EUROPEAN CENTRAL BANK
EUROSYSTEM

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

September 2018

The Eurosystem conducts a quarterly qualitative survey on credit terms and conditions in euro-denominated securities financing 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 derivative 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 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 overall view 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 changed over the past three months, why they have changed, and expectations for the future. Change data should reflect **how terms have tightened or eased over the past three months, regardless of 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.

September 2018 SESFOD results

(Reference period from June 2018 to August 2018)

The September 2018 survey on credit terms and conditions in euro-denominated securities financing and OTC derivatives markets (SESFOD) reports qualitative changes in credit terms and conditions between June and August 2018. 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

Survey respondents reported that, on balance, credit terms and conditions offered to counterparties tightened for both securities financing and OTC derivative transactions over the three-month reference period from June to August 2018. The tightening was in line with the expectations reported in the previous quarter and was explained mainly by the deterioration in the liquidity conditions and functioning of the general collateral market, as well as the lack of intermediaries' balance sheet capacity ("availability of balance sheet or capital").

Banks and dealers have also increased their attention towards the management of concentrated credit exposures, in particular vis-à-vis central counterparties (CCPs).

As regards the provision of finance collateralised by euro-denominated securities, survey respondents reported that, on balance, the maximum amount of funding, maturity and haircuts had all remained broadly unchanged for most types of collateral. The liquidity and functioning of the market for domestic government bonds slightly improved, following several quarters of deteriorating conditions.

As regards non-centrally cleared OTC derivatives, a small number of respondents reported an increase in initial margin requirements and a deterioration in liquidity and trading conditions. 12% of respondents (in net terms) reported an increase in the posting of non-standard collateral over the three-month reference period.

Counterparty types

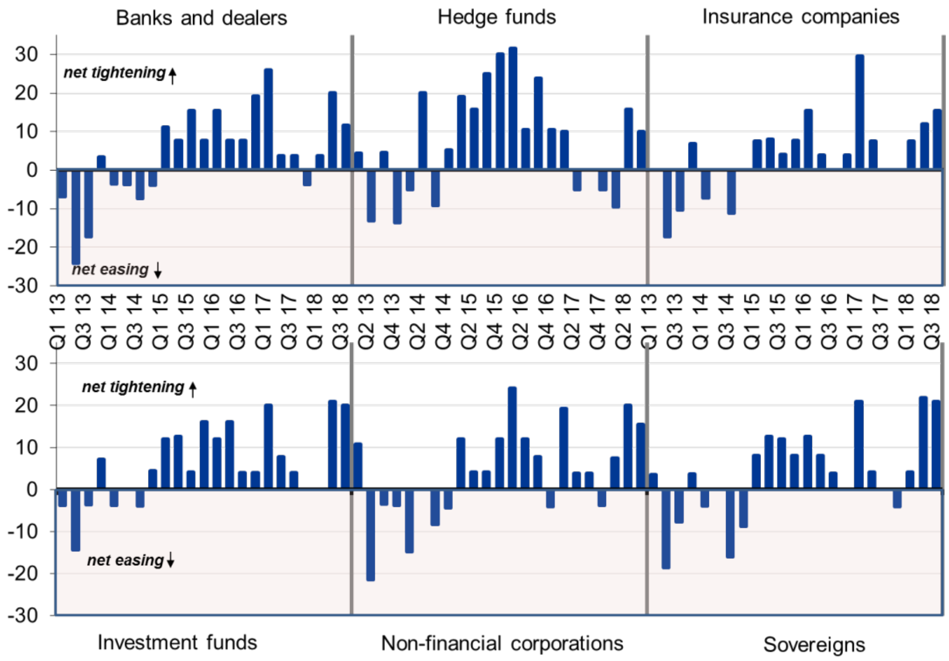
Responses to the September 2018 survey suggest that, on balance, credit terms offered to counterparties tightened for both securities financing and OTC derivative transactions over the reference period (see Chart A). The tightening of credit terms for all counterparties was more pronounced for price terms than non-price terms. Looking at credit term trends, compared with one year ago respondents indicated less favourable conditions for all counterparty types. Among the factors explaining the tightening, survey respondents attributed the deterioration in credit terms mainly to the deterioration in the liquidity conditions and functioning of the general collateral market (as well as to market volatility) and to "availability of balance sheet or capital". Changes in CCPs' practices, including margining and haircuts, contributed to a further tightening of conditions for both securities financing and OTC derivatives markets, according to 11% of respondents. The contribution of changes in CCPs' practices to terms and conditions was neutral according to the remaining respondents.

Respondents to the September 2018 survey expect the tightening of credit standards to continue over the following three months for almost all counterparties.

Chart A

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

(Q1 2013 – Q3 2018; 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 the percentage of respondents reporting "eased somewhat" or "eased considerably".

Attention paid to concentrated credit exposures to large banks and CCPs increased: 32% of respondents (both in gross and net terms) increased the level of resources and attention devoted to the management of concentrated credit exposures to CCPs over the three-month reference period. Around 20% of respondents (in net terms) reported that resources and attention devoted to banks and dealers also increased.

Hedge funds have slightly increased their leverage, while insurance corporations have slightly decreased it. Investment funds' availability of unutilised leverage remained basically unchanged.

Clients' pressure to obtain more favourable conditions increased over the reference period, particularly with regard to hedge funds.

Valuation disputes remained broadly unchanged.

Securities financing

Maximum amount of funding: responses to the September 2018 survey indicated that average clients' demand for funding secured by non-financial corporate bonds and high-yield corporate bonds has decreased since late 2016 and, on balance, stabilised over the last quarter. The rest of the market remained broadly unchanged for average clients, while the demand for funding slightly increased for the most-favoured clients across the majority of collateral types.

Maximum maturity of funding: for most collateral types, survey respondents reported small increases in the maximum maturity of funding over the reference period – for both the average and the most-favoured clients.

Haircuts decreased for most of the collateral according to a small number of respondents. However, haircuts on domestic government bonds increased slightly.

Financing rates or spreads: the cost of funding decreased for all collateral types. In net terms, the decline in financing rates and spreads was particularly tangible for high-quality bonds (around 20%).

The use of CCPs decreased over the reference period, especially for domestic government bonds; the use of covenants and triggers remained broadly stable.

Demand for funding: in net terms, respondents reported a decrease in the demand for collateralised funding compared with the previous quarter. The change was less pronounced for collateral with a long maturity (above 30 days).

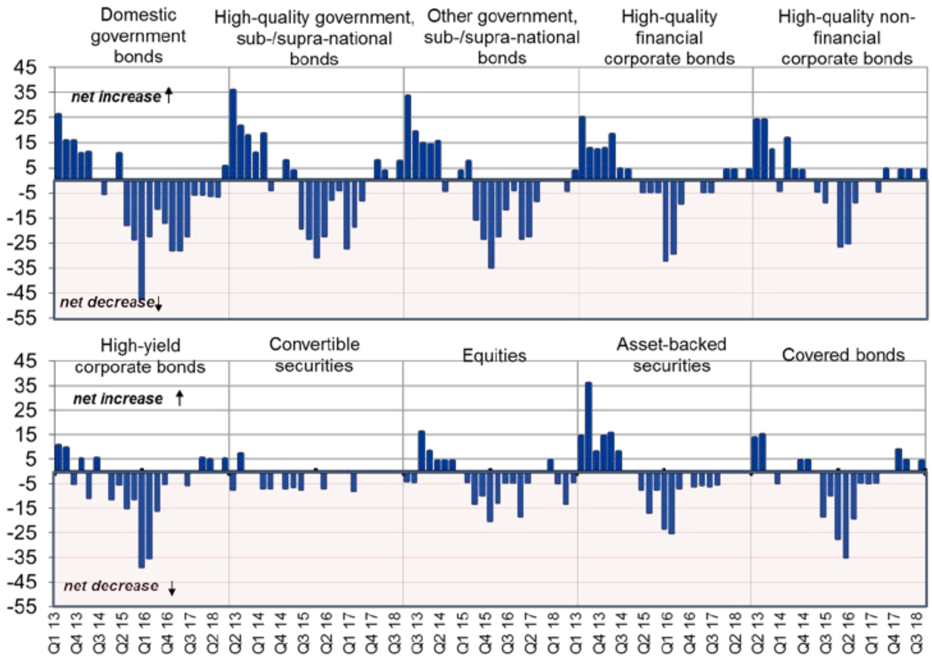
Liquidity of collateral: in net terms, a small number of respondents reported an improvement in the liquidity and functioning of the market for domestic government bonds (see Chart B), following several quarters of deterioration. A small improvement in market liquidity and functioning was reported also for the other collateral types covered by the survey.

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.

Chart B

Changes in liquidity and functioning of markets

(Q1 2013 – Q3 2018; 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 the percentage of respondents reporting “decreased somewhat” or “decreased considerably”.

Non-centrally cleared OTC derivatives

A small number of survey respondents reported that initial margin requirements for non-centrally cleared euro-denominated derivatives increased.

Credit limits remained unchanged for all clients, with some small increases in the maximum amount of exposure in commodity derivatives.

Survey respondents indicated that liquidity and trading had, on balance, remained broadly unchanged for most types of OTC derivatives covered by the survey.

Valuation disputes declined slightly. The majority of respondents reported that the volume of disputes relating to the valuation of OTC derivative contracts covered by the survey declined slightly, especially in terms of the duration and persistence of the disputes.

Non-price changes in new agreements contributed to tightening. In net terms, 10% of survey respondents reported that there had been some tightening (or in some cases a strong tightening) of margin call practices, covenants and triggers. The tightening was similar to that reported in the previous quarter albeit less pronounced than that observed in the two previous survey rounds.

Posting of non-standard collateral: overall, the survey respondents reported some increase in the posting of non-standard collateral.

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 Jun. 2018	Net percentage Sep. 2018	Total number of answers
Banks and dealers								
Price terms	0	19	70	11	0	+15	+7	27
Non-price terms	0	7	89	4	0	+4	+4	27
Overall	0	19	73	8	0	+20	+12	26
Hedge funds								
Price terms	0	25	65	5	5	+5	+15	20
Non-price terms	0	14	71	14	0	+5	0	21
Overall	0	25	60	15	0	+16	+10	20
Insurance companies								
Price terms	0	19	74	7	0	+8	+11	27
Non-price terms	0	11	89	0	0	+4	+11	27
Overall	0	19	77	4	0	+12	+15	26
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Price terms	0	20	76	4	0	+12	+16	25
Non-price terms	0	15	81	4	0	+13	+12	26
Overall	0	24	72	4	0	+21	+20	25
Non-financial corporations								
Price terms	0	19	74	7	0	+19	+11	27
Non-price terms	0	11	89	0	0	+8	+11	27
Overall	0	19	77	4	0	+20	+15	26
Sovereigns								
Price terms	0	28	64	8	0	+21	+20	25
Non-price terms	0	12	88	0	0	+9	+12	25
Overall	0	25	71	4	0	+22	+21	24
All counterparties above								
Price terms	0	19	69	12	0	+16	+8	26
Non-price terms	0	12	85	4	0	+8	+8	26
Overall	0	20	72	8	0	+17	+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 Jun. 2018	Net percentage Sep. 2018	Total number of answers
Banks and dealers								
Price terms	0	15	74	11	0	+8	+4	27
Non-price terms	0	7	85	7	0	-4	0	27
Overall	0	12	77	12	0	+4	0	26
Hedge funds								
Price terms	0	20	70	10	0	+5	+10	20
Non-price terms	0	14	76	10	0	0	+5	21
Overall	0	15	75	10	0	+5	+5	20
Insurance companies								
Price terms	0	15	74	11	0	+4	+4	27
Non-price terms	0	7	89	4	0	-8	+4	27
Overall	0	12	77	12	0	0	0	26
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Price terms	0	19	73	8	0	+8	+12	26
Non-price terms	0	12	85	4	0	0	+8	26
Overall	0	16	76	8	0	+4	+8	25
Non-financial corporations								
Price terms	0	15	78	7	0	+12	+7	27
Non-price terms	0	11	89	0	0	+4	+11	27
Overall	0	12	81	8	0	+12	+4	26
Sovereigns								
Price terms	0	12	72	16	0	+8	-4	25
Non-price terms	0	8	84	8	0	-5	0	25
Overall	0	8	75	17	0	+4	-8	24
All counterparties above								
Price terms	0	15	73	12	0	+8	+4	26
Non-price terms	0	12	85	4	0	-4	+8	26
Overall	0	12	76	12	0	+4	0	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	
				Jun. 2018	Sep. 2018
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)	20	0	0	10	11
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	33	0	10	11
General market liquidity and functioning	60	67	0	50	56
Competition from other institutions	20	0	100	20	22
Other	0	0	0	10	0
Total number of answers	5	3	1	10	9
Possible reasons for easing					
Current or expected financial strength of counterparties	0	33	0	0	12
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	33	50	0	25
General market liquidity and functioning	67	33	0	100	37
Competition from other institutions	33	0	50	0	25
Other	0	0	0	0	0
Total number of answers	3	3	2	1	8
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	50	100	0	50	67
Competition from other institutions	50	0	0	50	33
Other	0	0	0	0	0
Total number of answers	2	1	0	2	3
Possible reasons for easing					
Current or expected financial strength of counterparties	0	100	0	0	50
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	100	0	0	0	50
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	1	1	0	0	2

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 Jun. 2018	Either first, second or third reason Sep. 2018
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	33	0	17	11
General market liquidity and functioning	60	67	0	50	56
Competition from other institutions	40	0	100	33	33
Other	0	0	0	0	0
Total number of answers	5	3	1	6	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	33	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	33	25
General market liquidity and functioning	50	0	0	33	25
Competition from other institutions	50	0	100	0	50
Other	0	0	0	0	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	33	100	0	50	60
Competition from other institutions	67	0	0	50	40
Other	0	0	0	0	0
Total number of answers	3	2	0	2	5
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	50	0	14
Willingness of your institution to take on risk	33	50	0	0	29
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	50	0	0	14
General market liquidity and functioning	0	0	0	0	0
Competition from other institutions	67	0	0	0	29
Other	0	0	50	0	14
Total number of answers	3	2	2	0	7

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	
				Jun. 2018	Sep. 2018
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	50	0	17	13
General market liquidity and functioning	80	50	0	50	63
Competition from other institutions	20	0	100	33	25
Other	0	0	0	0	0
Total number of answers	5	2	1	6	8
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	50	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	50	50	50	33
General market liquidity and functioning	50	50	0	0	33
Competition from other institutions	50	0	50	0	33
Other	0	0	0	0	0
Total number of answers	2	2	2	2	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	33	100	0	50	60
Competition from other institutions	67	0	0	50	40
Other	0	0	0	0	0
Total number of answers	3	2	0	2	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 [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	
				Jun. 2018	Sep. 2018
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	50	0	14	13
General market liquidity and functioning	80	50	0	57	63
Competition from other institutions	20	0	100	29	25
Other	0	0	0	0	0
Total number of answers	5	2	1	7	8
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	50	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	50	33
General market liquidity and functioning	0	100	0	0	33
Competition from other institutions	100	0	0	0	33
Other	0	0	0	0	0
Total number of answers	1	1	1	2	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	33	100	0	50	60
Competition from other institutions	67	0	0	50	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	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

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	
				Jun. 2018	Sep. 2018
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	50	0	11	13
General market liquidity and functioning	80	50	0	56	63
Competition from other institutions	20	0	100	22	25
Other	0	0	0	11	0
Total number of answers	5	2	1	9	8
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	50	50	0	33
General market liquidity and functioning	50	50	0	0	33
Competition from other institutions	50	0	50	0	33
Other	0	0	0	0	0
Total number of answers	2	2	2	0	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	33	100	0	50	60
Competition from other institutions	67	0	0	50	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 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	
				Jun. 2018	Sep. 2018
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	14	0	0	0	8
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	50	0	20	15
General market liquidity and functioning	71	25	0	50	46
Competition from other institutions	14	0	50	20	15
Other	0	25	50	10	15
Total number of answers	7	4	2	10	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	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	50	50	0	33
General market liquidity and functioning	50	50	0	0	33
Competition from other institutions	50	0	50	0	33
Other	0	0	0	0	0
Total number of answers	2	2	2	0	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	50	100	0	50	67
Competition from other institutions	50	0	0	50	33
Other	0	0	0	0	0
Total number of answers	2	1	0	2	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 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
						Jun. 2018	Sep. 2018	
Practices of CCPs	0	11	89	0	0	+14	+11	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		Total number of answers
						Jun. 2018	Sep. 2018	
Banks and dealers	0	4	71	21	4	-31	-21	28
Central counterparties	0	0	68	18	14	-15	-32	28

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
						Jun. 2018	Sep. 2018	
Hedge funds								
Use of financial leverage	0	5	85	10	0	+5	-5	20
Availability of unutilised leverage	0	0	100	0	0	0	0	20
Insurance companies								
Use of financial leverage	0	4	96	0	0	0	+4	27
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Use of financial leverage	0	4	92	4	0	-9	0	26

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

1.5 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
						Jun. 2018	Sep. 2018	
Banks and dealers								
Intensity of efforts to negotiate more favourable terms	0	0	93	7	0	-8	-7	28
Provision of differential terms to most-favoured clients	0	0	96	4	0	-4	-4	27
Hedge funds								
Intensity of efforts to negotiate more favourable terms	0	5	73	18	5	-10	-18	22
Provision of differential terms to most-favoured clients	0	0	86	14	0	-5	-14	21
Insurance companies								
Intensity of efforts to negotiate more favourable terms	0	0	89	11	0	-8	-11	28
Provision of differential terms to most-favoured clients	0	0	93	7	0	-8	-7	27
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Intensity of efforts to negotiate more favourable terms	0	0	85	15	0	-13	-15	27
Provision of differential terms to most-favoured clients	0	0	88	12	0	-13	-12	26
Non-financial corporations								
Intensity of efforts to negotiate more favourable terms	0	0	89	11	0	-16	-11	27
Provision of differential terms to most-favoured clients	0	0	96	4	0	-8	-4	26

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

1.6 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
						Jun. 2018	Sep. 2018	
Banks and dealers								
Volume	0	0	100	0	0	0	0	27
Duration and persistence	0	0	100	0	0	+4	0	28
Hedge funds								
Volume	0	0	100	0	0	-11	0	21
Duration and persistence	0	0	95	5	0	-11	-5	21
Insurance companies								
Volume	0	0	100	0	0	-4	0	26
Duration and persistence	0	0	100	0	0	0	0	26
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Volume	0	0	100	0	0	0	0	26
Duration and persistence	0	0	100	0	0	0	0	26
Non-financial corporations								
Volume	0	0	96	4	0	+4	-4	26
Duration and persistence	0	0	100	0	0	+8	0	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 Jun. 2018	Net percentage Sep. 2018	Total number of answers
Domestic government bonds								
Maximum amount of funding	0	0	94	6	0	-6	-6	18
Maximum maturity of funding	0	6	89	6	0	+6	0	18
Haircuts	0	0	94	6	0	0	-6	18
Financing rate/spread	0	11	78	11	0	-6	0	18
Use of CCPs	0	12	88	0	0	-6	+12	17
High-quality government, sub-national and supra-national bonds								
Maximum amount of funding	0	4	96	0	0	+4	+4	27
Maximum maturity of funding	0	4	96	0	0	+12	+4	27
Haircuts	0	4	96	0	0	+4	+4	27
Financing rate/spread	0	19	81	0	0	+8	+19	27
Use of CCPs	0	0	96	4	0	-5	-4	23
Other government, sub-national and supra-national bonds								
Maximum amount of funding	0	4	92	4	0	0	0	26
Maximum maturity of funding	0	4	96	0	0	+13	+4	26
Haircuts	0	8	92	0	0	0	+8	26
Financing rate/spread	0	19	77	4	0	+8	+15	26
Use of CCPs	0	4	96	0	0	-5	+4	23
High-quality financial corporate bonds								
Maximum amount of funding	0	8	79	13	0	-5	-4	24
Maximum maturity of funding	0	4	92	4	0	+9	0	24
Haircuts	0	8	92	0	0	0	+8	24
Financing rate/spread	4	21	71	4	0	+5	+21	24
Use of CCPs	0	12	82	6	0	+6	+6	17
High-quality non-financial corporate bonds								
Maximum amount of funding	0	8	84	8	0	+9	0	25
Maximum maturity of funding	0	4	96	0	0	+13	+4	25
Haircuts	0	8	92	0	0	+4	+8	25
Financing rate/spread	4	16	80	0	0	+9	+20	25
Use of CCPs	0	6	94	0	0	+5	+6	18
High-yield corporate bonds								
Maximum amount of funding	0	5	85	10	0	+17	-5	20
Maximum maturity of funding	0	5	95	0	0	+6	+5	20
Haircuts	0	15	85	0	0	-6	+15	20
Financing rate/spread	0	15	80	0	5	+6	+10	20
Use of CCPs	0	0	100	0	0	-7	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". "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
						Jun. 2018	Sep. 2018	
Convertible securities								
Maximum amount of funding	0	0	93	7	0	**0**	**-7**	15
Maximum maturity of funding	0	0	100	0	0	**0**	**0**	15
Haircuts	0	7	93	0	0	**0**	**+7**	15
Financing rate/spread	0	7	93	0	0	**+7**	**+7**	15
Use of CCPs	0	0	100	0	0	**0**	**0**	15
Equities								
Maximum amount of funding	0	4	83	13	0	**0**	**-8**	24
Maximum maturity of funding	0	0	92	8	0	**0**	**-8**	24
Haircuts	0	4	96	0	0	**0**	**+4**	24
Financing rate/spread	0	8	88	4	0	**0**	**+4**	24
Use of CCPs	0	0	100	0	0	**0**	**0**	19
Asset-backed securities								
Maximum amount of funding	0	6	89	6	0	**+6**	**0**	18
Maximum maturity of funding	0	0	94	6	0	**0**	**-6**	18
Haircuts	0	11	89	0	0	**+6**	**+11**	18
Financing rate/spread	0	17	78	6	0	**+6**	**+11**	18
Use of CCPs	0	0	100	0	0	**0**	**0**	11
Covered bonds								
Maximum amount of funding	0	4	96	0	0	**-4**	**+4**	24
Maximum maturity of funding	0	8	92	0	0	**0**	**+8**	24
Haircuts	0	0	100	0	0	**0**	**0**	24
Financing rate/spread	0	13	88	0	0	**0**	**+13**	24
Use of CCPs	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".

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
						Jun. 2018	Sep. 2018	
Domestic government bonds								
Maximum amount of funding	0	0	94	6	0	-6	-6	18
Maximum maturity of funding	0	6	89	6	0	+6	0	18
Haircuts	0	0	94	6	0	0	-6	18
Financing rate/spread	0	17	72	11	0	0	+6	18
Use of CCPs	0	12	88	0	0	-6	+12	17
High-quality government, sub-national and supra-national bonds								
Maximum amount of funding	0	4	96	0	0	0	+4	27
Maximum maturity of funding	0	4	96	0	0	+8	+4	27
Haircuts	0	0	100	0	0	-4	0	27
Financing rate/spread	0	22	74	4	0	+12	+19	27
Use of CCPs	0	0	96	4	0	-5	-4	23
Other government, sub-national and supra-national bonds								
Maximum amount of funding	0	4	92	4	0	-4	0	26
Maximum maturity of funding	0	4	96	0	0	+13	+4	26
Haircuts	0	4	96	0	0	0	+4	26
Financing rate/spread	0	19	73	8	0	+8	+12	26
Use of CCPs	0	4	96	0	0	-5	+4	23
High-quality financial corporate bonds								
Maximum amount of funding	0	8	88	4	0	-5	+4	24
Maximum maturity of funding	0	4	96	0	0	+9	+4	24
Haircuts	0	8	92	0	0	+14	+8	24
Financing rate/spread	4	21	67	8	0	0	+17	24
Use of CCPs	0	6	88	6	0	0	0	17
High-quality non-financial corporate bonds								
Maximum amount of funding	0	4	84	12	0	+4	-8	25
Maximum maturity of funding	0	4	92	4	0	+9	0	25
Haircuts	0	8	92	0	0	+13	+8	25
Financing rate/spread	4	20	76	0	0	+9	+24	25
Use of CCPs	0	6	94	0	0	-5	+6	18
High-yield corporate bonds								
Maximum amount of funding	0	0	90	10	0	+5	-10	21
Maximum maturity of funding	0	5	95	0	0	+5	+5	21
Haircuts	0	14	86	0	0	0	+14	21
Financing rate/spread	0	19	76	0	5	+16	+14	21
Use of CCPs	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". "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
						Jun. 2018	Sep. 2018	
Convertible securities								
Maximum amount of funding	0	0	94	6	0	**0**	**-6**	16
Maximum maturity of funding	0	0	100	0	0	**0**	**0**	16
Haircuts	0	6	94	0	0	**0**	**+6**	16
Financing rate/spread	0	6	94	0	0	**+7**	**+6**	16
Use of CCPs	0	0	100	0	0	**0**	**0**	16
Equities								
Maximum amount of funding	0	4	83	13	0	**0**	**-8**	24
Maximum maturity of funding	0	0	92	8	0	**0**	**-8**	24
Haircuts	0	4	96	0	0	**0**	**+4**	24
Financing rate/spread	0	8	88	4	0	**+4**	**+4**	24
Use of CCPs	0	0	100	0	0	**0**	**0**	19
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	11	89	0	0	**+6**	**+11**	18
Financing rate/spread	0	12	88	0	0	**+6**	**+12**	17
Use of CCPs	0	0	100	0	0	**0**	**0**	11
Covered bonds								
Maximum amount of funding	0	4	96	0	0	**-4**	**+4**	24
Maximum maturity of funding	0	8	92	0	0	**0**	**+8**	24
Haircuts	0	0	100	0	0	**0**	**0**	24
Financing rate/spread	0	13	83	4	0	**-4**	**+8**	24
Use of CCPs	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".

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
						Jun. 2018	Sep. 2018	
Domestic government bonds								
Terms for average clients	0	0	100	0	0	**0**	**0**	17
Terms for most-favoured clients	0	0	100	0	0	**0**	**0**	17
High-quality government, sub-national and supra-national bonds								
Terms for average clients	0	0	100	0	0	**0**	**0**	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**	21
Terms for most-favoured clients	0	0	100	0	0	**-5**	**0**	21
High-quality non-financial corporate bonds								
Terms for average clients	0	0	100	0	0	**0**	**0**	22
Terms for most-favoured clients	0	0	95	5	0	**-5**	**-5**	22
High-yield corporate bonds								
Terms for average clients	0	0	95	5	0	**0**	**-5**	19
Terms for most-favoured clients	0	0	95	5	0	**0**	**-5**	19
Convertible securities								
Terms for average clients	0	0	100	0	0	**0**	**0**	16
Terms for most-favoured clients	0	0	100	0	0	**0**	**0**	17
Equities								
Terms for average clients	0	0	100	0	0	**0**	**0**	22
Terms for most-favoured clients	0	0	100	0	0	**0**	**0**	22
Asset-backed securities								
Terms for average clients	0	0	94	6	0	**0**	**-6**	16
Terms for most-favoured clients	0	0	94	6	0	**0**	**-6**	16
Covered bonds								
Terms for average clients	0	0	100	0	0	**0**	**0**	22
Terms for most-favoured clients	0	0	100	0	0	**0**	**0**	22

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

2.2 Demand for funding, liquidity and disputes by collateral type

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

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

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
						Jun. 2018	Sep. 2018	
Domestic government bonds								
Overall demand	0	6	89	6	0	-13	0	18
With a maturity greater than 30 days	0	11	78	11	0	-13	0	18
High-quality government, sub-national and supra-national bonds								
Overall demand	0	11	85	4	0	-4	+7	27
With a maturity greater than 30 days	0	11	85	4	0	0	+7	27
Other 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	-4	+7	27
High-quality financial corporate bonds								
Overall demand	0	13	87	0	0	0	+13	23
With a maturity greater than 30 days	0	4	91	4	0	0	0	23
High-quality non-financial corporate bonds								
Overall demand	0	9	91	0	0	+5	+9	23
With a maturity greater than 30 days	0	4	91	4	0	0	0	23
High-yield corporate bonds								
Overall demand	0	5	95	0	0	-6	+5	20
With a maturity greater than 30 days	0	5	90	5	0	-6	0	20
Convertible securities								
Overall demand	0	0	100	0	0	0	0	14
With a maturity greater than 30 days	0	0	100	0	0	0	0	14
Equities								
Overall demand	0	8	88	4	0	0	+4	24
With a maturity greater than 30 days	0	8	88	4	0	0	+4	24
Asset-backed securities								
Overall demand	0	6	94	0	0	+6	+6	17
With a maturity greater than 30 days	0	6	88	6	0	0	0	17
Covered bonds								
Overall demand	0	4	96	0	0	-9	+4	24
With a maturity greater than 30 days	0	0	96	4	0	-14	-4	24
All collateral types above								
Overall demand	0	12	88	0	0	0	+12	25
With a maturity greater than 30 days	0	4	92	4	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.

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
						Jun. 2018	Sep. 2018	
Domestic government bonds								
Liquidity and functioning	0	6	83	11	0	+6	-6	18
High-quality government, sub-national and supra-national bonds								
Liquidity and functioning	0	0	93	7	0	0	-7	27
Other government, sub-national and supra-national bonds								
Liquidity and functioning	0	0	96	4	0	+4	-4	27
High-quality financial corporate bonds								
Liquidity and functioning	0	0	96	4	0	0	-4	23
High-quality non-financial corporate bonds								
Liquidity and functioning	0	0	96	4	0	0	-4	23
High-yield corporate bonds								
Liquidity and functioning	0	0	95	5	0	0	-5	20
Convertible securities								
Liquidity and functioning	0	0	100	0	0	0	0	14
Equities								
Liquidity and functioning	0	4	96	0	0	+13	+4	24
Asset-backed securities								
Liquidity and functioning	0	0	100	0	0	0	0	17
Covered bonds								
Liquidity and functioning	0	0	96	4	0	0	-4	24
All collateral types above								
Liquidity and functioning	0	0	96	4	0	+4	-4	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
						Jun. 2018	Sep. 2018	
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	**0**	**0**	27
Duration and persistence	0	0	100	0	0	**0**	**0**	27
Other government, sub-national and supra-national bonds								
Volume	0	0	100	0	0	**0**	**0**	27
Duration and persistence	0	0	100	0	0	**0**	**0**	27
High-quality financial corporate bonds								
Volume	0	0	100	0	0	**0**	**0**	23
Duration and persistence	0	0	100	0	0	**0**	**0**	23
High-quality non-financial corporate bonds								
Volume	0	0	100	0	0	**0**	**0**	23
Duration and persistence	0	0	100	0	0	**0**	**0**	23
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**	14
Duration and persistence	0	0	100	0	0	**0**	**0**	14
Equities								
Volume	0	0	100	0	0	**0**	**0**	22
Duration and persistence	0	0	100	0	0	**0**	**0**	22
Asset-backed securities								
Volume	0	0	100	0	0	**0**	**0**	17
Duration and persistence	0	0	100	0	0	**0**	**0**	17
Covered bonds								
Volume	0	0	100	0	0	**0**	**0**	23
Duration and persistence	0	0	100	0	0	**0**	**0**	23
All collateral types above								
Volume	0	0	100	0	0	**-4**	**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
						Jun. 2018	Sep. 2018	
Foreign exchange								
Average clients	0	0	95	5	0	**0**	**-5**	20
Most-favoured clients	0	0	95	5	0	**0**	**-5**	20
Interest rates								
Average clients	0	0	95	5	0	**0**	**-5**	20
Most-favoured clients	0	0	95	5	0	**0**	**-5**	20
Credit referencing sovereigns								
Average clients	0	0	93	7	0	**0**	**-7**	15
Most-favoured clients	0	0	93	7	0	**0**	**-7**	15
Credit referencing corporates								
Average clients	0	0	94	6	0	**0**	**-6**	18
Most-favoured clients	0	0	94	6	0	**0**	**-6**	18
Credit referencing structured credit products								
Average clients	0	0	93	7	0	**0**	**-7**	15
Most-favoured clients	0	0	93	7	0	**0**	**-7**	15
Equity								
Average clients	0	0	100	0	0	**0**	**0**	18
Most-favoured clients	0	0	100	0	0	**0**	**0**	18
Commodity								
Average clients	0	0	100	0	0	**0**	**0**	16
Most-favoured clients	0	0	100	0	0	**0**	**0**	16
Total return swaps referencing non-securities								
Average clients	0	0	100	0	0	**0**	**0**	13
Most-favoured clients	0	0	100	0	0	**0**	**0**	13

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 Jun. 2018	Net percentage Sep. 2018	Total number of answers
Foreign exchange								
Maximum amount of exposure	0	4	92	4	0	**0**	**0**	26
Maximum maturity of trades	0	0	100	0	0	**+4**	**0**	26
Interest rates								
Maximum amount of exposure	0	0	100	0	0	**0**	**0**	25
Maximum maturity of trades	0	4	96	0	0	**0**	**+4**	25
Credit referencing sovereigns								
Maximum amount of exposure	0	0	100	0	0	**0**	**0**	17
Maximum maturity of trades	0	0	100	0	0	**0**	**0**	17
Credit referencing corporates								
Maximum amount of exposure	0	5	95	0	0	**0**	**+5**	20
Maximum maturity of trades	0	0	100	0	0	**0**	**0**	20
Credit referencing structured credit products								
Maximum amount of exposure	0	0	100	0	0	**0**	**0**	18
Maximum maturity of trades	0	0	100	0	0	**0**	**0**	18
Equity								
Maximum amount of exposure	0	0	95	5	0	**0**	**-5**	21
Maximum maturity of trades	0	0	100	0	0	**+5**	**0**	21
Commodity								
Maximum amount of exposure	0	0	89	11	0	**0**	**-11**	19
Maximum maturity of trades	0	0	100	0	0	**0**	**0**	19
Total return swaps referencing non-securities								
Maximum amount of exposure	0	7	93	0	0	**0**	**+7**	15
Maximum maturity of trades	0	0	100	0	0	**0**	**0**	15

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

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

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 Jun. 2018	Net percentage Sep. 2018	Total number of answers
Foreign exchange								
Liquidity and trading	0	0	100	0	0	**+8**	**0**	26
Interest rates								
Liquidity and trading	0	4	92	4	0	**+9**	**0**	25
Credit referencing sovereigns								
Liquidity and trading	0	6	94	0	0	**+13**	**+6**	17
Credit referencing corporates								
Liquidity and trading	0	5	95	0	0	**+11**	**+5**	20
Credit referencing structured credit products								
Liquidity and trading	0	6	94	0	0	**+6**	**+6**	18
Equity								
Liquidity and trading	0	5	95	0	0	**-5**	**+5**	21
Commodity								
Liquidity and trading	0	0	100	0	0	**0**	**0**	19
Total return swaps referencing non-securities								
Liquidity and trading	0	0	100	0	0	**0**	**0**	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
						Jun. 2018	Sep. 2018	
Foreign exchange								
Volume	0	0	92	8	0	0	-8	24
Duration and persistence	0	0	100	0	0	0	0	24
Interest rates								
Volume	0	0	88	13	0	0	-13	24
Duration and persistence	0	0	96	4	0	+9	-4	24
Credit referencing sovereigns								
Volume	0	0	94	6	0	0	-6	17
Duration and persistence	0	0	100	0	0	+6	0	17
Credit referencing corporates								
Volume	0	0	95	5	0	0	-5	19
Duration and persistence	0	0	95	5	0	+6	-5	19
Credit referencing structured credit products								
Volume	0	0	94	6	0	0	-6	18
Duration and persistence	0	0	100	0	0	+6	0	18
Equity								
Volume	0	5	86	10	0	-10	-5	21
Duration and persistence	0	5	95	0	0	-5	+5	21
Commodity								
Volume	0	0	100	0	0	+6	0	19
Duration and persistence	0	0	100	0	0	0	0	19
Total return swaps referencing non-securities								
Volume	0	0	100	0	0	0	0	16
Duration and persistence	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".

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 Jun. 2018	Net percentage Sep. 2018	Total number of answers
Margin call practices	0	12	88	0	0	**+13**	**+12**	26
Acceptable collateral	0	12	76	12	0	**-4**	**0**	25
Recognition of portfolio or diversification benefits	0	4	92	4	0	**0**	**0**	24
Covenants and triggers	0	8	92	0	0	**+4**	**+8**	25
Other documentation features	0	8	92	0	0	**+9**	**+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 Jun. 2018	Net percentage Sep. 2018	Total number of answers
Posting of non-standard collateral	0	4	79	17	0	**0**	**-12**	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".

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