0	0	0	20	0
Adoption of new market conventions (e.g. ISDA protocols)	25	0	0	20	17
Internal treasury charges for funding	25	0	0	0	17
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	100	0	20	33
Competition from other institutions	50	0	0	20	33
Other	0	0	0	0	0
Total number of answers	4	2	0	5	6
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	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: Dec. 2018	Either first, second or third reason: Mar. 2019
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	33	0	0	20	12
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	33	0	20	12
General market liquidity and functioning	0	33	0	20	12
Competition from other institutions	33	0	50	40	25
Other	33	33	50	0	37
Total number of answers	3	3	2	5	8
Possible reasons for easing					
Current or expected financial strength of counterparties	33	0	0	0	17
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	33	0	0	0	17
General market liquidity and functioning	0	50	100	33	33
Competition from other institutions	33	50	0	0	33
Other	0	0	0	67	0
Total number of answers	3	2	1	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)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	100	0	0	50
Competition from other institutions	100	0	0	0	50
Other	0	0	0	0	0
Total number of answers	1	1	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	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	100	0	0	25
General market liquidity and functioning	0	0	100	0	25
Competition from other institutions	100	0	0	0	50
Other	0	0	0	0	0
Total number of answers	2	1	1	0	4

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	
				Dec. 2018	Mar. 2019
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	17	0	0	10	7
Adoption of new market conventions (e.g. ISDA protocols)	0	0	25	0	7
Internal treasury charges for funding	0	0	25	10	7
Availability of balance sheet or capital at your institution	17	25	0	20	14
General market liquidity and functioning	17	50	0	40	21
Competition from other institutions	33	0	25	20	21
Other	17	25	25	0	21
Total number of answers	6	4	4	10	14
Possible reasons for easing					
Current or expected financial strength of counterparties	50	0	0	0	33
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	100	0	33	33
Competition from other institutions	50	0	0	0	33
Other	0	0	0	67	0
Total number of answers	2	1	0	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	50	0	0	17
Internal treasury charges for funding	33	0	0	0	17
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	50	100	60	33
Competition from other institutions	67	0	0	40	33
Other	0	0	0	0	0
Total number of answers	3	2	1	5	6
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	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 [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	
				Dec. 2018	Mar. 2019
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	25	0	0	10	8
Adoption of new market conventions (e.g. ISDA protocols)	0	0	25	0	8
Internal treasury charges for funding	0	0	25	10	8
Availability of balance sheet or capital at your institution	25	25	0	20	17
General market liquidity and functioning	0	50	0	40	17
Competition from other institutions	25	0	25	20	17
Other	25	25	25	0	25
Total number of answers	4	4	4	10	12
Possible reasons for easing					
Current or expected financial strength of counterparties	33	0	0	0	25
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	33	0	0	0	25
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	100	0	33	25
Competition from other institutions	33	0	0	0	25
Other	0	0	0	67	0
Total number of answers	3	1	0	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	100	0	0	33
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	100	60	33
Competition from other institutions	100	0	0	40	33
Other	0	0	0	0	0
Total number of answers	1	1	1	5	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	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	0	0	0	0
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	0	0	0	0	0

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

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

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 Dec. 2018	Either first, second or third reason Mar. 2019
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	7	0
Willingness of your institution to take on risk	17	0	0	7	8
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	33	7	8
Availability of balance sheet or capital at your institution	17	25	0	13	15
General market liquidity and functioning	17	50	0	40	23
Competition from other institutions	33	0	33	20	23
Other	17	25	33	7	23
Total number of answers	6	4	3	15	13
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	17	0
Internal treasury charges for funding	0	0	0	17	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	0	0	17	0
Competition from other institutions	0	0	0	17	0
Other	0	0	0	33	0
Total number of answers	0	0	0	6	0
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	33	0	0	0	20
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	100	0	60	40
Competition from other institutions	67	0	0	40	40
Other	0	0	0	0	0
Total number of answers	3	2	0	5	5
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	0	0	0	0
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	0	0	0	0	0

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

To the extent that [price/ non-price] terms applied to [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	
				Dec. 2018	Mar. 2019
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	10	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	50	10	10
Availability of balance sheet or capital at your institution	20	0	0	20	10
General market liquidity and functioning	20	67	0	40	30
Competition from other institutions	40	0	0	20	20
Other	20	33	50	0	30
Total number of answers	5	3	2	10	10
Possible reasons for easing					
Current or expected financial strength of counterparties	33	0	0	0	17
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	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	33	50	0	33	33
Competition from other institutions	33	0	0	0	17
Other	0	50	100	67	33
Total number of answers	3	2	1	3	6
Non-price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	25	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	33	0	0	0	20
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	100	0	50	40
Competition from other institutions	67	0	0	25	40
Other	0	0	0	0	0
Total number of answers	3	2	0	4	5
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	0	0	0	0
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	0	0	0	0	0

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

To 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 Dec. 2018	Net percentage Mar. 2019	Total number of answers
Practices of CCPs	0	11	84	5	0	**+12**	**+5**	19

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 Dec. 2018	Net percentage Mar. 2019	Total number of answers
Banks and dealers	0	0	74	22	4	**-23**	**-26**	27
Central counterparties	0	0	70	22	7	**-30**	**-30**	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 Dec. 2018	Net percentage Mar. 2019	Total number of answers
Hedge funds								
Use of financial leverage	0	11	78	11	0	**+16**	**0**	18
Availability of unutilised leverage	0	11	83	6	0	**+11**	**+6**	18
Insurance companies								
Use of financial leverage	0	8	84	8	0	**+4**	**0**	25
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Use of financial leverage	0	8	88	4	0	**0**	**+4**	24

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

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 Dec. 2018	Net percentage Mar. 2019	Total number of answers
Banks and dealers								
Intensity of efforts to negotiate more favourable terms	0	0	81	19	0	-7	-19	27
Provision of differential terms to most-favoured clients	0	0	96	4	0	-4	-4	25
Hedge funds								
Intensity of efforts to negotiate more favourable terms	0	0	71	24	5	-18	-29	21
Provision of differential terms to most-favoured clients	0	0	81	14	5	-10	-19	21
Insurance companies								
Intensity of efforts to negotiate more favourable terms	0	0	81	19	0	-11	-19	27
Provision of differential terms to most-favoured clients	0	0	92	8	0	-8	-8	25
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Intensity of efforts to negotiate more favourable terms	0	0	81	19	0	-12	-19	26
Provision of differential terms to most-favoured clients	0	0	88	13	0	-8	-13	24
Non-financial corporations								
Intensity of efforts to negotiate more favourable terms	0	0	81	19	0	-15	-19	26
Provision of differential terms to most-favoured clients	0	0	88	13	0	-8	-13	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".

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 Dec. 2018	Net percentage Mar. 2019	Total number of answers
Banks and dealers								
Volume	0	12	85	4	0	-8	+8	26
Duration and persistence	4	12	81	4	0	-8	+12	26
Hedge funds								
Volume	0	5	95	0	0	+5	+5	20
Duration and persistence	0	5	90	5	0	0	0	20
Insurance companies								
Volume	0	4	92	4	0	-4	0	25
Duration and persistence	0	4	88	4	4	0	-4	25
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Volume	0	8	92	0	0	0	+8	25
Duration and persistence	0	4	96	0	0	0	+4	25
Non-financial corporations								
Volume	0	4	96	0	0	0	+4	26
Duration and persistence	0	0	92	8	0	+4	-8	26

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

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 Dec. 2018	Net percentage Mar. 2019	Total number of answers
Domestic government bonds								
Maximum amount of funding	0	22	78	0	0	-6	+22	18
Maximum maturity of funding	0	11	83	6	0	-6	+6	18
Haircuts	0	6	94	0	0	0	+6	18
Financing rate/spread	0	22	61	17	0	-11	+6	18
Use of CCPs	0	0	94	6	0	-6	-6	16
High-quality government, sub-national and supra-national bonds								
Maximum amount of funding	0	15	85	0	0	-7	+15	27
Maximum maturity of funding	0	11	89	0	0	0	+11	27
Haircuts	0	4	96	0	0	+4	+4	27
Financing rate/spread	4	15	67	15	0	-4	+4	27
Use of CCPs	0	0	91	9	0	0	-9	22
Other government, sub-national and supra-national bonds								
Maximum amount of funding	0	8	92	0	0	0	+8	26
Maximum maturity of funding	0	0	100	0	0	0	0	26
Haircuts	0	0	100	0	0	0	0	26
Financing rate/spread	0	15	69	15	0	0	0	26
Use of CCPs	0	0	95	5	0	-4	-5	22
High-quality financial corporate bonds								
Maximum amount of funding	0	13	83	4	0	+4	+9	23
Maximum maturity of funding	0	9	87	4	0	0	+4	23
Haircuts	0	13	88	0	0	+4	+13	24
Financing rate/spread	0	17	70	13	0	+4	+4	23
Use of CCPs	0	0	89	11	0	+6	-11	18
High-quality non-financial corporate bonds								
Maximum amount of funding	0	13	83	4	0	+8	+8	24
Maximum maturity of funding	0	8	92	0	0	+8	+8	24
Haircuts	0	4	96	0	0	+4	+4	25
Financing rate/spread	0	17	71	13	0	+4	+4	24
Use of CCPs	0	0	95	5	0	+11	-5	19
High-yield corporate bonds								
Maximum amount of funding	0	16	79	5	0	+16	+11	19
Maximum maturity of funding	0	5	95	0	0	+5	+5	19
Haircuts	0	10	85	5	0	+5	+5	20
Financing rate/spread	0	11	79	11	0	-5	0	19
Use of CCPs	0	0	100	0	0	0	0	16

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
						Dec. 2018	Mar. 2019	
Convertible securities								
Maximum amount of funding	0	0	100	0	0	-6	0	15
Maximum maturity of funding	0	0	100	0	0	-6	0	15
Haircuts	0	0	100	0	0	+6	0	16
Financing rate/spread	0	0	100	0	0	0	0	15
Use of CCPs	0	0	100	0	0	0	0	13
Equities								
Maximum amount of funding	0	13	78	4	4	-17	+4	23
Maximum maturity of funding	0	4	87	4	4	-8	-4	23
Haircuts	0	0	96	4	0	+4	-4	24
Financing rate/spread	0	17	74	4	4	+8	+9	23
Use of CCPs	0	0	100	0	0	-6	0	17
Asset-backed securities								
Maximum amount of funding	0	17	83	0	0	+5	+17	18
Maximum maturity of funding	0	0	100	0	0	-5	0	18
Haircuts	0	0	100	0	0	+5	0	19
Financing rate/spread	0	6	83	6	6	0	-6	18
Use of CCPs	0	0	100	0	0	0	0	11
Covered bonds								
Maximum amount of funding	0	12	84	4	0	0	+8	25
Maximum maturity of funding	0	4	92	4	0	+4	0	25
Haircuts	0	4	96	0	0	0	+4	25
Financing rate/spread	0	12	72	12	4	0	-4	25
Use of CCPs	0	0	95	5	0	0	-5	22

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

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
						Dec. 2018	Mar. 2019	
Domestic government bonds								
Maximum amount of funding	0	22	72	6	0	-11	+17	18
Maximum maturity of funding	0	11	89	0	0	0	+11	18
Haircuts	0	6	94	0	0	0	+6	18
Financing rate/spread	0	17	67	17	0	-11	0	18
Use of CCPs	0	0	94	6	0	-6	-6	16
High-quality government, sub-national and supra-national bonds								
Maximum amount of funding	0	15	81	4	0	-7	+11	27
Maximum maturity of funding	0	11	89	0	0	0	+11	27
Haircuts	0	4	96	0	0	+4	+4	27
Financing rate/spread	4	15	67	15	0	0	+4	27
Use of CCPs	0	0	91	9	0	0	-9	22
Other government, sub-national and supra-national bonds								
Maximum amount of funding	0	8	92	0	0	0	+8	26
Maximum maturity of funding	0	0	100	0	0	0	0	26
Haircuts	0	0	100	0	0	0	0	26
Financing rate/spread	0	15	69	15	0	0	0	26
Use of CCPs	0	0	95	5	0	-4	-5	22
High-quality financial corporate bonds								
Maximum amount of funding	0	13	87	0	0	+9	+13	23
Maximum maturity of funding	0	9	91	0	0	+4	+9	23
Haircuts	0	13	88	0	0	+4	+13	24
Financing rate/spread	0	13	70	17	0	0	-4	23
Use of CCPs	0	0	89	11	0	+6	-11	18
High-quality non-financial corporate bonds								
Maximum amount of funding	0	8	83	8	0	0	0	24
Maximum maturity of funding	0	8	88	4	0	+4	+4	24
Haircuts	0	4	96	0	0	+4	+4	25
Financing rate/spread	0	17	71	13	0	+4	+4	24
Use of CCPs	0	0	95	5	0	+11	-5	19
High-yield corporate bonds								
Maximum amount of funding	0	10	85	5	0	+10	+5	20
Maximum maturity of funding	0	5	95	0	0	+5	+5	20
Haircuts	0	10	86	5	0	+10	+5	21
Financing rate/spread	0	20	70	10	0	0	+10	20
Use of CCPs	0	0	100	0	0	0	0	16

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
						Dec. 2018	Mar. 2019	
Convertible securities								
Maximum amount of funding	0	0	100	0	0	-6	0	15
Maximum maturity of funding	0	0	100	0	0	-6	0	15
Haircuts	0	0	100	0	0	+6	0	16
Financing rate/spread	0	0	100	0	0	0	0	15
Use of CCPs	0	0	100	0	0	0	0	13
Equities								
Maximum amount of funding	0	13	79	4	4	-17	+4	24
Maximum maturity of funding	0	4	88	4	4	-9	-4	24
Haircuts	0	0	96	4	0	+4	-4	24
Financing rate/spread	0	29	67	0	4	+9	+25	24
Use of CCPs	0	0	100	0	0	-6	0	17
Asset-backed securities								
Maximum amount of funding	0	11	89	0	0	-5	+11	18
Maximum maturity of funding	0	0	100	0	0	-9	0	18
Haircuts	0	0	100	0	0	+5	0	19
Financing rate/spread	0	6	88	6	0	+5	0	17
Use of CCPs	0	0	100	0	0	0	0	11
Covered bonds								
Maximum amount of funding	0	12	84	4	0	0	+8	25
Maximum maturity of funding	0	4	92	4	0	+4	0	25
Haircuts	0	4	96	0	0	0	+4	25
Financing rate/spread	0	20	64	16	0	0	+4	25
Use of CCPs	0	0	95	5	0	0	-5	21

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

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

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

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 Dec. 2018	Net percentage Mar. 2019	Total number of answers
Domestic government bonds								
Terms for average clients	0	0	100	0	0	**0**	**0**	17
Terms for most-favoured clients	0	0	100	0	0	**0**	**0**	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**	23
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**	22
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	95	5	0	**-5**	**-5**	21
High-yield corporate bonds								
Terms for average clients	0	0	100	0	0	**0**	**0**	18
Terms for most-favoured clients	0	0	100	0	0	**-6**	**0**	18
Convertible securities								
Terms for average clients	0	0	100	0	0	**0**	**0**	15
Terms for most-favoured clients	0	0	100	0	0	**0**	**0**	15
Equities								
Terms for average clients	0	0	100	0	0	**0**	**0**	19
Terms for most-favoured clients	0	0	100	0	0	**0**	**0**	19
Asset-backed securities								
Terms for average clients	0	0	100	0	0	**0**	**0**	14
Terms for most-favoured clients	0	0	100	0	0	**-6**	**0**	14
Covered 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**	22

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

2.2 Demand for funding, liquidity and disputes by collateral type

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

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

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		Total number of answers
						Dec. 2018	Mar. 2019	
Domestic government bonds								
Overall demand	0	11	89	0	0	-6	+11	18
With a maturity greater than 30 days	0	11	83	6	0	-17	+6	18
High-quality government, sub-national and supra-national bonds								
Overall demand	0	11	89	0	0	+4	+11	27
With a maturity greater than 30 days	0	11	85	4	0	-15	+7	27
Other government, sub-national and supra-national bonds								
Overall demand	0	7	93	0	0	+7	+7	27
With a maturity greater than 30 days	0	7	89	4	0	-7	+4	27
High-quality financial corporate bonds								
Overall demand	0	22	74	4	0	+9	+17	23
With a maturity greater than 30 days	0	13	78	9	0	-4	+4	23
High-quality non-financial corporate bonds								
Overall demand	0	17	75	8	0	+17	+8	24
With a maturity greater than 30 days	0	13	79	8	0	-4	+4	24
High-yield corporate bonds								
Overall demand	0	10	85	5	0	+15	+5	20
With a maturity greater than 30 days	0	10	80	10	0	-5	0	20
Convertible securities								
Overall demand	0	0	94	6	0	0	-6	16
With a maturity greater than 30 days	0	0	94	6	0	-6	-6	16
Equities								
Overall demand	4	25	63	8	0	0	+21	24
With a maturity greater than 30 days	4	21	75	0	0	-4	+25	24
Asset-backed securities								
Overall demand	0	0	95	5	0	+5	-5	20
With a maturity greater than 30 days	0	0	90	10	0	-5	-10	20
Covered bonds								
Overall demand	0	4	88	8	0	-4	-4	25
With a maturity greater than 30 days	0	4	84	12	0	-8	-8	25
All collateral types above								
Overall demand	0	20	76	4	0	+8	+16	25
With a maturity greater than 30 days	0	16	76	8	0	-8	+8	25

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably". "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		Total number of answers
						Dec. 2018	Mar. 2019	
Domestic government bonds								
Liquidity and functioning	0	28	72	0	0	+11	+28	18
High-quality government, sub-national and supra-national bonds								
Liquidity and functioning	0	15	78	4	4	0	+7	27
Other government, sub-national and supra-national bonds								
Liquidity and functioning	0	19	78	0	4	+11	+15	27
High-quality financial corporate bonds								
Liquidity and functioning	0	22	70	4	4	+9	+13	23
High-quality non-financial corporate bonds								
Liquidity and functioning	0	17	75	4	4	+4	+8	24
High-yield corporate bonds								
Liquidity and functioning	0	15	75	5	5	+5	+5	20
Convertible securities								
Liquidity and functioning	0	6	94	0	0	+6	+6	16
Equities								
Liquidity and functioning	0	13	88	0	0	+4	+13	24
Asset-backed securities								
Liquidity and functioning	0	11	89	0	0	+9	+11	19
Covered bonds								
Liquidity and functioning	0	16	76	4	4	0	+8	25
All collateral types above								
Liquidity and functioning	0	20	76	4	0	+4	+16	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
						Dec. 2018	Mar. 2019	
Domestic government bonds								
Volume	0	0	100	0	0	**0**	**0**	18
Duration and persistence	0	0	100	0	0	**0**	**0**	18
High-quality government, sub-national and supra-national bonds								
Volume	0	0	100	0	0	**-4**	**0**	27
Duration and persistence	0	0	100	0	0	**-4**	**0**	27
Other government, sub-national and supra-national bonds								
Volume	0	0	100	0	0	**-4**	**0**	27
Duration and persistence	0	0	100	0	0	**-4**	**0**	27
High-quality financial corporate bonds								
Volume	0	0	100	0	0	**-4**	**0**	23
Duration and persistence	0	0	100	0	0	**-4**	**0**	23
High-quality non-financial corporate bonds								
Volume	0	0	100	0	0	**-4**	**0**	24
Duration and persistence	0	0	100	0	0	**-4**	**0**	24
High-yield corporate bonds								
Volume	0	0	100	0	0	**0**	**0**	20
Duration and persistence	0	0	100	0	0	**0**	**0**	20
Convertible securities								
Volume	0	0	100	0	0	**0**	**0**	15
Duration and persistence	0	0	100	0	0	**0**	**0**	15
Equities								
Volume	0	0	95	5	0	**0**	**-5**	22
Duration and persistence	0	0	100	0	0	**0**	**0**	22
Asset-backed securities								
Volume	0	0	100	0	0	**0**	**0**	20
Duration and persistence	0	0	100	0	0	**0**	**0**	20
Covered bonds								
Volume	0	0	100	0	0	**0**	**0**	24
Duration and persistence	0	0	100	0	0	**0**	**0**	24
All collateral types above								
Volume	0	0	100	0	0	**0**	**0**	25
Duration and persistence	0	0	100	0	0	**-4**	**0**	25

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably". "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
						Dec. 2018	Mar. 2019	
Foreign exchange								
Average clients	0	0	95	5	0	**0**	**-5**	19
Most-favoured clients	0	5	95	0	0	**0**	**+5**	19
Interest rates								
Average clients	0	0	100	0	0	**0**	**0**	20
Most-favoured clients	0	5	95	0	0	**0**	**+5**	20
Credit referencing sovereigns								
Average clients	0	0	100	0	0	**0**	**0**	14
Most-favoured clients	0	7	93	0	0	**0**	**+7**	14
Credit referencing corporates								
Average clients	0	0	100	0	0	**0**	**0**	17
Most-favoured clients	0	6	94	0	0	**0**	**+6**	17
Credit referencing structured credit products								
Average clients	0	0	100	0	0	**0**	**0**	15
Most-favoured clients	0	7	93	0	0	**0**	**+7**	15
Equity								
Average clients	0	0	100	0	0	**-6**	**0**	16
Most-favoured clients	0	6	94	0	0	**0**	**+6**	16
Commodity								
Average clients	0	0	100	0	0	**-6**	**0**	15
Most-favoured clients	0	0	100	0	0	**-6**	**0**	15
Total return swaps referencing non-securities								
Average clients	0	0	100	0	0	**-7**	**0**	15
Most-favoured clients	0	7	93	0	0	**-7**	**+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".

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
						Dec. 2018	Mar. 2019	
Foreign exchange								
Maximum amount of exposure	0	0	96	4	0	+4	-4	26
Maximum maturity of trades	0	0	88	12	0	0	-12	26
Interest rates								
Maximum amount of exposure	0	0	92	4	4	-4	-8	25
Maximum maturity of trades	0	0	88	8	4	+4	-12	25
Credit referencing sovereigns								
Maximum amount of exposure	6	0	88	6	0	-6	0	17
Maximum maturity of trades	6	0	94	0	0	0	+6	17
Credit referencing corporates								
Maximum amount of exposure	5	0	90	5	0	0	0	20
Maximum maturity of trades	5	0	95	0	0	0	+5	20
Credit referencing structured credit products								
Maximum amount of exposure	5	0	89	5	0	-6	0	19
Maximum maturity of trades	5	0	95	0	0	0	+5	19
Equity								
Maximum amount of exposure	0	5	95	0	0	+5	+5	19
Maximum maturity of trades	0	0	100	0	0	+5	0	19
Commodity								
Maximum amount of exposure	0	0	95	5	0	0	-5	19
Maximum maturity of trades	0	0	100	0	0	+5	0	19
Total return swaps referencing non-securities								
Maximum amount of exposure	0	0	100	0	0	-6	0	17
Maximum maturity of trades	0	0	94	6	0	-6	-6	17

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

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
						Dec. 2018	Mar. 2019	
Foreign exchange								
Liquidity and trading	0	4	96	0	0	+4	+4	26
Interest rates								
Liquidity and trading	0	4	88	4	4	0	-4	25
Credit referencing sovereigns								
Liquidity and trading	0	0	100	0	0	+6	0	17
Credit referencing corporates								
Liquidity and trading	0	0	100	0	0	+5	0	20
Credit referencing structured credit products								
Liquidity and trading	0	0	100	0	0	+6	0	19
Equity								
Liquidity and trading	0	5	89	5	0	+10	0	19
Commodity								
Liquidity and trading	0	5	95	0	0	0	+5	19
Total return swaps referencing non-securities								
Liquidity and trading	0	6	94	0	0	+6	+6	17

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
						Dec. 2018	Mar. 2019	
Foreign exchange								
Volume	0	4	88	8	0	**-4**	**-4**	26
Duration and persistence	0	8	88	4	0	**0**	**+4**	26
Interest rates								
Volume	0	4	84	12	0	**0**	**-8**	25
Duration and persistence	0	8	84	8	0	**0**	**0**	25
Credit referencing sovereigns								
Volume	0	0	100	0	0	**0**	**0**	17
Duration and persistence	0	0	100	0	0	**0**	**0**	17
Credit referencing corporates								
Volume	0	5	95	0	0	**0**	**+5**	19
Duration and persistence	0	0	95	5	0	**-5**	**-5**	19
Credit referencing structured credit products								
Volume	0	0	100	0	0	**0**	**0**	19
Duration and persistence	0	0	100	0	0	**0**	**0**	19
Equity								
Volume	0	0	90	10	0	**-14**	**-10**	20
Duration and persistence	0	0	95	5	0	**-10**	**-5**	20
Commodity								
Volume	0	0	100	0	0	**0**	**0**	20
Duration and persistence	0	0	95	5	0	**0**	**-5**	20
Total return swaps referencing non-securities								
Volume	0	0	95	5	0	**0**	**-5**	19
Duration and persistence	0	0	95	5	0	**0**	**-5**	19

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
						Dec. 2018	Mar. 2019	
Margin call practices	0	12	88	0	0	+12	+12	26
Acceptable collateral	0	8	85	8	0	+4	0	26
Recognition of portfolio or diversification benefits	0	4	92	4	0	-4	0	24
Covenants and triggers	0	4	96	0	0	+4	+4	25
Other documentation features	0	4	96	0	0	+13	+4	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
						Dec. 2018	Mar. 2019	
Posting of non-standard collateral	0	4	87	9	0	-9	-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".

Special questions

Credit terms by counterparty type relative to one year ago

Relative to one year ago, how do you characterise the current stringency of the [price] terms applicable at your institution to [counterparty type/ all counterparties above] across the entire range of securities financing and OTC derivatives transactions?

Relative to one year ago, how do you characterise the current stringency of the [non-price] terms applicable at your institution to [counterparty type/ all counterparties above] across the entire range of securities financing and OTC derivatives transactions?

Relative to one year ago, how do you characterise the current stringency of the [price and non-price] terms applicable at your institution to [counterparty type/ all counterparties above] across the entire range of securities financing and OTC derivatives transactions?

Table 28

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

Relative to one year ago	Considerably tighter	Somewhat tighter	Basically unchanged	Somewhat easier	Considerably easier	Net percentage	Total number of answers
Banks and dealers							
Price terms	0	19	62	15	4	**0**	26
Non-price terms	0	4	96	0	0	**+4**	27
Overall	0	15	73	12	0	**+4**	26
Hedge funds							
Price terms	0	11	79	5	5	**0**	19
Non-price terms	0	5	80	15	0	**-10**	20
Overall	0	5	75	15	5	**-15**	20
Insurance companies							
Price terms	0	15	69	12	4	**0**	26
Non-price terms	0	8	85	8	0	**0**	26
Overall	0	8	76	16	0	**-8**	25
Investment funds (incl. ETFs), pension plans and other institutional investment pools							
Price terms	0	12	68	16	4	**-8**	25
Non-price terms	0	12	80	8	0	**+4**	25
Overall	4	13	67	17	0	**0**	24
Non-financial corporations							
Price terms	0	20	72	8	0	**+12**	25
Non-price terms	0	4	92	4	0	**0**	25
Overall	0	13	83	4	0	**+8**	24
Sovereigns							
Price terms	0	16	72	8	4	**+4**	25
Non-price terms	0	8	92	0	0	**+8**	25
Overall	0	13	75	13	0	**0**	24
All counterparties above							
Price terms	0	20	64	12	4	**+4**	25
Non-price terms	0	4	96	0	0	**+4**	25
Overall	0	17	75	8	0	**+8**	24

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

Credit terms by collateral type relative to one year ago

Relative to one year ago, how do you characterise the current stringency of the credit terms applicable at your institution to secured funding of [collateral type] on behalf of clients?

Relative to one year ago, how do you characterise the current level of the [haircuts] applicable at your institution to secured funding of [collateral type] on behalf of clients?

Table 29

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

Relative to one year ago	Considerably tighter	Somewhat tighter	Basically unchanged	Somewhat easier	Considerably easier	Net percentage	Total number of answers
Domestic government bonds							
Overall	6	6	76	12	0	**0**	17
High-quality government, sub-national and supra-national bonds							
Overall	4	4	85	8	0	**0**	26
Other government, sub-national and supra-national bonds							
Overall	4	8	84	4	0	**+8**	25
High-quality financial corporate bonds							
Overall	5	5	86	5	0	**+5**	22
High-quality non-financial corporate bonds							
Overall	5	5	86	5	0	**+5**	22
High-yield corporate bonds							
Overall	5	5	85	5	0	**+5**	20
Convertible securities							
Overall	6	0	94	0	0	**+6**	17
Equities							
Overall	4	0	88	8	0	**-4**	24
Asset-backed securities							
Overall	5	5	86	5	0	**+5**	21
Covered bonds							
Overall	4	9	83	4	0	**+9**	23

Relative to one year ago	Considerably higher	Somewhat higher	Basically unchanged	Somewhat lower	Considerably lower	Net percentage	Total number of answers
Domestic government bonds							
Haircuts	6	0	81	13	0	**-6**	16
High-quality government, sub-national and supra-national bonds							
Haircuts	4	0	92	4	0	**0**	25
Other government, sub-national and supra-national bonds							
Haircuts	4	0	92	4	0	**0**	24
High-quality financial corporate bonds							
Haircuts	5	0	86	10	0	**-5**	21
High-quality non-financial corporate bonds							
Haircuts	5	0	90	5	0	**0**	21
High-yield corporate bonds							
Haircuts	5	0	84	11	0	**-5**	19
Convertible securities							
Haircuts	6	0	94	0	0	**+6**	16
Equities							
Haircuts	4	0	91	4	0	**0**	23
Asset-backed securities							
Haircuts	5	0	95	0	0	**+5**	19
Covered bonds							
Haircuts	5	5	86	5	0	**+5**	22

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

Non-price credit terms by OTC derivative type relative to one year ago

Relative to one year ago, how do you characterise the current stringency of the [non-price] credit terms applicable at your institution to OTC derivatives counterparties for trades in [type of derivatives]?

Table 30

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

Relative to one year ago	Considerably tighter	Somewhat tighter	Basically unchanged	Somewhat easier	Considerably easier	Net percentage	Total number of answers
Foreign exchange							
Non-price terms	0	4	92	4	0	**0**	25
Interest rates							
Non-price terms	0	4	92	4	0	**0**	24
Credit referencing sovereigns							
Non-price terms	0	0	95	5	0	**-5**	19
Credit referencing corporates							
Non-price terms	0	5	95	0	0	**+5**	19
Credit referencing structured credit products							
Non-price terms	0	0	100	0	0	**0**	19
Equity							
Non-price terms	0	0	90	10	0	**-10**	21
Commodity							
Non-price terms	0	5	95	0	0	**+5**	20
Total return swaps referencing non-securities							
Non-price terms	0	5	95	0	0	**+5**	20

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

Postal address 60640 Frankfurt am Main, Germany
Telephone +49 69 1344 0
Website www.ecb.europa.eu