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 2013 SESFOD results

(reference period from September 2013 to November 2013)

Summary

The **December 2013 survey on credit terms and conditions in euro-denominated securities financing and OTC derivatives markets (SESFOD)** collected qualitative information on changes **between September and November 2013**. This summary of results from the survey, which was launched at the end of November 2013, is based on responses from a panel of 29 large banks, comprising 14 euro area banks and 15 banks with head offices outside the euro area.
The December 2013 survey also contains special ad hoc questions on (i) the impact of certain regulatory proposals on the size of securities financing and derivatives books and (ii) changes in market-making activities.

Highlights

The survey suggests that offered **price terms** (such as financing rates/spreads) tightened, on balance, for all types of counterparties covered in the survey over the three-month reference period ending in November 2013, in particular for banks and dealers as well as insurance companies. For each of the counterparty groups included in the survey, with the exception of hedge funds, at least four large banks reported that they had tightened price terms, in some cases considerably.

By contrast, offered **non-price terms** (including, for example, the maximum amount of funding, haircuts, cure periods as well as covenants and triggers) remained basically unchanged (although four respondents indicated somewhat easier non-price terms for hedge fund clients and three respondents indicated the same for non-financial corporations). All in all, there was an overall easing in the **combined effect of price and non-price term** changes offered to hedge funds and non-financial corporations.

Demand by counterparties for the funding of all included types of euro-denominated collateral increased, in some cases considerably. On balance, more than one-fifth of survey participants indicated an increased demand for the funding of high and lower-quality euro-denominated government bonds. Furthermore, for many types of collateral, there was a particularly strong increase in demand for funding for maturities greater than 30 days, especially in the case of equities and convertible securities.

With the exception of commodity derivatives, responses, on balance, suggested a decrease in the volume, duration and persistence of **disputes relating to the valuation of derivatives contracts**. At least four respondents indicated a decrease in the volume of such disputes for non-centrally cleared foreign exchange, interest rate derivatives and corporate and structured credit default swaps. In addition, at least four respondents reported a decrease, which in some cases was considerable, in the duration and persistence of disputes concerning the value of non-centrally cleared foreign exchange and interest rate derivatives contracts.

The implementation of **regulatory initiatives** (as specified in publicly available proposals at the time of the survey) was reported to lead to a likely decrease of securities financing books by 86% of respondents with respect to the **leverage ratio**, by 67% of respondents with respect to the **liquidity coverage ratio** and by 48% of respondents with respect to the **net stable funding ratio**. In most cases, each of these reductions would represent a decrease of no more than 25% of the respondent's securities financing book.

Amid reports of low dealer inventories of debt securities and growing concerns over possible adverse implications for market liquidity under strained market conditions, there was a wide divergence of responses regarding changes in the **market-making activities** of the surveyed large banks over the past five years. More banks reported that their market-making activities for debt securities had increased, often considerably, rather than decreased, whereas the opposite was true in the case of the balance for derivatives. However, on balance, respondents also noted that overall market-making activities, i.e. for all financial instruments taken together, had changed little over the past five years.

Only about one-tenth of respondents indicated that their **ability to act as a market-maker in times of stress** for either debt securities or derivatives and overall would be "very limited" or "limited", while around one-half of respondents to the respective questions reported a "good" ability to provide liquidity in bad times. The majority of large banks noted either a "moderate" or "good" ability to act as a market-maker for high-quality government bonds in times of stress. By contrast, more than two-fifths of respondents reported a "very limited" or "limited" ability to provide liquidity in bad times for high-quality non-financial corporate bonds.

Counterparty types

Changes. Responses to the December 2013 survey suggested that offered price terms (such as financing rates/spreads) had tightened, on balance, for all types of counterparties covered in the survey over the three-month reference period ending in November 2013, in particular for banks and dealers as well as insurance companies. For each of the counterparty groups, with the exception of hedge funds, at least four large banks reported that they had tightened price terms, in some cases considerably. By contrast, offered non-price terms (including, for example, the maximum amount of funding, haircuts, cure periods as well as covenants and triggers) had remained basically unchanged (although four respondents indicated somewhat easier non-price terms for hedge fund clients and three respondents indicated the same for non-financial corporations). All in all, there was an overall easing in the combined effect of price and non-price term changes offered to hedge funds and non-financial corporations.

Expectations. In the case of hedge funds, the same number of respondents, and in the case of non-financial firms, a slightly greater number of respondents, expected applied credit terms to ease somewhat, rather than tighten, during the next three-month reference period from December 2013 to February 2014, whereas for other counterparty groups slightly more respondents indicated that they expected a tightening, rather than an easing, of price and non-price terms.

Reasons. As in previous surveys, changes in general market liquidity and functioning was usually the most frequently cited reason for changes in price and non-price terms, irrespective of whether an easing or tightening of credit terms was reported. The second most frequently mentioned reason for a tightening of credit terms was the diminished availability of balance sheet or capital, whereas less frequently mentioned reasons for an easing of credit terms included an increased willingness to take on risk and more aggressive competition from other institutions. Compared with the September 2013 survey, six instead of three respondents indicated that changes in the practices of central counterparties (CCPs), including margin requirements and haircuts, had contributed (in one case considerably) to the tightening of credit terms applied to clients on bilateral transactions not centrally cleared.

Management of concentrated credit exposures to large banks and CCPs. Bucking a declining trend observed in the previous surveys, the net percentage of banks reporting an increase in the resources and attention devoted to the management of concentrated credit exposures to large banks and to CCPs had increased to roughly one-fourth and two-fifths of respondents, respectively.

Leverage. During the three-month reference period from September to November 2013, the use of financial leverage by insurance companies and investment funds (excluding hedge funds), pension plans and other institutional investment pools was reported to have decreased by more than 10% of respondents, on balance. Four large banks indicated that the use of financial leverage by hedge funds had increased somewhat over the past three months, while only two respondents noted the opposite. None of the respondents indicated any change in the availability of financial leverage under agreements currently in place with hedge fund clients.

Client pressure and differential terms. Since the September 2013 survey, the net percentage of respondents that indicated an increase in the intensity of counterparty efforts to negotiate more favourable terms, as well as the net percentage of large banks that reported an increase in the provision of differential terms to most-favoured clients, had increased for all of the client groups covered, with the exception of non-financial corporations, although the net share of respondents that reported an increase in the provision of better terms to most-favoured clients was smaller than that suggesting an increase in client pressure. On balance, around one-quarter of respondents noted an increase in the intensity of efforts by banks and dealers as well as hedge funds to negotiate more favourable terms.

Valuation disputes. The volume, persistence and duration of valuation disputes with counterparties have generally decreased, on balance, for most types of counterparties over the past three months and especially so with banks and dealers as well as hedge funds – for the latter two counterparty groups a decrease was reported by around one-fifth of respondents to the respective questions.

Securities financing

Maximum amount of funding. Similarly to the previous survey, responses to this survey suggested rather divergent changes in the maximum amount of funding for the various types of euro-denominated securities covered in the survey. On the one hand, a modest net percentage of respondents indicated an overall increase in funding for high-quality government bonds and equities, with an increase in funding for the former being reported by seven large banks. On the other hand, the respondents also pointed to a decrease, on balance, in secured funding limits for euro-denominated high-quality non-financial and high-yield corporate bonds, as well as for covered bonds. Furthermore, the net percentage of banks that reported an increase in funding limits was generally greater, albeit marginally, for most-favoured clients than for average clients.

Maximum maturity of funding. While the net percentage of banks that reported a decrease in the maximum maturity of funding of the types of euro-denominated securities included in the survey was generally smaller than in the previous survey, it was also too negligible to suggest a noteworthy reduction in secured funding maturity limits.

Haircuts. As in the previous survey, responses suggested that the haircuts applying to the various types of euro-denominated collateral covered in the survey had changed little, on balance, over the past three months.

Financing rates/spreads. The net percentage of respondents reporting lower financing rates/spreads at which securities are funded for average clients suggested broadly unchanged financing costs for the various euro-denominated types of collateral covered in the survey. More banks, on balance and in gross terms, indicated a decrease for most-favoured clients. On balance, four respondents to the respective questions indicated a decrease in funding rates/spreads at which high-quality financial corporate bonds and asset-backed securities were funded for most-favoured clients. Moreover, for many types of collateral, the (gross) numbers and percentages of banks reporting divergent changes in financing rates/spreads were rather large. For example, for most-favoured clients, eight and six respondents indicated decreased and increased funding costs for high-quality government bonds, respectively.

Use of CCPs. The majority of respondents indicated that the use of CCPs for the funding of various types of collateral included in the survey had remained basically unchanged over the three-month reference period.

Covenants and triggers. Over the past three months, nearly all responses point to basically unchanged covenants and triggers for all of the collateral types covered in the survey, both for average and most-favoured clients.

Demand for funding. According to the responses to the December 2013 survey, demand by counterparties for the funding of all types of euro-denominated collateral included in the survey increased, in some cases considerably. On balance, more than one-fifth of survey participants indicated an increased demand for the funding of high and lower-quality euro-denominated government bonds. Furthermore, for many types of collateral, there was a particularly strong increase in demand for funding for maturities greater than 30 days, especially in the case of equities and convertible securities.

Liquidity of collateral. Since the September 2013 survey, liquidity and the functioning of markets for the underlying collateral (as opposed to the funding market itself) continued to improve for most types of euro-denominated collateral covered in the survey, in particular for government bonds and high-quality financial corporate bonds.

Collateral valuation disputes. Nearly all of the responses 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. Small or modest net percentages of respondents indicated an increase in initial margin requirements for the various types of euro-denominated derivatives contracts covered in the survey over the three-month reference period, both for average and most-favoured clients.

Credit limits. During the three-month reference period ending in November 2013, most respondents indicated that the maximum amount of exposure and the maximum maturity of derivatives trades had remained basically unchanged for the various types of derivatives included in the survey. However, four large banks reported somewhat decreased maximum exposure limits for corporate credit default swaps.

Liquidity and trading. While large fractions of banks reported basically unchanged liquidity and trading for most types of non-centrally cleared derivatives included in the survey, generally more large banks indicated a deterioration, rather than an improvement, in liquidity and trading over the past three months. Of note, four large banks reported that the liquidity and trading of interest rate derivatives contracts had deteriorated somewhat during the three-month reference period.

Valuation disputes. With the exception of commodity derivatives, responses, on balance, suggested a decrease in the volume, duration and persistence of disputes relating to the valuation of derivatives contracts. At least four respondents indicated a decrease in the volume of such disputes for non-centrally cleared foreign exchange, interest rate derivatives and corporate and structured credit default swaps. In addition, at least four respondents reported a decrease, which in some cases was considerable, in the duration and persistence of disputes concerning the value of non-centrally cleared foreign exchange and interest rate derivatives contracts.

Non-price changes in new agreements. As in the previous survey, small or modest net percentages of respondents indicated some tightening of non-price terms incorporated in new or renegotiated OTC derivatives master agreements. In particular, four respondents (14% of all survey participants) reported a tightening in acceptable collateral and margin call practices.

Posting of non-standard collateral. According to the responses to the December 2013 survey, the posting of non-standard collateral (i.e. collateral other than cash and government debt securities) has remained basically unchanged.

Special Questions

Impact of regulatory proposals

Special questions on the impact of regulatory proposals asked how the large banks' securities financing books and derivatives books would likely be affected by three regulatory initiatives, namely the leverage ratio (LR), the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR). Given that these regulatory proposals had not yet been finalised at the time of the survey, respondents were asked to report their likely impact on the basis of the latest publicly available versions of the proposals:

Leverage ratio – BCBS, "Consultative document: Revised Basel III leverage ratio framework and disclosure requirements", June 2013;

Liquidity coverage ratio – BCBS, "Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools", January 2013;

Net stable funding ratio – BCBS, "Basel III: International framework for liquidity risk measurement, standards and monitoring", December 2010.

Securities financing book. The implementation of regulatory initiatives (as specified in publicly available proposals at the time of the survey) was reported to lead to a likely decrease of securities financing books by 86% of respondents with respect to the leverage ratio, by 67% of respondents with respect to the liquidity coverage ratio and by 48% of respondents with respect to the net stable funding ratio. In most cases, each of these reductions would represent a decrease of no more than 25% of the respondent's securities financing book. One bank, however, reported that its securities financing book would likely shrink by more than half if the proposed version of the leverage ratio were to be implemented.

Derivatives book. More than two-thirds of respondents estimated that their derivatives books would be likely to decrease as a result of the implementation of the leverage ratio as specified at the time of the survey, although almost half of respondents noted that a likely decrease should not exceed 10%. The remaining 30% of respondents thought that their derivatives books would likely either increase or remain unchanged.

Market-making activities

Amid reports of low dealer inventories of debt securities and growing concerns over possible adverse implications for market liquidity under strained market conditions, large banks were asked special questions on market-making activities. These included: (i) how their market-making activities had changed over the past years; (ii) how such activities were expected to change in 2014; (iii) how they assess their ability to act as a market-maker in times of stress; and (iv) how market-marking activities changed during the market turbulence from May to July 2013.

Changes over the past five years. There was a wide divergence of responses regarding changes in the market-making activities of the surveyed large banks over the past five years. More banks reported that their market-making activities for debt securities had increased, often considerably, rather than decreased, whereas the opposite was true for the balance for derivatives. However, on balance, respondents also noted that overall market-making activities, i.e. for all financial instruments taken together, had changed little over the past five years. In the case of debt securities, more than two-thirds and more than one-half of respondents indicated that they had increased market-making activities for high-quality government bonds and high-quality non-financial corporate bonds, respectively, while the gross and net percentages of banks that reported an increase were somewhat smaller for other types of debt securities.

Reasons for changes over the past five years. Banks that reported an increase in their market-making activities for debt securities most often mentioned the growing importance of electronic trading platforms as an important reason, followed by better availability of balance sheet or capital and a greater willingness to take on risk. However, diminished availability of balance sheet or capital was also the most frequently cited reason for a decrease in market-making activities for debt securities over the past five years. With respect to derivatives, compliance with current or expected changes in regulations and diminished availability of balance sheet or capital were the two most frequently reported reasons for a decrease in market-making activities, whereas competition from other institutions was the most frequently mentioned reason for an increase in market-making activities for derivatives over the past five years.

Expected changes in 2014. While around one-half of respondents to the respective questions expected that their market-making activities for debt securities, derivatives and overall would likely remain unchanged in 2014, among other respondents there were more banks that indicated expectations of a decrease (28-36% of respondents) rather than an increase (15-21% of respondents) in market-making activities in 2014.

Reasons for expected changes in 2014. Diminished availability of balance sheet or capital, compliance with current or expected changes in regulations and constraints imposed by internal risk management (e.g. value-at-risk limits) were the three most frequently cited reasons by respondents that expected a decrease in market-making activities for debt securities and derivatives in 2014. However, it is to be noted that the most frequently cited reason for an expected decrease in market-making activities for debt securities was diminished availability of balance sheet or capital, whereas for derivatives it was compliance with current or expected changes in regulation. Responses that indicated an expected increase in market-making activities in 2014 did not reveal any particularly dominant reason.

Ability to act as a market-maker in times of stress. Only about one-tenth of respondents indicated that their ability to act as a market-maker in times of stress for either debt securities or derivatives and overall would be "very limited" or "limited", while around one-half of respondents to the respective questions reported a "good" ability to provide liquidity in bad times. The majority of large banks noted either a "moderate" or "good" ability to act as a market-maker for high-quality government bonds in times of stress. By contrast, more than two-fifths of respondents reported a "very limited" or "limited" ability to provide liquidity in bad times for high-quality non-financial corporate bonds.

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 most often pointed to their greater willingness to take on risk as an important reason for such a self-assessment, followed by a better availability of balance sheet or capital. At the same time, a lower willingness to take on risk was the most frequently cited reason for several responses which suggested a "very limited" or "limited" ability, followed by constraints imposed by internal risk management (e.g. value-at-risk limits). A generally similar ranking of reasons was also evident in the responses to the questions about the ability to act as a market-maker in times of stress for the specific types of debt securities included in the special questions in this survey.

Market-making activities during the market turbulence from May to July 2013. While more than two-thirds of respondents indicated that their market-making activities during the market turbulence from May to July 2013 had remained basically unchanged, around one-quarter of respondents, on balance, suggested that their market-making activities had decreased for debt securities, derivatives and overall during that episode of market stress. Largely in line with responses to the questions on the ability to act as a market-maker in times of stress, the smallest net percentage of banks reporting a decrease in market-making activities was for high-quality government bonds, while the net percentage of banks reporting a decrease for other types of covered debt securities was larger and fluctuated at around one-third of responses.

Reasons for changes in market-making activities from May to July 2013. A lower willingness to take on risk as well as constraints imposed by internal risk management (e.g. value-at-risk limits) were the two most frequently cited reasons for a decrease in market-making activities for debt securities (including for the specific types of debt securities covered in the special questions in this survey) and derivatives during the market turbulence from May to July 2013. The number of responses suggesting an increase in market-making activities during that particular episode of market stress was too low to distinguish any prevailing reason for such increases.

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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. 2013	Dec. 2013	
Banks and dealers								
Price terms	7	21	62	10	0	-7	+17	29
Non-price terms	0	7	86	7	0	-7	0	29
Overall	0	17	69	14	0	-17	+3	29
Hedge funds								
Price terms	0	10	86	5	0	0	+5	21
Non-price terms	0	0	82	18	0	+9	-18	22
Overall	0	5	77	18	0	+5	-14	22
Insurance companies								
Price terms	3	17	76	3	0	0	+17	29
Non-price terms	0	3	97	0	0	-7	+3	29
Overall	0	10	86	3	0	-10	+7	29
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Price terms	0	14	79	7	0	+7	+7	28
Non-price terms	0	7	89	4	0	-4	+4	28
Overall	0	11	86	4	0	-4	+7	28
Non-financial corporations								
Price terms	4	11	74	11	0	+3	+4	27
Non-price terms	0	4	85	11	0	-3	-7	27
Overall	0	7	81	11	0	-3	-4	27
Sovereigns								
Price terms	4	15	70	11	0	+4	+7	27
Non-price terms	0	4	96	0	0	+4	+4	27
Overall	0	11	81	7	0	-8	+4	27
All counterparties above								
Price terms	0	18	75	7	0	-4	+11	28
Non-price terms	0	4	89	7	0	-4	-4	28
Overall	0	11	82	7	0	-11	+4	28

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. 2013	Dec. 2013	
Banks and dealers								
Price terms	0	17	72	10	0	+3	+7	29
Non-price terms	0	17	79	3	0	+10	+14	29
Overall	0	17	72	10	0	+7	+7	29
Hedge funds								
Price terms	0	10	81	10	0	+14	0	21
Non-price terms	0	9	82	9	0	+5	0	22
Overall	0	9	73	18	0	+5	-9	22
Insurance companies								
Price terms	0	14	79	7	0	0	+7	29
Non-price terms	0	10	90	0	0	-3	+10	29
Overall	0	10	83	7	0	-7	+3	29
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Price terms	0	18	75	7	0	+4	+11	28
Non-price terms	0	11	89	0	0	-4	+11	28
Overall	0	11	82	7	0	-7	+4	28
Non-financial corporations								
Price terms	0	7	81	11	0	-4	-4	27
Non-price terms	0	7	81	11	0	0	-4	27
Overall	0	4	81	15	0	-7	-11	27
Sovereigns								
Price terms	0	11	81	7	0	+4	+4	27
Non-price terms	0	7	93	0	0	+8	+7	27
Overall	0	7	85	7	0	0	0	27
All counterparties above								
Price terms	0	14	75	11	0	0	+4	28
Non-price terms	0	11	86	4	0	0	+7	28
Overall	0	11	79	11	0	-4	0	28

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. 2013	Dec. 2013
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	14	20	0	0	13
Willingness of your institution to take on risk	0	40	0	33	13
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	33	0	7
Availability of balance sheet or capital at your institution	29	0	0	0	13
General market liquidity and functioning	57	20	0	33	33
Competition from other institutions	0	20	33	33	13
Other	0	0	33	0	7
Total number of answers	7	5	3	3	15
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	33	33	0	33
Adoption of new market conventions (e.g. ISDA protocols)	0	0	33	0	11
Internal treasury charges for funding	0	33	33	0	22
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	67	0	0	50	22
Competition from other institutions	0	33	0	33	11
Other	0	0	0	0	0
Total number of answers	3	3	3	6	9
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	33	25
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	100	0	25
Availability of balance sheet or capital at your institution	50	0	0	0	25
General market liquidity and functioning	50	0	0	33	25
Competition from other institutions	0	0	0	0	0
Other	0	0	0	33	0
Total number of answers	2	1	1	3	4
Possible reasons for easing					
Current or expected financial strength of counterparties	0	50	0	20	20
Willingness of your institution to take on risk	0	0	0	20	0
Adoption of new market conventions (e.g. ISDA protocols)	50	0	0	10	20
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	10	0
General market liquidity and functioning	50	0	100	20	40
Competition from other institutions	0	50	0	10	20
Other	0	0	0	10	0
Total number of answers	2	2	1	10	5

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. 2013	Dec. 2013
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	33	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	50	0	17
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	50	50	0	0	33
General market liquidity and functioning	50	50	0	33	33
Competition from other institutions	0	0	0	33	0
Other	0	0	50	0	17
Total number of answers	2	2	2	3	6
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	33	0
Willingness of your institution to take on risk	0	0	100	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	100	0	33	33
Competition from other institutions	100	0	0	33	33
Other	0	0	0	0	0
Total number of answers	1	1	1	3	3
Non-price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	50	0
Willingness of your institution to take on risk	0	0	0	25	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	0	0	25	0
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	0	0	0	4	0
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	33	100	0	25
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	67	0	0	25
Competition from other institutions	75	0	0	0	38
Other	25	0	0	0	13
Total number of answers	4	3	1	0	8

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. 2013	Dec. 2013
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	17	20	0	0	14
Willingness of your institution to take on risk	0	0	0	20	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	33	0	7
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	17	20	0	0	14
General market liquidity and functioning	67	20	0	40	36
Competition from other institutions	0	20	33	20	14
Other	0	20	33	20	14
Total number of answers	6	5	3	5	14
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	25	0
Willingness of your institution to take on risk	100	0	0	0	33
Adoption of new market conventions (e.g. ISDA protocols)	0	0	100	0	33
Internal treasury charges for funding	0	100	0	0	33
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	0	0	50	0
Competition from other institutions	0	0	0	25	0
Other	0	0	0	0	0
Total number of answers	1	1	1	4	3
Non-price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	100	0	0	0	100
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	1	0	0	0	1
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	25	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	50	0
Competition from other institutions	0	0	0	25	0
Other	0	0	0	0	0
Total number of answers	0	0	0	4	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?

(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. 2013	Dec. 2013
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	50	0	11
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	25	33	0	0	22
General market liquidity and functioning	75	33	0	50	44
Competition from other institutions	0	0	0	17	0
Other	0	33	50	17	22
Total number of answers	4	3	2	6	9
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	50	0	0	0	20
Adoption of new market conventions (e.g. ISDA protocols)	0	0	100	0	20
Internal treasury charges for funding	0	50	0	0	20
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	50	0	100	20
Competition from other institutions	50	0	0	0	20
Other	0	0	0	0	0
Total number of answers	2	2	1	1	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	50	0	0	0	25
Adoption of new market conventions (e.g. ISDA protocols)	0	100	0	0	25
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	50	0	100	100	50
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	2	1	1	1	4
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	100	0	33
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	25	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	50	33
Competition from other institutions	0	0	0	25	0
Other	0	0	0	0	0
Total number of answers	1	1	1	4	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. 2013	Dec. 2013
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	25	0	0	9	11
Willingness of your institution to take on risk	0	0	0	18	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	25	0	0	0	11
General market liquidity and functioning	50	33	50	36	44
Competition from other institutions	0	67	0	18	22
Other	0	0	50	18	11
Total number of answers	4	3	2	11	9
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	14	0
Willingness of your institution to take on risk	33	0	50	14	29
Adoption of new market conventions (e.g. ISDA protocols)	0	0	50	14	14
Internal treasury charges for funding	0	50	0	0	14
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	33	50	0	29	29
Competition from other institutions	33	0	0	29	14
Other	0	0	0	0	0
Total number of answers	3	2	2	7	7
Non-price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	17	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	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	33	100
Competition from other institutions	0	0	0	17	0
Other	0	0	0	17	0
Total number of answers	1	0	0	6	1
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	100	0	17
Adoption of new market conventions (e.g. ISDA protocols)	33	0	0	20	17
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	33	100	0	60	50
Competition from other institutions	33	0	0	20	17
Other	0	0	0	0	0
Total number of answers	3	2	1	5	6

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. 2013	Dec. 2013
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	20	0	33	20	17
Willingness of your institution to take on risk	0	0	0	20	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	33	0	8
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	20	25	0	0	17
General market liquidity and functioning	60	25	0	20	33
Competition from other institutions	0	50	0	20	17
Other	0	0	33	20	8
Total number of answers	5	4	3	5	12
Possible reasons for easing					
Current or expected financial strength of counterparties	33	0	0	0	14
Willingness of your institution to take on risk	33	50	0	0	29
Adoption of new market conventions (e.g. ISDA protocols)	0	0	50	0	14
Internal treasury charges for funding	0	50	0	0	14
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	33	0	50	100	29
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	3	2	2	1	7
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	33	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	0	0
General market liquidity and functioning	100	0	0	33	100
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	1	0	0	3	1
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

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. 2013	Dec. 2013	
Practices of CCPs	6	28	61	6	0	+20	+28	18

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?

(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. 2013	Dec. 2013	
Banks and dealers	0	3	69	21	7	-14	-24	29
Central counterparties	0	0	57	25	18	-38	-43	28

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

1.4 Leverage

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

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

(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. 2013	Dec. 2013	
Hedge funds								
Use of financial leverage	0	11	68	21	0	+15	-11	19
Availability of unutilised leverage	0	0	100	0	0	0	0	18
Insurance companies								
Use of financial leverage	0	19	77	4	0	0	+15	26
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Use of financial leverage	0	16	80	4	0	+4	+12	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".

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		Total number of answers
						Sep. 2013	Dec. 2013	
Banks and dealers								
Intensity of efforts to negotiate more favourable terms	0	4	68	29	0	-15	-25	28
Provision of differential terms to most-favoured clients	0	4	75	21	0	-4	-18	28
Hedge funds								
Intensity of efforts to negotiate more favourable terms	0	5	67	19	10	-10	-24	21
Provision of differential terms to most-favoured clients	0	5	76	19	0	-5	-14	21
Insurance companies								
Intensity of efforts to negotiate more favourable terms	0	4	81	15	0	-7	-11	27
Provision of differential terms to most-favoured clients	0	4	89	7	0	0	-4	27
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Intensity of efforts to negotiate more favourable terms	0	4	77	19	0	-4	-15	26
Provision of differential terms to most-favoured clients	0	4	85	12	0	0	-8	26
Non-financial corporations								
Intensity of efforts to negotiate more favourable terms	0	4	88	8	0	-11	-4	25
Provision of differential terms to most-favoured clients	0	4	92	4	0	-4	0	25

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

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. 2013	Dec. 2013	
Banks and dealers								
Volume	0	27	69	4	0	-7	+23	26
Duration and persistence	4	19	73	4	0	+4	+19	26
Hedge funds								
Volume	0	22	72	6	0	+14	+17	18
Duration and persistence	6	17	78	0	0	+14	+22	18
Insurance companies								
Volume	0	12	85	4	0	0	+8	26
Duration and persistence	0	8	81	8	4	0	-4	26
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Volume	0	8	88	4	0	+4	+4	25
Duration and persistence	0	8	88	0	4	+4	+4	25
Non-financial corporations								
Volume	0	4	96	0	0	+4	+4	24
Duration and persistence	0	4	92	4	0	+7	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. 2013	Dec. 2013	
Domestic government bonds								
Maximum amount of funding	0	17	61	11	11	-16	-6	18
Maximum maturity of funding	0	11	78	6	6	+5	0	18
Haircuts	0	0	94	6	0	0	-6	18
Financing rate/spread	6	22	33	33	6	0	-11	18
Use of CCPs	0	6	83	11	0	+11	-6	18
High-quality government, sub-national and supra-national bonds								
Maximum amount of funding	0	15	59	26	0	-11	-11	27
Maximum maturity of funding	0	15	74	11	0	+4	+4	27
Haircuts	0	4	93	4	0	+7	0	27
Financing rate/spread	0	26	44	30	0	+18	-4	27
Use of CCPs	0	4	92	4	0	+4	0	25
Other government, sub-national and supra-national bonds								
Maximum amount of funding	0	15	69	15	0	+4	0	26
Maximum maturity of funding	0	15	73	12	0	+12	+4	26
Haircuts	0	4	92	4	0	+4	0	26
Financing rate/spread	0	23	50	27	0	+16	-4	26
Use of CCPs	0	4	92	4	0	+4	0	25
High-quality financial corporate bonds								
Maximum amount of funding	0	22	61	17	0	+13	+4	23
Maximum maturity of funding	0	13	78	9	0	+17	+4	23
Haircuts	0	4	96	0	0	+9	+4	23
Financing rate/spread	0	26	57	13	4	+17	+9	23
Use of CCPs	0	0	95	5	0	0	-5	20
High-quality non-financial corporate bonds								
Maximum amount of funding	0	24	64	12	0	+8	+12	25
Maximum maturity of funding	0	12	84	4	0	+8	+8	25
Haircuts	0	4	96	0	0	+4	+4	25
Financing rate/spread	0	24	60	12	4	+12	+8	25
Use of CCPs	0	5	90	5	0	0	0	21
High-yield corporate bonds								
Maximum amount of funding	0	25	70	5	0	+15	+20	20
Maximum maturity of funding	0	10	85	5	0	+15	+5	20
Haircuts	0	0	95	5	0	+5	-5	20
Financing rate/spread	0	15	75	10	0	+10	+5	20
Use of CCPs	0	7	87	7	0	0	0	15

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

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

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

(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. 2013	Dec. 2013	
Convertible securities								
Maximum amount of funding	7	7	73	7	7	0	0	15
Maximum maturity of funding	0	0	100	0	0	0	0	15
Haircuts	0	0	100	0	0	+7	0	15
Financing rate/spread	0	13	73	7	7	0	0	15
Use of CCPs	0	8	83	8	0	0	0	12
Equities								
Maximum amount of funding	0	4	83	8	4	-13	-8	24
Maximum maturity of funding	0	0	92	8	0	+4	-8	24
Haircuts	0	4	96	0	0	+8	+4	24
Financing rate/spread	0	13	70	9	9	-4	-4	23
Use of CCPs	0	0	94	6	0	0	-6	17
Asset-backed securities								
Maximum amount of funding	0	14	79	7	0	+14	+7	14
Maximum maturity of funding	0	14	79	7	0	+21	+7	14
Haircuts	0	7	87	7	0	0	0	15
Financing rate/spread	0	23	69	8	0	+15	+15	13
Use of CCPs	0	0	92	8	0	0	-8	12
Covered bonds								
Maximum amount of funding	0	18	77	5	0	+13	+14	22
Maximum maturity of funding	0	14	82	5	0	+17	+9	22
Haircuts	0	5	95	0	0	+4	+5	22
Financing rate/spread	0	18	59	23	0	+9	-5	22
Use of CCPs	0	0	95	5	0	0	-5	19

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

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. 2013	Dec. 2013	
Domestic government bonds								
Maximum amount of funding	0	17	56	17	11	-21	-11	18
Maximum maturity of funding	0	11	78	6	6	+5	0	18
Haircuts	0	0	94	6	0	0	-6	18
Financing rate/spread	6	22	33	33	6	0	-11	18
Use of CCPs	0	17	78	6	0	+11	+11	18
High-quality government, sub-national and supra-national bonds								
Maximum amount of funding	0	11	63	26	0	-14	-15	27
Maximum maturity of funding	0	11	78	11	0	+4	0	27
Haircuts	0	7	93	0	0	+7	+7	27
Financing rate/spread	0	30	48	22	0	+14	+7	27
Use of CCPs	0	8	88	4	0	+4	+4	25
Other government, sub-national and supra-national bonds								
Maximum amount of funding	0	12	69	19	0	0	-8	26
Maximum maturity of funding	0	12	77	12	0	+12	0	26
Haircuts	0	8	92	0	0	+8	+8	26
Financing rate/spread	0	27	54	19	0	+12	+8	26
Use of CCPs	0	8	88	4	0	+4	+4	25
High-quality financial corporate bonds								
Maximum amount of funding	0	17	61	22	0	+4	-4	23
Maximum maturity of funding	0	9	78	13	0	+13	-4	23
Haircuts	0	4	96	0	0	+9	+4	23
Financing rate/spread	0	30	57	9	4	+22	+17	23
Use of CCPs	0	0	95	5	0	0	-5	20
High-quality non-financial corporate bonds								
Maximum amount of funding	0	20	68	12	0	+4	+8	25
Maximum maturity of funding	0	8	88	4	0	+12	+4	25
Haircuts	0	4	96	0	0	+4	+4	25
Financing rate/spread	0	24	64	8	4	+16	+12	25
Use of CCPs	0	0	95	5	0	-5	-5	21
High-yield corporate bonds								
Maximum amount of funding	0	20	75	5	0	+15	+15	20
Maximum maturity of funding	0	5	90	5	0	+15	0	20
Haircuts	0	0	95	5	0	+5	-5	20
Financing rate/spread	0	15	80	5	0	+5	+10	20
Use of CCPs	0	0	94	6	0	0	-6	16

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably". "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. 2013	Dec. 2013	
Convertible securities								
Maximum amount of funding	7	7	73	7	7	0	0	15
Maximum maturity of funding	0	0	100	0	0	+7	0	15
Haircuts	0	0	100	0	0	0	0	15
Financing rate/spread	0	13	73	7	7	0	0	15
Use of CCPs	0	0	91	9	0	0	-9	11
Equities								
Maximum amount of funding	0	4	79	13	4	-17	-13	24
Maximum maturity of funding	0	0	92	8	0	0	-8	24
Haircuts	0	8	88	4	0	+4	+4	24
Financing rate/spread	0	13	67	13	8	-4	-8	24
Use of CCPs	0	0	94	6	0	0	-6	16
Asset-backed securities								
Maximum amount of funding	0	13	80	7	0	+21	+7	15
Maximum maturity of funding	0	7	87	7	0	+21	0	15
Haircuts	0	6	88	6	0	+7	0	16
Financing rate/spread	0	29	71	0	0	+14	+29	14
Use of CCPs	0	0	92	8	0	0	-8	12
Covered bonds								
Maximum amount of funding	0	13	78	9	0	+22	+4	23
Maximum maturity of funding	0	9	87	4	0	+17	+4	23
Haircuts	0	4	96	0	0	+4	+4	23
Financing rate/spread	0	22	65	13	0	+9	+9	23
Use of CCPs	0	0	95	5	0	+5	-5	19

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

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 Sep. 2013	Net percentage Dec. 2013	Total number of answers
Domestic government bonds								
Terms for average clients	0	0	100	0	0	0	0	16
Terms for most-favoured clients	0	0	100	0	0	0	0	16
High-quality government, sub-national and supra-national bonds								
Terms for average clients	0	0	100	0	0	-4	0	25
Terms for most-favoured clients	0	0	96	4	0	-4	-4	25
Other government, sub-national and supra-national bonds								
Terms for average clients	0	0	100	0	0	0	0	24
Terms for most-favoured clients	0	0	100	0	0	0	0	24
High-quality financial corporate bonds								
Terms for average clients	0	0	100	0	0	0	0	22
Terms for most-favoured clients	0	0	100	0	0	0	0	22
High-quality non-financial corporate bonds								
Terms for average clients	0	0	100	0	0	0	0	24
Terms for most-favoured clients	0	0	100	0	0	0	0	24
High-yield corporate 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	19
Convertible securities								
Terms for average clients	0	0	100	0	0	0	0	16
Terms for most-favoured clients	0	0	100	0	0	0	0	17
Equities								
Terms for average clients	0	0	100	0	0	0	0	22
Terms for most-favoured clients	0	0	100	0	0	0	0	22
Asset-backed securities								
Terms for average clients	0	0	93	7	0	0	-7	15
Terms for most-favoured clients	0	0	94	6	0	0	-6	16
Covered bonds								
Terms for average clients	0	0	100	0	0	0	0	21
Terms for most-favoured clients	0	0	95	5	0	0	-5	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?

(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. 2013	Dec. 2013	
Domestic government bonds								
Overall demand	0	11	47	32	11	-11	-32	19
With a maturity greater than 30 days	0	5	58	26	11	+11	-32	19
High-quality government, sub-national and supra-national bonds								
Overall demand	0	11	54	29	7	-11	-25	28
With a maturity greater than 30 days	0	7	59	26	7	+4	-26	27
Other government, sub-national and supra-national bonds								
Overall demand	0	11	57	29	4	+4	-21	28
With a maturity greater than 30 days	0	7	63	26	4	+8	-22	27
High-quality financial corporate bonds								
Overall demand	0	13	58	25	4	0	-17	24
With a maturity greater than 30 days	0	8	63	25	4	+4	-21	24
High-quality non-financial corporate bonds								
Overall demand	0	16	64	20	0	+4	-4	25
With a maturity greater than 30 days	0	4	76	20	0	0	-16	25
High-yield corporate bonds								
Overall demand	0	5	65	30	0	0	-25	20
With a maturity greater than 30 days	0	0	75	25	0	+5	-25	20
Convertible securities								
Overall demand	0	13	63	19	6	-7	-13	16
With a maturity greater than 30 days	0	0	69	25	6	-20	-31	16
Equities								
Overall demand	0	8	72	12	8	-8	-12	25
With a maturity greater than 30 days	0	0	68	24	8	-17	-32	25
Asset-backed securities								
Overall demand	0	7	64	29	0	-15	-21	14
With a maturity greater than 30 days	0	0	71	29	0	-15	-29	14
Covered bonds								
Overall demand	0	13	70	17	0	+5	-4	23
With a maturity greater than 30 days	0	4	78	17	0	+5	-13	23
All collateral types above								
Overall demand	0	12	56	28	4	+4	-20	25
With a maturity greater than 30 days	0	8	68	20	4	+8	-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. 2013	Dec. 2013	
Domestic government bonds								
Liquidity and functioning	0	21	47	26	5	-16	-11	19
High-quality government, sub-national and supra-national bonds								
Liquidity and functioning	0	14	61	25	0	-18	-11	28
Other government, sub-national and supra-national bonds								
Liquidity and functioning	0	14	57	29	0	-15	-14	28
High-quality financial corporate bonds								
Liquidity and functioning	0	8	71	21	0	-12	-13	24
High-quality non-financial corporate bonds								
Liquidity and functioning	0	12	80	8	0	-12	+4	25
High-yield corporate bonds								
Liquidity and functioning	0	5	85	10	0	+5	-5	20
Convertible securities								
Liquidity and functioning	0	7	87	7	0	0	0	15
Equities								
Liquidity and functioning	0	4	84	12	0	-16	-8	25
Asset-backed securities								
Liquidity and functioning	0	0	86	14	0	-8	-14	14
Covered bonds								
Liquidity and functioning	0	14	76	10	0	0	+5	21
All collateral types above								
Liquidity and functioning	0	8	68	24	0	-8	-16	25

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

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

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

(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. 2013	Dec. 2013	
Domestic government bonds								
Volume	0	0	95	5	0	0	-5	19
Duration and persistence	0	0	95	5	0	0	-5	19
High-quality government, sub-national and supra-national bonds								
Volume	0	4	96	0	0	0	+4	27
Duration and persistence	0	4	96	0	0	0	+4	27
Other government, sub-national and supra-national bonds								
Volume	0	4	96	0	0	0	+4	27
Duration and persistence	0	4	96	0	0	0	+4	27
High-quality financial corporate bonds								
Volume	0	4	96	0	0	0	+4	23
Duration and persistence	0	4	96	0	0	0	+4	23
High-quality non-financial corporate bonds								
Volume	0	4	96	0	0	0	+4	25
Duration and persistence	0	4	96	0	0	0	+4	25
High-yield corporate bonds								
Volume	0	5	95	0	0	0	+5	19
Duration and persistence	0	5	95	0	0	0	+5	19
Convertible securities								
Volume	0	6	94	0	0	0	+6	18
Duration and persistence	0	6	94	0	0	0	+6	18
Equities								
Volume	0	4	96	0	0	0	+4	23
Duration and persistence	0	4	96	0	0	0	+4	23
Asset-backed securities								
Volume	0	7	93	0	0	0	+7	15
Duration and persistence	0	7	93	0	0	0	+7	15
Covered bonds								
Volume	0	5	95	0	0	0	+5	20
Duration and persistence	0	5	95	0	0	0	+5	20
All collateral types above								
Volume	0	8	92	0	0	0	+8	26
Duration and persistence	0	8	92	0	0	0	+8	26

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably". "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. 2013	Dec. 2013	
Foreign exchange								
Average clients	0	5	86	9	0	0	-5	22
Most-favoured clients	0	0	86	14	0	0	-14	22
Interest rates								
Average clients	0	0	91	9	0	0	-9	22
Most-favoured clients	0	0	86	14	0	0	-14	22
Credit referencing sovereigns								
Average clients	0	5	85	10	0	0	-5	20
Most-favoured clients	0	5	85	10	0	0	-5	20
Credit referencing corporates								
Average clients	0	0	90	10	0	0	-10	21
Most-favoured clients	0	0	90	10	0	0	-10	21
Credit referencing structured credit products								
Average clients	0	0	89	11	0	0	-11	18
Most-favoured clients	0	0	89	11	0	0	-11	18
Equity								
Average clients	0	0	90	10	0	0	-10	20
Most-favoured clients	0	0	90	10	0	0	-10	20
Commodity								
Average clients	0	6	88	6	0	0	0	16
Most-favoured clients	0	0	94	6	0	0	-6	16
Total return swaps referencing non-securities								
Average clients	0	0	88	13	0	0	-13	16
Most-favoured clients	0	0	88	13	0	0	-13	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 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. 2013	Dec. 2013	
Foreign exchange								
Maximum amount of exposure	0	11	82	7	0	+3	+4	28
Maximum maturity of trades	0	0	96	4	0	0	-4	28
Interest rates								
Maximum amount of exposure	0	11	81	7	0	0	+4	27
Maximum maturity of trades	0	11	81	7	0	+4	+4	27
Credit referencing sovereigns								
Maximum amount of exposure	0	9	83	9	0	0	0	23
Maximum maturity of trades	0	9	83	9	0	0	0	23
Credit referencing corporates								
Maximum amount of exposure	0	17	79	4	0	0	+13	24
Maximum maturity of trades	0	8	88	4	0	0	+4	24
Credit referencing structured credit products								
Maximum amount of exposure	0	0	94	6	0	0	-6	17
Maximum maturity of trades	0	0	94	6	0	0	-6	17
Equity								
Maximum amount of exposure	0	0	96	4	0	0	-4	24
Maximum maturity of trades	0	0	96	4	0	+4	-4	24
Commodity								
Maximum amount of exposure	0	11	84	5	0	0	+5	19
Maximum maturity of trades	0	0	95	5	0	0	-5	19
Total return swaps referencing non-securities								
Maximum amount of exposure	0	0	94	6	0	0	-6	16
Maximum maturity of trades	0	0	94	6	0	0	-6	16

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

3.1 Initial margin requirements, credit limits, liquidity and disputes by type of derivatives (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. 2013	Dec. 2013	
Foreign exchange								
Liquidity and trading	0	11	82	7	0	+4	+4	28
Interest rates								
Liquidity and trading	0	15	74	11	0	+4	+4	27
Credit referencing sovereigns								
Liquidity and trading	0	13	83	4	0	+9	+9	23
Credit referencing corporates								
Liquidity and trading	0	13	83	4	0	+5	+9	23
Credit referencing structured credit products								
Liquidity and trading	0	6	89	6	0	+6	0	18
Equity								
Liquidity and trading	0	13	83	4	0	+13	+8	24
Commodity								
Liquidity and trading	0	11	84	5	0	+11	+5	19
Total return swaps referencing non-securities								
Liquidity and trading	0	0	94	6	0	0	-6	17

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

3.1 Initial margin requirements, credit limits, liquidity and disputes by type of derivatives (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. 2013	Dec. 2013	
Foreign exchange								
Volume	0	14	86	0	0	-7	+14	29
Duration and persistence	3	10	83	3	0	0	+10	29
Interest rates								
Volume	4	18	75	4	0	0	+18	28
Duration and persistence	7	14	79	0	0	+7	+21	28
Credit referencing sovereigns								
Volume	0	17	83	0	0	+9	+17	24
Duration and persistence	0	8	88	4	0	+8	+4	24
Credit referencing corporates								
Volume	0	16	84	0	0	+4	+16	25
Duration and persistence	0	8	88	4	0	+4	+4	25
Credit referencing structured credit products								
Volume	0	20	80	0	0	+11	+20	20
Duration and persistence	0	10	85	5	0	+5	+5	20
Equity								
Volume	0	12	80	8	0	0	+4	25
Duration and persistence	4	8	88	0	0	+8	+12	25
Commodity								
Volume	0	5	86	9	0	+5	-5	22
Duration and persistence	0	5	86	9	0	+9	-5	22
Total return swaps referencing non-securities								
Volume	0	6	94	0	0	+5	+6	17
Duration and persistence	0	6	94	0	0	+5	+6	17

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

3.2 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. 2013	Dec. 2013	
Margin call practices	0	14	83	3	0	0	+10	29
Acceptable collateral	0	14	86	0	0	+17	+14	29
Recognition of portfolio or diversification benefits	0	4	96	0	0	+4	+4	26
Covenants and triggers	0	7	93	0	0	+3	+7	29
Other documentation features	0	7	93	0	0	+7	+7	27

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. 2013	Dec. 2013	
Posting of non-standard collateral	0	10	86	5	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

A. Impact of regulatory proposals

In 2014, how is your [securities financing/ derivatives] book likely to be affected by the current regulatory proposal for the [leverage ratio/ liquidity coverage ratio/ net stable funding ratio] (as specified respectively in [BCBS 251, June 2013/ BCBS 238, January 2013/ BCBS 188, December 2010])?

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

Impact of 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
Leverage ratio							
Securities financing book	4	7	43	32	14	+71	28
Derivatives book	0	4	19	48	30	+41	27
Liquidity coverage ratio							
Securities financing book	0	4	22	41	33	+33	27
Net stable funding ratio							
Securities financing book	0	0	19	29	52	-5	21

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".

B. 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 five years?

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

Changes over past five years	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage	Total number of answers
Debt securities	0	30	11	37	22	-30	27
Derivatives	11	46	11	21	11	+25	28
Overall	0	38	19	35	8	-4	26
High-quality government, sub-national and supra-national bonds	4	23	4	42	27	-42	26
Other government, sub-national and supra-national bonds	4	30	26	30	11	-7	27
High-quality non-financial corporate bonds	0	23	19	50	8	-35	26
High-yield corporate bonds	0	27	18	41	14	-27	22
Covered bonds	4	27	31	27	12	-8	26

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

Expected changes in market-making activities

How are the market-making activities of your institution for [debt securities/ derivatives/ overall] likely to change in 2014?

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

Expected changes in 2014	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	46	14	4	+18	28
Derivatives	3	28	48	17	3	+10	29
Overall	0	33	52	15	0	+19	27

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 considerably".

Reasons for changes in market-making activities over the past five years

To the extent that market-making activities of your institution for [debt securities/ derivatives] have decreased or increased over the past five years (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 five years	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	13	0	25	11
Internal treasury charges for funding market-making activities	0	14	25	11
Availability of balance sheet or capital at your institution	50	0	0	21
Competition from other institutions	0	14	25	11
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	25	5
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	38	57	0	37
Growing importance of electronic trading platforms	0	14	0	5
Other (please specify below)	0	0	0	0
Total number of answers	8	7	4	19
Possible reasons for an increase				
Willingness of your institution to take on risk	10	33	0	15
Internal treasury charges for funding market-making activities	10	0	0	4
Availability of balance sheet or capital at your institution	20	11	29	19
Competition from other institutions	20	11	14	15
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	10	0	0	4
Compliance with current or expected changes in regulation	0	0	14	4
Growing importance of electronic trading platforms	10	33	29	23
Other (please specify below)	20	11	14	15
Total number of answers	10	9	7	26
Possible reasons for a decrease				
Willingness of your institution to take on risk	6	20	20	15
Internal treasury charges for funding market-making activities	6	7	10	7
Availability of balance sheet or capital at your institution	31	7	10	17
Competition from other institutions	0	20	10	10
Constraints imposed by internal risk management (e.g. VaR limits)	6	7	10	7
Availability of hedging instruments	19	0	10	10
Compliance with current or expected changes in regulation	25	33	10	24
Growing importance of electronic trading platforms	0	7	20	7
Other (please specify below)	6	0	0	2
Total number of answers	16	15	10	41
Possible reasons for an increase				
Willingness of your institution to take on risk	11	38	0	19
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	11	0	0	5
Competition from other institutions	33	25	0	24
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	25	5
Availability of hedging instruments	11	0	50	14
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	11	25	25	19
Other (please specify below)	22	13	0	14
Total number of answers	9	8	4	21

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

To the extent that market-making activities of your institution for [overall/ high-quality government, sub-national and supra-national bonds] have decreased or increased over the past five years (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 five years	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	13	13	17	14
Internal treasury charges for funding market-making activities	0	13	17	9
Availability of balance sheet or capital at your institution	63	13	17	32
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	13	25	17	18
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	13	38	0	18
Growing importance of electronic trading platforms	0	0	33	9
Other (please specify below)	0	0	0	0
Total number of answers	8	8	6	22
Possible reasons for an increase				
Willingness of your institution to take on risk	13	31	25	22
Internal treasury charges for funding market-making activities	6	0	0	3
Availability of balance sheet or capital at your institution	19	15	25	19
Competition from other institutions	13	0	13	8
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	15	0	5
Compliance with current or expected changes in regulation	0	0	13	3
Growing importance of electronic trading platforms	38	15	13	24
Other (please specify below)	13	23	13	16
Total number of answers	16	13	8	37
High-quality government, sub-national and supra-national bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	33	0	11
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	71	0	20	33
Competition from other institutions	14	0	20	11
Constraints imposed by internal risk management (e.g. VaR limits)	14	17	20	17
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	17	40	17
Other (please specify below)	0	0	0	0
Total number of answers	7	6	5	18
Possible reasons for an increase				
Willingness of your institution to take on risk	22	29	11	22
Internal treasury charges for funding market-making activities	6	14	0	7
Availability of balance sheet or capital at your institution	22	0	44	20
Competition from other institutions	11	7	11	10
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	7	0	2
Compliance with current or expected changes in regulation	0	7	11	5
Growing importance of electronic trading platforms	28	21	11	22
Other (please specify below)	11	14	11	12
Total number of answers	18	14	9	41

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

To the extent that market-making activities of your institution for [other government, sub-national and supra-national bonds/ high-quality non-financial corporate bonds] have decreased or increased over the past five years (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 five years	First reason	Second reason	Third reason	Either first, second or third reason
Other government, sub-national and supra-national bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	22	14	12
Internal treasury charges for funding market-making activities	0	11	14	8
Availability of balance sheet or capital at your institution	78	0	14	32
Competition from other institutions	0	0	14	4
Constraints imposed by internal risk management (e.g. VaR limits)	11	22	14	16
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	11	33	0	16
Growing importance of electronic trading platforms	0	11	29	12
Other (please specify below)	0	0	0	0
Total number of answers	9	9	7	25
Possible reasons for an increase				
Willingness of your institution to take on risk	27	38	0	24
Internal treasury charges for funding market-making activities	0	13	17	8
Availability of balance sheet or capital at your institution	18	0	50	20
Competition from other institutions	9	13	17	12
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	13	0	4
Growing importance of electronic trading platforms	36	25	17	28
Other (please specify below)	9	0	0	4
Total number of answers	11	8	6	25
High-quality non-financial corporate bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	17	20	0	14
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	67	20	0	36
Competition from other institutions	17	0	0	7
Constraints imposed by internal risk management (e.g. VaR limits)	0	20	33	14
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	40	33	21
Growing importance of electronic trading platforms	0	0	33	7
Other (please specify below)	0	0	0	0
Total number of answers	6	5	3	14
Possible reasons for an increase				
Willingness of your institution to take on risk	27	27	0	21
Internal treasury charges for funding market-making activities	0	0	14	3
Availability of balance sheet or capital at your institution	13	0	43	15
Competition from other institutions	7	18	0	9
Constraints imposed by internal risk management (e.g. VaR limits)	0	18	14	9
Availability of hedging instruments	0	9	0	3
Compliance with current or expected changes in regulation	7	0	0	3
Growing importance of electronic trading platforms	20	18	14	18
Other (please specify below)	27	9	14	18
Total number of answers	15	11	7	33

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

To the extent that market-making activities of your institution for [high-yield corporate bonds/ covered bonds] have decreased or increased over the past five years (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 five years	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	25	0	8
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	50	25	0	33
Competition from other institutions	17	0	0	8
Constraints imposed by internal risk management (e.g. VaR limits)	17	0	50	17
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	50	50	25
Growing importance of electronic trading platforms	0	0	0	0
Other (please specify below)	17	0	0	8
Total number of answers	6	4	2	12
Possible reasons for an increase				
Willingness of your institution to take on risk	17	38	13	21
Internal treasury charges for funding market-making activities	0	0	13	4
Availability of balance sheet or capital at your institution	17	25	25	21
Competition from other institutions	8	25	0	11
Constraints imposed by internal risk management (e.g. VaR limits)	0	13	25	11
Availability of hedging instruments	0	0	13	4
Compliance with current or expected changes in regulation	8	0	0	4
Growing importance of electronic trading platforms	25	0	0	11
Other (please specify below)	25	0	13	14
Total number of answers	12	8	8	28
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	20	0	7
Availability of balance sheet or capital at your institution	29	0	33	20
Competition from other institutions	14	0	0	7
Constraints imposed by internal risk management (e.g. VaR limits)	14	0	33	13
Availability of hedging instruments	14	0	33	13
Compliance with current or expected changes in regulation	0	60	0	20
Growing importance of electronic trading platforms	0	0	0	0
Other (please specify below)	29	20	0	20
Total number of answers	7	5	3	15
Possible reasons for an increase				
Willingness of your institution to take on risk	30	29	25	29
Internal treasury charges for funding market-making activities	0	0	50	10
Availability of balance sheet or capital at your institution	10	14	0	10
Competition from other institutions	10	14	0	10
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	10	14	0	10
Growing importance of electronic trading platforms	20	14	25	19
Other (please specify below)	20	14	0	14
Total number of answers	10	7	4	21

Reasons for expected changes in market-making activities in 2014

To the extent that market-making activities of your institution for [debt securities/ derivatives] are likey to decrease or increase in 2014 (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 2014	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	17	0	6
Internal treasury charges for funding market-making activities	0	17	25	11
Availability of balance sheet or capital at your institution	38	17	25	28
Competition from other institutions	13	0	0	6
Constraints imposed by internal risk management (e.g. VaR limits)	13	0	25	11
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	38	50	0	33
Growing importance of electronic trading platforms	0	0	25	6
Other (please specify below)	0	0	0	0
Total number of answers	8	6	4	18
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	33	0	0	17
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other institutions	0	50	0	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	100	17
Other (please specify below)	33	0	0	17
Total number of answers	3	2	1	6
Derivatives				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	29	0	10
Internal treasury charges for funding market-making activities	11	0	0	5
Availability of balance sheet or capital at your institution	33	14	0	19
Competition from other institutions	0	14	20	10
Constraints imposed by internal risk management (e.g. VaR limits)	11	14	0	10
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	44	29	20	33
Growing importance of electronic trading platforms	0	0	60	14
Other (please specify below)	0	0	0	0
Total number of answers	9	7	5	21
Possible reasons for an increase				
Willingness of your institution to take on risk	17	0	0	10
Internal treasury charges for funding market-making activities	17	0	0	10
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other institutions	0	33	0	10
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	100	20
Growing importance of electronic trading platforms	17	33	0	20
Other (please specify below)	50	0	0	30
Total number of answers	6	3	1	10

Reasons for expected changes in market-making activities in 2014 (continued)

To the extent that market-making activities of your institution are likely to decrease or increase [overall] in 2014 (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 2014	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	13	0	4
Internal treasury charges for funding market-making activities	0	25	14	12
Availability of balance sheet or capital at your institution	40	13	29	28
Competition from other institutions	10	0	14	8
Constraints imposed by internal risk management (e.g. VaR limits)	30	13	29	24
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	20	38	0	20
Growing importance of electronic trading platforms	0	0	14	4
Other (please specify below)	0	0	0	0
Total number of answers	10	8	7	25
Possible reasons for an increase				
Willingness of your institution to take on risk	20	33	0	20
Internal treasury charges for funding market-making activities	20	0	0	10
Availability of balance sheet or capital at your institution	20	67	0	30
Competition from other institutions	0	0	100	20
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	20	0	0	10
Other (please specify below)	20	0	0	10
Total number of answers	5	3	2	10

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 times of stress	Very limited	Limited	Moderate	Good	Net percentage	Total number of answers
Debt securities	4	7	41	48	-78	27
Derivatives	4	11	29	57	-71	28
Overall	0	8	42	50	-85	26
High-quality government, sub-national and supra-national bonds	4	7	37	52	-78	27
Other government, sub-national and supra-national bonds	4	30	30	37	-33	27
High-quality non-financial corporate bonds	12	31	23	35	-15	26
High-yield corporate bonds	18	18	32	32	-27	22
Covered bonds	8	23	38	31	-38	26

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 times of stress	First reason	Second reason	Third reason	Either first, second or third reason
Overall				
Possible reasons for "very limited" and "limited" ability				
Willingness of your institution to take on risk	50	50	0	40
Internal treasury charges for funding market-making activities	0	0	0	0
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	50	0	20
Availability of hedging instruments	0	0	100	20
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	2	2	1	5
Possible reasons for "moderate" and "good" ability				
Willingness of your institution to take on risk	37	29	0	25
Internal treasury charges for funding market-making activities	5	14	9	9
Availability of balance sheet or capital at your institution	21	14	9	16
Competition from other institutions	0	0	18	5
Constraints imposed by internal risk management (e.g. VaR limits)	11	21	9	14
Availability of hedging instruments	11	7	0	7
Compliance with current or expected changes in regulation	0	0	45	11
Growing importance of electronic trading platforms	0	7	0	2
Other (please specify below)	16	7	9	11
Total number of answers	19	14	11	44
Derivatives				
Possible reasons for "very limited" and "limited" ability				
Willingness of your institution to take on risk	50	50	0	36
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	25	0	33	18
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	25	50	0	27
Availability of hedging instruments	0	0	33	9
Compliance with current or expected changes in regulation	0	0	33	9
Growing importance of electronic trading platforms	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	4	4	3	11
Possible reasons for "moderate" and "good" ability				
Willingness of your institution to take on risk	36	25	9	27
Internal treasury charges for funding market-making activities	14	13	0	10
Availability of balance sheet or capital at your institution	9	19	27	16
Competition from other institutions	5	0	18	6
Constraints imposed by internal risk management (e.g. VaR limits)	5	13	27	12
Availability of hedging instruments	18	13	0	12
Compliance with current or expected changes in regulation	0	13	9	6
Growing importance of electronic trading platforms	5	6	9	6
Other (please specify below)	9	0	0	4
Total number of answers	22	16	11	49

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/ high-quality 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 times of stress	First reason	Second reason	Third reason	Either first, second or third reason
Debt securities				
Possible reasons for "very limited" and "limited" ability				
Willingness of your institution to take on risk	33	67	0	38
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	33	0	0	13
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	33	33	0	25
Availability of hedging instruments	0	0	100	25
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	3	3	2	8
Possible reasons for "moderate" and "good" ability				
Willingness of your institution to take on risk	50	22	7	30
Internal treasury charges for funding market-making activities	5	11	7	7
Availability of balance sheet or capital at your institution	14	28	21	20
Competition from other institutions	0	0	7	2
Constraints imposed by internal risk management (e.g. VaR limits)	14	17	21	17
Availability of hedging instruments	9	17	0	9
Compliance with current or expected changes in regulation	0	6	29	9
Growing importance of electronic trading platforms	0	0	7	2
Other (please specify below)	9	0	0	4
Total number of answers	22	18	14	54
High-quality government, sub-national and supra-national bonds				
Possible reasons for "very limited" and "limited" ability				
Willingness of your institution to take on risk	33	67	0	38
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	33	0	0	13
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	33	33	0	25
Availability of hedging instruments	0	0	100	25
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	3	3	2	8
Possible reasons for "moderate" and "good" ability				
Willingness of your institution to take on risk	50	17	7	28
Internal treasury charges for funding market-making activities	5	11	7	7
Availability of balance sheet or capital at your institution	14	33	21	22
Competition from other institutions	0	0	7	2
Constraints imposed by internal risk management (e.g. VaR limits)	14	17	14	15
Availability of hedging instruments	5	11	0	6
Compliance with current or expected changes in regulation	0	6	29	9
Growing importance of electronic trading platforms	0	0	7	2
Other (please specify below)	14	6	7	9
Total number of answers	22	18	14	54

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 [other government, sub-national and supra-national 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 times of stress	First reason	Second reason	Third reason	Either first, second or third reason
Other government, sub-national and supra-national bonds				
Possible reasons for "very limited" and "limited" ability				
Willingness of your institution to take on risk	56	22	0	27
Internal treasury charges for funding market-making activities	0	0	13	4
Availability of balance sheet or capital at your institution	11	22	25	19
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	33	44	13	31
Availability of hedging instruments	0	0	38	12
Compliance with current or expected changes in regulation	0	11	13	8
Growing importance of electronic trading platforms	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	9	9	8	26
Possible reasons for "moderate" and "good" ability				
Willingness of your institution to take on risk	47	25	10	31
Internal treasury charges for funding market-making activities	0	17	0	5
Availability of balance sheet or capital at your institution	18	17	20	18
Competition from other institutions	0	0	10	3
Constraints imposed by internal risk management (e.g. VaR limits)	6	8	10	8
Availability of hedging instruments	12	25	0	13
Compliance with current or expected changes in regulation	0	0	20	5
Growing importance of electronic trading platforms	0	0	20	5
Other (please specify below)	18	8	10	13
Total number of answers	17	12	10	39
High-quality non-financial corporate bonds				
Possible reasons for "very limited" and "limited" ability				
Willingness of your institution to take on risk	64	18	0	28
Internal treasury charges for funding market-making activities	0	0	20	6
Availability of balance sheet or capital at your institution	9	27	10	16
Competition from other institutions	0	0	10	3
Constraints imposed by internal risk management (e.g. VaR limits)	0	45	10	19
Availability of hedging instruments	9	0	10	6
Compliance with current or expected changes in regulation	0	0	30	9
Growing importance of electronic trading platforms	0	0	0	0
Other (please specify below)	18	9	10	13
Total number of answers	11	11	10	32
Possible reasons for "moderate" and "good" ability				
Willingness of your institution to take on risk	38	11	14	24
Internal treasury charges for funding market-making activities	0	22	0	7
Availability of balance sheet or capital at your institution	15	44	43	31
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	11	29	10
Availability of hedging instruments	23	11	0	14
Compliance with current or expected changes in regulation	8	0	0	3
Growing importance of electronic trading platforms	0	0	0	0
Other (please specify below)	15	0	14	10
Total number of answers	13	9	7	29

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/ 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 times of stress	First reason	Second reason	Third reason	Either first, second or third reason
High-yield corporate bonds				
Possible reasons for "very limited" and "limited" ability				
Willingness of your institution to take on risk	63	13	0	26
Internal treasury charges for funding market-making activities	0	0	14	4
Availability of balance sheet or capital at your institution	13	25	14	17
Competition from other institutions	0	0	14	4
Constraints imposed by internal risk management (e.g. VaR limits)	0	50	0	17
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	43	13
Growing importance of electronic trading platforms	0	0	0	0
Other (please specify below)	25	13	14	17
Total number of answers	8	8	7	23
Possible reasons for "moderate" and "good" ability				
Willingness of your institution to take on risk	27	13	29	23
Internal treasury charges for funding market-making activities	0	25	0	8
Availability of balance sheet or capital at your institution	18	38	43	31
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	9	13	29	15
Availability of hedging instruments	18	13	0	12
Compliance with current or expected changes in regulation	9	0	0	4
Growing importance of electronic trading platforms	0	0	0	0
Other (please specify below)	18	0	0	8
Total number of answers	11	8	7	26
Covered bonds				
Possible reasons for "very limited" and "limited" ability				
Willingness of your institution to take on risk	63	13	0	26
Internal treasury charges for funding market-making activities	0	0	14	4
Availability of balance sheet or capital at your institution	13	25	0	13
Competition from other institutions	0	0	14	4
Constraints imposed by internal risk management (e.g. VaR limits)	13	50	14	26
Availability of hedging instruments	0	0	14	4
Compliance with current or expected changes in regulation	0	0	29	9
Growing importance of electronic trading platforms	0	0	0	0
Other (please specify below)	13	13	14	13
Total number of answers	8	8	7	23
Possible reasons for "moderate" and "good" ability				
Willingness of your institution to take on risk	47	18	11	29
Internal treasury charges for funding market-making activities	0	18	0	6
Availability of balance sheet or capital at your institution	20	27	44	29
Competition from other institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	7	9	11	9
Availability of hedging instruments	13	18	0	11
Compliance with current or expected changes in regulation	0	9	11	6
Growing importance of electronic trading platforms	7	0	22	9
Other (please specify below)	7	0	0	3
Total number of answers	15	11	9	35

Market-making activities during the market turbulence from May to July 2013

How have the market-making activities of your institution for [debt securities/ derivatives/ overall] changed during the market turbulence from May to July 2013?

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

Market-making activities during the market turbulence from May to July 2013	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage	Total number of answers
Debt securities	4	23	69	4	0	+23	26
Derivatives	4	25	68	4	0	+25	28
Overall	4	23	69	4	0	+23	26
High-quality government, sub-national and supra-national bonds	4	19	69	4	4	+15	26
Other government, sub-national and supra-national bonds	8	27	62	0	4	+31	26
High-quality non-financial corporate bonds	12	31	50	8	0	+35	26
High-yield corporate bonds	9	35	43	13	0	+30	23
Covered bonds	8	28	64	0	0	+36	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".

Reasons for changes in market-making activities during May-July 2013

To the extent that market-making activities of your institution for [debt securities/ derivatives] have decreased or increased during the market turbulence from May to July 2013 (as reflected in your responses above), what was the [first/ second/ third] most important reason?

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

Market-making activities during the market turbulence from May to July 2013	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	43	33	0	31
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	33	67	23
Constraints imposed by internal risk management (e.g. VaR limits)	29	33	33	31
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
Other (please specify below)	29	0	0	15
Total number of answers	7	3	3	13
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
Other (please specify below)	100	0	0	100
Total number of answers	1	0	0	1
Derivatives				
Possible reasons for a decrease				
Willingness of your institution to take on risk	25	25	0	19
Internal treasury charges for funding market-making activities	13	0	0	6
Availability of balance sheet or capital at your institution	0	25	25	13
Competition from other institutions	0	50	25	19
Constraints imposed by internal risk management (e.g. VaR limits)	25	0	25	19
Availability of hedging instruments	13	0	25	13
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Other (please specify below)	25	0	0	13
Total number of answers	8	4	4	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	0	0	0	0
Other (please specify below)	100	0	0	100
Total number of answers	1	0	0	1

Market-making activities during the market turbulence from May to July 2013 (continued)

To the extent that market-making activities of your institution for [overall/ high-quality government, sub-national and supra-national bonds] have decreased or increased during the market turbulence from May to July 2013 (as reflected in your responses above), what was the [first/ second/ third] most important reason?

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

Market-making activities during the market turbulence from May to July 2013	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	43	33	0	31
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	67	0	15
Competition from other institutions	0	0	67	15
Constraints imposed by internal risk management (e.g. VaR limits)	29	0	33	23
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
Other (please specify below)	29	0	0	15
Total number of answers	7	3	3	13
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	100	0	0	33
Availability of balance sheet or capital at your institution	0	100	0	33
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	100	33
Other (please specify below)	0	0	0	0
Total number of answers	1	1	1	3
High-quality government, sub-national and supra-national bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	50	33	0	33
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	67	0	17
Competition from other institutions	0	0	67	17
Constraints imposed by internal risk management (e.g. VaR limits)	33	0	33	25
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
Other (please specify below)	17	0	0	8
Total number of answers	6	3	3	12
Possible reasons for an increase				
Willingness of your institution to take on risk	0	50	0	17
Internal treasury charges for funding market-making activities	50	0	0	17
Availability of balance sheet or capital at your institution	50	50	0	33
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	50	17
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	50	17
Other (please specify below)	0	0	0	0
Total number of answers	2	2	2	6

Market-making activities during the market turbulence from May to July 2013 (continued)

To the extent that market-making activities of your institution for [other government, sub-national and supra-national bonds/ high-quality non-financial corporate bonds] have decreased or increased during the market turbulence from May to July 2013 (as reflected in your responses above), what was the [first/ second/ third] most important reason?

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

Market-making activities during the market turbulence from May to July 2013	First reason	Second reason	Third reason	Either first, second or third reason
Other government, sub-national and supra-national bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	44	17	17	29
Internal treasury charges for funding market-making activities	0	0	17	5
Availability of balance sheet or capital at your institution	0	50	0	14
Competition from other institutions	0	0	33	10
Constraints imposed by internal risk management (e.g. VaR limits)	33	17	17	24
Availability of hedging instruments	11	0	17	10
Compliance with current or expected changes in regulation	0	17	0	5
Growing importance of electronic trading platforms	0	0	0	0
Other (please specify below)	11	0	0	5
Total number of answers	9	6	6	21
Possible reasons for an increase				
Willingness of your institution to take on risk	0	100	0	33
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	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	100	33
Other (please specify below)	0	0	0	0
Total number of answers	1	1	1	3
High-quality non-financial corporate bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	36	33	0	27
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	33	40	18
Competition from other institutions	0	17	20	9
Constraints imposed by internal risk management (e.g. VaR limits)	27	17	20	23
Availability of hedging instruments	9	0	20	9
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Other (please specify below)	27	0	0	14
Total number of answers	11	6	5	22
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
Other (please specify below)	100	0	0	100
Total number of answers	2	0	0	2

Market-making activities during the market turbulence from May to July 2013 (continued)

To the extent that market-making activities of your institution for [high-yield corporate bonds/ covered bonds] have decreased or increased during the market turbulence from May to July 2013 (as reflected in your responses above), what was the [first/ second/ third] most important reason?

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

Market-making activities during the market turbulence from May to July 2013	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	40	33	0	27
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	33	33	18
Competition from other institutions	0	0	17	5
Constraints imposed by internal risk management (e.g. VaR limits)	30	17	17	23
Availability of hedging instruments	0	0	17	5
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Other (please specify below)	30	17	17	23
Total number of answers	10	6	6	22
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	33	0	0	25
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	100	0	25
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Other (please specify below)	67	0	0	50
Total number of answers	3	1	0	4
Covered bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	56	17	0	29
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	33	33	19
Competition from other institutions	0	0	33	10
Constraints imposed by internal risk management (e.g. VaR limits)	22	17	17	19
Availability of hedging instruments	0	17	17	10
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Other (please specify below)	22	17	0	14
Total number of answers	9	6	6	21
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
Other (please specify below)	0	0	0	0
Total number of answers	0	0	0	0