EUROPEAN CENTRAL BANK
EUROSYSTEM

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

March 2018

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

The survey questions are grouped into three sections:

1. **Counterparty types** – covers credit terms and conditions for various counterparty types in both securities financing and OTC derivatives markets;
2. **Securities financing** – focuses on financing conditions for various collateral types;
3. **Non-centrally cleared OTC derivatives** – credit terms and conditions for various derivatives types.

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

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

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

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

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

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

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

March 2018 SESFOD results

(Reference period: December 2017 – February 2018)

The March 2018 survey on credit terms and conditions in euro-denominated securities financing and OTC derivatives markets (SESFOD) reports qualitative changes in credit terms between December 2017 and February 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. This survey round included special questions to determine the extent to which credit standards have changed compared with the previous year in order to gain a longer-term perspective.

Highlights

Survey respondents reported that credit terms offered to almost all counterparties in both securities financing and over-the-counter (OTC) derivatives transactions had tightened slightly between December 2017 and February 2018. The most cited reason for this was the dealers' lack of balance sheet capacity. Hedge funds were the only counterparty for which terms and conditions eased.

Over the course of 2017 the degree of tightening of conditions became more moderate compared with the strong tightening phases seen in 2015 and 2016. This trend, together with respondents' expectations of an easing of conditions, could indicate the beginning of a stable phase for credit terms and conditions. According to the survey responses, hedge funds appear to be better able to benefit from this period of stabilisation than the other counterparties.

In relation to the provision of finance collateralised by euro-denominated securities, respondents reported that conditions had been stable on the whole, including with regard to the liquidity and functioning of collateral markets. Amid this stabilisation, conditions for most-favoured clients reportedly improved, while those for average clients appeared to deteriorate slightly in the three-month reference period. This distinction was especially pronounced for haircuts and financing rates/spreads. Lastly, the use of central counterparties (CCPs) was reported to have increased between December 2017 and February 2018, in line with a trend which started in Q4 2013.

In relation to non-centrally cleared OTC derivatives, a small net percentage of survey respondents reported a tightening of non-price terms and conditions in new or renegotiated OTC derivatives master agreements. This tightening was similar to that observed in the previous two quarters.

Counterparty types

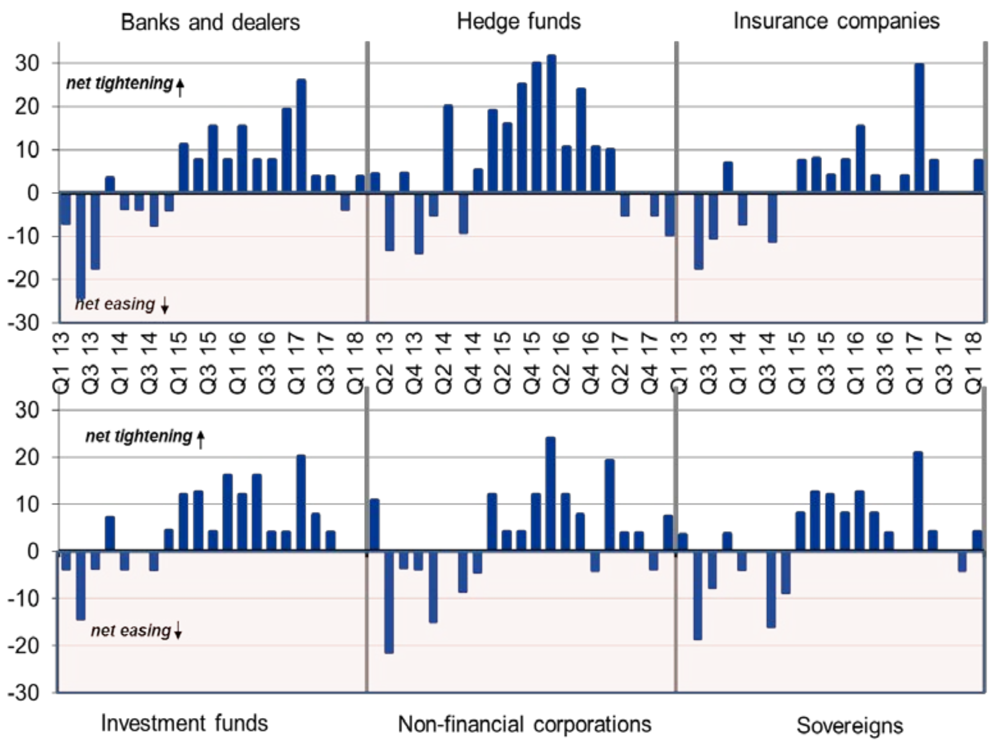
Changes: responses to the March 2018 survey suggest that, on balance, credit terms offered to counterparties tightened slightly for both securities financing and

OTC derivatives transactions over the three-month reference period, with the exception of transactions conducted with hedge funds (Chart A). The most cited factor for this was a limited balance sheet capacity. Other factors frequently cited to explain this tightening were general market liquidity and functioning, willingness to assume risk and internal treasury charges for funding. A small net percentage of respondents reported that changes in the practices of CCPs, including margining and haircuts, had contributed to the tightening of conditions for both securities financing and OTC derivative markets.

Chart A

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

(Q1 2013 – Q1 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 those reporting "eased somewhat" or "eased considerably".

Looking ahead, a small net percentage of respondents expect credit standards to ease over the next three months, especially in relation to hedge funds, with a fifth of respondents expecting more favourable price credit terms to be offered to such counterparties.

Management of concentrated credit exposures to large banks and CCPs: some respondents reported that they had increased the level of resources and attention devoted to the management of concentrated credit exposures to CCPs (7%) and to banks and dealers (19%) over the three-month reference period.

Leverage: a small number of respondents reported that, on balance, the use of financial leverage by hedge funds, insurance companies, investment funds, pension plans and other institutional investment pools had remained basically unchanged over the three-month reference period. Around one tenth of respondents reported that, on balance, the availability of unutilised leverage had increased.

Client pressure and differential terms: compared with the previous survey, respondents reported that clients' efforts to obtain more favourable conditions had increased (considerably so, according to a few responses), especially with regard to hedge and investment funds.

Valuation disputes: respondents reported that, compared with the previous survey, the volume of valuation disputes had mostly decreased, albeit by a small amount, for banks and dealers as well as for insurance companies.

Securities financing

Maximum amount of funding: respondents reported, on balance, a slight increase in the maximum amount of funding for many types of collateral over the three-month reference period. One exception was the funding collateralised by high-yield corporate bonds and high-quality non-financial corporate bonds, for which around 10% of respondents indicated a decrease in the maximum amount of funding.

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

Haircuts: the majority of respondents reported no changes or some increase in haircuts for average clients, while haircuts for most-favoured clients reportedly decreased for some types of euro-denominated collateral.

Financing rates/spreads: a small net percentage of respondents reported an increase in financing rates/spreads for average clients and a decrease for most-favoured clients when government bonds were used as collateral. Around 15% of respondents reported a decrease in rates/spreads when high-yield bonds and asset-backed securities were used as collateral, for both average and most-favoured clients. On balance, survey respondents reported that financing rates/spreads for other types of collateral had remained broadly unchanged over the three-month reference period.

Use of CCPs: around 30% of respondents reported that the use of CCPs had increased for domestic government bonds. Around 15% of respondents reported an increase in the use of CCPs for other government bonds and supranational bonds. For all other types of euro-denominated collateral the use of CCPs reportedly remained basically unchanged over the three-month reference period.

Covenants and triggers: as in previous survey rounds, responses to the March 2018 survey indicated that covenants and triggers had remained basically unchanged for all types of collateral over the three-month reference period – both for average and for most-favoured clients.

Demand for funding: in net terms, around 20% of respondents reported a reduction in the demand for funding collateralised by all asset classes compared with the previous survey, which, however, coincided with a year-end.

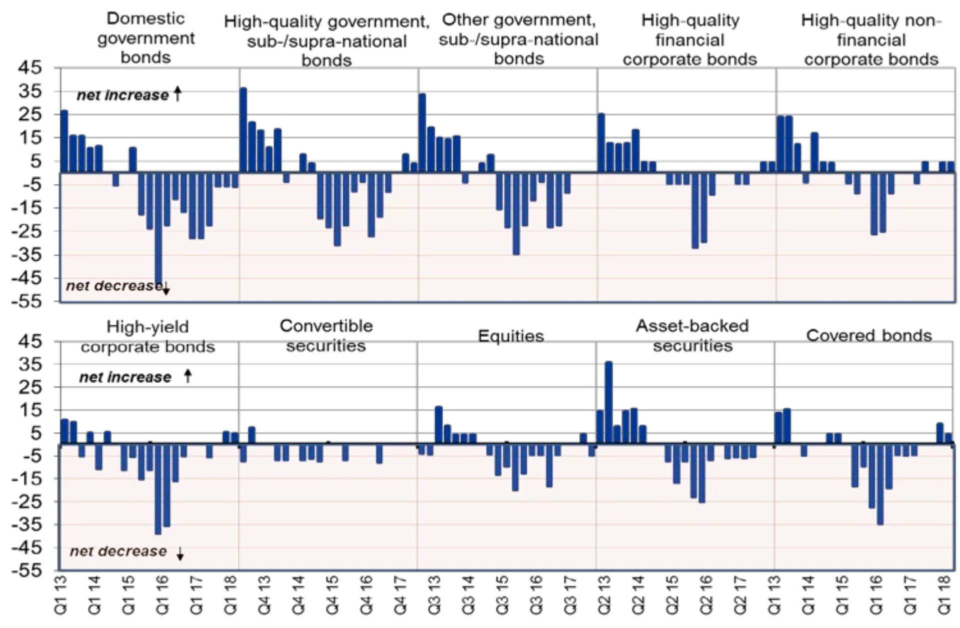
Liquidity of collateral: a small net percentage of respondents reported deterioration in the liquidity and functioning of the market for domestic government bonds as well as for all types of collateral. The relative stability that was reported in this survey and the previous survey round stands in contrast to the deterioration reported for many types of euro-denominated collateral between mid-2015 and mid-2017 (see Chart B).

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

Chart B

Changes in liquidity and functioning of markets

(Q1 2013 – Q1 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 those reporting “decreased somewhat” or “decreased considerably”.

Non-centrally cleared OTC derivatives

Initial margin requirements: for many non-centrally cleared euro-denominated derivatives contracts, respondents indicated an increase in initial margin requirements for average clients, but a decrease for most-favoured clients.

Credit limits: a small percentage of respondents reported increases in the maximum amount of exposure and the maximum maturity set by their respective institutions for non-centrally cleared OTC derivatives.

Liquidity and trading: survey respondents indicated that, on balance, liquidity and trading had remained basically unchanged for most types of OTC derivatives.

Valuation disputes: the majority of respondents reported a slight decline in the volume of disputes relating to the valuation of OTC derivatives contracts covered in the survey.

Non-price changes in new agreements: 15% of survey respondents reported that there had been some (or even considerable) tightening of margin call practices, covenants and triggers. The reported tightening was similar to that reported in the previous quarter and less pronounced than in the two previous survey rounds.

Posting of non-standard collateral: a very small net percentage of respondents reported that the posting of non-standard collateral had increased somewhat.

Special questions

Longer-term perspective

The special questions included in the Q1 2018 survey intend to provide a longer-term perspective by comparing current credit terms and conditions with those from one year ago (i.e. in Q1 2017). Credit terms and conditions are only moderately tighter now compared with Q1 2017, but they had already tightened strongly throughout most of 2015 and 2016 (see Chart C). Survey respondents reported that hedge funds were now the only counterparty to benefit from a net easing of credit terms and conditions; this was stronger for non-price terms of credit standards.

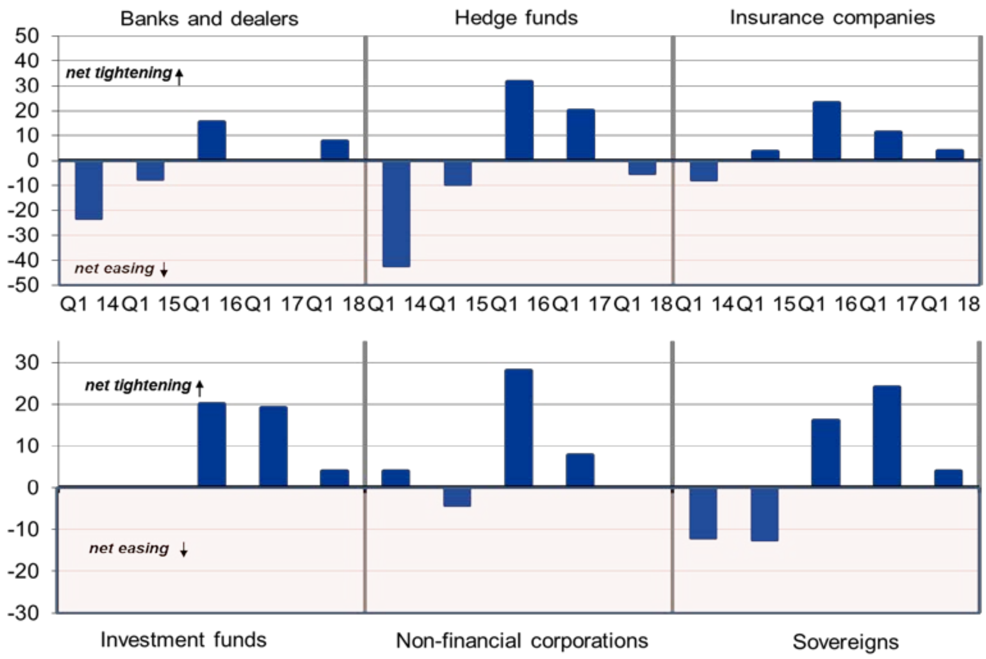
In relation to securities financing, the credit terms applied to a number of collateral types were less stringent in Q1 2018 than in previous years. This concerned high-quality bonds issued by financial institutions, asset-backed securities, equities and high-yield corporate bonds. Respondents also reported a decrease in the applied haircuts. For government and covered bonds, however, general credit terms and conditions were more stringent, albeit the haircuts for these bonds remained unchanged compared with the previous year.

With regard to credit terms and conditions for OTC derivatives, these were slightly more stringent for all asset classes in Q1 2018 compared with the previous year.

Chart C

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

(Q1 2013 –Q1 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 those reporting “decreased somewhat” or “decreased considerably”.

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. 2017	Mar. 2018	
Banks and dealers								
Price terms	0	18	79	4	0	**0**	**+14**	28
Non-price terms	0	15	85	0	0	**+7**	**+15**	27
Overall	0	7	89	4	0	**-4**	**+4**	27
Hedge funds								
Price terms	0	10	76	10	5	**+5**	**-5**	21
Non-price terms	0	5	90	5	0	**0**	**0**	21
Overall	0	5	81	14	0	**-5**	**-10**	21
Insurance companies								
Price terms	0	14	82	4	0	**+4**	**+11**	28
Non-price terms	0	7	93	0	0	**+12**	**+7**	27
Overall	0	11	85	4	0	**0**	**+7**	27
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Price terms	0	12	77	12	0	**+4**	**0**	26
Non-price terms	0	4	92	0	4	**+12**	**0**	25
Overall	0	8	84	8	0	**0**	**0**	25
Non-financial corporations								
Price terms	0	14	82	4	0	**+4**	**+11**	28
Non-price terms	0	4	96	0	0	**+4**	**+4**	27
Overall	0	11	85	4	0	**-4**	**+7**	27
Sovereigns								
Price terms	0	12	84	4	0	**+4**	**+8**	25
Non-price terms	0	4	96	0	0	**+4**	**+4**	24
Overall	0	8	88	4	0	**-4**	**+4**	24
All counterparties above								
Price terms	0	15	81	4	0	**+4**	**+11**	27
Non-price terms	0	8	92	0	0	**+8**	**+8**	26
Overall	0	8	88	4	0	**0**	**+4**	26

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 Dec. 2017	Net percentage Mar. 2018	Total number of answers
Banks and dealers								
Price terms	0	4	86	7	4	-7	-7	28
Non-price terms	0	4	89	4	4	-8	-4	27
Overall	0	4	85	7	4	0	-7	27
Hedge funds								
Price terms	0	0	81	14	5	-16	-19	21
Non-price terms	0	5	90	0	5	-20	0	21
Overall	0	0	90	5	5	-11	-10	21
Insurance companies								
Price terms	0	4	82	11	4	-7	-11	28
Non-price terms	0	4	89	4	4	-12	-4	27
Overall	0	4	85	7	4	-4	-7	27
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Price terms	0	0	88	8	4	-8	-12	26
Non-price terms	0	4	88	4	4	-8	-4	25
Overall	0	0	88	8	4	-4	-12	25
Non-financial corporations								
Price terms	0	4	82	11	4	-7	-11	28
Non-price terms	0	4	89	4	4	-8	-4	27
Overall	0	4	85	7	4	-4	-7	27
Sovereigns								
Price terms	0	4	80	12	4	-8	-12	25
Non-price terms	0	0	92	4	4	-13	-8	24
Overall	0	4	83	8	4	-4	-8	24
All counterparties above								
Price terms	0	4	78	15	4	-8	-15	27
Non-price terms	0	0	92	4	4	-12	-8	26
Overall	0	0	85	12	4	-4	-15	26

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. 2017	Mar. 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	50	0	0	18
Adoption of new market conventions (e.g. ISDA protocols)	20	0	0	0	9
Internal treasury charges for funding	0	25	50	0	18
Availability of balance sheet or capital at your institution	40	0	50	0	27
General market liquidity and functioning	40	0	0	50	18
Competition from other institutions	0	0	0	25	0
Other	0	25	0	25	9
Total number of answers	5	4	2	4	11
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	100	0	0	100	100
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	1	0	0	1	1
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	50	0	0	17
Adoption of new market conventions (e.g. ISDA protocols)	50	0	0	14	33
Internal treasury charges for funding	0	0	0	14	0
Availability of balance sheet or capital at your institution	25	0	0	14	17
General market liquidity and functioning	0	50	0	29	17
Competition from other institutions	25	0	0	14	17
Other	0	0	0	14	0
Total number of answers	4	2	0	7	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. 2017	Mar. 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	0	0	0	0
General market liquidity and functioning	50	50	0	50	50
Competition from other institutions	50	0	0	25	25
Other	0	50	0	25	25
Total number of answers	2	2	0	4	4
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	33	0	100	0	33
General market liquidity and functioning	67	0	0	0	33
Competition from other institutions	0	100	0	100	33
Other	0	0	0	0	0
Total number of answers	3	2	1	1	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)	100	0	0	20	100
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	40	0
Competition from other institutions	0	0	0	20	0
Other	0	0	0	20	0
Total number of answers	1	0	0	5	1
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	25	0
Willingness of your institution to take on risk	0	0	0	25	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	100	0	0	50	100
Other	0	0	0	0	0
Total number of answers	1	0	0	4	1

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. 2017	Mar. 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	25	0	0	10
Availability of balance sheet or capital at your institution	0	0	50	0	10
General market liquidity and functioning	50	50	0	50	40
Competition from other institutions	50	0	0	25	20
Other	0	25	50	25	20
Total number of answers	4	4	2	4	10
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	100	0	0	100	100
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	1	0	0	1	1
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	14	0
Internal treasury charges for funding	0	0	0	14	0
Availability of balance sheet or capital at your institution	0	0	0	14	0
General market liquidity and functioning	0	100	0	29	40
Competition from other institutions	100	0	0	14	40
Other	0	0	100	14	20
Total number of answers	2	2	1	7	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	
				Dec. 2017	Mar. 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	33	0	0	14
Availability of balance sheet or capital at your institution	0	0	100	0	14
General market liquidity and functioning	67	33	0	50	43
Competition from other institutions	33	0	0	25	14
Other	0	33	0	25	14
Total number of answers	3	3	1	4	7
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	33	0	100	0	33
General market liquidity and functioning	67	0	0	100	33
Competition from other institutions	0	100	0	0	33
Other	0	0	0	0	0
Total number of answers	3	2	1	1	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	14	0
Internal treasury charges for funding	0	0	0	14	0
Availability of balance sheet or capital at your institution	0	0	0	14	0
General market liquidity and functioning	0	100	0	29	50
Competition from other institutions	100	0	0	14	50
Other	0	0	0	14	0
Total number of answers	1	1	0	7	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	0	0	0	0
General market liquidity and functioning	0	0	0	0	0
Competition from other institutions	100	0	0	0	100
Other	0	0	0	0	0
Total number of answers	1	0	0	0	1

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. 2017	Mar. 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	33	0	0	14
Availability of balance sheet or capital at your institution	0	0	100	0	14
General market liquidity and functioning	67	33	0	50	43
Competition from other institutions	33	0	0	25	14
Other	0	33	0	25	14
Total number of answers	3	3	1	4	7
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	100	0	0	100	100
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	1	0	0	1	1
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	50	50
Competition from other institutions	100	0	0	25	50
Other	0	0	0	25	0
Total number of answers	1	1	0	4	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	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	100	0
Total number of answers	0	0	0	1	0

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

To the extent that [price/ non-price] terms applied to [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. 2017	Mar. 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	33	0	0	14
Availability of balance sheet or capital at your institution	0	0	100	0	14
General market liquidity and functioning	67	33	0	50	43
Competition from other institutions	33	0	0	25	14
Other	0	33	0	25	14
Total number of answers	3	3	1	4	7
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	100	0	0	100	100
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	1	0	0	1	1
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	50	50
Competition from other institutions	100	0	0	25	50
Other	0	0	0	25	0
Total number of answers	1	1	0	4	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	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	100	0
Total number of answers	0	0	0	1	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
						Dec. 2017	Mar. 2018	
Practices of CCPs	0	13	87	0	0	+7	+13	15

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

1.3 Resources and attention to the management of concentrated credit exposures

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

Table 10

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

Management of credit exposures	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Dec. 2017	Mar. 2018	
Banks and dealers	0	0	81	19	0	-12	-19	27
Central counterparties	0	4	85	7	4	-20	-7	27

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

1.4 Leverage

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

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

Table 11

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

Financial leverage	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Dec. 2017	Mar. 2018	
Hedge funds								
Use of financial leverage	5	5	84	5	0	0	+5	19
Availability of unutilised leverage	0	5	79	16	0	-6	-11	19
Insurance companies								
Use of financial leverage	0	0	100	0	0	0	0	25
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Use of financial leverage	0	0	96	4	0	0	-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".

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
						Dec. 2017	Mar. 2018	
Banks and dealers								
Intensity of efforts to negotiate more favourable terms	0	4	85	12	0	-8	-8	26
Provision of differential terms to most-favoured clients	0	0	100	0	0	0	0	25
Hedge funds								
Intensity of efforts to negotiate more favourable terms	0	0	77	18	5	-14	-23	22
Provision of differential terms to most-favoured clients	0	5	81	10	5	-5	-10	21
Insurance companies								
Intensity of efforts to negotiate more favourable terms	0	4	85	11	0	-12	-7	27
Provision of differential terms to most-favoured clients	0	0	88	12	0	-8	-12	26
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Intensity of efforts to negotiate more favourable terms	0	0	84	16	0	-21	-16	25
Provision of differential terms to most-favoured clients	0	0	83	17	0	-13	-17	23
Non-financial corporations								
Intensity of efforts to negotiate more favourable terms	0	0	83	17	0	-17	-17	23
Provision of differential terms to most-favoured clients	0	0	91	9	0	-8	-9	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".

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
						Dec. 2017	Mar. 2018	
Banks and dealers								
Volume	0	0	100	0	0	-8	0	25
Duration and persistence	0	12	88	0	0	-8	+12	25
Hedge funds								
Volume	0	0	95	5	0	0	-5	20
Duration and persistence	0	10	85	5	0	0	+5	20
Insurance companies								
Volume	0	4	96	0	0	-9	+4	25
Duration and persistence	0	12	88	0	0	-13	+12	25
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Volume	0	0	92	8	0	+4	-8	24
Duration and persistence	0	8	92	0	0	0	+8	24
Non-financial corporations								
Volume	0	0	96	0	4	0	-4	25
Duration and persistence	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".

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. 2017	Net percentage Mar. 2018	Total number of answers
Domestic government bonds								
Maximum amount of funding	0	6	82	12	0	-6	-6	17
Maximum maturity of funding	0	6	82	12	0	0	-6	17
Haircuts	0	0	94	6	0	0	-6	17
Financing rate/spread	0	12	65	18	6	+6	-12	17
Use of CCPs	0	0	71	29	0	-11	-29	17
High-quality government, sub-national and supra-national bonds								
Maximum amount of funding	0	7	74	19	0	-8	-11	27
Maximum maturity of funding	0	4	93	4	0	+4	0	27
Haircuts	0	11	85	4	0	0	+7	27
Financing rate/spread	4	15	67	15	0	+4	+4	27
Use of CCPs	4	0	80	16	0	-4	-12	25
Other government, sub-national and supra-national bonds								
Maximum amount of funding	0	4	81	15	0	0	-12	26
Maximum maturity of funding	0	4	92	4	0	+4	0	26
Haircuts	0	8	88	4	0	0	+4	26
Financing rate/spread	0	19	65	15	0	+8	+4	26
Use of CCPs	0	4	79	17	0	0	-13	24
High-quality financial corporate bonds								
Maximum amount of funding	0	13	75	13	0	+4	0	24
Maximum maturity of funding	0	8	79	13	0	+4	-4	24
Haircuts	0	0	96	4	0	0	-4	24
Financing rate/spread	4	17	67	13	0	+9	+8	24
Use of CCPs	0	11	78	11	0	0	0	18
High-quality non-financial corporate bonds								
Maximum amount of funding	0	16	76	8	0	+8	+8	25
Maximum maturity of funding	0	8	88	4	0	+4	+4	25
Haircuts	0	0	96	4	0	0	-4	25
Financing rate/spread	4	16	68	12	0	+8	+8	25
Use of CCPs	0	11	79	11	0	+5	0	19
High-yield corporate bonds								
Maximum amount of funding	0	10	90	0	0	+11	+10	20
Maximum maturity of funding	0	5	95	0	0	+11	+5	20
Haircuts	0	5	90	5	0	+6	0	20
Financing rate/spread	0	15	85	0	0	+11	+15	20
Use of CCPs	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". "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 Dec. 2017	Net percentage Mar. 2018	Total number of answers
Convertible securities								
Maximum amount of funding	0	0	100	0	0	**0**	**0**	13
Maximum maturity of funding	0	0	100	0	0	**0**	**0**	13
Haircuts	0	0	92	8	0	**0**	**-8**	13
Financing rate/spread	0	0	100	0	0	**0**	**0**	13
Use of CCPs	0	0	100	0	0	**0**	**0**	13
Equities								
Maximum amount of funding	0	10	71	19	0	**-8**	**-10**	21
Maximum maturity of funding	0	0	90	10	0	**0**	**-10**	21
Haircuts	0	0	100	0	0	**0**	**0**	21
Financing rate/spread	0	19	71	10	0	**-4**	**+10**	21
Use of CCPs	0	0	100	0	0	**0**	**0**	17
Asset-backed securities								
Maximum amount of funding	0	6	88	6	0	**+6**	**0**	17
Maximum maturity of funding	0	6	94	0	0	**0**	**+6**	17
Haircuts	0	6	94	0	0	**0**	**+6**	17
Financing rate/spread	0	18	82	0	0	**+6**	**+18**	17
Use of CCPs	0	0	100	0	0	**0**	**0**	11
Covered bonds								
Maximum amount of funding	0	4	87	9	0	**0**	**-4**	23
Maximum maturity of funding	0	4	91	4	0	**+4**	**0**	23
Haircuts	0	0	91	9	0	**0**	**-9**	23
Financing rate/spread	0	9	78	13	0	**+13**	**-4**	23
Use of CCPs	0	5	86	10	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 [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. 2017	Mar. 2018	
Domestic government bonds								
Maximum amount of funding	0	6	82	12	0	0	-6	17
Maximum maturity of funding	0	6	82	12	0	0	-6	17
Haircuts	0	12	88	0	0	+6	+12	17
Financing rate/spread	0	12	65	18	6	+11	-12	17
Use of CCPs	0	0	76	24	0	-6	-24	17
High-quality government, sub-national and supra-national bonds								
Maximum amount of funding	0	7	74	19	0	-4	-11	27
Maximum maturity of funding	0	4	93	4	0	+8	0	27
Haircuts	4	11	85	0	0	+4	+15	27
Financing rate/spread	4	19	63	15	0	+12	+7	27
Use of CCPs	4	0	80	16	0	-4	-12	25
Other government, sub-national and supra-national bonds								
Maximum amount of funding	0	4	81	15	0	+4	-12	26
Maximum maturity of funding	0	4	92	4	0	+8	0	26
Haircuts	0	8	92	0	0	0	+8	26
Financing rate/spread	0	19	65	15	0	+8	+4	26
Use of CCPs	0	4	79	17	0	0	-13	24
High-quality financial corporate bonds								
Maximum amount of funding	0	13	79	8	0	+8	+4	24
Maximum maturity of funding	0	8	83	8	0	+13	0	24
Haircuts	0	4	96	0	0	+4	+4	24
Financing rate/spread	4	17	67	13	0	+8	+8	24
Use of CCPs	0	11	78	11	0	+5	0	18
High-quality non-financial corporate bonds								
Maximum amount of funding	0	16	72	12	0	+8	+4	25
Maximum maturity of funding	0	8	84	8	0	+8	0	25
Haircuts	0	4	96	0	0	+8	+4	25
Financing rate/spread	4	16	68	12	0	+13	+8	25
Use of CCPs	0	11	79	11	0	0	0	19
High-yield corporate bonds								
Maximum amount of funding	0	10	90	0	0	0	+10	21
Maximum maturity of funding	0	5	95	0	0	+5	+5	21
Haircuts	0	14	86	0	0	+5	+14	21
Financing rate/spread	0	19	81	0	0	+16	+19	21
Use of CCPs	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". "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. 2017	Mar. 2018	
Convertible securities								
Maximum amount of funding	0	0	100	0	0	**0**	**0**	13
Maximum maturity of funding	0	0	100	0	0	**0**	**0**	13
Haircuts	0	8	92	0	0	**0**	**+8**	13
Financing rate/spread	0	0	100	0	0	**0**	**0**	13
Use of CCPs	0	0	100	0	0	**0**	**0**	13
Equities								
Maximum amount of funding	0	9	68	23	0	**-17**	**-14**	22
Maximum maturity of funding	0	0	91	9	0	**0**	**-9**	22
Haircuts	0	0	100	0	0	**0**	**0**	22
Financing rate/spread	0	18	68	14	0	**-4**	**+5**	22
Use of CCPs	0	0	100	0	0	**0**	**0**	18
Asset-backed securities								
Maximum amount of funding	0	6	82	12	0	**0**	**-6**	17
Maximum maturity of funding	0	6	88	6	0	**0**	**0**	17
Haircuts	0	6	94	0	0	**0**	**+6**	17
Financing rate/spread	0	13	88	0	0	**+6**	**+13**	16
Use of CCPs	0	0	100	0	0	**0**	**0**	11
Covered bonds								
Maximum amount of funding	0	4	87	9	0	**0**	**-4**	23
Maximum maturity of funding	0	4	91	4	0	**+4**	**0**	23
Haircuts	0	4	91	4	0	**0**	**0**	23
Financing rate/spread	0	9	78	13	0	**+9**	**-4**	23
Use of CCPs	0	5	86	10	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. 2017	Net percentage Mar. 2018	Total number of answers
Domestic government bonds								
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
High-quality 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
Other government, sub-national and supra-national bonds								
Terms for average clients	0	0	100	0	0	**0**	**0**	22
Terms for most-favoured clients	0	0	100	0	0	**0**	**0**	22
High-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	**0**	**-5**	21
High-yield corporate bonds								
Terms for average clients	0	0	100	0	0	**0**	**0**	17
Terms for most-favoured clients	0	0	94	6	0	**0**	**-6**	17
Convertible securities								
Terms for average clients	0	0	100	0	0	**0**	**0**	13
Terms for most-favoured clients	0	0	100	0	0	**0**	**0**	14
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**	20
Asset-backed securities								
Terms for average clients	0	0	100	0	0	**0**	**0**	14
Terms for most-favoured clients	0	0	93	7	0	**0**	**-7**	14
Covered bonds								
Terms for average clients	0	0	100	0	0	**0**	**0**	21
Terms for most-favoured clients	0	0	100	0	0	**0**	**0**	21

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 Dec. 2017	Net percentage Mar. 2018	Total number of answers
Domestic government bonds								
Overall demand	0	12	82	6	0	-17	+6	17
With a maturity greater than 30 days	0	6	88	6	0	-22	0	17
High-quality government, sub-national and supra-national bonds								
Overall demand	0	7	89	4	0	-12	+4	27
With a maturity greater than 30 days	0	4	96	0	0	-15	+4	27
Other government, sub-national and supra-national bonds								
Overall demand	0	8	92	0	0	-8	+8	25
With a maturity greater than 30 days	0	4	96	0	0	-15	+4	25
High-quality financial corporate bonds								
Overall demand	0	17	83	0	0	-9	+17	24
With a maturity greater than 30 days	0	8	92	0	0	-13	+8	24
High-quality non-financial corporate bonds								
Overall demand	0	17	83	0	0	0	+17	24
With a maturity greater than 30 days	0	8	92	0	0	-13	+8	24
High-yield corporate bonds								
Overall demand	0	14	81	5	0	0	+10	21
With a maturity greater than 30 days	0	10	90	0	0	-10	+10	21
Convertible securities								
Overall demand	0	0	100	0	0	0	0	12
With a maturity greater than 30 days	0	0	100	0	0	0	0	12
Equities								
Overall demand	0	10	76	14	0	-14	-5	21
With a maturity greater than 30 days	0	0	90	10	0	-9	-10	21
Asset-backed securities								
Overall demand	0	13	88	0	0	0	+13	16
With a maturity greater than 30 days	0	13	88	0	0	-6	+13	16
Covered bonds								
Overall demand	0	9	91	0	0	-9	+9	22
With a maturity greater than 30 days	0	5	95	0	0	-9	+5	22
All collateral types above								
Overall demand	0	18	82	0	0	+8	+18	22
With a maturity greater than 30 days	0	9	91	0	0	-4	+9	22

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

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. 2017	Mar. 2018	
Domestic government bonds								
Liquidity and functioning	0	18	71	12	0	+6	+6	17
High-quality government, sub-national and supra-national bonds								
Liquidity and functioning	4	4	81	11	0	-8	-4	27
Other government, sub-national and supra-national bonds								
Liquidity and functioning	0	8	84	8	0	0	0	25
High-quality financial corporate bonds								
Liquidity and functioning	0	4	88	8	0	-4	-4	24
High-quality non-financial corporate bonds								
Liquidity and functioning	0	4	88	8	0	-4	-4	24
High-yield corporate bonds								
Liquidity and functioning	0	0	95	5	0	-5	-5	21
Convertible securities								
Liquidity and functioning	0	0	100	0	0	0	0	12
Equities								
Liquidity and functioning	0	5	95	0	0	-5	+5	21
Asset-backed securities								
Liquidity and functioning	0	0	100	0	0	0	0	16
Covered bonds								
Liquidity and functioning	0	5	86	9	0	-9	-5	22
All collateral types above								
Liquidity and functioning	0	9	86	5	0	-4	+5	22

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. 2017	Mar. 2018	
Domestic government bonds								
Volume	0	0	94	6	0	**0**	**-6**	18
Duration and persistence	0	0	94	6	0	**0**	**-6**	18
High-quality government, sub-national and supra-national bonds								
Volume	0	0	96	4	0	**0**	**-4**	27
Duration and persistence	0	4	93	4	0	**0**	**0**	27
Other government, sub-national and supra-national bonds								
Volume	0	0	96	4	0	**0**	**-4**	26
Duration and persistence	0	4	92	4	0	**0**	**0**	26
High-quality financial corporate bonds								
Volume	0	0	96	4	0	**0**	**-4**	23
Duration and persistence	0	4	91	4	0	**0**	**0**	23
High-quality non-financial corporate bonds								
Volume	0	0	96	4	0	**0**	**-4**	24
Duration and persistence	0	4	92	4	0	**0**	**0**	24
High-yield corporate bonds								
Volume	0	0	95	5	0	**0**	**-5**	21
Duration and persistence	0	5	90	5	0	**0**	**0**	21
Convertible securities								
Volume	0	0	92	8	0	**0**	**-8**	13
Duration and persistence	0	8	85	8	0	**0**	**0**	13
Equities								
Volume	0	0	100	0	0	**0**	**0**	20
Duration and persistence	0	5	95	0	0	**0**	**+5**	20
Asset-backed securities								
Volume	0	0	100	0	0	**0**	**0**	16
Duration and persistence	0	6	94	0	0	**0**	**+6**	16
Covered bonds								
Volume	0	0	100	0	0	**0**	**0**	22
Duration and persistence	0	5	95	0	0	**0**	**+5**	22
All collateral types above								
Volume	0	0	96	4	0	**0**	**-4**	23
Duration and persistence	0	4	96	0	0	**0**	**+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". "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. 2017	Mar. 2018	
Foreign exchange								
Average clients	0	0	95	5	0	+5	-5	20
Most-favoured clients	0	5	95	0	0	+5	+5	20
Interest rates								
Average clients	0	0	90	10	0	-14	-10	21
Most-favoured clients	0	5	90	5	0	-14	0	21
Credit referencing sovereigns								
Average clients	0	0	93	7	0	-13	-7	14
Most-favoured clients	0	7	93	0	0	-6	+7	14
Credit referencing corporates								
Average clients	0	0	94	6	0	0	-6	17
Most-favoured clients	0	6	94	0	0	0	+6	17
Credit referencing structured credit products								
Average clients	0	0	94	6	0	0	-6	16
Most-favoured clients	0	6	94	0	0	+6	+6	16
Equity								
Average clients	0	5	79	16	0	-12	-11	19
Most-favoured clients	0	11	79	11	0	+6	0	19
Commodity								
Average clients	0	0	87	13	0	-7	-13	15
Most-favoured clients	0	7	87	7	0	-7	0	15
Total return swaps referencing non-securities								
Average clients	0	0	93	7	0	-7	-7	14
Most-favoured clients	0	7	93	0	0	0	+7	14

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

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

Over the past three months, how 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 Dec. 2017	Net percentage Mar. 2018	Total number of answers
Foreign exchange								
Maximum amount of exposure	0	0	92	8	0	-4	-8	26
Maximum maturity of trades	0	0	96	4	0	-4	-4	26
Interest rates								
Maximum amount of exposure	0	4	88	8	0	-4	-4	25
Maximum maturity of trades	0	4	92	4	0	0	0	25
Credit referencing sovereigns								
Maximum amount of exposure	0	6	88	6	0	+6	0	17
Maximum maturity of trades	0	0	94	6	0	+6	-6	17
Credit referencing corporates								
Maximum amount of exposure	0	5	89	5	0	+5	0	19
Maximum maturity of trades	0	0	95	5	0	+5	-5	19
Credit referencing structured credit products								
Maximum amount of exposure	0	0	95	5	0	+5	-5	19
Maximum maturity of trades	0	0	95	5	0	+5	-5	19
Equity								
Maximum amount of exposure	0	4	87	9	0	0	-4	23
Maximum maturity of trades	0	0	96	4	0	+5	-4	23
Commodity								
Maximum amount of exposure	0	0	94	6	0	0	-6	18
Maximum maturity of trades	0	0	94	6	0	0	-6	18
Total return swaps referencing non-securities								
Maximum amount of exposure	0	6	88	6	0	+6	0	16
Maximum maturity of trades	0	0	94	6	0	+6	-6	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".

3.1 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 Dec. 2017	Net percentage Mar. 2018	Total number of answers
Foreign exchange								
Liquidity and trading	0	8	92	0	0	-4	+8	26
Interest rates								
Liquidity and trading	0	4	96	0	0	+4	+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	19
Credit referencing structured credit products								
Liquidity and trading	0	0	100	0	0	+5	0	19
Equity								
Liquidity and trading	0	9	91	0	0	+10	+9	23
Commodity								
Liquidity and trading	0	0	100	0	0	+6	0	18
Total return swaps referencing non-securities								
Liquidity and trading	0	0	100	0	0	+6	0	16

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

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

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. 2017	Mar. 2018	
Foreign exchange								
Volume	0	0	92	8	0	-8	-8	26
Duration and persistence	0	4	92	4	0	-4	0	26
Interest rates								
Volume	0	0	92	8	0	-8	-8	25
Duration and persistence	0	4	92	4	0	0	0	25
Credit referencing sovereigns								
Volume	0	0	94	6	0	0	-6	18
Duration and persistence	0	6	94	0	0	+6	+6	18
Credit referencing corporates								
Volume	0	0	95	5	0	0	-5	19
Duration and persistence	0	11	89	0	0	+5	+11	19
Credit referencing structured credit products								
Volume	0	0	95	5	0	0	-5	19
Duration and persistence	0	11	89	0	0	+5	+11	19
Equity								
Volume	0	0	96	4	0	0	-4	24
Duration and persistence	0	4	96	0	0	+5	+4	24
Commodity								
Volume	0	5	95	0	0	+6	+5	19
Duration and persistence	0	11	89	0	0	+6	+11	19
Total return swaps referencing non-securities								
Volume	0	0	94	6	0	0	-6	18
Duration and persistence	0	6	94	0	0	0	+6	18

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

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. 2017	Mar. 2018	
Margin call practices	4	12	84	0	0	+15	+16	25
Acceptable collateral	0	8	84	8	0	+7	0	25
Recognition of portfolio or diversification benefits	0	0	96	4	0	0	-4	23
Covenants and triggers	0	13	88	0	0	+7	+13	24
Other documentation features	0	9	91	0	0	0	+9	23

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. 2017	Mar. 2018	
Posting of non-standard collateral	0	9	78	13	0	+8	-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	15	78	7	0	**+7**	27
Non-price terms	0	15	77	8	0	**+8**	26
Overall	0	15	77	8	0	**+8**	26
Hedge funds							
Price terms	0	15	75	10	0	**+5**	20
Non-price terms	0	11	63	26	0	**-16**	19
Overall	0	11	74	16	0	**-5**	19
Insurance companies							
Price terms	0	19	74	7	0	**+11**	27
Non-price terms	0	15	77	8	0	**+8**	26
Overall	0	15	73	12	0	**+4**	26
Investment funds (incl. ETFs), pension plans and other institutional investment pools							
Price terms	0	15	77	8	0	**+8**	26
Non-price terms	0	20	68	12	0	**+8**	25
Overall	0	16	72	8	4	**+4**	25
Non-financial corporations							
Price terms	0	19	74	7	0	**+11**	27
Non-price terms	0	12	77	12	0	**0**	26
Overall	0	15	69	15	0	**0**	26
Sovereigns							
Price terms	0	12	81	8	0	**+4**	26
Non-price terms	0	8	88	4	0	**+4**	25
Overall	0	12	80	8	0	**+4**	25
All counterparties above							
Price terms	0	15	77	8	0	**+8**	26
Non-price terms	0	8	88	4	0	**+4**	25
Overall	0	12	80	8	0	**+4**	25

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	0	11	89	0	0	+11	18
High-quality government, sub-national and supra-national bonds							
Overall	0	7	85	7	0	0	27
Other government, sub-national and supra-national bonds							
Overall	0	7	89	4	0	+4	27
High-quality financial corporate bonds							
Overall	0	8	80	12	0	-4	25
High-quality non-financial corporate bonds							
Overall	0	12	77	12	0	0	26
High-yield corporate bonds							
Overall	0	4	87	9	0	-4	23
Convertible securities							
Overall	0	0	100	0	0	0	20
Equities							
Overall	0	4	80	16	0	-12	25
Asset-backed securities							
Overall	0	10	75	15	0	-5	20
Covered bonds							
Overall	0	13	78	9	0	+4	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	0	0	100	0	0	0	18
High-quality government, sub-national and supra-national bonds							
Haircuts	0	0	96	4	0	-4	26
Other government, sub-national and supra-national bonds							
Haircuts	0	0	100	0	0	0	26
High-quality financial corporate bonds							
Haircuts	0	0	96	4	0	-4	24
High-quality non-financial corporate bonds							
Haircuts	0	4	92	4	0	0	25
High-yield corporate bonds							
Haircuts	0	0	95	5	0	-5	22
Convertible securities							
Haircuts	0	0	100	0	0	0	19
Equities							
Haircuts	0	0	92	8	0	-8	24
Asset-backed securities							
Haircuts	0	0	95	5	0	-5	19
Covered bonds							
Haircuts	0	5	95	0	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	4	4	88	4	0	**+4**	24
Interest rates							
Non-price terms	4	4	92	0	0	**+8**	24
Credit referencing sovereigns							
Non-price terms	5	5	85	5	0	**+5**	20
Credit referencing corporates							
Non-price terms	5	11	79	5	0	**+11**	19
Credit referencing structured credit products							
Non-price terms	6	6	83	6	0	**+6**	18
Equity							
Non-price terms	5	0	91	5	0	**0**	22
Commodity							
Non-price terms	5	0	95	0	0	**+5**	20
Total return swaps referencing non-securities							
Non-price terms	6	0	94	0	0	**+6**	18

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