EUROPEAN CENTRAL BANK

EUROSYSTEM

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

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

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

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

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

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

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

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

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

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

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December 2014 SESFOD results

(reference period from September 2014 to November 2014)

Summary

The December 2014 **survey on credit terms and conditions in euro-denominated securities financing and over-the-counter (OTC) derivatives markets (SESFOD)** collected qualitative information on changes in credit terms between September 2014 and November 2014. This survey summary is based on responses from a panel of 27 large banks, comprising 14 euro area banks and 13 banks with head offices outside the euro area. The December 2014 survey also contained special ad hoc questions on the impact of regulatory initiatives on banks' securities financing books, banks' market-making activities over the past and next year, and the role of other financial institutions.

Highlights

The main findings of the December 2014 SESFOD suggest: (i) on balance only limited changes in credit terms for most counterparty types across the entire spectrum of securities financing and OTC derivatives transactions that are collateralised by euro-denominated securities, but (ii) less stringent credit terms for funding that is collateralised by euro-denominated securities for many collateral types. More specifically:

Across the entire range of securities financing and OTC derivatives transactions, a small net percentage of respondents indicated that offered **price terms** (such as financing rates/spreads) became somewhat less favourable over the three-month reference period ending in November 2014, although the responses differed for the various counterparty types. In addition, responses continued to differ decidedly depending on where survey respondents are domiciled, with respondents domiciled within the euro area on balance reporting a continuation of the easing of price terms offered to banks and dealers, while survey respondents with headquarters outside the euro area continued to report less favourable price terms. Only a very small net percentage of responses indicate that offered **non-price credit terms** (including, for example, the maximum amount of funding, haircuts and cure periods, as well as covenants and triggers) tightened somewhat for some counterparty types.

The credit terms offered in the provision of funding to clients that is collateralised by euro-denominated securities eased for most types of collateral over the September 2014 to November 2014 reference period. Respondents to the December survey indicated that both the **maximum amount of funding** as well as the **maximum maturity of funding** against euro-denominated securities as collateral had, on balance, increased over the three-month reference period ending in November 2014. While respondents indicated, in net terms, that **haircuts** for many types of euro-denominated collateral covered in the survey remained basically unchanged, **financing rates/spreads** at which securities are funded decreased somewhat for many types of collateral. **Demand** by counterparties for the funding of all types of collateral on balance increased over the three-month reference period.

Responses to the December 2014 survey special ad hoc questions suggest (i) a decrease in overall market-making activities by large banks and (ii) a growing role for non-bank financial institutions. More specifically:

Respondents' overall **market-making** activities decreased in 2014, driven by a decrease in market-making for government bonds and corporate bonds, while market-making activities for asset-backed securities and covered bonds on balance increased in 2014. A further decrease is expected in 2015, in particular in market-making activities for derivatives. Significantly more banks reported a "moderate" or "good" **ability to act as a market-maker in times of stress** for either debt securities or derivatives rather than a "very limited" or "limited" ability. Nonetheless, respondents' confidence in their ability to act as a market-maker in times of stress diminished over the past year.

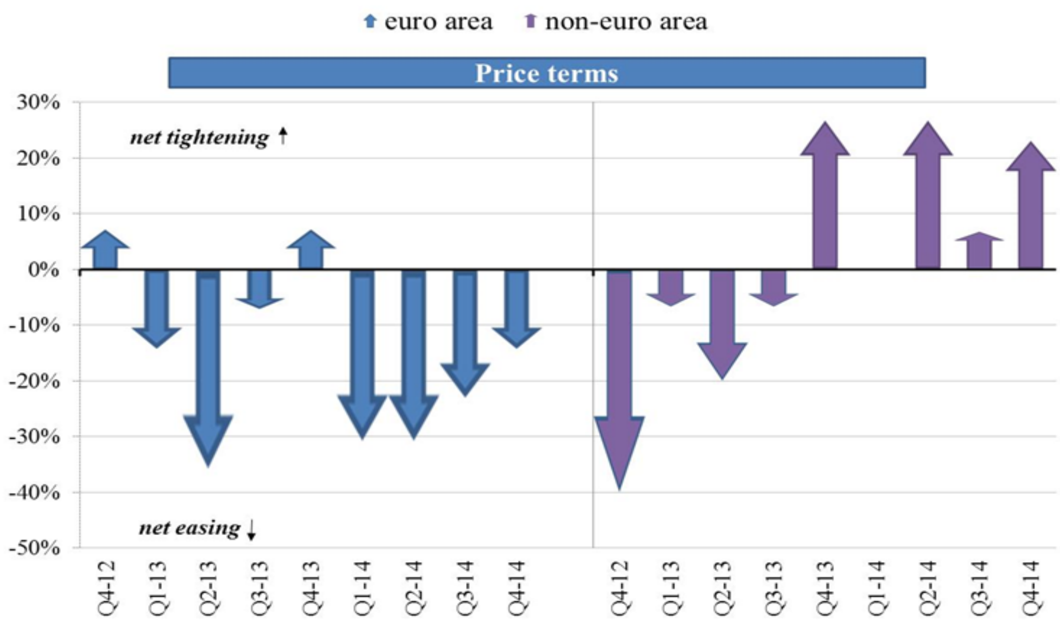
The growing **role of non-bank financial institutions** provides for additional liquidity under orderly market conditions, but most survey respondents did not expect these institutions to provide this liquidity under stressed market conditions owing to the absence of market-making obligations and a lower commitment to their client base. The **use of high-frequency automated trading systems** to submit prices on electronic trading platforms is increasing. While many respondents reported that the presence of high-frequency automated trading had a positive impact on the supply of short-term liquidity under normal market conditions, many also indicated that this presence was not a consistent source of liquidity in unfavourable market conditions.

Counterparty types

Changes: a small net percentage of responses to the December 2014 survey suggest that overall offered price terms (such as financing rates/spreads) became somewhat less favourable over the three-month reference period ending in November 2014, reversing the small net easing observed during the previous three-month reference period ending in August 2014. Responses differ for the various counterparty types, however. While 71% of the respondents to the December survey indicated that price terms had remained basically unchanged for all counterparties, on balance, a few respondents indicated that somewhat less favourable price terms had been offered to banks and dealers, insurance companies, and investment funds. However, a small net percentage of responses on the contrary indicate that price terms have become somewhat more favourable for non-financial corporations and sovereign counterparties. An increase in price terms was more pronounced for hedge fund counterparties, for which 21% of respondents indicated that price terms had tightened somewhat, in line with expectations expressed in the previous September SESFOD survey.
Results of the December 2014 survey show a wide dispersion of, in particular, credit terms offered to banks and dealers. The reason for this dispersion continues to be related to significant differences in responses depending on where the survey respondents are domiciled. For example, survey respondents that are domiciled in the euro area on balance continued to indicate that price terms offered to banks and dealers had eased over the three-month reference period ending in November 2014, following even more pronounced easing over the previous three reference periods. By contrast, survey respondents with head offices outside the euro area indicated that price terms had become less favourable (see Chart A).

Chart A: Changes in price terms offered to banks and dealers by domiciliation of survey respondents

(Q4 2012 – Q4 2014; net percentage of survey respondents)



Source: ECB.
Notes: 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”.

A very small net percentage of responses indicate that offered non-price credit terms (including, for example, the maximum amount of funding, haircuts, cure periods, covenants and triggers) tightened somewhat for some counterparty types. Non-price credit terms, however, remained, on balance, basically unchanged for banks and dealers as well as investment funds, pension plans and other institutional investment pools.

Expectations: respondents to the December 2014 survey, on balance, expected credit terms to tighten over the next three-month reference period from December 2014 to February 2015 for all counterparties. The expected tightening of credit terms is most noticeable for price terms, for which almost a quarter of respondents indicated that they expected price terms to increase.

Reasons: the survey respondents highlighted a number of reasons why, on balance, price terms had become somewhat less favourable over the September 2014 to November 2014 reference period, with availability of balance sheet or capital being the most frequently cited first reason, while general market liquidity and functioning were also often cited as a reason to increase price terms. Respondents to the December survey cited the same reasons for tightening non-price terms, in addition to a reduced willingness on the part of their respective institutions to take on risk and lessened competition from other institutions. As in the previous survey, a small net percentage of survey respondents continued to point to CCP practices as a reason for tightening credit terms for bilateral transactions that are not cleared.

Management of concentrated credit exposures to large banks and CCPs: the December 2014 survey results indicate that the reporting banks have continued to increase the level of resources and attention they are devoting to the management of concentrated credit exposures for both large banks and CCPs.

Leverage: survey respondents reported that on balance the use of financial leverage by hedge funds had remained basically unchanged during the three-month reference period from September 2014 to November 2014, with only one bank reporting an increased use of financial leverage by hedge funds.

Client pressure and differential terms: the results of the December 2014 survey show that efforts to negotiate more favourable price and non-price terms continued to increase over the review period. This outcome is most evident for banks and dealers and, to a lesser extent, for other types of counterparties. A small number of survey respondents reported that client pressure to provide differential terms to most-favoured clients had increased for banks and dealers and hedge funds, while it had remained unchanged for other types of counterparties.

Valuation disputes: four survey respondents reported that the volume, persistence and duration of valuation disputes with banks and dealers had increased over the three-month reference period ending in November 2014. One respondent noted that the increase in disputes was mainly due to increased volatility of the EUR/USD exchange rate and different snapshots used during valuation.

Securities financing

Maximum amount of funding: respondents to the December survey indicated that the maximum amount of funding had increased for most types of collateral. The increase was most pronounced for equities, convertible securities, as well as for asset-backed securities. Responses were similar for both average and most-favoured clients.

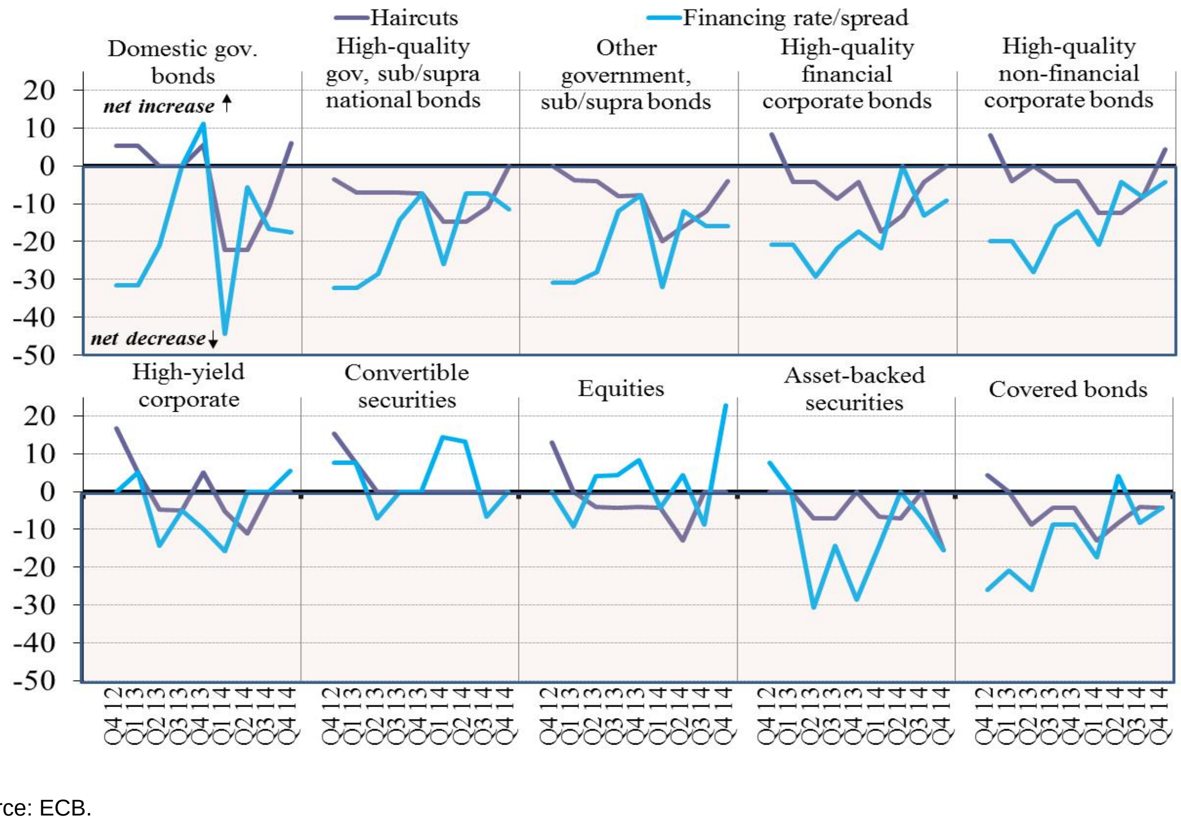
Maximum maturity of funding: on balance, a small percentage of respondents to the December 2014 survey indicated that the maximum maturity of funding of euro-denominated securities had increased somewhat over the three-month reference period ending in November 2014 for all types of collateral, with similar responses for average and most-favoured clients. This increase follows a similar increase in the maximum maturity of funding reported during the previous review period.

Haircuts: respondents on balance indicated, for both average and most-favoured clients, that haircuts for many types of euro-denominated collateral covered in the survey had remained basically unchanged over the September 2014 to November 2014 review period, following the decreases in haircuts in previous quarters (see Chart B).

Financing rates/spreads: in net terms, respondents reported lower financing rates/spreads for nearly all types of collateral for both average and most-favoured clients. However, a significant share of survey respondents indicated that financing rates for equity collateral had increased over the review period (see Chart B). Also, the responses to the December differed significantly depending on where the respondents were domiciled, with banks resident in the euro area on balance reporting declining financing spreads for many types of collateral while non-euro area banks on balance reported higher spreads for many types of collateral, with the exception of asset-backed securities, for which non-euro area banks also reported lower spreads.

Chart B: Changes in haircuts and financing rates/spreads of secured funding by collateral type

(Q4 2012 – Q4 2014; net percentage of survey respondents)



Source: ECB.
Notes: The net percentage is defined as the difference between the percentage of respondents reporting “increased somewhat” or “increased considerably” and those reporting “decreased somewhat” or “decrease considerably”, applicable to most-favoured clients.

Use of CCPs: respondents indicated that the use of CCPs for the funding of almost all types of collateral included in the survey had basically remained unchanged over the three-month reference period. However, some banks reported that the use of CCPs for the funding of domestic government bonds as collateral had increased somewhat.

Covenants and triggers: responses to the December 2014 survey point to almost no change in covenants and triggers for all collateral types over the reference period.

Demand for funding: responses to the December 2014 survey indicate that demand by counterparties for the funding of all types of collateral and all maturities on balance increased over the three-month reference period ending in November 2014. This increased demand was most noticeable for equities, for which 35% of respondents indicated an increase. In addition, more than 20% of survey respondents indicated increased demand for the funding of convertible securities, covered bonds, and asset-backed securities. Moreover, more than 20% of survey respondents also indicated increased demand for funding with a maturity greater than 30 days of high-quality government, financial corporate, and high-yield corporate bonds.

Liquidity of collateral: as also indicated in the September 2014 survey, the liquidity and functioning of markets for the underlying collateral (as opposed to the funding market itself) on balance remained basically unchanged for all types of euro-denominated collateral covered in the survey, with only a very limited number of survey respondents indicating either a small improvement or deterioration.

Collateral valuation disputes: as in previous surveys, nearly all of the respondents indicated that the volume, persistence and duration of valuation disputes for the various types of collateral included in the survey had remained essentially unchanged.

Non-centrally cleared OTC derivatives

Initial margin requirements: the vast majority of responses indicate that initial margin requirements for all types of non-centrally cleared euro-denominated derivatives contract covered in the survey remained basically unchanged over the three-month reference period ending in November 2014.

Credit limits: the vast majority of responses indicate that the maximum amount of exposure and the maximum maturity of derivatives trades also remained basically unchanged.

Liquidity and trading: while most banks reported basically unchanged liquidity and trading for all types of non-centrally cleared derivative included in the December 2014 survey, two banks reported that liquidity and trading of interest rates derivatives and credit referencing sovereigns and corporates had deteriorated somewhat over the review period. More specifically, liquidity for single-name CDS reportedly deteriorated somewhat as some market participants scaled back trading owing to associated capital charges.

Valuation disputes: most respondents reported that the volume, duration and persistence of disputes relating to the valuation of derivatives contracts had remained basically unchanged for many types of the OTC derivatives contracts covered by the survey, with only a few banks reporting an increase in the volume, duration and persistence of valuation disputes for foreign exchange and interest rate derivatives.

Non-price changes in new agreements: most responses indicate basically no change in margin call practices, acceptable collateral, recognition of portfolio or diversification benefits, and covenants and triggers incorporated in new or renegotiated OTC derivatives master agreements. One survey respondent noted, however, that following EONIA becoming negative, there had been some amendments to existing collateral agreements and wording had been added to new collateral agreements to allow negative interest to be calculated.

Posting of non-standard collateral: according to the responses to the December 2014 survey, the posting of non-standard collateral (i.e. collateral other than cash and government debt securities) remained basically unchanged on balance, although two banks reported a decrease and three banks reported an increase in the posting of non-standard collateral.

Special questions

Impact of regulatory proposals

Special questions on the impact of regulatory proposals asked how the large banks' securities financing books would likely be affected by current regulatory initiatives, and which of the initiatives were the main driver of changes.

75% of survey respondents reported that the implementation of current regulatory initiatives was expected to lead to a decrease of their respective securities financing books in 2015. Approximately one third of respondents expected a reduction of less than 10% of their securities financing books, while approximately another third of respondents expected a reduction of between 11% and 25%. One bank, however, reported that it expected its securities financing book to shrink by more than half in 2015. The Leverage Ratio (LR) was most often cited as the main driver of the expected impact, while 16% or respondents cited the Liquidity Coverage Ratio (LCR) and 12% cited the Net Stable Funding Ratio (NSFR) as the main drivers of the expected reduction.

Market-making activities

Amid continued reports of lower dealer inventories of debt securities and concerns over possible adverse implications for market liquidity under strained market conditions, large banks were asked special questions about their market-making activities. These included: how their market-making activities had changed over the past year; how such activities were expected to change in 2015; and how they assessed their ability to act as market-makers in times of stress.

Changes over the past year: there was a wide dispersion of responses regarding changes in the market-making activities of the surveyed 27 large banks over the past year. More banks reported that their market-making activities for debt securities had decreased, in a few cases considerably, rather than increased, in one case also considerably. With regards to banks' market-making activities for derivatives, significantly more respondents reported that their activities had decreased either somewhat or considerably rather than increased somewhat. Respondents, on balance, reported that overall market-making activities, i.e. for all financial instruments taken together, had decreased over the past year, in line with the expectations for 2014 that were expressed in the December 2013 SESFOD survey. Going into more detail, these results are driven by a reduction of respondents' market-making activities for domestic government bonds and high-quality financial corporate bonds, and to a lesser extent high-quality non-financial corporate bonds and high-yield corporate bonds. On the other hand, more banks reported that their market-making activities for asset-backed securities and covered bonds had increased either somewhat or considerably rather than decreased somewhat or considerably.

Reasons for changes over the past year: banks most often cited compliance with current or expected changes in regulation, availability of balance sheet or capital at their respective institutions, and internal treasury charges for funding market-making activities as the main reasons why their market-making activities for debt securities had decreased over the past year. Those banks that on the other hand indicated that their market-making activities had increased over the past year mostly pointed to the growing importance of electronic trading platforms as the main driver of change.

Expected changes in 2015: slightly more banks expect their market-making activities for debt securities to decrease somewhat in 2015 rather than increase somewhat. However, 48% of survey respondents expect their market-making activities for derivatives to decrease in 2014, while only one bank expects an increase. The specific asset classes for which most respondents expect a decrease in their market-making activities are covered bonds, high-quality financial and non-financial corporate bonds as well as high-yield corporate bonds, and to a lesser extent government bonds. On the other hand, more banks expect their market-making activities for asset-backed securities to increase rather than decrease in 2015.

Reasons for expected changes in 2015: compliance with current or expected changes in regulations and a diminished availability of balance sheet or capital were the two reasons most frequently cited by respondents that expected a decrease in market-making activities for debt securities and derivatives in 2015. The growing importance of electronic trading platforms was the most cited reason for those banks that expect market-making activities to increase in 2015.

Ability to act as a market-maker in times of stress: a large majority of survey respondents indicated either a “moderate” or “good” ability to act as a market-maker in times of stress for government bonds and covered bonds. Responses were, however, very diverse for high-quality financial corporate, high-quality non-financial corporate, and high-yield corporate bonds with approximately two fifths of responses indicating either a “very limited” or “limited” ability and three fifths indicating either a “moderate” or “good” ability to act as market-makers in times of stress. Responses were more extreme for convertible securities and asset-backed securities, with a majority of respondents indicating a “good” ability, 25% to 30% of respondents indicating a “very limited” ability and almost no respondents indicating a “limited” or “moderate” ability to act as market-makers for these securities in times of stress. Notwithstanding these results, we note that survey respondents’ confidence in their ability to act as market-makers in times of stress has diminished in comparison to the results of the December 2013 SESFOD.

Reasons for (in)ability to act as a market-maker in times of stress: banks that reported either a “moderate” or “good” ability to act as a market-maker for debt securities and derivatives under strained market conditions mostly pointed to their willingness to take on risk as well as the availability of balance sheet or capital at their respective institutions as important reasons for that self-assessment. The same drivers, namely limited willingness to take on risk and limited availability of balance sheet or capital, were also cited by banks that reported either a “very limited” or “limited” ability to act as a market-maker in times of stress.

Other institutions’ market-making activities

Amid reports of the growing importance of other financial institutions in the functioning of capital markets, participants in the December 2014 SESFOD were asked special questions to assess the role of other financial institutions in making markets and their impact on market liquidity.

Role of non-bank financial institutions in making markets and the implications for market liquidity: several respondents noted that non-bank financial institutions had become increasingly active in making markets. Many respondents on the other hand pointed out that non-bank financial institutions should not be considered as market-makers as such, but rather as end-users that aid the price discovery process and set prices but don’t trade in volume as buyers and sellers. Some respondents reported that the role of non-bank financial institutions varied across asset classes, and in particular that the role of these institutions was growing in government bonds, convertible securities, asset backed securities, and foreign exchange derivatives markets. While some respondents noted that the growing role of non-bank financial institutions did provide for additional liquidity under orderly market conditions, most respondents did not expect them to provide this liquidity under stressed market conditions as they are generally liquidity-takers under such conditions. Respondents highlighted the absence of market-making obligations and the low commitment to their client base as the main reasons for the less consistent provision of liquidity. Several respondents also linked the growing role of non-bank financial institutions to increased volatility as these institutions increasingly act in similar ways to events.

Role of high-frequency automated trading in making markets and the implications for market liquidity: survey respondents reported that the use of high-frequency automated trading systems to submit prices on electronic trading platforms was increasing and these systems were perceived as efficiently balancing markets across locations. While the use of high-frequency trading strategies is still in its infancy in debt securities markets – although it is more prevalent in futures markets (including bond futures) – automated market-making technology is very common. One respondent reported the “white-labelling” of pricing and risk management algorithms at second-tier banks. Several respondents reported that the presence of high-frequency automated trading had a positive impact on the supply of short-term liquidity under normal market conditions. Many respondents, however, reported that this was not a consistent source of liquidity during times of market stress and that under unfavourable market conditions high-frequency automated trading could amplify volatility and lessen market liquidity owing to the use of models that are sensitive to prevailing market conditions. On the other hand, survey respondents also reported that the structurally important trading platforms had implemented a clear set of rules as well as a systematic surveillance of liquidity makers and takers and that the market behaviour on these trading venues and the quality of the liquidity had improved as a consequence.

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1. Counterparty types

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

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

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

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

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

Realised changes	Tightened considerably	Tightened somewhat	Remained basically unchanged	Eased somewhat	Eased considerably	Net percentage		Total number of answers
						Sep. 2014	Dec. 2014	
Banks and dealers								
Price terms	0	22	59	15	4	-7	+4	27
Non-price terms	0	12	77	12	0	-4	0	26
Overall	4	15	58	23	0	-7	-4	26
Hedge funds								
Price terms	0	21	74	5	0	0	+16	19
Non-price terms	0	11	84	5	0	-9	+5	19
Overall	5	11	74	11	0	-9	+5	19
Insurance companies								
Price terms	0	15	73	12	0	-11	+4	26
Non-price terms	0	12	80	8	0	-4	+4	25
Overall	4	12	68	16	0	-11	0	25
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Price terms	0	17	75	8	0	0	+8	24
Non-price terms	0	9	83	9	0	0	0	23
Overall	4	9	78	9	0	-4	+4	23
Non-financial corporations								
Price terms	0	4	83	13	0	-4	-8	24
Non-price terms	0	9	87	4	0	-4	+4	23
Overall	4	4	78	13	0	-8	-4	23
Sovereigns								
Price terms	0	13	71	17	0	-12	-4	24
Non-price terms	0	4	96	0	0	-8	+4	23
Overall	4	4	74	17	0	-16	-9	23
All counterparties above								
Price terms	0	21	71	8	0	-7	+13	24
Non-price terms	0	13	78	9	0	-8	+4	23
Overall	4	13	70	13	0	-12	+4	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".

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

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

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

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

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

Expected changes	Likely to tighten considerably	Likely to tighten somewhat	Likely to remain unchanged	Likely to ease somewhat	Likely to ease considerably	Net percentage		Total number of answers
						Sep. 2014	Dec. 2014	
Banks and dealers								
Price terms	0	16	76	8	0	-4	+8	25
Non-price terms	0	13	83	4	0	-4	+8	24
Overall	0	17	75	8	0	-11	+8	24
Hedge funds								
Price terms	0	22	78	0	0	+5	+22	18
Non-price terms	0	17	83	0	0	+5	+17	18
Overall	0	22	78	0	0	0	+22	18
Insurance companies								
Price terms	0	20	72	8	0	0	+12	25
Non-price terms	0	13	88	0	0	+4	+13	24
Overall	0	17	75	8	0	0	+8	24
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Price terms	0	22	74	4	0	+4	+17	23
Non-price terms	0	14	77	9	0	+4	+5	22
Overall	0	18	77	5	0	0	+14	22
Non-financial corporations								
Price terms	0	13	83	4	0	-8	+9	23
Non-price terms	0	9	86	5	0	0	+5	22
Overall	0	14	82	5	0	-4	+9	22
Sovereigns								
Price terms	0	13	78	9	0	-4	+4	23
Non-price terms	0	9	91	0	0	0	+9	22
Overall	0	14	77	9	0	-8	+5	22
All counterparties above								
Price terms	0	24	72	4	0	0	+20	25
Non-price terms	0	17	79	4	0	+4	+13	24
Overall	0	21	75	4	0	-4	+17	24

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

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

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

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

Banks and dealers	First reason	Second reason	Third reason	Either first, second or third reason	
				Sep. 2014	Dec. 2014
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	17	0	0	0	7
Willingness of your institution to take on risk	0	0	67	17	14
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	20	0	17	7
Availability of balance sheet or capital at your institution	50	0	0	17	21
General market liquidity and functioning	0	80	0	33	29
Competition from other institutions	17	0	33	17	14
Other	17	0	0	0	7
Total number of answers	6	5	3	6	14
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	20	0
Willingness of your institution to take on risk	25	0	50	13	20
Adoption of new market conventions (e.g. ISDA protocols)	0	0	50	7	10
Internal treasury charges for funding	0	25	0	7	10
Availability of balance sheet or capital at your institution	0	25	0	0	10
General market liquidity and functioning	75	0	0	27	30
Competition from other institutions	0	50	0	27	20
Other	0	0	0	0	0
Total number of answers	4	4	2	15	10
Non-price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	33	0	0	0	14
Willingness of your institution to take on risk	0	100	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	25	0
Availability of balance sheet or capital at your institution	67	0	0	25	29
General market liquidity and functioning	0	0	100	50	29
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	3	2	2	4	7
Possible reasons for easing					
Current or expected financial strength of counterparties	67	50	0	0	43
Willingness of your institution to take on risk	33	0	0	17	14
Adoption of new market conventions (e.g. ISDA protocols)	0	0	50	0	14
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	50	50	14
Competition from other institutions	0	50	0	33	14
Other	0	0	0	0	0
Total number of answers	3	2	2	6	7

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

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

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

Hedge funds	First reason	Second reason	Third reason	Either first, second or third reason	
				Sep. 2014	Dec. 2014
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	25	0	33	0	20
Willingness of your institution to take on risk	0	33	33	17	20
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	17	0
Availability of balance sheet or capital at your institution	50	0	0	33	20
General market liquidity and functioning	0	67	0	17	20
Competition from other institutions	0	0	33	0	10
Other	25	0	0	17	10
Total number of answers	4	3	3	6	10
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	20	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	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	40	50
Competition from other institutions	0	100	0	40	50
Other	0	0	0	0	0
Total number of answers	1	1	0	5	2
Non-price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	100	0	0	33
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	33	0
Availability of balance sheet or capital at your institution	100	0	0	33	33
General market liquidity and functioning	0	0	100	33	33
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	2	2	2	3	6
Possible reasons for easing					
Current or expected financial strength of counterparties	0	100	0	0	33
Willingness of your institution to take on risk	100	0	0	0	33
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	100	50	33
Competition from other institutions	0	0	0	50	0
Other	0	0	0	0	0
Total number of answers	1	1	1	2	3

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

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

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

Insurance companies	First reason	Second reason	Third reason	Either first, second or third reason	
				Sep. 2014	Dec. 2014
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	25	0	0	0	10
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	50	0	20
Availability of balance sheet or capital at your institution	25	0	0	0	10
General market liquidity and functioning	25	75	0	50	40
Competition from other institutions	25	0	50	50	20
Other	0	0	0	0	0
Total number of answers	4	4	2	2	10
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	17	0
Willingness of your institution to take on risk	33	0	50	17	25
Adoption of new market conventions (e.g. ISDA protocols)	0	0	50	8	13
Internal treasury charges for funding	0	33	0	8	13
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	67	0	0	25	25
Competition from other institutions	0	67	0	25	25
Other	0	0	0	0	0
Total number of answers	3	3	2	12	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	33	0	0	11
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	17	0
Availability of balance sheet or capital at your institution	67	0	0	17	22
General market liquidity and functioning	0	33	33	17	22
Competition from other institutions	33	33	67	50	44
Other	0	0	0	0	0
Total number of answers	3	3	3	6	9
Possible reasons for easing					
Current or expected financial strength of counterparties	0	50	0	0	20
Willingness of your institution to take on risk	50	0	0	0	20
Adoption of new market conventions (e.g. ISDA protocols)	50	0	0	0	20
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	0	100	67	20
Competition from other institutions	0	50	0	33	20
Other	0	0	0	0	0
Total number of answers	2	2	1	3	5

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

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

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

Investment funds (incl. ETFs), pension plans and other institutional investment pools	First reason	Second reason	Third reason	Either first, second or third reason	
				Sep. 2014	Dec. 2014
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	50	0	11
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	20	0
Availability of balance sheet or capital at your institution	25	0	50	20	22
General market liquidity and functioning	0	100	0	40	33
Competition from other institutions	50	0	0	20	22
Other	25	0	0	0	11
Total number of answers	4	3	2	5	9
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	17	0
Willingness of your institution to take on risk	50	0	0	17	20
Adoption of new market conventions (e.g. ISDA protocols)	0	0	100	17	20
Internal treasury charges for funding	0	50	0	17	20
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	50	0	0	17	20
Competition from other institutions	0	50	0	17	20
Other	0	0	0	0	0
Total number of answers	2	2	1	6	5
Non-price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	50	0	0	17
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	17	0
Availability of balance sheet or capital at your institution	50	0	0	17	17
General market liquidity and functioning	0	0	50	17	17
Competition from other institutions	50	50	50	50	50
Other	0	0	0	0	0
Total number of answers	2	2	2	6	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	50	0	0	0	33
Adoption of new market conventions (e.g. ISDA protocols)	50	0	0	0	33
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	0	0	100	0
Competition from other institutions	0	100	0	0	33
Other	0	0	0	0	0
Total number of answers	2	1	0	1	3

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

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

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

Non-financial corporations	First reason	Second reason	Third reason	Either first, second or third reason	
				Sep. 2014	Dec. 2014
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	100	0	33
Availability of balance sheet or capital at your institution	100	0	0	0	33
General market liquidity and functioning	0	100	0	0	33
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	1	1	1	0	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	33	0	0	33	13
Adoption of new market conventions (e.g. ISDA protocols)	0	0	50	33	13
Internal treasury charges for funding	0	33	0	33	13
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	33	0	0	0	13
Competition from other institutions	0	33	0	0	13
Other	33	33	50	0	38
Total number of answers	3	3	2	3	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	100	0	33	25
Availability of balance sheet or capital at your institution	50	0	0	33	25
General market liquidity and functioning	0	0	0	33	0
Competition from other institutions	50	0	100	0	50
Other	0	0	0	0	0
Total number of answers	2	1	1	3	4
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	0	0	100	0
Competition from other institutions	0	0	0	0	0
Other	100	100	100	0	100
Total number of answers	1	1	1	1	3

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

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

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

Sovereigns	First reason	Second reason	Third reason	Either first, second or third reason	
				Sep. 2014	Dec. 2014
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	33	0	0	33	14
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	33	0	0	0	14
General market liquidity and functioning	0	100	0	33	29
Competition from other institutions	0	0	100	0	29
Other	33	0	0	0	14
Total number of answers	3	2	2	3	7
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	17	0
Willingness of your institution to take on risk	25	0	50	17	20
Adoption of new market conventions (e.g. ISDA protocols)	0	0	50	8	10
Internal treasury charges for funding	0	25	0	8	10
Availability of balance sheet or capital at your institution	0	25	0	0	10
General market liquidity and functioning	75	0	0	25	30
Competition from other institutions	0	50	0	25	20
Other	0	0	0	0	0
Total number of answers	4	4	2	12	10
Non-price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	33	0
Willingness of your institution to take on risk	0	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	100	0	0	0	33
General market liquidity and functioning	0	100	0	33	33
Competition from other institutions	0	0	100	0	33
Other	0	0	0	0	0
Total number of answers	1	1	1	3	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	67	0
Competition from other institutions	0	0	0	33	0
Other	0	0	0	0	0
Total number of answers	0	0	0	3	0

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

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

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

Price and non-price terms	Contributed considerably to tightening	Contributed somewhat to tightening	Neutral contribution	Contributed somewhat to easing	Contributed considerably to easing	Net percentage		Total number of answers
						Sep. 2014	Dec. 2014	
Practices of CCPs	0	14	81	5	0	+10	+10	21

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

1.3 Resources and attention to the management of concentrated credit exposures

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

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

Management of credit exposures	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Sep. 2014	Dec. 2014	
Banks and dealers	0	0	88	8	4	-11	-12	26
Central counterparties	0	4	77	19	0	-11	-15	26

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

1.4 Leverage

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

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

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

Financial leverage	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Sep. 2014	Dec. 2014	
Hedge funds								
Use of financial leverage	0	0	94	6	0	0	-6	18
Availability of unutilised leverage	0	0	94	6	0	0	-6	17
Insurance companies								
Use of financial leverage	0	5	95	0	0	+4	+5	22
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Use of financial leverage	0	5	91	5	0	0	0	22

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

1.5 Client pressure and differential terms for most-favoured clients

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

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

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

Client pressure	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage Sep. 2014	Net percentage Dec. 2014	Total number of answers
Banks and dealers								
Intensity of efforts to negotiate more favourable terms	0	0	77	19	4	-11	-23	26
Provision of differential terms to most-favoured clients	0	0	87	13	0	-4	-13	23
Hedge funds								
Intensity of efforts to negotiate more favourable terms	0	0	90	10	0	-27	-10	20
Provision of differential terms to most-favoured clients	0	0	94	6	0	-10	-6	18
Insurance companies								
Intensity of efforts to negotiate more favourable terms	0	0	92	8	0	-8	-8	24
Provision of differential terms to most-favoured clients	0	0	100	0	0	0	0	21
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Intensity of efforts to negotiate more favourable terms	0	0	92	8	0	-4	-8	24
Provision of differential terms to most-favoured clients	0	0	100	0	0	0	0	21
Non-financial corporations								
Intensity of efforts to negotiate more favourable terms	0	0	100	0	0	-4	0	24
Provision of differential terms to 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 "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably".

1.6 Valuation disputes

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

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

Valuation disputes	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Sep. 2014	Dec. 2014	
Banks and dealers								
Volume	0	4	81	15	0	-4	-12	26
Duration and persistence	0	4	81	15	0	-4	-12	26
Hedge funds								
Volume	0	5	89	5	0	0	0	19
Duration and persistence	0	5	89	5	0	0	0	19
Insurance companies								
Volume	0	4	96	0	0	0	+4	24
Duration and persistence	0	0	100	0	0	0	0	24
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Volume	0	4	92	4	0	0	0	24
Duration and persistence	0	0	96	4	0	0	-4	24
Non-financial corporations								
Volume	0	0	100	0	0	0	0	24
Duration and persistence	0	0	100	0	0	0	0	24

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

2. Securities financing

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

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

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

Terms for average clients	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Sep. 2014	Dec. 2014	
Domestic government bonds								
Maximum amount of funding	0	6	75	19	0	+6	-13	16
Maximum maturity of funding	0	6	81	13	0	-11	-6	16
Haircuts	0	6	88	6	0	+17	0	16
Financing rate/spread	0	19	69	13	0	+17	+6	16
Use of CCPs	0	0	81	19	0	0	-19	16
High-quality government, sub-national and supra-national bonds								
Maximum amount of funding	0	4	84	12	0	+4	-8	25
Maximum maturity of funding	0	0	92	8	0	-7	-8	25
Haircuts	0	4	92	4	0	+11	0	25
Financing rate/spread	0	16	72	12	0	+7	+4	25
Use of CCPs	0	0	100	0	0	0	0	24
Other government, sub-national and supra-national bonds								
Maximum amount of funding	0	8	83	8	0	+4	0	24
Maximum maturity of funding	0	4	88	8	0	-4	-4	24
Haircuts	0	8	88	4	0	+12	+4	24
Financing rate/spread	0	17	75	8	0	+16	+8	24
Use of CCPs	0	0	100	0	0	0	0	23
High-quality financial corporate bonds								
Maximum amount of funding	5	5	77	14	0	-4	-5	22
Maximum maturity of funding	0	0	86	14	0	-4	-14	22
Haircuts	0	0	95	5	0	+4	-5	22
Financing rate/spread	0	18	73	5	5	+9	+9	22
Use of CCPs	0	0	100	0	0	-5	0	20
High-quality non-financial corporate bonds								
Maximum amount of funding	0	13	78	9	0	-4	+4	23
Maximum maturity of funding	0	4	87	9	0	-4	-4	23
Haircuts	0	0	91	9	0	+8	-9	23
Financing rate/spread	0	13	74	9	4	+8	0	23
Use of CCPs	0	0	100	0	0	0	0	21
High-yield corporate bonds								
Maximum amount of funding	6	6	78	11	0	0	0	18
Maximum maturity of funding	0	0	89	6	6	0	-11	18
Haircuts	0	0	94	6	0	0	-6	18
Financing rate/spread	0	6	78	11	6	+11	-11	18
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 [average] clients (as a consequence of breadth, duration, and extent of relationship)?

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

Terms for average clients	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Sep. 2014	Dec. 2014	
Convertible securities								
Maximum amount of funding	0	0	85	15	0	-7	-15	13
Maximum maturity of funding	0	0	92	8	0	0	-8	13
Haircuts	0	0	100	0	0	+7	0	13
Financing rate/spread	0	8	85	8	0	+7	0	13
Use of CCPs	0	0	100	0	0	0	0	12
Equities								
Maximum amount of funding	0	0	78	22	0	-8	-22	23
Maximum maturity of funding	0	4	83	13	0	0	-9	23
Haircuts	0	4	91	4	0	+8	0	23
Financing rate/spread	0	5	68	27	0	+17	-23	22
Use of CCPs	0	0	100	0	0	0	0	18
Asset-backed securities								
Maximum amount of funding	0	0	85	15	0	-7	-15	13
Maximum maturity of funding	0	0	92	8	0	-7	-8	13
Haircuts	0	8	92	0	0	+7	+8	13
Financing rate/spread	0	17	83	0	0	+14	+17	12
Use of CCPs	0	0	100	0	0	0	0	11
Covered bonds								
Maximum amount of funding	5	5	82	9	0	0	0	22
Maximum maturity of funding	0	5	86	9	0	0	-5	22
Haircuts	0	5	91	5	0	0	0	22
Financing rate/spread	0	14	73	14	0	+13	0	22
Use of CCPs	0	0	100	0	0	0	0	20

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

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

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

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

Terms for most-favoured clients	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Sep. 2014	Dec. 2014	
Domestic government bonds								
Maximum amount of funding	0	6	82	12	0	+6	-6	17
Maximum maturity of funding	0	6	82	12	0	-11	-6	17
Haircuts	0	0	94	6	0	+11	-6	17
Financing rate/spread	0	24	71	6	0	+17	+18	17
Use of CCPs	0	0	88	12	0	0	-12	17
High-quality government, sub-national and supra-national bonds								
Maximum amount of funding	0	4	85	12	0	+4	-8	26
Maximum maturity of funding	0	0	88	12	0	-7	-12	26
Haircuts	0	4	92	4	0	+11	0	26
Financing rate/spread	0	19	73	8	0	+7	+12	26
Use of CCPs	0	0	100	0	0	0	0	23
Other government, sub-national and supra-national bonds								
Maximum amount of funding	0	8	84	8	0	+4	0	25
Maximum maturity of funding	0	4	84	12	0	-4	-8	25
Haircuts	0	8	88	4	0	+12	+4	25
Financing rate/spread	0	20	76	4	0	+16	+16	25
Use of CCPs	0	0	100	0	0	0	0	23
High-quality financial corporate bonds								
Maximum amount of funding	5	5	82	9	0	-4	0	22
Maximum maturity of funding	0	0	91	9	0	-4	-9	22
Haircuts	0	5	91	5	0	+4	0	22
Financing rate/spread	0	18	73	5	5	+13	+9	22
Use of CCPs	0	0	100	0	0	-5	0	19
High-quality non-financial corporate bonds								
Maximum amount of funding	0	9	83	9	0	-4	0	23
Maximum maturity of funding	0	4	87	9	0	-4	-4	23
Haircuts	0	4	87	9	0	+8	-4	23
Financing rate/spread	0	13	78	4	4	+8	+4	23
Use of CCPs	0	0	100	0	0	0	0	20
High-yield corporate bonds								
Maximum amount of funding	6	6	78	11	0	0	0	18
Maximum maturity of funding	0	0	89	6	6	0	-11	18
Haircuts	0	6	89	6	0	0	0	18
Financing rate/spread	0	6	83	6	6	0	-6	18
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)?

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

Terms for most-favoured clients	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Sep. 2014	Dec. 2014	
Convertible securities								
Maximum amount of funding	0	0	85	15	0	-7	-15	13
Maximum maturity of funding	0	0	92	8	0	0	-8	13
Haircuts	0	0	100	0	0	0	0	13
Financing rate/spread	0	8	85	8	0	+7	0	13
Use of CCPs	0	0	100	0	0	0	0	11
Equities								
Maximum amount of funding	0	0	77	23	0	0	-23	22
Maximum maturity of funding	0	5	82	14	0	0	-9	22
Haircuts	0	5	91	5	0	0	0	22
Financing rate/spread	0	5	68	27	0	+9	-23	22
Use of CCPs	0	0	100	0	0	0	0	17
Asset-backed securities								
Maximum amount of funding	0	0	85	15	0	-7	-15	13
Maximum maturity of funding	0	0	92	8	0	-7	-8	13
Haircuts	0	15	85	0	0	0	+15	13
Financing rate/spread	0	15	85	0	0	+7	+15	13
Use of CCPs	0	0	100	0	0	0	0	9
Covered bonds								
Maximum amount of funding	4	4	83	9	0	0	0	23
Maximum maturity of funding	0	4	87	9	0	-4	-4	23
Haircuts	0	9	87	4	0	+4	+4	23
Financing rate/spread	0	13	78	9	0	+8	+4	23
Use of CCPs	0	0	100	0	0	0	0	19

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

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

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

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

Covenants and triggers	Tightened considerably	Tightened somewhat	Remained basically unchanged	Eased somewhat	Eased considerably	Net percentage		Total number of answers
						Sep. 2014	Dec. 2014	
Domestic government bonds								
Terms for average clients	0	0	100	0	0	-6	0	14
Terms for most-favoured clients	0	0	100	0	0	-6	0	15
High-quality 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	23
Other government, sub-national and supra-national 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	22
High-quality financial corporate bonds								
Terms for average clients	0	5	95	0	0	0	+5	19
Terms for most-favoured clients	0	5	95	0	0	0	+5	19
High-quality non-financial corporate bonds								
Terms for average clients	0	5	95	0	0	0	+5	20
Terms for most-favoured clients	0	5	95	0	0	0	+5	20
High-yield corporate bonds								
Terms for average clients	0	6	94	0	0	0	+6	16
Terms for most-favoured clients	0	6	94	0	0	0	+6	16
Convertible securities								
Terms for average clients	0	0	100	0	0	0	0	14
Terms for most-favoured clients	0	0	100	0	0	0	0	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	19
Asset-backed securities								
Terms for average clients	0	0	100	0	0	0	0	12
Terms for most-favoured clients	0	0	100	0	0	0	0	12
Covered bonds								
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

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

2.2 Demand for funding, liquidity and disputes by collateral type

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

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

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

Demand for lending against collateral	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Sep. 2014	Dec. 2014	
Domestic government bonds								
Overall demand	0	6	71	24	0	0	-18	17
With a maturity greater than 30 days	0	6	71	24	0	0	-18	17
High-quality government, sub-national and supra-national bonds								
Overall demand	0	8	69	23	0	-4	-15	26
With a maturity greater than 30 days	0	0	77	19	4	-4	-23	26
Other government, sub-national and supra-national bonds								
Overall demand	0	4	77	19	0	+4	-15	26
With a maturity greater than 30 days	0	0	81	15	4	0	-19	26
High-quality financial corporate bonds								
Overall demand	0	5	77	18	0	0	-14	22
With a maturity greater than 30 days	0	0	77	18	5	-13	-23	22
High-quality non-financial corporate bonds								
Overall demand	0	9	74	17	0	+4	-9	23
With a maturity greater than 30 days	0	4	78	13	4	-8	-13	23
High-yield corporate bonds								
Overall demand	0	5	74	21	0	-6	-16	19
With a maturity greater than 30 days	0	0	79	16	5	-18	-21	19
Convertible securities								
Overall demand	0	0	75	25	0	-6	-25	16
With a maturity greater than 30 days	0	0	75	19	6	-12	-25	16
Equities								
Overall demand	0	0	65	35	0	+4	-35	23
With a maturity greater than 30 days	0	0	65	30	4	0	-35	23
Asset-backed securities								
Overall demand	0	0	79	21	0	-7	-21	14
With a maturity greater than 30 days	0	0	79	14	7	-13	-21	14
Covered bonds								
Overall demand	0	4	70	26	0	-4	-22	23
With a maturity greater than 30 days	0	0	78	17	4	-17	-22	23
All collateral types above								
Overall demand	0	8	76	16	0	0	-8	25
With a maturity greater than 30 days	0	0	84	12	4	-9	-16	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?

(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
						Sep. 2014	Dec. 2014	
Domestic government bonds								
Liquidity and functioning	0	6	88	0	6	+5	0	17
High-quality government, sub-national and supra-national bonds								
Liquidity and functioning	0	4	85	12	0	0	-8	26
Other government, sub-national and supra-national bonds								
Liquidity and functioning	0	4	88	8	0	0	-4	26
High-quality financial corporate bonds								
Liquidity and functioning	0	9	82	9	0	-4	0	22
High-quality non-financial corporate bonds								
Liquidity and functioning	0	9	83	9	0	-4	0	23
High-yield corporate bonds								
Liquidity and functioning	0	11	89	0	0	0	+11	18
Convertible securities								
Liquidity and functioning	0	13	80	7	0	0	+7	15
Equities								
Liquidity and functioning	0	4	91	4	0	-4	0	23
Asset-backed securities								
Liquidity and functioning	0	8	85	8	0	0	0	13
Covered bonds								
Liquidity and functioning	0	9	77	14	0	-4	-5	22
All collateral types above								
Liquidity and functioning	0	4	88	8	0	0	-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?

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

Collateral valuation disputes	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Sep. 2014	Dec. 2014	
Domestic government bonds								
Volume	0	0	100	0	0	-6	0	17
Duration and persistence	0	0	100	0	0	-6	0	17
High-quality government, sub-national and supra-national bonds								
Volume	0	0	100	0	0	0	0	25
Duration and persistence	0	0	100	0	0	0	0	25
Other government, sub-national and supra-national bonds								
Volume	0	0	96	4	0	0	-4	25
Duration and persistence	0	0	100	0	0	0	0	25
High-quality financial corporate bonds								
Volume	0	0	95	5	0	0	-5	22
Duration and persistence	0	0	95	5	0	0	-5	22
High-quality non-financial corporate bonds								
Volume	0	0	96	4	0	0	-4	23
Duration and persistence	0	0	96	4	0	+4	-4	23
High-yield corporate bonds								
Volume	0	0	94	6	0	0	-6	18
Duration and persistence	0	0	94	6	0	0	-6	18
Convertible securities								
Volume	0	0	100	0	0	0	0	17
Duration and persistence	0	0	100	0	0	0	0	17
Equities								
Volume	0	0	100	0	0	0	0	20
Duration and persistence	0	0	100	0	0	0	0	20
Asset-backed securities								
Volume	0	0	100	0	0	0	0	13
Duration and persistence	0	0	100	0	0	0	0	13
Covered bonds								
Volume	0	0	100	0	0	0	0	21
Duration and persistence	0	0	100	0	0	0	0	21
All collateral types above								
Volume	0	0	100	0	0	0	0	25
Duration and persistence	0	0	100	0	0	0	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?

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

Initial margin requirements	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Sep. 2014	Dec. 2014	
Foreign exchange								
Average clients	0	5	95	0	0	0	+5	20
Most-favoured clients	0	0	100	0	0	-5	0	20
Interest rates								
Average clients	0	0	100	0	0	0	0	21
Most-favoured clients	0	0	95	5	0	-4	-5	21
Credit referencing sovereigns								
Average clients	0	0	100	0	0	0	0	17
Most-favoured clients	0	0	100	0	0	0	0	17
Credit referencing corporates								
Average clients	0	0	100	0	0	0	0	18
Most-favoured clients	0	0	100	0	0	0	0	18
Credit referencing structured credit products								
Average clients	0	0	100	0	0	0	0	16
Most-favoured clients	0	0	100	0	0	0	0	16
Equity								
Average clients	0	0	100	0	0	0	0	20
Most-favoured clients	0	5	95	0	0	0	+5	20
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	15
Most-favoured clients	0	0	100	0	0	0	0	15

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

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

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

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

Credit limits	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Sep. 2014	Dec. 2014	
Foreign exchange								
Maximum amount of exposure	0	4	92	4	0	+7	0	24
Maximum maturity of trades	0	0	100	0	0	0	0	24
Interest rates								
Maximum amount of exposure	0	4	92	4	0	+12	0	24
Maximum maturity of trades	0	4	96	0	0	0	+4	24
Credit referencing sovereigns								
Maximum amount of exposure	0	0	100	0	0	0	0	19
Maximum maturity of trades	0	5	95	0	0	-5	+5	19
Credit referencing corporates								
Maximum amount of exposure	0	5	95	0	0	+5	+5	19
Maximum maturity of trades	0	5	95	0	0	+5	+5	19
Credit referencing structured credit products								
Maximum amount of exposure	0	0	100	0	0	0	0	16
Maximum maturity of trades	0	0	100	0	0	0	0	16
Equity								
Maximum amount of exposure	0	0	100	0	0	0	0	21
Maximum maturity of trades	0	0	100	0	0	0	0	21
Commodity								
Maximum amount of exposure	0	0	100	0	0	0	0	18
Maximum maturity of trades	0	6	94	0	0	0	+6	18
Total return swaps referencing non-securities								
Maximum amount of exposure	0	0	100	0	0	0	0	16
Maximum maturity of trades	0	0	100	0	0	-6	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".

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

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

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

Liquidity and trading	Deteriorated considerably	Deteriorated somewhat	Remained basically unchanged	Improved somewhat	Improved considerably	Net percentage		Total number of answers
						Sep. 2014	Dec. 2014	
Foreign exchange								
Liquidity and trading	0	4	92	4	0	0	0	25
Interest rates								
Liquidity and trading	0	8	92	0	0	-4	+8	25
Credit referencing sovereigns								
Liquidity and trading	0	10	90	0	0	0	+10	20
Credit referencing corporates								
Liquidity and trading	0	10	90	0	0	0	+10	20
Credit referencing structured credit products								
Liquidity and trading	0	0	100	0	0	0	0	17
Equity								
Liquidity and trading	0	5	95	0	0	+4	+5	22
Commodity								
Liquidity and trading	0	0	95	5	0	-5	-5	19
Total return swaps referencing non-securities								
Liquidity and trading	0	0	100	0	0	0	0	17

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

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

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

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

Valuation disputes	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Sep. 2014	Dec. 2014	
Foreign exchange								
Volume	0	0	92	8	0	+4	-8	25
Duration and persistence	0	0	88	12	0	+8	-12	25
Interest rates								
Volume	0	0	92	8	0	0	-8	25
Duration and persistence	0	0	88	12	0	+8	-12	25
Credit referencing sovereigns								
Volume	0	0	100	0	0	+5	0	21
Duration and persistence	0	0	100	0	0	-5	0	21
Credit referencing corporates								
Volume	0	0	100	0	0	+5	0	21
Duration and persistence	0	0	100	0	0	-5	0	21
Credit referencing structured credit products								
Volume	0	0	100	0	0	+6	0	18
Duration and persistence	0	0	100	0	0	-6	0	18
Equity								
Volume	0	0	96	4	0	-9	-4	23
Duration and persistence	0	4	91	4	0	0	0	23
Commodity								
Volume	0	0	100	0	0	0	0	20
Duration and persistence	0	0	100	0	0	0	0	20
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?

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

Changes in agreements	Tightened considerably	Tightened somewhat	Remained basically unchanged	Eased somewhat	Eased considerably	Net percentage		Total number of answers
						Sep. 2014	Dec. 2014	
Margin call practices	0	4	96	0	0	+4	+4	26
Acceptable collateral	0	8	81	12	0	0	-4	26
Recognition of portfolio or diversification benefits	0	8	88	4	0	0	+4	24
Covenants and triggers	0	4	96	0	0	0	+4	26
Other documentation features	0	4	92	4	0	+4	0	25

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

3.3 Posting of non-standard collateral

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

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

Non-standard collateral	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Sep. 2014	Dec. 2014	
Posting of non-standard collateral	0	10	76	14	0	-4	-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".

Special questions

5.1 Impact of regulatory proposals

In 2015, how is your [securities financing] book likely to be affected by the current regulatory proposals?

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

Current regulatory proposals	Likely to decrease by more than 50%	Likely to decrease by 26-50%	Likely to decrease by 11-25%	Likely to decrease by 1-10%	Likely to increase or remain unchanged	Net percentage	Total number of answers
Securities financing book	4	0	36	36	24	+52	25

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

The expected impact mentioned in your response to the above question is mostly driven by:

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

	Leverage ratio	Liquidity coverage ratio	Net stable funding ratio	Other (please specify)	Total number of answers
Main driver of the impact	36	16	12	36	25

5.2 Market-making activities

Changes in market-making activities

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

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

Changes over past year	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage	Total number of answers
Debt securities	9	27	45	14	5	+18	22
Derivatives	13	39	30	17	0	+35	23
Overall	10	35	45	10	0	+35	20
Domestic government bonds	13	25	50	6	6	+25	16
High-quality government, sub-national and supra-national bonds	9	18	50	18	5	+5	22
Other government, sub-national and supra-national bonds	9	14	55	23	0	0	22
High-quality financial corporate bonds	15	25	35	20	5	+15	20
High-quality non-financial corporate bonds	10	24	38	24	5	+5	21
High-yield corporate bonds	11	17	50	17	6	+6	18
Convertible securities	0	17	67	17	0	0	12
Asset-backed securities	8	8	58	17	8	-8	12
Covered bonds	5	15	55	15	10	-5	20

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".

Expected changes in market-making activities

How are the market-making activities of your institution for [debt securities/ derivatives/ overall] likely to change in 2015?

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

Expected changes in 2015	Likely to decrease considerably	Likely to decrease somewhat	Likely to remain unchanged	Likely to increase somewhat	Likely to increase considerably	Net percentage	Total number of answers
Debt securities	0	36	36	27	0	+9	22
Derivatives	4	43	48	4	0	+43	23
Overall	0	40	40	20	0	+20	20
Domestic government bonds	0	38	38	25	0	+13	16
High-quality government, sub-national and supra-national bonds	0	27	50	18	5	+5	22
Other government, sub-national and supra-national bonds	0	27	50	18	5	+5	22
High-quality financial corporate bonds	5	40	35	20	0	+25	20
High-quality non-financial corporate bonds	5	38	38	19	0	+24	21
High-yield corporate bonds	6	24	59	12	0	+18	17
Convertible securities	0	9	82	9	0	0	11
Asset-backed securities	0	25	42	33	0	-8	12
Covered bonds	5	42	47	5	0	+42	19

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

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

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

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

Changes over the past year	First reason	Second reason	Third reason	Either first, second or third reason
Debt securities				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	14	0	5
Internal treasury charges for funding market-making activities	0	14	20	10
Availability of balance sheet or capital at your institution	25	0	20	15
Competition from other institutions	13	0	20	10
Constraints imposed by internal risk management (e.g. VaR limits)	0	14	0	5
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	38	0	0	15
Growing importance of electronic trading platforms	13	29	0	15
Profitability of market making activities	13	14	0	10
Other (please specify below)	0	14	40	15
Total number of answers	8	7	5	20
Possible reasons for an increase				
Willingness of your institution to take on risk	25	0	0	11
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	25	0	0	11
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	50	11
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	25	0	50	22
Profitability of market making activities	0	0	0	0
Other (please specify below)	25	100	0	44
Total number of answers	4	3	2	9
Derivatives				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	10	25	10
Internal treasury charges for funding market-making activities	0	20	13	10
Availability of balance sheet or capital at your institution	42	0	13	20
Competition from other institutions	0	20	13	10
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	13	3
Availability of hedging instruments	17	0	0	7
Compliance with current or expected changes in regulation	25	20	13	20
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	10	0	3
Other (please specify below)	17	20	13	17
Total number of answers	12	10	8	30
Possible reasons for an increase				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other institutions	25	0	0	11
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	25	0	0	11
Growing importance of electronic trading platforms	0	50	100	33
Profitability of market making activities	0	0	0	0
Other (please specify below)	50	50	0	44
Total number of answers	4	4	1	9

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

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

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

Changes over the past year	First reason	Second reason	Third reason	Either first, second or third reason
Overall				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	29	33	17
Availability of balance sheet or capital at your institution	38	0	0	17
Competition from other institutions	0	0	33	6
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	38	0	0	17
Growing importance of electronic trading platforms	13	14	0	11
Profitability of market making activities	0	29	0	11
Other (please specify below)	13	29	33	22
Total number of answers	8	7	3	18
Possible reasons for an increase				
Willingness of your institution to take on risk	50	0	0	20
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	50	100	40
Profitability of market making activities	0	0	0	0
Other (please specify below)	50	50	0	40
Total number of answers	2	2	1	5
Domestic government bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	17	20	12
Availability of balance sheet or capital at your institution	17	0	20	12
Competition from other institutions	33	0	0	12
Constraints imposed by internal risk management (e.g. VaR limits)	0	17	0	6
Availability of hedging instruments	0	17	0	6
Compliance with current or expected changes in regulation	33	0	20	18
Growing importance of electronic trading platforms	0	17	0	6
Profitability of market making activities	17	17	20	18
Other (please specify below)	0	17	20	12
Total number of answers	6	6	5	17
Possible reasons for an increase				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	50	0	100	50
Profitability of market making activities	0	0	0	0
Other (please specify below)	50	100	0	50
Total number of answers	2	1	1	4

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

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

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

Changes over the past year	First reason	Second reason	Third reason	Either first, second or third reason
High-quality government, sub-national and supra-national bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	33	25	19
Availability of balance sheet or capital at your institution	33	0	25	19
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	17	0	6
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	50	0	0	19
Growing importance of electronic trading platforms	0	33	0	13
Profitability of market making activities	17	17	25	19
Other (please specify below)	0	0	25	6
Total number of answers	6	6	4	16
Possible reasons for an increase				
Willingness of your institution to take on risk	0	67	0	20
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	25	0	0	10
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	50	0	67	40
Profitability of market making activities	0	0	0	0
Other (please specify below)	25	33	33	30
Total number of answers	4	3	3	10
Other government, sub-national and supra-national bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	20	25	14
Availability of balance sheet or capital at your institution	20	0	25	14
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	20	0	7
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	60	0	0	21
Growing importance of electronic trading platforms	0	40	0	14
Profitability of market making activities	20	20	25	21
Other (please specify below)	0	0	25	7
Total number of answers	5	5	4	14
Possible reasons for an increase				
Willingness of your institution to take on risk	0	50	0	11
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	25	0	0	11
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	50	0	67	44
Profitability of market making activities	0	0	0	0
Other (please specify below)	25	50	33	33
Total number of answers	4	2	3	9

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

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

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

Changes over the past year	First reason	Second reason	Third reason	Either first, second or third reason
High-quality financial corporate bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	33	33	18
Availability of balance sheet or capital at your institution	13	0	33	12
Competition from other institutions	25	17	0	18
Constraints imposed by internal risk management (e.g. VaR limits)	0	17	0	6
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	50	0	0	24
Growing importance of electronic trading platforms	0	17	0	6
Profitability of market making activities	13	17	33	18
Other (please specify below)	0	0	0	0
Total number of answers	8	6	3	17
Possible reasons for an increase				
Willingness of your institution to take on risk	25	0	0	11
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	50	0	11
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	50	0	67	44
Profitability of market making activities	0	0	0	0
Other (please specify below)	25	50	33	33
Total number of answers	4	2	3	9
High-quality non-financial corporate bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	40	33	20
Availability of balance sheet or capital at your institution	14	0	33	13
Competition from other institutions	29	0	0	13
Constraints imposed by internal risk management (e.g. VaR limits)	0	20	0	7
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	43	0	0	20
Growing importance of electronic trading platforms	0	20	0	7
Profitability of market making activities	14	20	33	20
Other (please specify below)	0	0	0	0
Total number of answers	7	5	3	15
Possible reasons for an increase				
Willingness of your institution to take on risk	20	0	0	9
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	33	0	9
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	20	0	0	9
Growing importance of electronic trading platforms	40	33	67	45
Profitability of market making activities	0	0	0	0
Other (please specify below)	20	33	33	27
Total number of answers	5	3	3	11

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

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

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

Changes over the past year	First reason	Second reason	Third reason	Either first, second or third reason
High-yield corporate bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	50	50	27
Availability of balance sheet or capital at your institution	20	0	0	9
Competition from other institutions	20	0	0	9
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	60	0	0	27
Growing importance of electronic trading platforms	0	25	0	9
Profitability of market making activities	0	25	50	18
Other (please specify below)	0	0	0	0
Total number of answers	5	4	2	11
Possible reasons for an increase				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	50	0	13
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	25	0	50	25
Profitability of market making activities	25	0	0	13
Other (please specify below)	50	50	50	50
Total number of answers	4	2	2	8
Convertible securities				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	50	0	20
Availability of balance sheet or capital at your institution	50	0	0	20
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	50	0	0	20
Growing importance of electronic trading platforms	0	50	0	20
Profitability of market making activities	0	0	100	20
Other (please specify below)	0	0	0	0
Total number of answers	2	2	1	5
Possible reasons for an increase				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	50	0	0	50
Other (please specify below)	50	0	0	50
Total number of answers	2	0	0	2

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

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

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

Changes over the past year	First reason	Second reason	Third reason	Either first, second or third reason
Asset-backed securities				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	50	0	20
Availability of balance sheet or capital at your institution	50	0	0	20
Competition from other institutions	50	0	0	20
Constraints imposed by internal risk management (e.g. VaR limits)	0	50	0	20
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	100	20
Other (please specify below)	0	0	0	0
Total number of answers	2	2	1	5
Possible reasons for an increase				
Willingness of your institution to take on risk	33	0	0	17
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other institutions	0	0	100	17
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	33	0	0	17
Growing importance of electronic trading platforms	0	50	0	17
Profitability of market making activities	0	50	0	17
Other (please specify below)	33	0	0	17
Total number of answers	3	2	1	6
Covered bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	25	0	10
Availability of balance sheet or capital at your institution	25	0	50	20
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	25	0	10
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	50	0	0	20
Growing importance of electronic trading platforms	0	25	0	10
Profitability of market making activities	0	0	50	10
Other (please specify below)	25	25	0	20
Total number of answers	4	4	2	10
Possible reasons for an increase				
Willingness of your institution to take on risk	25	0	0	13
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	50	0	50	38
Profitability of market making activities	0	0	0	0
Other (please specify below)	25	100	50	50
Total number of answers	4	2	2	8

Reasons for expected changes in market-making activities in 2015

To the extent that market-making activities of your institution for [debt securities/ derivatives] are likey to decrease or increase in 2015 (as reflected in your responses above), what is the [first/ second/ third] most important reason for the expected change?

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

Expected changes in 2015	First reason	Second reason	Third reason	Either first, second or third reason
Debt securities				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	14	20	10
Availability of balance sheet or capital at your institution	25	14	20	20
Competition from other institutions	0	0	20	5
Constraints imposed by internal risk management (e.g. VaR limits)	0	14	20	10
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	50	0	0	20
Growing importance of electronic trading platforms	0	29	0	10
Profitability of market making activities	25	29	0	20
Other (please specify below)	0	0	20	5
Total number of answers	8	7	5	20
Possible reasons for an increase				
Willingness of your institution to take on risk	0	25	0	8
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other institutions	0	0	50	8
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	33	0	0	17
Growing importance of electronic trading platforms	67	25	0	42
Profitability of market making activities	0	0	0	0
Other (please specify below)	0	50	50	25
Total number of answers	6	4	2	12
Derivatives				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	20	0	20	15
Availability of balance sheet or capital at your institution	40	0	0	20
Competition from other institutions	10	0	20	10
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	20	5
Availability of hedging instruments	10	20	0	10
Compliance with current or expected changes in regulation	20	20	40	25
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	60	0	15
Other (please specify below)	0	0	0	0
Total number of answers	10	5	5	20
Possible reasons for an increase				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other institutions	100	0	0	50
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	100	0	50
Profitability of market making activities	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	1	1	0	2

Reasons for expected changes in market-making activities in 2015 (continued)

To the extent that market-making activities of your institution for [overall/ domestic government bonds] are likey to decrease or increase in 2015 (as reflected in your responses above), what is the [first/ second/ third] most important reason for the expected change?

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

Expected changes in 2015	First reason	Second reason	Third reason	Either first, second or third reason
Overall				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	17	0	33	15
Availability of balance sheet or capital at your institution	50	25	33	38
Competition from other institutions	0	0	33	8
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	25	0	8
Compliance with current or expected changes in regulation	33	0	0	15
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	50	0	15
Other (please specify below)	0	0	0	0
Total number of answers	6	4	3	13
Possible reasons for an increase				
Willingness of your institution to take on risk	0	50	0	14
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	25	0	0	14
Growing importance of electronic trading platforms	75	0	0	43
Profitability of market making activities	0	0	0	0
Other (please specify below)	0	50	100	29
Total number of answers	4	2	1	7
Domestic government bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	25	7
Availability of balance sheet or capital at your institution	17	0	25	13
Competition from other institutions	0	0	25	7
Constraints imposed by internal risk management (e.g. VaR limits)	0	20	0	7
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	50	0	0	20
Growing importance of electronic trading platforms	0	40	0	13
Profitability of market making activities	33	40	0	27
Other (please specify below)	0	0	25	7
Total number of answers	6	5	4	15
Possible reasons for an increase				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other institutions	0	0	100	14
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	25	0	0	14
Growing importance of electronic trading platforms	50	50	0	43
Profitability of market making activities	0	0	0	0
Other (please specify below)	25	50	0	29
Total number of answers	4	2	1	7

Reasons for expected changes in market-making activities in 2015 (continued)

To the extent that market-making activities of your institution for [high-quality government, sub-national and supra-national bonds/ other government, sub-national and supra-national bonds] are likey to decrease or increase in 2015 (as reflected in your responses above), what is the [first/ second/ third] most important reason for the expected change?

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

Expected changes in 2015	First reason	Second reason	Third reason	Either first, second or third reason
High-quality government, sub-national and supra-national bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	25	7
Availability of balance sheet or capital at your institution	17	0	25	13
Competition from other institutions	0	0	25	7
Constraints imposed by internal risk management (e.g. VaR limits)	0	20	0	7
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	50	0	0	20
Growing importance of electronic trading platforms	0	40	0	13
Profitability of market making activities	33	40	0	27
Other (please specify below)	0	0	25	7
Total number of answers	6	5	4	15
Possible reasons for an increase				
Willingness of your institution to take on risk	20	0	0	11
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other institutions	0	0	50	11
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	20	0	0	11
Growing importance of electronic trading platforms	60	50	0	44
Profitability of market making activities	0	0	0	0
Other (please specify below)	0	50	50	22
Total number of answers	5	2	2	9
Other government, sub-national and supra-national bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	25	7
Availability of balance sheet or capital at your institution	17	0	25	13
Competition from other institutions	0	0	25	7
Constraints imposed by internal risk management (e.g. VaR limits)	0	20	0	7
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	50	0	0	20
Growing importance of electronic trading platforms	0	40	0	13
Profitability of market making activities	33	40	0	27
Other (please specify below)	0	0	25	7
Total number of answers	6	5	4	15
Possible reasons for an increase				
Willingness of your institution to take on risk	20	0	0	11
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other institutions	0	0	50	11
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	20	0	0	11
Growing importance of electronic trading platforms	60	50	0	44
Profitability of market making activities	0	0	0	0
Other (please specify below)	0	50	50	22
Total number of answers	5	2	2	9

Reasons for expected changes in market-making activities in 2015 (continued)

To the extent that market-making activities of your institution for [high-quality financial corporate bonds/ high-quality non-financial corporate bonds] are likey to decrease or increase in 2015 (as reflected in your responses above), what is the [first/ second/ third] most important reason for the expected change?

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

Expected changes in 2015	First reason	Second reason	Third reason	Either first, second or third reason
High-quality financial corporate bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	14	25	10
Availability of balance sheet or capital at your institution	22	0	50	20
Competition from other institutions	11	0	25	10
Constraints imposed by internal risk management (e.g. VaR limits)	0	29	0	10
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	56	14	0	30
Growing importance of electronic trading platforms	0	14	0	5
Profitability of market making activities	11	29	0	15
Other (please specify below)	0	0	0	0
Total number of answers	9	7	4	20
Possible reasons for an increase				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	25	0	0	17
Growing importance of electronic trading platforms	75	0	0	50
Profitability of market making activities	0	0	0	0
Other (please specify below)	0	100	100	33
Total number of answers	4	1	1	6
High-quality non-financial corporate bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	14	25	10
Availability of balance sheet or capital at your institution	22	0	50	20
Competition from other institutions	11	0	25	10
Constraints imposed by internal risk management (e.g. VaR limits)	0	29	0	10
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	56	14	0	30
Growing importance of electronic trading platforms	0	14	0	5
Profitability of market making activities	11	29	0	15
Other (please specify below)	0	0	0	0
Total number of answers	9	7	4	20
Possible reasons for an increase				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	25	0	0	17
Growing importance of electronic trading platforms	50	0	0	33
Profitability of market making activities	0	0	0	0
Other (please specify below)	25	100	100	50
Total number of answers	4	1	1	6

Reasons for expected changes in market-making activities in 2015 (continued)

To the extent that market-making activities of your institution for [high-yield corporate bonds/ convertible securities] are likey to decrease or increase in 2015 (as reflected in your responses above), what is the [first/ second/ third] most important reason for the expected change?

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

Expected changes in 2015	First reason	Second reason	Third reason	Either first, second or third reason
High-yield corporate bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	25	33	17
Availability of balance sheet or capital at your institution	20	0	33	17
Competition from other institutions	0	0	33	8
Constraints imposed by internal risk management (e.g. VaR limits)	0	25	0	8
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	80	0	0	33
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	50	0	17
Other (please specify below)	0	0	0	0
Total number of answers	5	4	3	12
Possible reasons for an increase				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	50	0	0	25
Growing importance of electronic trading platforms	50	0	0	25
Profitability of market making activities	0	0	0	0
Other (please specify below)	0	100	100	50
Total number of answers	2	1	1	4
Convertible securities				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	100	0	0	33
Competition from other institutions	0	0	100	33
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	100	0	33
Other (please specify below)	0	0	0	0
Total number of answers	1	1	1	3
Possible reasons for an increase				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Other (please specify below)	100	0	0	100
Total number of answers	1	0	0	1

Reasons for expected changes in market-making activities in 2015 (continued)

To the extent that market-making activities of your institution for [asset-backed securities/ covered bonds] are likey to decrease or increase in 2015 (as reflected in your responses above), what is the [first/ second/ third] most important reason for the expected change?

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

Expected changes in 2015	First reason	Second reason	Third reason	Either first, second or third reason
Asset-backed securities				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	33	0	0	17
Competition from other institutions	0	0	100	17
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	50	0	17
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	67	50	0	50
Other (please specify below)	0	0	0	0
Total number of answers	3	2	1	6
Possible reasons for an increase				
Willingness of your institution to take on risk	50	33	50	44
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	25	0	0	11
Competition from other institutions	0	33	0	11
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	33	0	11
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	50	11
Other (please specify below)	25	0	0	11
Total number of answers	4	3	2	9
Covered bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	22	0	50	19
Competition from other institutions	0	0	50	6
Constraints imposed by internal risk management (e.g. VaR limits)	0	20	0	6
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	33	20	0	25
Growing importance of electronic trading platforms	0	20	0	6
Profitability of market making activities	22	20	0	19
Other (please specify below)	22	20	0	19
Total number of answers	9	5	2	16
Possible reasons for an increase				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	100	0	0	33
Profitability of market making activities	0	0	0	0
Other (please specify below)	0	100	100	67
Total number of answers	1	1	1	3

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

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

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

Ability to act as a market-maker in time of stress	Very limited	Limited	Moderate	Good	Net percentage	Total number of answers
Debt securities	9	23	27	41	-36	22
Derivatives	13	9	35	43	-57	23
Overall	5	18	27	50	-55	22
Domestic government bonds	6	13	31	50	-63	16
High-quality government, sub-national and supra-national bonds	5	9	41	45	-73	22
Other government, sub-national and supra-national bonds	9	14	45	32	-55	22
High-quality financial corporate bonds	14	29	29	29	-14	21
High-quality non-financial corporate bonds	19	19	33	29	-24	21
High-yield corporate bonds	22	17	33	28	-22	18
Convertible securities	30	0	10	60	-40	10
Asset-backed securities	25	8	8	58	-33	12
Covered bonds	10	5	45	40	-70	20

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

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

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

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

Ability to act as a market-maker in time of stress	First reason	Second reason	Third reason	Either first, second or third reason
Debt securities				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	57	0	0	24
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	14	20	0	12
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	14	0	40	18
Availability of hedging instruments	14	20	20	18
Compliance with current or expected changes in regulation	0	20	0	6
Growing importance of electronic trading platforms	0	0	20	6
Profitability of market making activities	0	40	20	18
Other (please specify below)	0	0	0	0
Total number of answers	7	5	5	17
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	42	13	40	32
Internal treasury charges for funding market-making activities	0	38	0	12
Availability of balance sheet or capital at your institution	33	13	20	24
Competition from other institutions	0	0	20	4
Constraints imposed by internal risk management (e.g. VaR limits)	8	0	0	4
Availability of hedging instruments	8	13	0	8
Compliance with current or expected changes in regulation	0	25	0	8
Growing importance of electronic trading platforms	8	0	0	4
Profitability of market making activities	0	0	20	4
Other (please specify below)	0	0	0	0
Total number of answers	12	8	5	25
Derivatives				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	60	0	0	25
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	20	0	33	17
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	20	25	0	17
Availability of hedging instruments	0	50	0	17
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	33	8
Profitability of market making activities	0	25	33	17
Other (please specify below)	0	0	0	0
Total number of answers	5	4	3	12
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	27	11	14	19
Internal treasury charges for funding market-making activities	13	0	0	6
Availability of balance sheet or capital at your institution	20	22	43	26
Competition from other institutions	0	0	14	3
Constraints imposed by internal risk management (e.g. VaR limits)	7	0	29	10
Availability of hedging instruments	20	22	0	16
Compliance with current or expected changes in regulation	0	22	0	6
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	11	0	3
Other (please specify below)	13	11	0	10
Total number of answers	15	9	7	31

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

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

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

Ability to act as a market-maker in time of stress	First reason	Second reason	Third reason	Either first, second or third reason
Overall				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	75	0	0	38
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	25	50	0	25
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	50	13
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	50	50	25
Other (please specify below)	0	0	0	0
Total number of answers	4	2	2	8
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	42	0	20	25
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	25	14	20	21
Competition from other institutions	0	0	20	4
Constraints imposed by internal risk management (e.g. VaR limits)	8	14	0	8
Availability of hedging instruments	8	29	0	13
Compliance with current or expected changes in regulation	0	14	20	8
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Other (please specify below)	17	29	20	21
Total number of answers	12	7	5	24
Domestic government bonds				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	33	0	0	14
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	33	50	0	29
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	33	0	0	14
Availability of hedging instruments	0	0	50	14
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	50	50	29
Other (please specify below)	0	0	0	0
Total number of answers	3	2	2	7
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	36	0	14	19
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	18	11	29	19
Competition from other institutions	0	22	14	11
Constraints imposed by internal risk management (e.g. VaR limits)	9	22	0	11
Availability of hedging instruments	9	11	0	7
Compliance with current or expected changes in regulation	9	11	14	11
Growing importance of electronic trading platforms	9	0	0	4
Profitability of market making activities	0	11	14	7
Other (please specify below)	9	11	14	11
Total number of answers	11	9	7	27

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

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

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

Ability to act as a market-maker in time of stress	First reason	Second reason	Third reason	Either first, second or third reason
High-quality government, sub-national and supra-national bonds				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	33	0	0	14
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	33	50	0	29
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	33	0	0	14
Availability of hedging instruments	0	0	50	14
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	50	50	29
Other (please specify below)	0	0	0	0
Total number of answers	3	2	2	7
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	40	0	25	24
Internal treasury charges for funding market-making activities	7	0	0	3
Availability of balance sheet or capital at your institution	20	20	25	21
Competition from other institutions	0	0	13	3
Constraints imposed by internal risk management (e.g. VaR limits)	7	20	13	12
Availability of hedging instruments	0	20	0	6
Compliance with current or expected changes in regulation	13	10	13	12
Growing importance of electronic trading platforms	7	0	0	3
Profitability of market making activities	0	20	0	6
Other (please specify below)	7	10	13	9
Total number of answers	15	10	8	33
Other government, sub-national and supra-national bonds				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	40	0	0	20
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	40	33	0	30
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	20	0	0	10
Availability of hedging instruments	0	0	50	10
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	67	50	30
Other (please specify below)	0	0	0	0
Total number of answers	5	3	2	10
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	38	0	25	23
Internal treasury charges for funding market-making activities	8	0	0	3
Availability of balance sheet or capital at your institution	15	22	25	20
Competition from other institutions	0	0	13	3
Constraints imposed by internal risk management (e.g. VaR limits)	8	22	13	13
Availability of hedging instruments	0	22	0	7
Compliance with current or expected changes in regulation	15	11	13	13
Growing importance of electronic trading platforms	8	0	0	3
Profitability of market making activities	0	11	0	3
Other (please specify below)	8	11	13	10
Total number of answers	13	9	8	30

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

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

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

Ability to act as a market-maker in time of stress	First reason	Second reason	Third reason	Either first, second or third reason
High-quality financial corporate bonds				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	25	0	0	10
Internal treasury charges for funding market-making activities	0	14	0	5
Availability of balance sheet or capital at your institution	25	14	0	15
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	13	0	20	10
Availability of hedging instruments	13	0	20	10
Compliance with current or expected changes in regulation	13	14	0	10
Growing importance of electronic trading platforms	0	0	20	5
Profitability of market making activities	0	43	20	20
Other (please specify below)	13	14	20	15
Total number of answers	8	7	5	20
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	38	20	25	29
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	13	20	50	24
Competition from other institutions	0	0	25	6
Constraints imposed by internal risk management (e.g. VaR limits)	13	20	0	12
Availability of hedging instruments	13	20	0	12
Compliance with current or expected changes in regulation	13	20	0	12
Growing importance of electronic trading platforms	13	0	0	6
Profitability of market making activities	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	8	5	4	17
High-quality non-financial corporate bonds				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	25	0	0	10
Internal treasury charges for funding market-making activities	0	14	0	5
Availability of balance sheet or capital at your institution	25	14	0	15
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	13	0	20	10
Availability of hedging instruments	13	0	20	10
Compliance with current or expected changes in regulation	13	14	0	10
Growing importance of electronic trading platforms	0	0	20	5
Profitability of market making activities	0	43	20	20
Other (please specify below)	13	14	20	15
Total number of answers	8	7	5	20
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	50	17	20	33
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	10	17	40	19
Competition from other institutions	0	0	20	5
Constraints imposed by internal risk management (e.g. VaR limits)	10	33	0	14
Availability of hedging instruments	20	17	0	14
Compliance with current or expected changes in regulation	10	17	20	14
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	10	6	5	21

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

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

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

Ability to act as a market-maker in time of stress	First reason	Second reason	Third reason	Either first, second or third reason
High-yield corporate bonds				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	29	0	0	13
Internal treasury charges for funding market-making activities	0	20	0	6
Availability of balance sheet or capital at your institution	14	20	0	13
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	14	0	25	13
Availability of hedging instruments	14	0	0	6
Compliance with current or expected changes in regulation	14	20	0	13
Growing importance of electronic trading platforms	0	0	25	6
Profitability of market making activities	0	20	25	13
Other (please specify below)	14	20	25	19
Total number of answers	7	5	4	16
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	56	0	20	32
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	11	20	40	21
Competition from other institutions	0	0	20	5
Constraints imposed by internal risk management (e.g. VaR limits)	11	40	0	16
Availability of hedging instruments	11	20	0	11
Compliance with current or expected changes in regulation	11	20	20	16
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	9	5	5	19
Convertible securities				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	33	0	0	14
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	33	50	0	29
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	50	14
Other (please specify below)	33	50	50	43
Total number of answers	3	2	2	7
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	50	0	0	25
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	25	0	50	25
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	50	0	13
Availability of hedging instruments	0	50	0	13
Compliance with current or expected changes in regulation	0	0	50	13
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Other (please specify below)	25	0	0	13
Total number of answers	4	2	2	8

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

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

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

Ability to act as a market-maker in time of stress	First reason	Second reason	Third reason	Either first, second or third reason
Asset-backed securities				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	25	0	0	10
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	25	33	0	20
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	25	0	0	10
Compliance with current or expected changes in regulation	0	33	0	10
Growing importance of electronic trading platforms	0	0	33	10
Profitability of market making activities	0	0	33	10
Other (please specify below)	25	33	33	30
Total number of answers	4	3	3	10
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	40	67	0	36
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	40	0	33	27
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	20	33	0	18
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	67	18
Other (please specify below)	0	0	0	0
Total number of answers	5	3	3	11
Covered bonds				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	33	0	0	14
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	33	50	0	29
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	50	14
Other (please specify below)	33	50	50	43
Total number of answers	3	2	2	7
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	54	13	17	33
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	23	13	33	22
Competition from other institutions	0	13	0	4
Constraints imposed by internal risk management (e.g. VaR limits)	8	13	0	7
Availability of hedging instruments	8	25	0	11
Compliance with current or expected changes in regulation	8	13	17	11
Growing importance of electronic trading platforms	0	0	33	7
Profitability of market making activities	0	13	0	4
Other (please specify below)	0	0	0	0
Total number of answers	13	8	6	27

5.3 Additional questions on market-making activities and liquidity

Irrespective of your own institution's ability and willingness to make markets under strained market conditions, how do you assess the willingness and ability of other dealers to make markets for [debt securities/ derivatives/ overall]?

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

Willingness and ability of other dealers to act as market-makers	Very limited	Limited	Moderate	Good	Net percentage	Total number of answers
Debt securities	0	37	32	32	-26	19
Derivatives	0	27	50	23	-45	22
Overall	0	37	42	21	-26	19

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

Are the developments mentioned in your responses in 5.3 of a structural or rather of transitory nature?

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

Structural vs transitory nature of responses in 5.3	Structural	Transitory	Total number of answers
Responses in 5.3	90	10	10