EUROPEAN CENTRAL BANK

EUROSYSTEM

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

June 2018

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

The survey questions are grouped into three sections:

1. **Counterparty types** – credit terms and conditions for various counterparty types in both securities financing and OTC derivatives markets;
2. **Securities financing** – financing conditions for various collateral types;
3. **Non-centrally cleared OTC derivatives** – credit terms and conditions for various 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 contract should be denominated in euro.

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

Reporting institutions should report on their **global credit terms** – the survey is aimed at the senior credit officers responsible for having an overall view of the management of credit risks. Where material differences exist across different business areas, for example between traditional prime brokerage and OTC derivatives, answers should refer to the business area generating the most exposure.

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

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

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

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

June 2018 SESFOD results

(Reference period from March 2018 to May 2018)

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

Highlights

Credit terms offered to almost all counterparties in both securities financing and OTC derivatives transactions tightened between March and May 2018. It was the largest tightening in at least a year for most counterparties (Chart A) and was in contrast to the easing expected by respondents in the previous survey (March 2018). Respondents in the current survey expected conditions to tighten in the coming months. They reported that the tightening of price conditions was due to the deterioration of liquidity conditions and the functioning of the general collateral market, and was also related to the increased spreads of some sovereign government debt. Other, less important, reported causes were the "adoption of new market conventions" and "competition from other institutions".

For non-centrally cleared OTC derivatives, almost 10% of survey respondents reported some tightening of liquidity and general trading conditions. The qualitative answers suggest that further tightening due to the phasing-in of OTC margining might be expected in the future.

Counterparty types

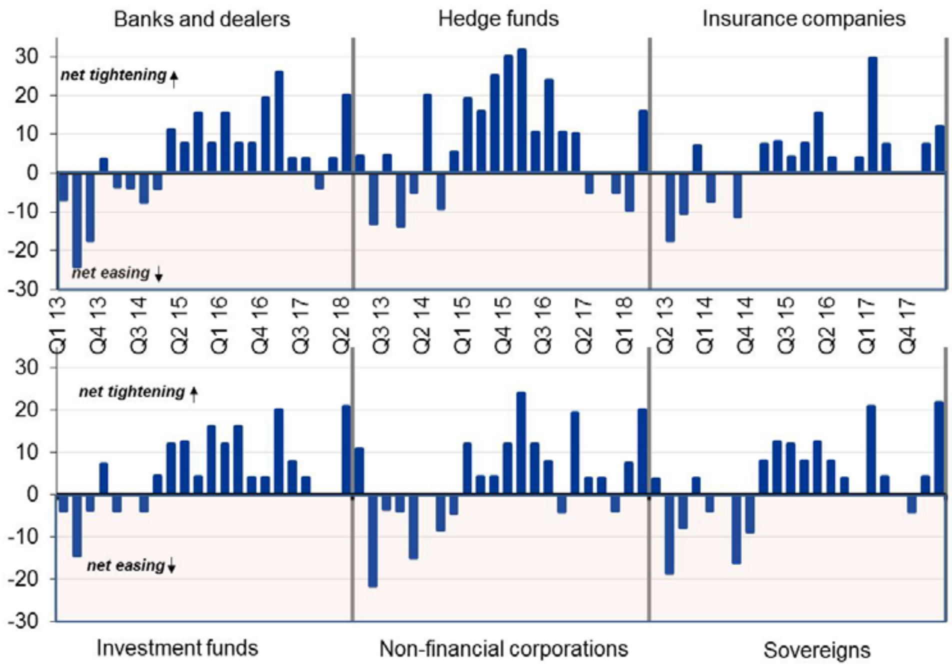
Changes: responses to the June 2018 survey suggest that, on balance, credit terms offered to counterparties tightened for both securities financing and OTC derivatives transactions in the reference period (see Chart A). Among the factors explaining the tightening, survey respondents attributed the deterioration of price terms to general market conditions and liquidity (as well as increased spreads of some government bonds). Changes in central counterparties' (CCPs') practices, including margining and haircuts, contributed to a further tightening of conditions for both securities financing and OTC derivatives markets, according to 14% of respondents.

Looking ahead, in net terms a small percentage of respondents now expect credit standards to tighten further over the following three months.

Chart A

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

(Q1 2013 – Q2 2018; net percentage of survey respondents)



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

Management of concentrated credit exposures to large banks and CCPs: about 20% of the respondents reported an increase in resources devoted to the management of concentrated credit exposures to CCPs over the three-month reference period.

Leverage: investment funds have slightly increased their use of financial leverage, while hedge funds have slightly decreased their use of leverage. On balance, the availability of unutilised leverage remained unchanged.

Client pressure and differential terms: compared to the previous quarter, pressure from clients to obtain more favourable conditions remained broadly unchanged, with one agent reporting increased pressure for hedge funds to provide notice periods to increase margins in futures agreements.

Valuation disputes: remained broadly unchanged.

Securities financing

Maximum amount of funding: responses to the June 2018 survey indicated that demand from average clients for funding secured by non-financial corporate bonds and high-yield corporate bonds has been decreasing since late 2016. The rest of the market remained unchanged for both average and most-favoured clients.

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

Haircuts: remained broadly unchanged for the majority of respondents.

Financing rates/spreads: the spreads on funding secured by non-financial corporate bonds fell, in line with a reduction in the demand for funding. The rest of the market secured with other asset classes showed no significant changes.

Use of CCPs: remained broadly stable in the quarter; the use of covenants and triggers also remained stable.

Demand for funding: in net terms, respondents reported an increase in the demand for funding collateralised by all asset classes compared with the previous quarter.

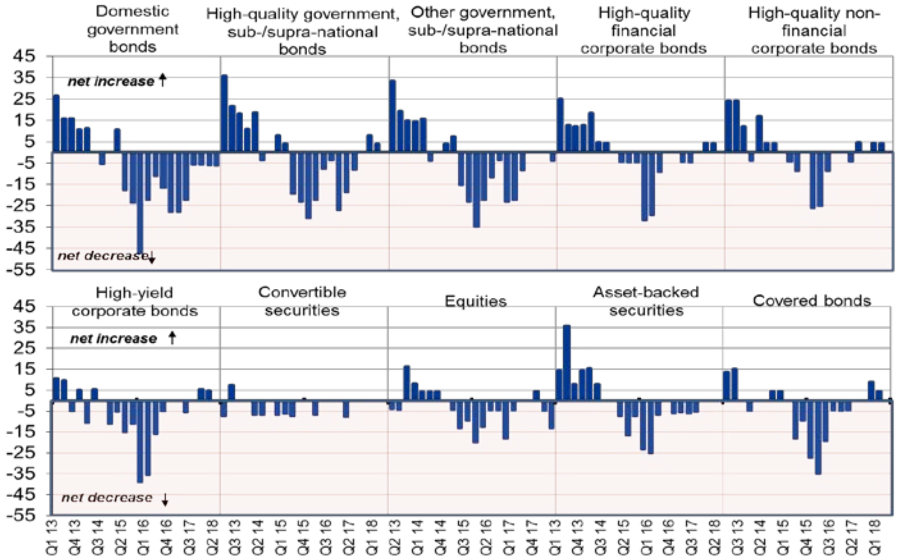
Liquidity of collateral: in net terms, a small number of respondents reported a further deterioration of the liquidity and functioning of the market for domestic government bonds (see Chart B), similar to previous quarters.

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

Chart B

Changes in liquidity and functioning of markets

(Q1 2013 – Q2 2018; net percentage of survey respondents)



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

Non-centrally cleared OTC derivatives

Initial margin requirements remained unchanged for all clients. Survey respondents reported that initial margin requirements for non-centrally cleared euro-denominated derivatives contracts were unchanged. The qualitative answers suggest that it might still be too early to see a tightening of conditions related to the introduction of initial margins for OTC derivatives, but some tightening related to the phasing-in of margin requirements should be expected in the future.

Credit limits remained unchanged for all clients.

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

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

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

Posting of non-standard collateral: overall, the survey respondents reported no change in the posting of non-standard collateral.

1 Counterparty types

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

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

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

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

Table 1

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

Realised changes	Tightened considerably	Tightened somewhat	Remained basically unchanged	Eased somewhat	Eased considerably	Net percentage		Total number of answers
						Mar. 2018	Jun. 2018	
Banks and dealers								
Price terms	0	19	77	4	0	+14	+15	26
Non-price terms	0	4	96	0	0	+15	+4	25
Overall	0	20	80	0	0	+4	+20	25
Hedge funds								
Price terms	0	16	74	11	0	-5	+5	19
Non-price terms	0	5	95	0	0	0	+5	19
Overall	0	16	84	0	0	-10	+16	19
Insurance companies								
Price terms	0	12	85	4	0	+11	+8	26
Non-price terms	0	4	96	0	0	+7	+4	25
Overall	0	12	88	0	0	+7	+12	25
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Price terms	0	16	80	4	0	0	+12	25
Non-price terms	0	13	88	0	0	0	+13	24
Overall	0	21	79	0	0	0	+21	24
Non-financial corporations								
Price terms	0	19	81	0	0	+11	+19	26
Non-price terms	0	8	92	0	0	+4	+8	25
Overall	0	20	80	0	0	+7	+20	25
Sovereigns								
Price terms	0	21	79	0	0	+8	+21	24
Non-price terms	0	9	91	0	0	+4	+9	23
Overall	0	22	78	0	0	+4	+22	23
All counterparties above								
Price terms	0	16	84	0	0	+11	+16	25
Non-price terms	0	8	92	0	0	+8	+8	24
Overall	0	17	83	0	0	+4	+17	24

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

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

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

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

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

Table 2

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

Expected changes	Likely to tighten considerably	Likely to tighten somewhat	Likely to remain unchanged	Likely to ease somewhat	Likely to ease considerably	Net percentage Mar. 2018	Net percentage Jun. 2018	Total number of answers
Banks and dealers								
Price terms	0	12	85	4	0	-7	+8	26
Non-price terms	0	4	88	8	0	-4	-4	24
Overall	0	12	80	8	0	-7	+4	25
Hedge funds								
Price terms	0	11	84	5	0	-19	+5	19
Non-price terms	0	5	89	5	0	0	0	19
Overall	0	11	84	5	0	-10	+5	19
Insurance companies								
Price terms	0	8	88	4	0	-11	+4	26
Non-price terms	0	0	92	8	0	-4	-8	25
Overall	0	8	84	8	0	-7	0	25
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Price terms	0	12	84	4	0	-12	+8	25
Non-price terms	0	8	83	8	0	-4	0	24
Overall	0	13	79	8	0	-12	+4	24
Non-financial corporations								
Price terms	0	15	81	4	0	-11	+12	26
Non-price terms	0	8	88	4	0	-4	+4	24
Overall	0	16	80	4	0	-7	+12	25
Sovereigns								
Price terms	0	13	83	4	0	-12	+8	24
Non-price terms	0	5	86	9	0	-8	-5	22
Overall	0	13	78	9	0	-8	+4	23
All counterparties above								
Price terms	0	12	84	4	0	-15	+8	25
Non-price terms	0	4	88	8	0	-8	-4	24
Overall	0	13	79	8	0	-15	+4	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?

Table 3

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

Banks and dealers	First reason	Second reason	Third reason	Either first, second or third reason Mar. 2018	Either first, second or third reason Jun. 2018
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	18	0
Adoption of new market conventions (e.g. ISDA protocols)	20	0	0	9	10
Internal treasury charges for funding	0	0	0	18	0
Availability of balance sheet or capital at your institution	0	25	0	27	10
General market liquidity and functioning	60	50	0	18	50
Competition from other institutions	20	0	100	0	20
Other	0	25	0	9	10
Total number of answers	5	4	1	11	10
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	100	0	0	100	100
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	1	0	0	1	1
Non-price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	17	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	33	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	17	0
General market liquidity and functioning	0	100	0	17	50
Competition from other institutions	100	0	0	17	50
Other	0	0	0	0	0
Total number of answers	1	1	0	6	2
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	0	0	0	0
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	0	0	0	0	0

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

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

Table 4

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

Hedge funds	First reason	Second reason	Third reason	Either first, second or third reason	
				Mar. 2018	Jun. 2018
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	50	0	0	17
General market liquidity and functioning	67	50	0	50	50
Competition from other institutions	33	0	100	25	33
Other	0	0	0	25	0
Total number of answers	3	2	1	4	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)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	100	0	33	33
General market liquidity and functioning	50	0	0	33	33
Competition from other institutions	0	0	0	33	0
Other	0	0	0	0	0
Total number of answers	2	1	0	6	3
Non-price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	100	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	100	0	0	50
Competition from other institutions	100	0	0	0	50
Other	0	0	0	0	0
Total number of answers	1	1	0	1	2
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	0	0	0	0
Competition from other institutions	0	0	0	100	0
Other	0	0	0	0	0
Total number of answers	0	0	0	1	0

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

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

Table 5

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

Insurance companies	First reason	Second reason	Third reason	Either first, second or third reason	
				Mar. 2018	Jun. 2018
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	10	0
Availability of balance sheet or capital at your institution	0	50	0	10	17
General market liquidity and functioning	67	50	0	40	50
Competition from other institutions	33	0	100	20	33
Other	0	0	0	20	0
Total number of answers	3	2	1	10	6
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	100	0	0	0	50
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	100	0	0	50
General market liquidity and functioning	0	0	0	100	0
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	1	1	0	1	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	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	100	0	40	50
Competition from other institutions	100	0	0	40	50
Other	0	0	0	20	0
Total number of answers	1	1	0	5	2
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	0	0	0	0
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	0	0	0	0	0

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

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

Table 6

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

Investment funds (incl. ETFs), pension plans and other institutional investment pools	First reason	Second reason	Third reason	Either first, second or third reason Mar. 2018	Either first, second or third reason Jun. 2018
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	14	0
Availability of balance sheet or capital at your institution	0	50	0	14	14
General market liquidity and functioning	75	50	0	43	57
Competition from other institutions	25	0	100	14	29
Other	0	0	0	14	0
Total number of answers	4	2	1	7	7
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	100	0	0	0	50
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	100	0	33	50
General market liquidity and functioning	0	0	0	33	0
Competition from other institutions	0	0	0	33	0
Other	0	0	0	0	0
Total number of answers	1	1	0	6	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	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	100	0	50	50
Competition from other institutions	100	0	0	50	50
Other	0	0	0	0	0
Total number of answers	2	2	0	2	4
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	0	0	0	0
Competition from other institutions	0	0	0	100	0
Other	0	0	0	0	0
Total number of answers	0	0	0	1	0

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

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

Table 7

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

Non-financial corporations	First reason	Second reason	Third reason	Either first, second or third reason Mar. 2018	Either first, second or third reason Jun. 2018
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	14	0
Availability of balance sheet or capital at your institution	0	33	0	14	11
General market liquidity and functioning	80	33	0	43	56
Competition from other institutions	20	0	100	14	22
Other	0	33	0	14	11
Total number of answers	5	3	1	7	9
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	0	0	100	0
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	0	0	0	1	0
Non-price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	100	0	50	50
Competition from other institutions	100	0	0	50	50
Other	0	0	0	0	0
Total number of answers	2	2	0	2	4
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	0	0	0	0
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	0	0	0	0	0

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

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

Table 8

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

Sovereigns	First reason	Second reason	Third reason	Either first, second or third reason Mar. 2018	Jun. 2018
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	14	0
Availability of balance sheet or capital at your institution	0	50	0	14	20
General market liquidity and functioning	80	25	0	43	50
Competition from other institutions	20	0	100	14	20
Other	0	25	0	14	10
Total number of answers	5	4	1	7	10
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	0	0	100	0
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	0	0	0	1	0
Non-price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	100	0	50	50
Competition from other institutions	100	0	0	50	50
Other	0	0	0	0	0
Total number of answers	1	1	0	2	2
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	0	0	0	0
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	0	0	0	0	0

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

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

Table 9

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

Price and non-price terms	Contributed considerably to tightening	Contributed somewhat to tightening	Neutral contribution	Contributed somewhat to easing	Contributed considerably to easing	Net percentage		Total number of answers
						Mar. 2018	Jun. 2018	
Practices of CCPs	0	14	86	0	0	**+13**	**+14**	14

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

1.3 Resources and attention to the management of concentrated credit exposures

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

Table 10

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

Management of credit exposures	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Mar. 2018	Jun. 2018	
Banks and dealers	0	0	69	27	4	**-19**	**-31**	26
Central counterparties	0	4	77	12	8	**-7**	**-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?

Table 11

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

Financial leverage	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Mar. 2018	Jun. 2018	
Hedge funds								
Use of financial leverage	0	5	95	0	0	**+5**	**+5**	19
Availability of unutilised leverage	0	0	100	0	0	**-11**	**0**	18
Insurance companies								
Use of financial leverage	0	0	100	0	0	**0**	**0**	23
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Use of financial leverage	0	0	91	9	0	**-4**	**-9**	23

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

1.5 Client pressure and differential terms for most-favoured clients

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

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

Table 12

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

Client pressure	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Mar. 2018	Jun. 2018	
Banks and dealers								
Intensity of efforts to negotiate more favourable terms	0	0	92	8	0	-8	-8	26
Provision of differential terms to most-favoured clients	0	0	96	4	0	0	-4	25
Hedge funds								
Intensity of efforts to negotiate more favourable terms	0	5	80	15	0	-23	-10	20
Provision of differential terms to most-favoured clients	0	5	84	11	0	-10	-5	19
Insurance companies								
Intensity of efforts to negotiate more favourable terms	0	0	92	8	0	-7	-8	25
Provision of differential terms to most-favoured clients	0	0	92	8	0	-12	-8	24
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Intensity of efforts to negotiate more favourable terms	0	0	88	13	0	-16	-13	24
Provision of differential terms to most-favoured clients	0	0	87	13	0	-17	-13	23
Non-financial corporations								
Intensity of efforts to negotiate more favourable terms	0	0	84	16	0	-17	-16	25
Provision of differential terms to most-favoured clients	0	0	92	8	0	-9	-8	24

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

1.6 Valuation disputes

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

Table 13

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

Valuation disputes	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Mar. 2018	Jun. 2018	
Banks and dealers								
Volume	0	0	100	0	0	0	0	25
Duration and persistence	0	4	96	0	0	+12	+4	25
Hedge funds								
Volume	0	0	89	5	5	-5	-11	19
Duration and persistence	0	0	89	11	0	+5	-11	19
Insurance companies								
Volume	0	0	96	0	4	+4	-4	23
Duration and persistence	0	4	91	4	0	+12	0	23
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Volume	0	0	100	0	0	-8	0	23
Duration and persistence	0	0	100	0	0	+8	0	23
Non-financial corporations								
Volume	0	4	96	0	0	-4	+4	24
Duration and persistence	0	8	92	0	0	0	+8	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)?

Table 14

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

Terms for average clients	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage Mar. 2018	Net percentage Jun. 2018	Total number of answers
Domestic government bonds								
Maximum amount of funding	0	6	81	13	0	-6	-6	16
Maximum maturity of funding	0	13	81	6	0	-6	+6	16
Haircuts	0	0	100	0	0	-6	0	16
Financing rate/spread	0	6	81	13	0	-12	-6	16
Use of CCPs	0	0	94	6	0	-29	-6	16
High-quality government, sub-national and supra-national bonds								
Maximum amount of funding	0	4	96	0	0	-11	+4	25
Maximum maturity of funding	0	12	88	0	0	0	+12	25
Haircuts	0	4	96	0	0	+7	+4	25
Financing rate/spread	0	12	84	4	0	+4	+8	25
Use of CCPs	0	0	95	5	0	-12	-5	22
Other government, sub-national and supra-national bonds								
Maximum amount of funding	0	4	92	4	0	-12	0	24
Maximum maturity of funding	0	13	88	0	0	0	+13	24
Haircuts	0	4	92	4	0	+4	0	24
Financing rate/spread	0	13	83	4	0	+4	+8	24
Use of CCPs	0	0	95	5	0	-13	-5	22
High-quality financial corporate bonds								
Maximum amount of funding	0	5	86	9	0	0	-5	22
Maximum maturity of funding	0	14	82	5	0	-4	+9	22
Haircuts	0	0	100	0	0	-4	0	22
Financing rate/spread	5	5	86	5	0	+8	+5	22
Use of CCPs	0	6	94	0	0	0	+6	18
High-quality non-financial corporate bonds								
Maximum amount of funding	0	13	83	4	0	+8	+9	23
Maximum maturity of funding	0	13	87	0	0	+4	+13	23
Haircuts	0	4	96	0	0	-4	+4	23
Financing rate/spread	4	9	83	4	0	+8	+9	23
Use of CCPs	0	5	95	0	0	0	+5	19
High-yield corporate bonds								
Maximum amount of funding	0	17	83	0	0	+10	+17	18
Maximum maturity of funding	0	11	83	6	0	+5	+6	18
Haircuts	0	0	94	6	0	0	-6	18
Financing rate/spread	0	6	94	0	0	+15	+6	18
Use of CCPs	0	0	93	7	0	0	-7	14

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

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

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

Table 15

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

Terms for average clients	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Mar. 2018	Jun. 2018	
Convertible securities								
Maximum amount of funding	0	0	100	0	0	**0**	**0**	14
Maximum maturity of funding	0	0	100	0	0	**0**	**0**	14
Haircuts	0	0	100	0	0	**-8**	**0**	14
Financing rate/spread	0	7	93	0	0	**0**	**+7**	14
Use of CCPs	0	0	100	0	0	**0**	**0**	14
Equities								
Maximum amount of funding	4	0	91	4	0	**-10**	**0**	23
Maximum maturity of funding	0	4	91	4	0	**-10**	**0**	23
Haircuts	0	0	100	0	0	**0**	**0**	23
Financing rate/spread	0	9	83	9	0	**+10**	**0**	23
Use of CCPs	0	0	100	0	0	**0**	**0**	19
Asset-backed securities								
Maximum amount of funding	0	6	94	0	0	**0**	**+6**	18
Maximum maturity of funding	0	0	100	0	0	**+6**	**0**	18
Haircuts	0	6	94	0	0	**+6**	**+6**	18
Financing rate/spread	0	11	83	6	0	**+18**	**+6**	18
Use of CCPs	0	0	100	0	0	**0**	**0**	12
Covered bonds								
Maximum amount of funding	0	0	96	4	0	**-4**	**-4**	23
Maximum maturity of funding	0	4	91	4	0	**0**	**0**	23
Haircuts	0	0	100	0	0	**-9**	**0**	23
Financing rate/spread	0	4	91	4	0	**-4**	**0**	23
Use of CCPs	0	0	100	0	0	**-5**	**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".

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

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

Table 16

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

Terms for most-favoured clients	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage Mar. 2018	Net percentage Jun. 2018	Total number of answers
Domestic government bonds								
Maximum amount of funding	0	6	81	13	0	-6	-6	16
Maximum maturity of funding	0	13	81	6	0	-6	+6	16
Haircuts	0	0	100	0	0	+12	0	16
Financing rate/spread	0	13	75	13	0	-12	0	16
Use of CCPs	0	0	94	6	0	-24	-6	16
High-quality government, sub-national and supra-national bonds								
Maximum amount of funding	0	4	92	4	0	-11	0	25
Maximum maturity of funding	0	12	84	4	0	0	+8	25
Haircuts	0	0	96	4	0	+15	-4	25
Financing rate/spread	0	20	72	8	0	+7	+12	25
Use of CCPs	0	0	95	5	0	-12	-5	22
Other government, sub-national and supra-national bonds								
Maximum amount of funding	0	4	88	8	0	-12	-4	24
Maximum maturity of funding	0	13	88	0	0	0	+13	24
Haircuts	0	4	92	4	0	+8	0	24
Financing rate/spread	0	17	75	8	0	+4	+8	24
Use of CCPs	0	0	95	5	0	-13	-5	22
High-quality financial corporate bonds								
Maximum amount of funding	0	0	95	5	0	+4	-5	22
Maximum maturity of funding	0	9	91	0	0	0	+9	22
Haircuts	0	14	86	0	0	+4	+14	22
Financing rate/spread	0	9	82	9	0	+8	0	22
Use of CCPs	0	0	100	0	0	0	0	18
High-quality non-financial corporate bonds								
Maximum amount of funding	0	9	87	4	0	+4	+4	23
Maximum maturity of funding	0	13	83	4	0	0	+9	23
Haircuts	0	13	87	0	0	+4	+13	23
Financing rate/spread	0	13	83	4	0	+8	+9	23
Use of CCPs	0	0	95	5	0	0	-5	19
High-yield corporate bonds								
Maximum amount of funding	0	11	84	5	0	+10	+5	19
Maximum maturity of funding	0	11	84	5	0	+5	+5	19
Haircuts	0	5	89	5	0	+14	0	19
Financing rate/spread	5	11	84	0	0	+19	+16	19
Use of CCPs	0	0	100	0	0	0	0	14

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

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

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

Table 17

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

Terms for most-favoured clients	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Mar. 2018	Jun. 2018	
Convertible securities								
Maximum amount of funding	0	0	100	0	0	**0**	**0**	15
Maximum maturity of funding	0	0	100	0	0	**0**	**0**	15
Haircuts	0	0	100	0	0	**+8**	**0**	15
Financing rate/spread	0	7	93	0	0	**0**	**+7**	15
Use of CCPs	0	0	100	0	0	**0**	**0**	15
Equities								
Maximum amount of funding	0	9	83	9	0	**-14**	**0**	23
Maximum maturity of funding	0	4	91	4	0	**-9**	**0**	23
Haircuts	0	0	100	0	0	**0**	**0**	23
Financing rate/spread	0	13	78	9	0	**+5**	**+4**	23
Use of CCPs	0	0	100	0	0	**0**	**0**	19
Asset-backed securities								
Maximum amount of funding	0	0	100	0	0	**-6**	**0**	18
Maximum maturity of funding	0	0	100	0	0	**0**	**0**	18
Haircuts	0	6	94	0	0	**+6**	**+6**	18
Financing rate/spread	0	6	94	0	0	**+13**	**+6**	17
Use of CCPs	0	0	100	0	0	**0**	**0**	12
Covered bonds								
Maximum amount of funding	0	0	96	4	0	**-4**	**-4**	23
Maximum maturity of funding	0	4	91	4	0	**0**	**0**	23
Haircuts	0	0	100	0	0	**0**	**0**	23
Financing rate/spread	0	4	87	9	0	**-4**	**-4**	23
Use of CCPs	0	0	100	0	0	**-5**	**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".

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

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

Table 18

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

Covenants and triggers	Tightened considerably	Tightened somewhat	Remained basically unchanged	Eased somewhat	Eased considerably	Net percentage Mar. 2018	Net percentage Jun. 2018	Total number of answers
Domestic government bonds								
Terms for average clients	0	0	100	0	0	**0**	**0**	15
Terms for most-favoured clients	0	0	100	0	0	**0**	**0**	15
High-quality government, sub-national and supra-national bonds								
Terms for average clients	0	0	100	0	0	**0**	**0**	22
Terms for most-favoured clients	0	0	100	0	0	**0**	**0**	22
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**	21
High-quality financial corporate bonds								
Terms for average clients	0	0	100	0	0	**0**	**0**	19
Terms for most-favoured clients	0	0	95	5	0	**0**	**-5**	19
High-quality non-financial corporate bonds								
Terms for average clients	0	0	100	0	0	**0**	**0**	20
Terms for most-favoured clients	0	0	95	5	0	**-5**	**-5**	20
High-yield corporate bonds								
Terms for average clients	0	0	100	0	0	**0**	**0**	16
Terms for most-favoured clients	0	0	100	0	0	**-6**	**0**	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**	16
Equities								
Terms for average clients	0	0	100	0	0	**0**	**0**	21
Terms for most-favoured clients	0	0	100	0	0	**0**	**0**	21
Asset-backed securities								
Terms for average clients	0	0	100	0	0	**0**	**0**	15
Terms for most-favoured clients	0	0	100	0	0	**-7**	**0**	15
Covered bonds								
Terms for average clients	0	0	100	0	0	**0**	**0**	22
Terms for most-favoured clients	0	0	100	0	0	**0**	**0**	22

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

2.2 Demand for funding, liquidity and disputes by collateral type

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

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

Table 19

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

Demand for lending against collateral	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Mar. 2018	Jun. 2018	
Domestic government bonds								
Overall demand	0	0	88	13	0	+6	-13	16
With a maturity greater than 30 days	0	6	75	19	0	0	-13	16
High-quality government, sub-national and supra-national bonds								
Overall demand	0	0	96	4	0	+4	-4	25
With a maturity greater than 30 days	0	8	84	8	0	+4	0	25
Other government, sub-national and supra-national bonds								
Overall demand	0	0	96	4	0	+8	-4	25
With a maturity greater than 30 days	0	4	88	8	0	+4	-4	25
High-quality financial corporate bonds								
Overall demand	0	14	73	14	0	+17	0	22
With a maturity greater than 30 days	0	9	82	9	0	+8	0	22
High-quality non-financial corporate bonds								
Overall demand	0	18	68	14	0	+17	+5	22
With a maturity greater than 30 days	0	9	82	9	0	+8	0	22
High-yield corporate bonds								
Overall demand	0	6	83	11	0	+10	-6	18
With a maturity greater than 30 days	0	6	83	11	0	+10	-6	18
Convertible securities								
Overall demand	0	0	100	0	0	0	0	13
With a maturity greater than 30 days	0	0	100	0	0	0	0	13
Equities								
Overall demand	0	9	83	9	0	-5	0	23
With a maturity greater than 30 days	0	9	83	9	0	-10	0	23
Asset-backed securities								
Overall demand	0	6	94	0	0	+13	+6	17
With a maturity greater than 30 days	0	6	88	6	0	+13	0	17
Covered bonds								
Overall demand	0	0	91	9	0	+9	-9	22
With a maturity greater than 30 days	0	0	86	14	0	+5	-14	22
All collateral types above								
Overall demand	0	13	75	13	0	+18	0	24
With a maturity greater than 30 days	0	8	79	13	0	+9	-4	24

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

2.2 Demand for funding, liquidity and disputes by collateral type (continued)

Over the past three months, how have liquidity and functioning of the [collateral type/ all collateral types above] market changed?

Table 20

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

Liquidity and functioning of the collateral market	Deteriorated considerably	Deteriorated somewhat	Remained basically unchanged	Improved somewhat	Improved considerably	Net percentage		Total number of answers
						Mar. 2018	Jun. 2018	
Domestic government bonds								
Liquidity and functioning	0	6	94	0	0	+6	+6	16
High-quality government, sub-national and supra-national bonds								
Liquidity and functioning	0	4	92	4	0	-4	0	25
Other government, sub-national and supra-national bonds								
Liquidity and functioning	0	4	96	0	0	0	+4	25
High-quality financial corporate bonds								
Liquidity and functioning	0	5	91	5	0	-4	0	22
High-quality non-financial corporate bonds								
Liquidity and functioning	0	5	91	5	0	-4	0	22
High-yield corporate bonds								
Liquidity and functioning	0	6	89	6	0	-5	0	18
Convertible securities								
Liquidity and functioning	0	0	100	0	0	0	0	13
Equities								
Liquidity and functioning	0	13	87	0	0	+5	+13	23
Asset-backed securities								
Liquidity and functioning	0	0	100	0	0	0	0	17
Covered bonds								
Liquidity and functioning	0	5	91	5	0	-5	0	22
All collateral types above								
Liquidity and functioning	0	8	88	4	0	+5	+4	24

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

2.2 Demand for funding, liquidity and disputes by collateral type (continued)

Over the past three months, how has the [volume/ duration and persistence] of collateral valuation disputes relating to lending against [collateral type/ all collateral types above] changed?

Table 21

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

Collateral valuation disputes	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage Mar. 2018	Net percentage Jun. 2018	Total number of answers
Domestic government bonds								
Volume	0	0	100	0	0	**-6**	**0**	15
Duration and persistence	0	0	100	0	0	**-6**	**0**	15
High-quality government, sub-national and supra-national bonds								
Volume	0	0	100	0	0	**-4**	**0**	24
Duration and persistence	0	0	100	0	0	**0**	**0**	24
Other government, sub-national and supra-national bonds								
Volume	0	0	100	0	0	**-4**	**0**	24
Duration and persistence	0	0	100	0	0	**0**	**0**	24
High-quality financial corporate bonds								
Volume	0	0	100	0	0	**-4**	**0**	20
Duration and persistence	0	0	100	0	0	**0**	**0**	20
High-quality non-financial corporate bonds								
Volume	0	0	100	0	0	**-4**	**0**	21
Duration and persistence	0	0	100	0	0	**0**	**0**	21
High-yield corporate bonds								
Volume	0	0	100	0	0	**-5**	**0**	18
Duration and persistence	0	0	100	0	0	**0**	**0**	18
Convertible securities								
Volume	0	0	100	0	0	**-8**	**0**	13
Duration and persistence	0	0	100	0	0	**0**	**0**	13
Equities								
Volume	0	0	100	0	0	**0**	**0**	21
Duration and persistence	0	0	100	0	0	**+5**	**0**	21
Asset-backed securities								
Volume	0	0	100	0	0	**0**	**0**	17
Duration and persistence	0	0	100	0	0	**+6**	**0**	17
Covered bonds								
Volume	0	0	100	0	0	**0**	**0**	21
Duration and persistence	0	0	100	0	0	**+5**	**0**	21
All collateral types above								
Volume	0	0	96	4	0	**-4**	**-4**	23
Duration and persistence	0	0	96	4	0	**+4**	**-4**	23

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

3 Non-centrally cleared OTC derivatives

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

Over the past three months, how have [initial margin requirements] set by your institution with respect to OTC [type of derivatives] changed for [average/ most-favoured] clients?

Table 22

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

Initial margin requirements	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Mar. 2018	Jun. 2018	
Foreign exchange								
Average clients	0	0	100	0	0	-5	0	18
Most-favoured clients	0	0	100	0	0	+5	0	18
Interest rates								
Average clients	0	0	100	0	0	-10	0	19
Most-favoured clients	0	0	100	0	0	0	0	19
Credit referencing sovereigns								
Average clients	0	0	100	0	0	-7	0	13
Most-favoured clients	0	0	100	0	0	+7	0	13
Credit referencing corporates								
Average clients	0	0	100	0	0	-6	0	16
Most-favoured clients	0	0	100	0	0	+6	0	16
Credit referencing structured credit products								
Average clients	0	0	100	0	0	-6	0	14
Most-favoured clients	0	0	100	0	0	+6	0	14
Equity								
Average clients	0	0	100	0	0	-11	0	16
Most-favoured clients	0	0	100	0	0	0	0	16
Commodity								
Average clients	0	0	100	0	0	-13	0	14
Most-favoured clients	0	0	100	0	0	0	0	14
Total return swaps referencing non-securities								
Average clients	0	0	100	0	0	-7	0	13
Most-favoured clients	0	0	100	0	0	+7	0	13

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

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

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

Table 23

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

Credit limits	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage Mar. 2018	Net percentage Jun. 2018	Total number of answers
Foreign exchange								
Maximum amount of exposure	0	4	92	4	0	-8	0	24
Maximum maturity of trades	0	4	96	0	0	-4	+4	24
Interest rates								
Maximum amount of exposure	0	0	100	0	0	-4	0	23
Maximum maturity of trades	0	0	100	0	0	0	0	23
Credit referencing sovereigns								
Maximum amount of exposure	0	0	100	0	0	0	0	16
Maximum maturity of trades	0	0	100	0	0	-6	0	16
Credit referencing corporates								
Maximum amount of exposure	0	0	100	0	0	0	0	18
Maximum maturity of trades	0	0	100	0	0	-5	0	18
Credit referencing structured credit products								
Maximum amount of exposure	0	0	100	0	0	-5	0	17
Maximum maturity of trades	0	0	100	0	0	-5	0	17
Equity								
Maximum amount of exposure	5	0	90	5	0	-4	0	20
Maximum maturity of trades	5	0	95	0	0	-4	+5	20
Commodity								
Maximum amount of exposure	0	0	100	0	0	-6	0	17
Maximum maturity of trades	0	0	100	0	0	-6	0	17
Total return swaps referencing non-securities								
Maximum amount of exposure	0	0	100	0	0	0	0	15
Maximum maturity of trades	0	0	100	0	0	-6	0	15

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

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

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

Table 24

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

Liquidity and trading	Deteriorated considerably	Deteriorated somewhat	Remained basically unchanged	Improved somewhat	Improved considerably	Net percentage Mar. 2018	Net percentage Jun. 2018	Total number of answers
Foreign exchange								
Liquidity and trading	0	8	92	0	0	+8	+8	24
Interest rates								
Liquidity and trading	0	9	91	0	0	+4	+9	23
Credit referencing sovereigns								
Liquidity and trading	0	13	88	0	0	0	+13	16
Credit referencing corporates								
Liquidity and trading	0	11	89	0	0	0	+11	18
Credit referencing structured credit products								
Liquidity and trading	0	6	94	0	0	0	+6	17
Equity								
Liquidity and trading	0	0	95	5	0	+9	-5	20
Commodity								
Liquidity and trading	0	0	100	0	0	0	0	17
Total return swaps referencing non-securities								
Liquidity and trading	0	0	100	0	0	0	0	15

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

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

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

Table 25

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

Valuation disputes	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Mar. 2018	Jun. 2018	
Foreign exchange								
Volume	0	5	91	5	0	-8	0	22
Duration and persistence	0	0	100	0	0	0	0	22
Interest rates								
Volume	0	5	91	5	0	-8	0	22
Duration and persistence	0	9	91	0	0	0	+9	22
Credit referencing sovereigns								
Volume	0	6	88	6	0	-6	0	16
Duration and persistence	0	6	94	0	0	+6	+6	16
Credit referencing corporates								
Volume	0	6	89	6	0	-5	0	18
Duration and persistence	0	6	94	0	0	+11	+6	18
Credit referencing structured credit products								
Volume	0	6	88	6	0	-5	0	17
Duration and persistence	0	6	94	0	0	+11	+6	17
Equity								
Volume	0	0	90	10	0	-4	-10	20
Duration and persistence	0	0	95	5	0	+4	-5	20
Commodity								
Volume	0	6	94	0	0	+5	+6	17
Duration and persistence	0	0	100	0	0	+11	0	17
Total return swaps referencing non-securities								
Volume	0	0	100	0	0	-6	0	16
Duration and persistence	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".

3.2 Changes in new or renegotiated master agreements

Over the past three months, how have [margin call practices/ acceptable collateral/ recognition of portfolio or diversification benefits/ covenants and triggers/ other documentation features] incorporated in new or renegotiated OTC derivatives master agreements put in place with your institution's clients changed?

Table 26

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

Changes in agreements	Tightened considerably	Tightened somewhat	Remained basically unchanged	Eased somewhat	Eased considerably	Net percentage		Total number of answers
						Mar. 2018	Jun. 2018	
Margin call practices	4	8	88	0	0	**+16**	**+13**	24
Acceptable collateral	0	8	79	13	0	**0**	**-4**	24
Recognition of portfolio or diversification benefits	0	0	100	0	0	**-4**	**0**	23
Covenants and triggers	0	8	88	4	0	**+13**	**+4**	24
Other documentation features	0	13	83	4	0	**+9**	**+9**	23

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

3.3 Posting of non-standard collateral

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

Table 27

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

Non-standard collateral	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Mar. 2018	Jun. 2018	
Posting of non-standard collateral	4	4	83	8	0	**-4**	**0**	24

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

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