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DIVISION OF MONETARY AFFAIRS

DIVISION OF RESEARCH AND STATISTICS



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**Senior Credit Officer Opinion Survey
on Dealer Financing Terms**

March 2013

The March 2013 Senior Credit Officer Opinion Survey on Dealer Financing Terms

Summary

The March 2013 Senior Credit Officer Opinion Survey on Dealer Financing Terms collected qualitative information on changes over the previous three months in credit terms and conditions in securities financing and over-the-counter (OTC) derivatives markets. In addition to the core set of questions, the survey included two sets of special questions. The first set asked about changes since the middle of 2012 in the provision of warehouse funding for commercial real estate (CRE) loans and syndicated bank loans on an interim basis prior to securitization. The second set queried dealers about changes in client risk appetite since the beginning of 2013. The 22 institutions participating in the survey provide almost all of the dealer financing of dollar-denominated securities to nondealers and are the most active intermediaries in OTC derivatives markets. The survey was conducted during the period from February 19, 2013, to March 4, 2013. The core questions ask about changes between December 2012 and February 2013.¹

Responses to the March survey generally suggested little change over the past three months in the credit terms applicable to important classes of counterparties. As in previous surveys, respondents indicated that most nonprice terms incorporated in new or renegotiated OTC derivatives master agreements were broadly unchanged, on balance, during the same period. Dealers also reported that initial margin requirements, which fall outside the scope of the master agreements, were generally little changed. However, responses to the survey offered several insights regarding recent developments and current areas of focus in dealer-intermediated markets:

- Continuing a trend observed in previous surveys, a large net fraction of respondents reported an increase in the amount of resources and attention devoted to management of concentrated exposures to central counterparties and other financial market utilities.

¹ For questions that ask about credit terms, reported net percentages equal the percentage of institutions that reported tightening terms (“tightened considerably” or “tightened somewhat”) minus the percentage of institutions that reported easing terms (“eased considerably” or “eased somewhat”). For questions that ask about demand, reported net fractions equal the percentage of institutions that reported increased demand (“increased considerably” or “increased somewhat”) minus the percentage of institutions that reported decreased demand (“decreased considerably” or “decreased somewhat”).

- Overall, respondents noted that the use of financial leverage by most classes of counterparties had remained basically unchanged over the past three months. However, more than one-fourth of dealers, on net, reported an increase in the use of leverage by hedge funds.
- While the credit terms applicable to the funding of the various types of securities covered in the survey were reported to be little changed, on net, over the past three months, dealers indicated that demand for funding had increased for a number of collateral types, particularly for securitized products. Almost two-thirds of respondents reported increased demand for funding of non-agency residential mortgage-backed securities (RMBS), whereas about two-fifths noted increased demand for funding of agency RMBS and commercial mortgage-backed securities (CMBS).
- For most of the collateral types covered by the survey, dealers characterized liquidity and functioning in the underlying markets as improved relative to three months earlier.
- In response to the set of special questions on warehouse funding of CRE loans and syndicated bank loans prior to securitization, notable net fractions of dealers reported an increased willingness to fund such loans on an interim basis at prevailing market rates and under prevailing terms since the middle of 2012. About one-half of survey respondents also indicated that demand for such interim funding for CRE and syndicated bank loans had increased over the same period.
- In response to the set of special questions about client risk appetite, dealers reported that the appetite of most client types to bear investment risk had increased since the beginning of 2013. In particular, nearly one-half of dealers, on net, noted an increase in the risk appetite of their most-favored hedge fund clients, while about one-fourth of respondents pointed to an increase on the part of other hedge funds and insurance companies.

Counterparty Types

(Questions 1–40)

Dealers and other financial intermediaries. In the March survey, all but two respondents indicated that the amount of resources and attention devoted to management of concentrated exposures to dealers and other financial intermediaries remained basically unchanged over the past three months. (See the exhibit “Management of Concentrated Credit Exposures and Indicators of Supply of Credit.”) The fraction of dealers reporting an increase in the amount of resources and attention devoted to management of concentrated exposures to dealers and other financial intermediaries has declined gradually from the 90 percent peak reached in the December 2011 survey.

Central counterparties and other financial utilities. About three-fifths of dealers indicated that they had increased the amount of resources and attention devoted to management of concentrated credit exposure to central counterparties and other financial utilities over the past three months, roughly the same share as in previous surveys. About one-fifth of survey respondents noted that the credit terms their institutions applied to clients on bilateral transactions that are not cleared had been influenced to a more than minimal extent by changes in the practices of central counterparties, including changes in margin requirements and haircuts.

Hedge funds. As in December, respondents to the March survey generally indicated that both price terms (such as financing rates) and nonprice terms (including haircuts, maximum maturity, covenants, cure periods, cross-default provisions, or other documentation features) offered to hedge funds for securities financing and OTC derivatives transactions had remained basically unchanged over the past three months. However, more than one-fourth of respondents reported an increase in the use of financial leverage by hedge funds over the past three months. (See the exhibit “Use of Financial Leverage.”) Nearly one-fourth of dealers further noted that there had been an increase in the intensity of efforts by hedge funds to negotiate more-favorable price and nonprice terms over the same period. A similar fraction noted that the provision of differential terms to most-favored hedge funds had increased somewhat.

Trading real estate investment trusts. Most respondents to the March survey reported that price and nonprice terms offered to trading real estate investment trusts (REITs) had remained basically unchanged over the past three months.² Respondents generally indicated that the use of financial leverage by trading REITs had also remained basically unchanged. Dealers also noted that both the intensity of efforts by trading REITs to negotiate more-favorable price and nonprice terms and the provision of differential terms to most-favored clients were broadly unchanged.

Mutual funds, exchange-traded funds, pension plans, and endowments. Respondents to the March survey indicated that both price and nonprice terms offered to mutual funds, exchange-traded funds, pension plans, and endowments had remained essentially unchanged over the past three months. Provision of differential terms to most-favored clients and the intensity of efforts by clients to negotiate more-favorable terms were also reported to be little changed, as was the use of financial leverage.

Insurance companies. Respondents to the March survey indicated that both price and nonprice terms offered to insurance companies had changed little over the past three months, as had the provision of differential terms to most-favored clients. The use of financial leverage by insurance companies also remained unchanged. A few respondents reported an increase in the intensity of efforts by insurance companies to negotiate more-favorable price and nonprice terms.

² Trading REITs invest in assets backed by real estate rather than directly in real estate.

Separately managed accounts established with investment advisers. As in the previous survey, nearly all of the dealers reported in the March survey that price and nonprice terms negotiated by investment advisers on behalf of separately managed accounts were basically unchanged over the past three months. Provision of differential terms to most-favored clients and the intensity of effort by clients to negotiate more-favorable terms were also reported to be little changed. Finally, the use of financial leverage by investment advisers remained basically unchanged.

Nonfinancial corporations. About one-fifth of respondents indicated that they had eased somewhat price terms offered to nonfinancial corporations over the past three months; a couple of dealers also pointed to an easing of nonprice terms. More than one-fourth of respondents reported an increase in the intensity of efforts by nonfinancial corporations to negotiate more-favorable price and nonprice terms.

Mark and collateral disputes. As in previous surveys, a large majority of respondents in March indicated that the volume, persistence, and duration of mark and collateral disputes with each counterparty type included in the survey were little changed over the past three months. A few respondents, however, reported a decline over the same period in the volume of mark and collateral disputes with dealers and other financial intermediaries as well as with hedge funds.

Over-the-Counter Derivatives

(Questions 41–51)

As in previous surveys, most nonprice terms incorporated in new or renegotiated OTC derivatives master agreements were reported to be basically unchanged, on net, over the past three months.³ However, in a departure from prior survey responses, one-fourth of dealers reported a tightening in acceptable collateral, and one-fifth of respondents also indicated that requirements, timelines, and thresholds for posting additional margin had tightened somewhat over the past three months.

For all of the contract types included in the survey, nearly all of the dealers indicated that initial margins (which fall outside the scope of master agreements) were little changed over the past three months. Posting of nonstandard collateral (that is, collateral other than cash and U.S. Treasury securities) also remained basically unchanged on balance.

For most contract types included in the survey, dealers generally indicated that the volume, duration, and persistence of mark and collateral disputes had remained basically unchanged over the past three months. However, a few dealers reported a decline in

³ The survey asks specifically about requirements, timelines, and thresholds for posting additional margin, acceptable collateral, recognition of portfolio or diversification benefits, triggers and covenants, and other documentation features, including cure periods and cross-default provisions.

mark and collateral disputes with regard to credit derivatives referencing corporates and securitized products (including MBS and ABS) as well as with regard to commodities.

Securities Financing

*(Questions 52–79)*⁴

As in previous surveys, dealers reported that the credit terms under which most types of securities included in the survey are financed were little changed, on balance, over the past three months. However, in the March survey, dealers reported that demand for funding had increased for a number of collateral types. (See the exhibit “Measures of Demand for Funding and Market Functioning.”) In particular, significant net fractions of respondents noted an increase in demand for funding of securitized products. Almost two-thirds of dealers reported increased demand for funding of non-agency RMBS, while about two-fifths of respondents pointed to increased demand for funding of agency RMBS and CMBS. In addition, smaller net fractions of dealers reported increased demand for funding of high-yield and high-grade corporate bonds as well as equities. Finally, respondents noted an increase in demand for term funding—that is, funding with a maturity of 30 days or more—for several types of collateral. Almost two-fifths of respondents reported such an increase with respect to high-yield corporate bonds, and about one-fourth with respect to agency and non-agency RMBS as well as CMBS.

Survey respondents characterized liquidity and functioning over the past three months as improved in a number of markets. In particular, roughly one-fifth of respondents noted such an improvement in the markets for CMBS, non-agency RMBS, consumer ABS, and high-yield corporate bonds.⁵ Finally, as in recent surveys, almost all of the respondents indicated that the volume, duration, and persistence of market and collateral disputes were basically unchanged for all of the collateral types.

Special Questions on Warehouse Funding of Commercial Real Estate and Syndicated Bank Loans prior to Securitization

(Questions 81–86)

A number of new CMBS issues and collateralized loan obligations (CLOs) have been brought to market over the past nine months. In some cases, such primary market activities rely on dealers providing funding for the collateral on an interim basis prior to securitization through “warehouse” lending facilities. The first set of special questions in

⁴ Question 80, not discussed here, was optional and allowed respondents to provide additional comments.

⁵ Note that survey respondents are instructed to report changes in liquidity and functioning in the market for the underlying collateral to be funded through repurchase agreements and similar secured financing transactions, not changes in the funding market itself. This question is not asked with respect to equity markets in the core questions.

the March survey asked dealers about the provision of warehouse funding for CRE loans and for syndicated bank loans.

With regard to CRE loans, about one-third of dealers that funded such loans on an interim basis through warehouse financing and similar secured facilities indicated that they had eased their terms on the loans somewhat since the middle of 2012. About one-fourth of respondents also noted an increase in their willingness to fund these loans on an interim basis at prevailing market rates and under prevailing market terms over the same period. In addition, about one-half of dealers reported an increase in demand by their clients for funding CRE loans on an interim basis since the middle of 2012.

With respect to syndicated bank loans, the terms under which these loans are funded on an interim basis through warehouse financing and similar secured facilities were reported to have remained basically unchanged since the middle of 2012. However, about one-third of dealers on net that offered such funding indicated that they had become more willing to fund these loans on an interim basis at prevailing market rates and under prevailing market terms. More than one-half of respondents also reported an increase in demand for funding syndicated bank loans on an interim basis since the middle of 2012.

Special Question on Client Risk Appetite

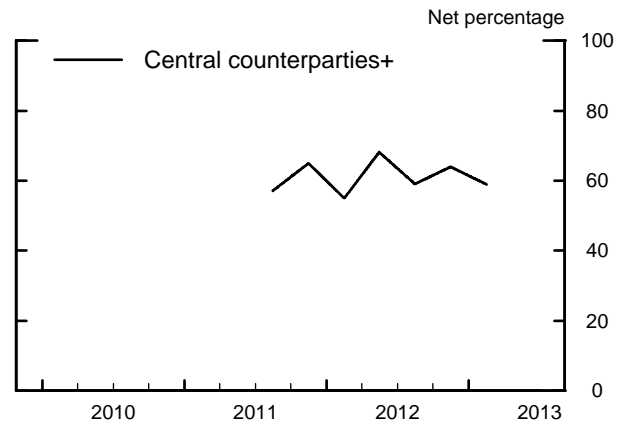
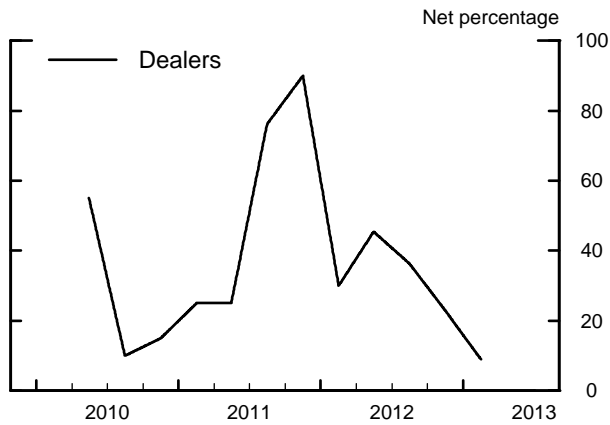
(Question 87)

The last special question queried dealers about changes in risk appetite of different client types since the beginning of 2013. Overall, respondents indicated that the appetite of most client types to bear investment risk had increased. (See the exhibit “Client Risk Appetite.”) Most notably, nearly one-half of dealers, on net, reported an increase in risk appetite of their most-favored hedge fund clients, and about one-fourth of respondents, on balance, noted an increase for other hedge funds and insurance companies.

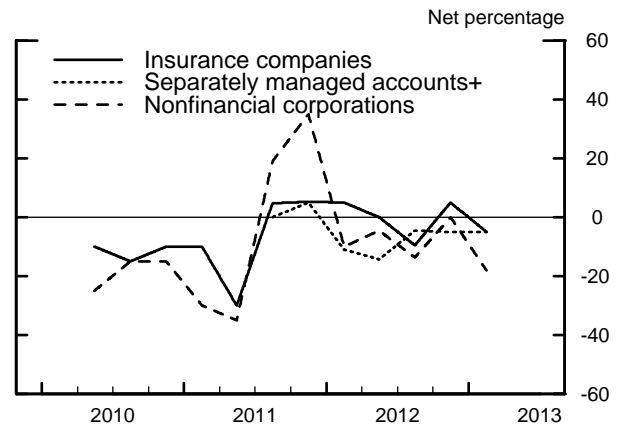
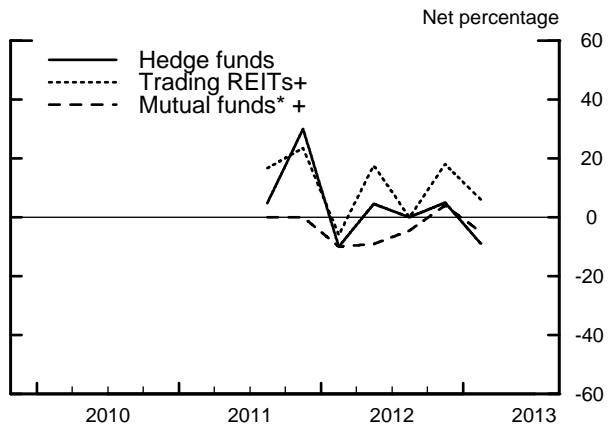
This document was prepared by Lubomir Petrasek, Division of Monetary Affairs, Board of Governors of the Federal Reserve System. Assistance in developing and administering the survey was provided by staff members in the Statistics Function and the Markets Group at the Federal Reserve Bank of New York.

Management of Concentrated Credit Exposures and Indicators of Supply of Credit

Respondents increasing resources and attention to management of concentrated exposures to:

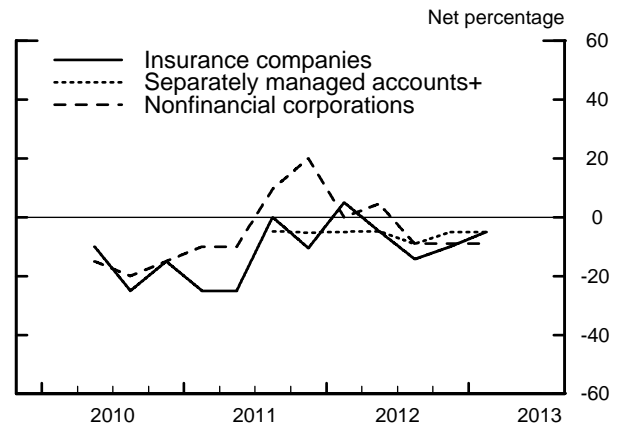
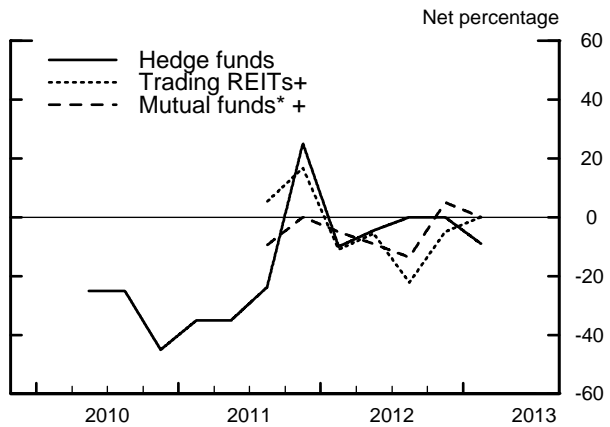


Respondents tightening price terms to:



* Includes mutual funds, exchange-traded funds, pension plans, and endowments.

Respondents tightening nonprice terms to:

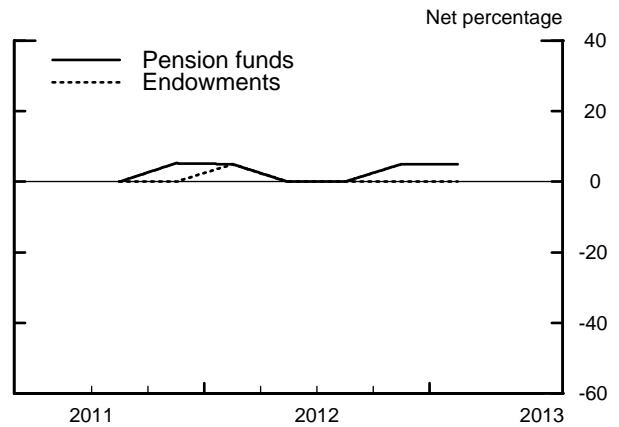
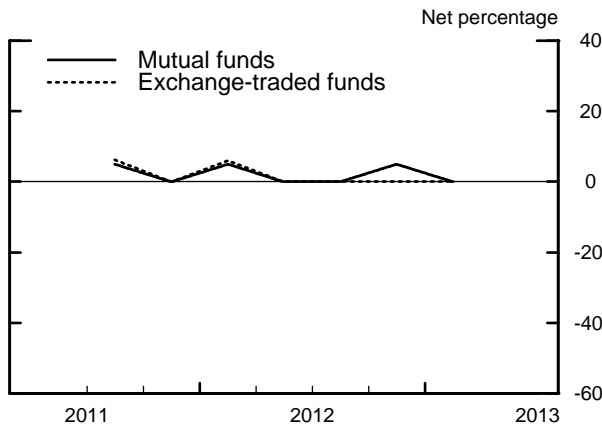
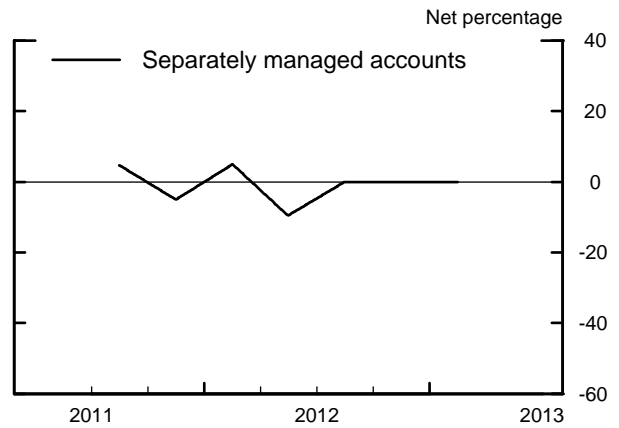
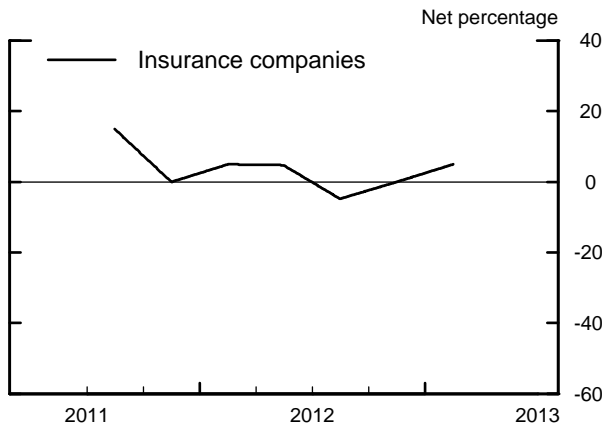
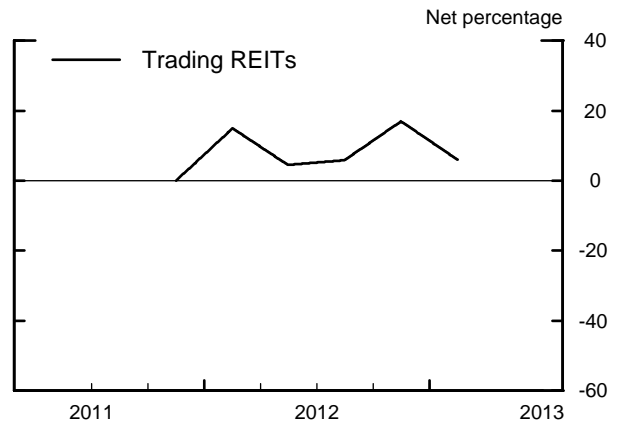
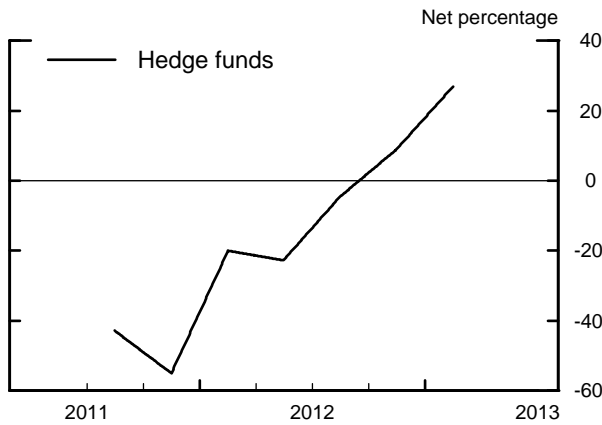


* Includes mutual funds, exchange-traded funds, pension plans, and endowments.

+ Note: This question was added in the September 2011 survey.

Use of Financial Leverage

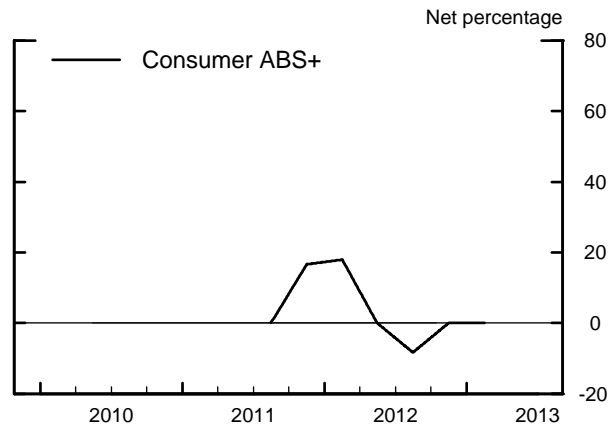
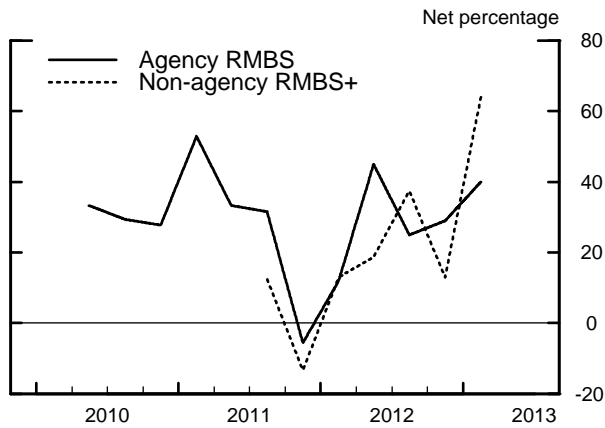
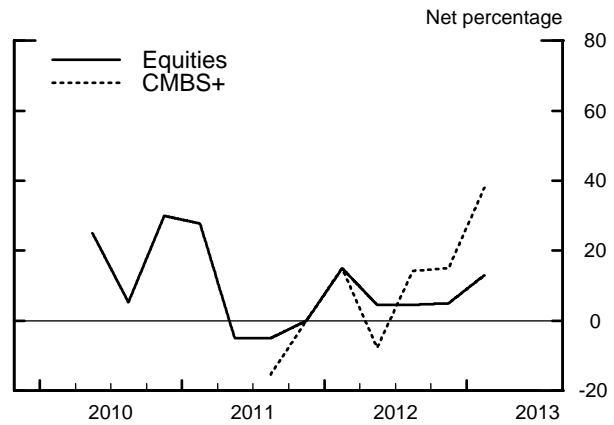
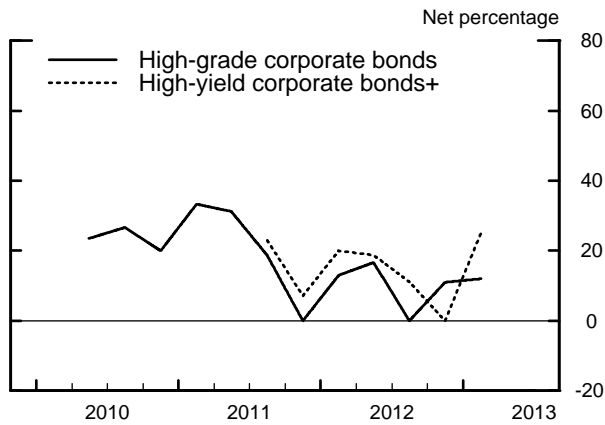
Respondents reporting increased use of leverage by:



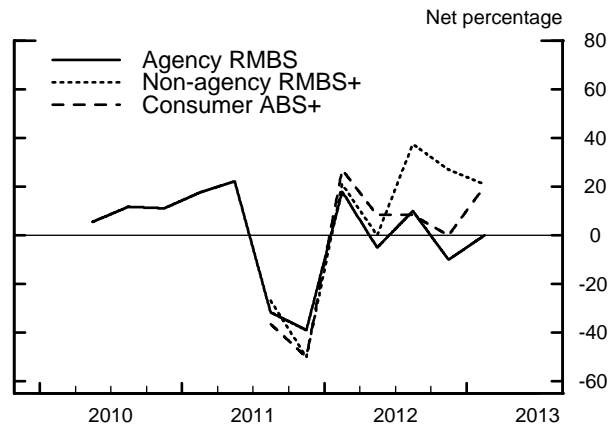
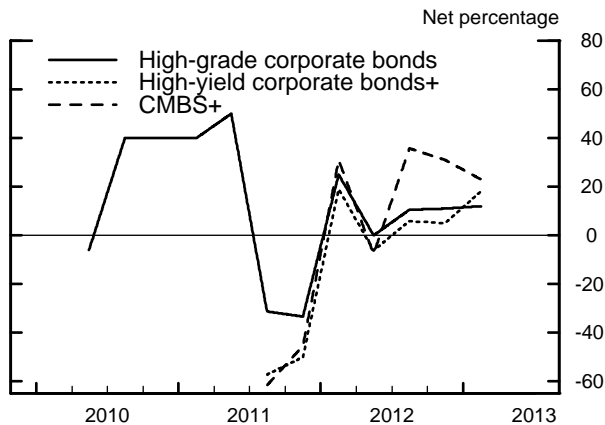
Note: This question was added in the September 2011 survey.

Measures of Demand for Funding and Market Functioning

Respondents reporting increased demand for funding of:

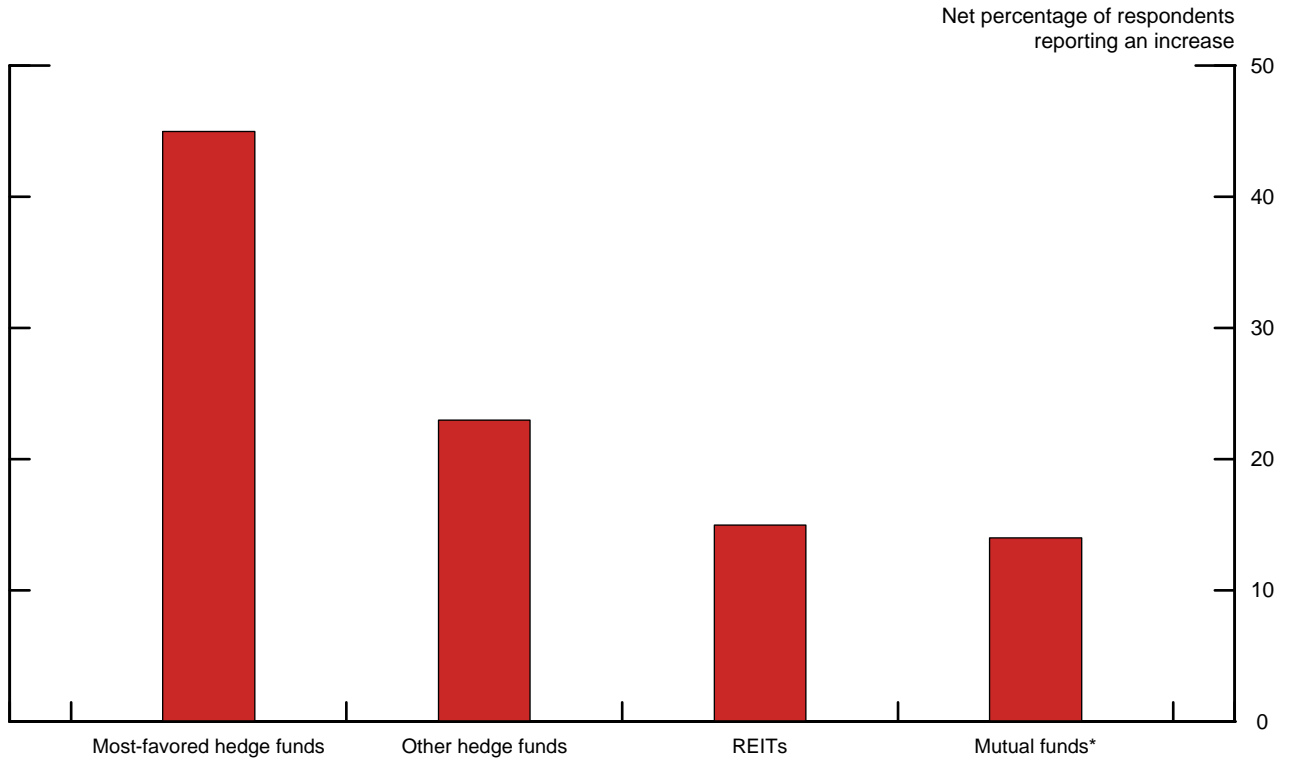


Respondents reporting an improvement in liquidity and functioning in the underlying markets for:

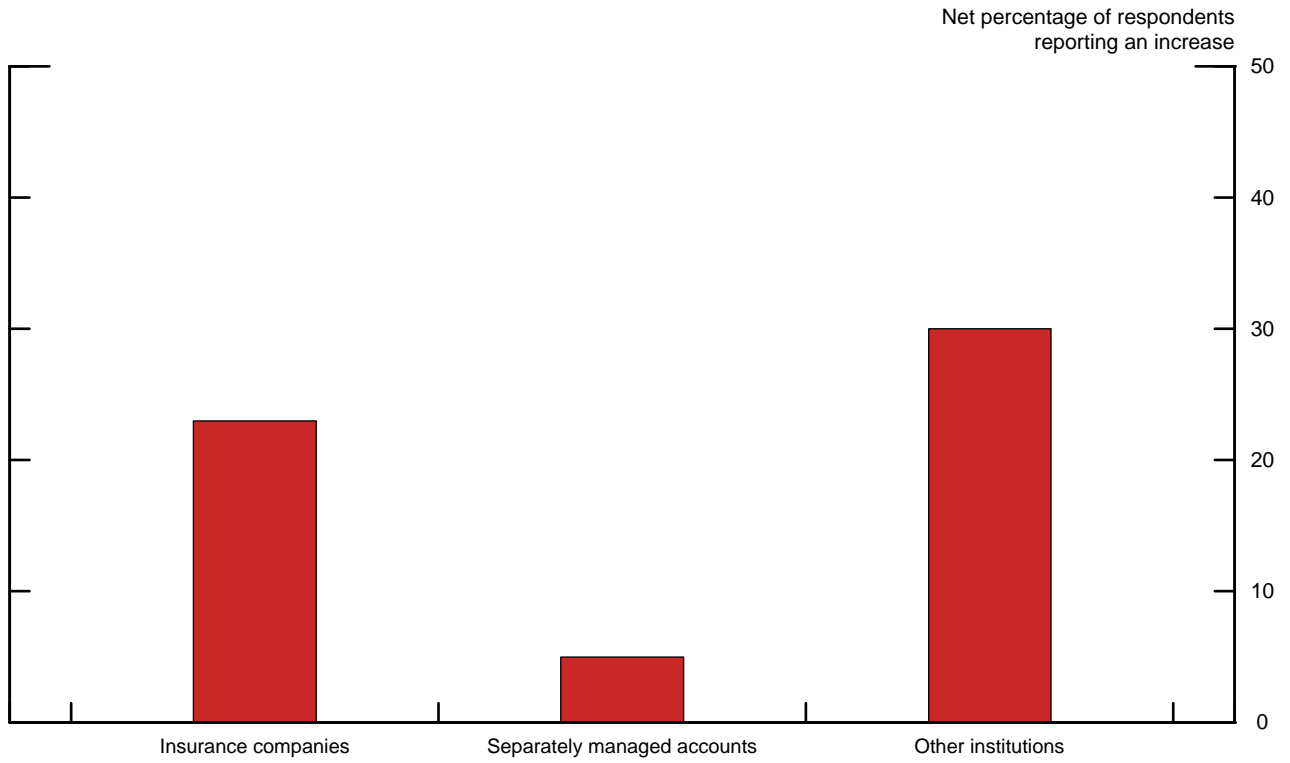


+ Note: This question was added in the September 2011 survey.

Client Risk Appetite



* Includes ETFs, pension plans, and endowments.



Results of the March 2013 Senior Credit Officer Opinion Survey on Dealer Financing Terms

The following results include the original instructions provided to the survey respondents. Please note that percentages are based on the number of financial institutions that gave responses other than “Not applicable.” Components may not add to totals due to rounding.

Counterparty Types

Questions 1 through 40 ask about credit terms applicable to, and mark and collateral disputes with, different counterparty types, considering the entire range of securities financing and over-the-counter (OTC) derivatives transactions. Question 1 focuses on dealers and other financial intermediaries as counterparties; questions 2 and 3 on central counterparties and other financial utilities; questions 4 through 10 focus on hedge funds; questions 11 through 16 on trading real estate investment trusts (REITs); questions 17 through 22 on mutual funds, exchange-traded funds (ETFs), pension plans, and endowments; questions 23 through 28 on insurance companies; questions 29 through 34 on separately managed accounts established with investment advisers; and questions 35 through 38 on nonfinancial corporations. Questions 39 and 40 ask about mark and collateral disputes for each of the aforementioned counterparty types.

In some questions, the survey differentiates between the compensation demanded for bearing credit risk (price terms) and the contractual provisions used to mitigate exposures (nonprice terms). If your institution’s terms have tightened or eased over the past three months, please so report them regardless of how they stand relative to longer-term norms. Please focus your response on dollar-denominated instruments; if material differences exist with respect to instruments denominated in other currencies, please explain in the appropriate comment space. Where material differences exist across different business areas—for example, between traditional prime brokerage and OTC derivatives—please answer with regard to the business area generating the most exposure and explain in the appropriate comment space.

Dealers and Other Financial Intermediaries

1. Over the past three months, how has the amount of resources and attention your firm devotes to management of concentrated credit exposure to dealers and other financial intermediaries (such as large banking institutions) changed?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	2	9.1
Remained basically unchanged	20	90.9
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	22	100.0

Central Counterparties and Other Financial Utilities

2. Over the past three months, how has the amount of resources and attention your firm devotes to management of concentrated credit exposure to central counterparties and other financial utilities changed?

	Number of Respondents	Percent
Increased considerably	3	13.6
Increased somewhat	10	45.5
Remained basically unchanged	9	40.9
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	22	100.0

3. 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?

	Number of Respondents	Percent
To a considerable extent	0	0.0
To some extent	4	18.2
To a minimal extent	10	45.5
Not at all	8	36.4
Total	22	100.0

Hedge Funds

4. Over the past three months, how have the price terms (for example, financing rates) offered to hedge funds as reflected across the entire spectrum of securities financing and OTC derivatives transaction types changed, regardless of nonprice terms? (Please indicate tightening if terms have become more stringent—for example, if financing rates have risen.)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	20	90.9
Eased somewhat	2	9.1
Eased considerably	0	0.0
Total	22	100.0

5. Over the past three months, how has your use of nonprice terms (for example, haircuts, maximum maturity, covenants, cure periods, cross-default provisions, or other documentation features) with respect to hedge funds across the entire spectrum of securities financing and OTC derivatives transaction types changed, regardless of price terms? (Please indicate tightening if terms have become more stringent—for example, if haircuts have been increased.)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	20	90.9
Eased somewhat	2	9.1
Eased considerably	0	0.0
Total	22	100.0

6. To the extent that the price or nonprice terms applied to hedge funds have tightened or eased over the past three months (as reflected in your responses to questions 4 and 5), what are the most important reasons for the change?

A. Possible reasons for tightening

- 1) Deterioration in current or expected financial strength of counterparties

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

- 2) Reduced willingness of your institution to take on risk

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

- 3) Adoption of more-stringent market conventions (that is, collateral terms and agreements, ISDA protocols)

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

- 4) Higher internal treasury charges for funding

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

- 5) Diminished availability of balance sheet or capital at your institution

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

- 6) Worsening in general market liquidity and functioning

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

7) Less-aggressive competition from other institutions

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

B. Possible reasons for easing

1) Improvement in current or expected financial strength of counterparties

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	1	100.0
Total	1	100.0

2) Increased willingness of your institution to take on risk

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	1	100.0
Third in importance	0	0.0
Total	1	100.0

3) Adoption of less-stringent market conventions (that is, collateral terms and agreements, ISDA protocols)

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

4) Lower internal treasury charges for funding

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	1	100.0
Third in importance	0	0.0
Total	1	100.0

5) Increased availability of balance sheet or capital at your institution

	Number of Respondents	Percent
First in importance	1	50.0
Second in importance	0	0.0
Third in importance	1	50.0
Total	2	100.0

6) Improvement in general market liquidity and functioning

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	1	100.0
Third in importance	0	0.0
Total	1	100.0

7) More-aggressive competition from other institutions

	Number of Respondents	Percent
First in importance	3	100.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	3	100.0

7. How has the intensity of efforts by hedge funds to negotiate more-favorable price and nonprice terms changed over the past three months?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	5	22.7
Remained basically unchanged	17	77.3
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	22	100.0

8. Considering the entire range of transactions facilitated by your institution for such clients, how has the use of financial leverage by hedge funds changed over the past three months?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	7	31.8
Remained basically unchanged	14	63.6
Decreased somewhat	1	4.5
Decreased considerably	0	0.0
Total	22	100.0

9. Considering the entire range of transactions facilitated by your institution for such clients, how has the availability of additional (and currently unutilized) financial leverage under agreements currently in place with hedge funds (for example, under prime broker, warehouse agreements, and other committed but undrawn or partly drawn facilities) changed over the past three months?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	3	13.6
Remained basically unchanged	19	86.4
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	22	100.0

10. How has the provision of differential terms by your institution to most-favored (as a function of breadth, duration, and extent of relationship) hedge funds changed over the past three months?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	6	27.3
Remained basically unchanged	16	72.7
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	22	100.0

Trading Real Estate Investment Trusts

11. Over the past three months, how have the price terms (for example, financing rates) offered to trading REITs as reflected across the entire spectrum of securities financing and OTC derivatives transaction types changed, regardless of nonprice terms? (Please indicate tightening if terms have become more stringent—for example, if financing rates have risen.)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	2	11.8
Remained basically unchanged	14	82.4
Eased somewhat	1	5.9
Eased considerably	0	0.0
Total	17	100.0

12. Over the past three months, how has your use of nonprice terms (for example, haircuts, maximum maturity, covenants, cure periods, cross-default provisions, or other documentation features) with respect to trading REITs across the entire spectrum of securities financing and OTC derivatives transaction types changed, regardless of price terms? (Please indicate tightening if terms have become more stringent—for example, if haircuts have been increased.)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	5.6
Remained basically unchanged	16	88.9
Eased somewhat	1	5.6
Eased considerably	0	0.0
Total	18	100.0

13. To the extent that the price or nonprice terms applied to trading REITs have tightened or eased over the past three months (as reflected in your responses to questions 11 and 12), what are the most important reasons for the change?

A. Possible reasons for tightening

- 1) Deterioration in current or expected financial strength of counterparties

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

- 2) Reduced willingness of your institution to take on risk

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

- 3) Adoption of more-stringent market conventions (that is, collateral terms and agreements, ISDA protocols)

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

- 4) Higher internal treasury charges for funding

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	1	100.0
Total	1	100.0

- 5) Diminished availability of balance sheet or capital at your institution

	Number of Respondents	Percent
First in importance	1	50.0
Second in importance	1	50.0
Third in importance	0	0.0
Total	2	100.0

- 6) Worsening in general market liquidity and functioning

	Number of Respondents	Percent
First in importance	1	50.0
Second in importance	1	50.0
Third in importance	0	0.0
Total	2	100.0

7) Less-aggressive competition from other institutions

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

B. Possible reasons for easing

1) Improvement in current or expected financial strength of counterparties

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

2) Increased willingness of your institution to take on risk

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

3) Adoption of less-stringent market conventions (that is, collateral terms and agreements, ISDA protocols)

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

4) Lower internal treasury charges for funding

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

5) Increased availability of balance sheet or capital at your institution

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

6) Improvement in general market liquidity and functioning

	Number of Respondents	Percent
First in importance	1	100.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	1	100.0

7) More-aggressive competition from other institutions

	Number of Respondents	Percent
First in importance	1	100.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	1	100.0

14. How has the intensity of efforts by trading REITs to negotiate more-favorable price and nonprice terms changed over the past three months?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	18	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	18	100.0

15. Considering the entire range of transactions facilitated by your institution for such clients, how has the use of financial leverage by trading REITs changed over the past three months?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	1	5.6
Remained basically unchanged	17	94.4
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	18	100.0

16. How has the provision of differential terms by your institution to most-favored (as a function of breadth, duration, and extent of relationship) trading REITs changed over the past three months?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	2	11.1
Remained basically unchanged	16	88.9
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	18	100.0

Mutual Funds, Exchange-Traded Funds, Pension Plans, and Endowments

17. Over the past three months, how have the price terms (for example, financing rates) offered to mutual funds, ETFs, pension plans, and endowments as reflected across the entire spectrum of securities financing and OTC derivatives transaction types changed, regardless of nonprice terms? (Please indicate tightening if terms have become more stringent—for example, if financing rates have risen.)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	21	95.5
Eased somewhat	1	4.5
Eased considerably	0	0.0
Total	22	100.0

18. Over the past three months, how has your use of nonprice terms (for example, haircuts, maximum maturity, covenants, cure periods, cross-default provisions, or other documentation features) with respect to mutual funds, ETFs, pension plans, and endowments across the entire spectrum of securities financing and OTC derivatives transaction types changed, regardless of price terms? (Please indicate tightening if terms have become more stringent—for example, if haircuts have been increased.)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	22	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	22	100.0

19. To the extent that the price or nonprice terms applied to mutual funds, ETFs, pension plans, and endowments have tightened or eased over the past three months (as reflected in your responses to questions 17 and 18), what are the most important reasons for the change?

A. Possible reasons for tightening

1) Deterioration in current or expected financial strength of counterparties

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

2) Reduced willingness of your institution to take on risk

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

3) Adoption of more-stringent market conventions (that is, collateral terms and agreements, ISDA protocols)

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

4) Higher internal treasury charges for funding

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

5) Diminished availability of balance sheet or capital at your institution

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

6) Worsening in general market liquidity and functioning

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

7) Less-aggressive competition from other institutions

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

B. Possible reasons for easing

1) Improvement in current or expected financial strength of counterparties

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

2) Increased willingness of your institution to take on risk

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

3) Adoption of less-stringent market conventions (that is, collateral terms and agreements, ISDA protocols)

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

4) Lower internal treasury charges for funding

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

5) Increased availability of balance sheet or capital at your institution

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

6) Improvement in general market liquidity and functioning

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

7) More-aggressive competition from other institutions

	Number of Respondents	Percent
First in importance	1	100.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	1	100.0

20. How has the intensity of efforts by mutual funds, ETFs, pension plans, and endowments to negotiate more-favorable price and nonprice terms changed over the past three months?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	22	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	22	100.0

21. Considering the entire range of transactions facilitated by your institution, how has the use of financial leverage by each of the following types of clients changed over the past three months?

A. Mutual funds

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	21	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	21	100.0

B. ETFs

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	19	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	19	100.0

C. Pension plans

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	1	5.0
Remained basically unchanged	19	95.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	20	100.0

D. Endowments

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	20	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	20	100.0

22. How has the provision of differential terms by your institution to most-favored (as a function of breadth, duration, and extent of relationship) mutual funds, ETFs, pension plans, and endowments changed over the past three months?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	2	9.1
Remained basically unchanged	20	90.9
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	22	100.0

Insurance Companies

23. Over the past three months, how have the price terms (for example, financing rates) offered to insurance companies as reflected across the entire spectrum of securities financing and OTC derivatives transaction types changed, regardless of nonprice terms? (Please indicate tightening if terms have become more stringent—for example, if financing rates have risen.)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	20	95.2
Eased somewhat	1	4.8
Eased considerably	0	0.0
Total	21	100.0

24. Over the past three months, how has your use of nonprice terms (for example, haircuts, maximum maturity, covenants, cure periods, cross-default provisions, or other documentation features) with respect to insurance companies across the entire spectrum of securities financing and OTC derivatives transaction types changed, regardless of price terms? (Please indicate tightening if terms have become more stringent—for example, if haircuts have been increased.)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	20	95.2
Eased somewhat	1	4.8
Eased considerably	0	0.0
Total	21	100.0

25. To the extent that the price or nonprice terms applied to insurance companies have tightened or eased over the past three months (as reflected in your responses to questions 23 and 24), what are the most important reasons for the change?

A. Possible reasons for tightening

1) Deterioration in current or expected financial strength of counterparties

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

2) Reduced willingness of your institution to take on risk

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

- 3) Adoption of more-stringent market conventions (that is, collateral terms and agreements, ISDA protocols)

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

- 4) Higher internal treasury charges for funding

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

- 5) Diminished availability of balance sheet or capital at your institution

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

- 6) Worsening in general market liquidity and functioning

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

7) Less-aggressive competition from other institutions

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

B. Possible reasons for easing

1) Improvement in current or expected financial strength of counterparties

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

2) Increased willingness of your institution to take on risk

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

3) Adoption of less-stringent market conventions (that is, collateral terms and agreements, ISDA protocols)

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	1	100.0
Third in importance	0	0.0
Total	1	100.0

4) Lower internal treasury charges for funding

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

5) Increased availability of balance sheet or capital at your institution

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

6) Improvement in general market liquidity and functioning

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

7) More-aggressive competition from other institutions

	Number of Respondents	Percent
First in importance	1	100.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	1	100.0

26. How has the intensity of efforts by insurance companies to negotiate more-favorable price and nonprice terms changed over the past three months?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	3	15.0
Remained basically unchanged	17	85.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	20	100.0

27. Considering the entire range of transactions facilitated by your institution for such clients, how has the use of financial leverage by insurance companies changed over the past three months?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	1	4.8
Remained basically unchanged	20	95.2
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	21	100.0

28. How has the provision of differential terms by your institution to most-favored (as a function of breadth, duration, and extent of relationship) insurance companies changed over the past three months?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	1	4.8
Remained basically unchanged	20	95.2
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	21	100.0

Separately Managed Accounts Established with Investment Advisers

29. Over the past three months, how have the price terms (for example, financing rates) offered to separately managed accounts established with investment advisers as reflected across the entire spectrum of securities financing and OTC derivatives transaction types changed, regardless of nonprice terms? (Please indicate tightening if terms have become more stringent—for example, if financing rates have risen.)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	19	95.0
Eased somewhat	1	5.0
Eased considerably	0	0.0
Total	20	100.0

30. Over the past three months, how has your use of nonprice terms (for example, haircuts, maximum maturity, covenants, cure periods, cross-default provisions, or other documentation features) with respect to separately managed accounts established with investment advisers across the entire spectrum of securities financing and OTC derivatives transaction types changed, regardless of price terms? (Please indicate tightening if terms have become more stringent—for example, if haircuts have been increased.)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	19	95.0
Eased somewhat	1	5.0
Eased considerably	0	0.0
Total	20	100.0

31. To the extent that the price or nonprice terms applied to separately managed accounts established with investment advisers have tightened or eased over the past three months (as reflected in your responses to questions 29 and 30), what are the most important reasons for the change?

A. Possible reasons for tightening

1) Deterioration in current or expected financial strength of counterparties

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

2) Reduced willingness of your institution to take on risk

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

3) Adoption of more-stringent market conventions (that is, collateral terms and agreements, ISDA protocols)

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

4) Higher internal treasury charges for funding

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

5) Diminished availability of balance sheet or capital at your institution

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

6) Worsening in general market liquidity and functioning

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

7) Less-aggressive competition from other institutions

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

B. Possible reasons for easing

1) Improvement in current or expected financial strength of counterparties

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

2) Increased willingness of your institution to take on risk

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

3) Adoption of less-stringent market conventions (that is, collateral terms and agreements, ISDA protocols)

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

4) Lower internal treasury charges for funding

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

5) Increased availability of balance sheet or capital at your institution

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

6) Improvement in general market liquidity and functioning

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

7) More-aggressive competition from other institutions

	Number of Respondents	Percent
First in importance	2	100.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	2	100.0

32. How has the intensity of efforts by investment advisers to negotiate more-favorable price and nonprice terms on behalf of separately managed accounts changed over the past three months?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	2	10.0
Remained basically unchanged	18	90.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	20	100.0

33. Considering the entire range of transactions facilitated by your institution for such clients, how has the use of financial leverage by separately managed accounts established with investment advisers changed over the past three months?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	20	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	20	100.0

34. How has the provision of differential terms by your institution to separately managed accounts established with most-favored (as a function of breadth, duration, and extent of relationship) investment advisers changed over the past three months?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	1	5.0
Remained basically unchanged	19	95.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	20	100.0

Nonfinancial Corporations

35. Over the past three months, how have the price terms (for example, financing rates) offered to nonfinancial corporations as reflected across the entire spectrum of securities financing and OTC derivatives transaction types changed, regardless of nonprice terms? (Please indicate tightening if terms have become more stringent—for example, if financing rates have risen.)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	18	81.8
Eased somewhat	4	18.2
Eased considerably	0	0.0
Total	22	100.0

36. Over the past three months, how has your use of nonprice terms (for example, haircuts, maximum maturity, covenants, cure periods, cross-default provisions, or other documentation features) with respect to nonfinancial corporations across the entire spectrum of securities financing and OTC derivatives transaction types changed, regardless of price terms? (Please indicate tightening if terms have become more stringent—for example, if haircuts have been increased.)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	20	90.9
Eased somewhat	2	9.1
Eased considerably	0	0.0
Total	22	100.0

37. To the extent that the price or nonprice terms applied to nonfinancial corporations have tightened or eased over the past three months (as reflected in your responses to questions 35 and 36), what are the most important reasons for the change?

A. Possible reasons for tightening

1) Deterioration in current or expected financial strength of counterparties

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

2) Reduced willingness of your institution to take on risk

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

3) Adoption of more-stringent market conventions (that is, collateral terms and agreements, ISDA protocols)

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

4) Higher internal treasury charges for funding

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

5) Diminished availability of balance sheet or capital at your institution

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

6) Worsening in general market liquidity and functioning

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

7) Less-aggressive competition from other institutions

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

B. Possible reasons for easing

1) Improvement in current or expected financial strength of counterparties

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	1	100.0
Third in importance	0	0.0
Total	1	100.0

2) Increased willingness of your institution to take on risk

	Number of Respondents	Percent
First in importance	1	33.3
Second in importance	1	33.3
Third in importance	1	33.3
Total	3	100.0

3) Adoption of less-stringent market conventions (that is, collateral terms and agreements, ISDA protocols)

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	1	100.0
Third in importance	0	0.0
Total	1	100.0

4) Lower internal treasury charges for funding

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	0	0.0

5) Increased availability of balance sheet or capital at your institution

	Number of Respondents	Percent
First in importance	0	0.0
Second in importance	0	0.0
Third in importance	2	100.0
Total	2	100.0

6) Improvement in general market liquidity and functioning

	Number of Respondents	Percent
First in importance	1	100.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	1	100.0

7) More-aggressive competition from other institutions

	Number of Respondents	Percent
First in importance	3	100.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	3	100.0

38. How has the intensity of efforts by nonfinancial corporations to negotiate more-favorable price and nonprice terms changed over the past three months?

	Number of Respondents	Percent
Increased considerably	1	4.5
Increased somewhat	5	22.7
Remained basically unchanged	16	72.7
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	22	100.0

Mark and Collateral Disputes

39. Over the past three months, how has the volume of mark and collateral disputes with clients of each of the following types changed?

A. Dealers and other financial intermediaries

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	1	4.5
Remained basically unchanged	18	81.8
Decreased somewhat	3	13.6
Decreased considerably	0	0.0
Total	22	100.0

B. Hedge funds

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	20	90.9
Decreased somewhat	2	9.1
Decreased considerably	0	0.0
Total	22	100.0

C. Trading REITs

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	17	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	17	100.0

D. Mutual funds, ETFs, pension plans, and endowments

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	19	95.0
Decreased somewhat	1	5.0
Decreased considerably	0	0.0
Total	20	100.0

E. Insurance companies

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	21	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	21	100.0

F. Separately managed accounts established with investment advisers

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	20	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	20	100.0

G. Nonfinancial corporations

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	20	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	20	100.0

40. Over the past three months, how has the duration and persistence of mark and collateral disputes with clients of each of the following types changed?

A. Dealers and other financial intermediaries

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	2	9.1
Remained basically unchanged	17	77.3
Decreased somewhat	3	13.6
Decreased considerably	0	0.0
Total	22	100.0

B. Hedge funds

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	20	90.9
Decreased somewhat	2	9.1
Decreased considerably	0	0.0
Total	22	100.0

C. Trading REITs

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	18	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	18	100.0

D. Mutual funds, ETFs, pension plans, and endowments

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	19	95.0
Decreased somewhat	1	5.0
Decreased considerably	0	0.0
Total	20	100.0

E. Insurance companies

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	20	95.2
Decreased somewhat	0	0.0
Decreased considerably	1	4.8
Total	21	100.0

F. Separately managed accounts established with investment advisers

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	19	95.0
Decreased somewhat	0	0.0
Decreased considerably	1	5.0
Total	20	100.0

G. Nonfinancial corporations

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	19	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	19	100.0

Over-the-Counter Derivatives

Questions 41 through 51 ask about OTC derivatives trades. Question 41 focuses on nonprice terms applicable to new and renegotiated master agreements. Questions 42 through 48 ask about the initial margin requirements for most-favored and average clients applicable to different types of contracts: Question 42 focuses on foreign exchange (FX); question 43 on interest rates; question 44 on equity; question 45 on contracts referencing corporate credits (single-name and indexes); question 46 on credit derivatives referencing structured products such as mortgage-backed securities (MBS) and asset-backed securities (ABS) (specific tranches and indexes); question 47 on commodities; and question 48 on total return swaps (TRS) referencing nonsecurities (such as bank loans, including, for example, commercial and industrial loans and mortgage whole loans). Question 49 asks about posting of nonstandard collateral pursuant to OTC derivative contracts. Questions 50 and 51 focus on mark and collateral disputes involving contracts of each of the aforementioned types.

If your institution's terms have tightened or eased over the past three months, please so report them regardless of how they stand relative to longer-term norms. Please focus your response on dollar-denominated instruments; if material differences exist with

respect to instruments denominated in other currencies, please explain in the appropriate comment space.

New and Renegotiated Master Agreements

41. Over the past three months, how have nonprice terms incorporated in new or renegotiated OTC derivatives master agreements put in place with your institution's clients changed?

A. Requirements, timelines, and thresholds for posting additional margin

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	5	25.0
Remained basically unchanged	14	70.0
Eased somewhat	1	5.0
Eased considerably	0	0.0
Total	20	100.0

B. Acceptable collateral

	Number of Respondents	Percent
Tightened considerably	1	5.0
Tightened somewhat	5	25.0
Remained basically unchanged	13	65.0
Eased somewhat	1	5.0
Eased considerably	0	0.0
Total	20	100.0

C. Recognition of portfolio or diversification benefits (including from securities financing trades where appropriate agreements are in place)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	19	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	19	100.0

D. Triggers and covenants

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	3	15.0
Remained basically unchanged	16	80.0
Eased somewhat	1	5.0
Eased considerably	0	0.0
Total	20	100.0

E. Other documentation features (including cure periods and cross-default provisions)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	2	10.0
Remained basically unchanged	16	80.0
Eased somewhat	2	10.0
Eased considerably	0	0.0
Total	20	100.0

Initial Margin

42. Over the past three months, how have initial margin requirements set by your institution with respect to OTC FX derivatives changed?

A. Initial margin requirements for average clients

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	18	94.7
Decreased somewhat	0	0.0
Decreased considerably	1	5.3
Total	19	100.0

B. Initial margin requirements for most-favored clients, as a consequence of breadth, duration, and/or extent of relationship

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	18	94.7
Decreased somewhat	1	5.3
Decreased considerably	0	0.0
Total	19	100.0

43. Over the past three months, how have initial margin requirements set by your institution with respect to OTC interest rate derivatives changed?

A. Initial margin requirements for average clients

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	1	5.0
Remained basically unchanged	19	95.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	20	100.0

B. Initial margin requirements for most-favored clients, as a consequence of breadth, duration, and/or extent of relationship

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	1	5.0
Remained basically unchanged	17	85.0
Decreased somewhat	2	10.0
Decreased considerably	0	0.0
Total	20	100.0

44. Over the past three months, how have initial margin requirements set by your institution with respect to OTC equity derivatives changed?

A. Initial margin requirements for average clients

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	18	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	18	100.0

B. Initial margin requirements for most-favored clients, as a consequence of breadth, duration, and/or extent of relationship

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	1	5.6
Remained basically unchanged	17	94.4
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	18	100.0

45. Over the past three months, how have initial margin requirements set by your institution with respect to OTC credit derivatives referencing corporates (single-name corporates or corporate indexes) changed?

A. Initial margin requirements for average clients

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	17	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	17	100.0

B. Initial margin requirements for most-favored clients, as a consequence of breadth, duration, and/or extent of relationship

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	17	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	17	100.0

46. Over the past three months, how have initial margin requirements set by your institution with respect to OTC credit derivatives referencing securitized products (such as specific ABS or MBS tranches and associated indexes) changed?

A. Initial margin requirements for average clients

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	11	91.7
Decreased somewhat	1	8.3
Decreased considerably	0	0.0
Total	12	100.0

B. Initial margin requirements for most-favored clients, as a consequence of breadth, duration, and/or extent of relationship

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	11	91.7
Decreased somewhat	1	8.3
Decreased considerably	0	0.0
Total	12	100.0

47. Over the past three months, how have initial margin requirements set by your institution with respect to OTC commodity derivatives changed?

A. Initial margin requirements for average clients

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	15	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	15	100.0

B. Initial margin requirements for most-favored clients, as a consequence of breadth, duration, and/or extent of relationship

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	15	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	15	100.0

48. Over the past three months, how have initial margin requirements set by your institution with respect to TRS referencing nonsecurities (such as bank loans, including, for example, commercial and industrial loans and mortgage whole loans) changed?

A. Initial margin requirements for average clients

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	11	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	11	100.0

B. Initial margin requirements for most-favored clients, as a consequence of breadth, duration, and/or extent of relationship

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	11	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	11	100.0

Nonstandard Collateral

49. Over the past three months, how has the posting of nonstandard collateral (that is, other than cash and U.S. Treasury securities) as permitted under relevant agreements changed?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	1	4.5
Remained basically unchanged	21	95.5
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	22	100.0

Mark and Collateral Disputes

50. Over the past three months, how has the volume of mark and collateral disputes relating to contracts of each of the following types changed?

A. FX

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	2	11.1
Remained basically unchanged	14	77.8
Decreased somewhat	2	11.1
Decreased considerably	0	0.0
Total	18	100.0

B. Interest rate

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	18	94.7
Decreased somewhat	1	5.3
Decreased considerably	0	0.0
Total	19	100.0

C. Equity

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	2	11.1
Remained basically unchanged	14	77.8
Decreased somewhat	1	5.6
Decreased considerably	1	5.6
Total	18	100.0

D. Credit referencing corporates

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	1	6.3
Remained basically unchanged	12	75.0
Decreased somewhat	3	18.8
Decreased considerably	0	0.0
Total	16	100.0

E. Credit referencing securitized products including MBS and ABS

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	10	83.3
Decreased somewhat	2	16.7
Decreased considerably	0	0.0
Total	12	100.0

F. Commodity

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	14	87.5
Decreased somewhat	1	6.3
Decreased considerably	1	6.3
Total	16	100.0

G. TRS referencing nonsecurities (such as bank loans, including, for example, commercial and industrial loans and mortgage whole loans)

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	11	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	11	100.0

51. Over the past three months, how has the duration and persistence of mark and collateral disputes relating to contracts of each of the following types changed?

A. FX

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	15	88.2
Decreased somewhat	2	11.8
Decreased considerably	0	0.0
Total	17	100.0

B. Interest rate

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	17	94.4
Decreased somewhat	1	5.6
Decreased considerably	0	0.0
Total	18	100.0

C. Equity

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	2	11.8
Remained basically unchanged	14	82.4
Decreased somewhat	1	5.9
Decreased considerably	0	0.0
Total	17	100.0

D. Credit referencing corporates

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	1	6.7
Remained basically unchanged	12	80.0
Decreased somewhat	2	13.3
Decreased considerably	0	0.0
Total	15	100.0

E. Credit referencing securitized products including MBS and ABS

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	10	90.9
Decreased somewhat	1	9.1
Decreased considerably	0	0.0
Total	11	100.0

F. Commodity

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	14	93.3
Decreased somewhat	0	0.0
Decreased considerably	1	6.7
Total	15	100.0

G. TRS referencing nonsecurities (such as bank loans, including, for example, commercial and industrial loans and mortgage whole loans)

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	10	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	10	100.0

Securities Financing

Questions 52 through 79 ask about securities funding at your institution—that is, lending to clients collateralized by securities. Such activities may be conducted on a “repo” desk, on a trading desk engaged in facilitation for institutional clients and/or proprietary transactions, on a funding desk, or on a prime brokerage platform. Questions 52 through 55 focus on lending against high-grade corporate bonds; questions 56 through 59 on lending against high-yield corporate bonds; questions 60 and 61 on lending against equities (including through stock loan); questions 62 through 65 on lending against agency residential mortgage-backed securities (agency RMBS); questions 66 through 69 on lending against non-agency residential mortgage-backed securities (non-agency RMBS); questions 70 through 73 on lending against commercial mortgage-backed securities (CMBS); and questions 74 through 77 on consumer ABS (for example, backed by credit card receivables or auto loans). Questions 78 and 79 ask about mark and collateral disputes for lending backed by each of the aforementioned contract types.

If your institution’s terms have tightened or eased over the past three months, please so report them regardless of how they stand relative to longer-term norms. Please focus your response on dollar-denominated instruments; if material differences exist with respect to instruments denominated in other currencies, please explain in the appropriate comment space.

High-Grade Corporate Bonds

52. Over the past three months, how have the terms under which high-grade corporate bonds are funded changed?

A. Terms for average clients

1) Maximum amount of funding

	Number of Respondents	Percent
Tightened considerably	1	5.9
Tightened somewhat	0	0.0
Remained basically unchanged	15	88.2
Eased somewhat	1	5.9
Eased considerably	0	0.0
Total	17	100.0

2) Maximum maturity

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	15	88.2
Eased somewhat	2	11.8
Eased considerably	0	0.0
Total	17	100.0

3) Haircuts

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	17	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	17	100.0

4) Collateral spreads over relevant benchmark (effective financing rates)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	15	93.8
Eased somewhat	0	0.0
Eased considerably	1	6.3
Total	16	100.0

B. Terms for most-favored clients, as a consequence of breadth, duration, and/or extent of relationship

1) Maximum amount of funding

	Number of Respondents	Percent
Tightened considerably	1	5.9
Tightened somewhat	0	0.0
Remained basically unchanged	15	88.2
Eased somewhat	1	5.9
Eased considerably	0	0.0
Total	17	100.0

2) Maximum maturity

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	15	88.2
Eased somewhat	2	11.8
Eased considerably	0	0.0
Total	17	100.0

3) Haircuts

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	17	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	17	100.0

4) Collateral spreads over relevant benchmark (effective financing rates)

	Number of Respondents	Percent
Tightened considerably	1	6.3
Tightened somewhat	0	0.0
Remained basically unchanged	15	93.8
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	16	100.0

53. Over the past three months, how has demand for funding of high-grade corporate bonds by your institution's clients changed?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	3	17.6
Remained basically unchanged	13	76.5
Decreased somewhat	0	0.0
Decreased considerably	1	5.9
Total	17	100.0

54. Over the past three months, how has demand for term funding with a maturity greater than 30 days of high-grade corporate bonds by your institution's clients changed?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	3	17.6
Remained basically unchanged	13	76.5
Decreased somewhat	0	0.0
Decreased considerably	1	5.9
Total	17	100.0

55. Over the past three months, how have liquidity and functioning in the high-grade corporate bond market changed?

	Number of Respondents	Percent
Improved considerably	0	0.0
Improved somewhat	2	11.8
Remained basically unchanged	15	88.2
Deteriorated somewhat	0	0.0
Deteriorated considerably	0	0.0
Total	17	100.0

High-Yield Corporate Bonds

56. Over the past three months, how have the terms under which high-yield corporate bonds are funded changed?

A. Terms for average clients

1) Maximum amount of funding

	Number of Respondents	Percent
Tightened considerably	1	6.3
Tightened somewhat	0	0.0
Remained basically unchanged	13	81.3
Eased somewhat	2	12.5
Eased considerably	0	0.0
Total	16	100.0

2) Maximum maturity

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	14	87.5
Eased somewhat	2	12.5
Eased considerably	0	0.0
Total	16	100.0

3) Haircuts

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	15	93.8
Eased somewhat	1	6.3
Eased considerably	0	0.0
Total	16	100.0

4) Collateral spreads over relevant benchmark (effective financing rates)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	6.7
Remained basically unchanged	11	73.3
Eased somewhat	3	20.0
Eased considerably	0	0.0
Total	15	100.0

B. Terms for most-favored clients, as a consequence of breadth, duration, and/or extent of relationship

1) Maximum amount of funding

	Number of Respondents	Percent
Tightened considerably	1	6.3
Tightened somewhat	0	0.0
Remained basically unchanged	13	81.3
Eased somewhat	2	12.5
Eased considerably	0	0.0
Total	16	100.0

2) Maximum maturity

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	14	87.5
Eased somewhat	2	12.5
Eased considerably	0	0.0
Total	16	100.0

3) Haircuts

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	15	93.8
Eased somewhat	1	6.3
Eased considerably	0	0.0
Total	16	100.0

4) Collateral spreads over relevant benchmark (effective financing rates)

	Number of Respondents	Percent
Tightened considerably	1	6.7
Tightened somewhat	0	0.0
Remained basically unchanged	12	80.0
Eased somewhat	2	13.3
Eased considerably	0	0.0
Total	15	100.0

57. Over the past three months, how has demand for funding of high-yield corporate bonds by your institution's clients changed?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	4	25.0
Remained basically unchanged	12	75.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	16	100.0

58. Over the past three months, how has demand for term funding with a maturity greater than 30 days of high-yield corporate bonds by your institution's clients changed?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	6	37.5
Remained basically unchanged	10	62.5
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	16	100.0

59. Over the past three months, how have liquidity and functioning in the high-yield corporate bond market changed?

	Number of Respondents	Percent
Improved considerably	1	5.9
Improved somewhat	3	17.6
Remained basically unchanged	12	70.6
Deteriorated somewhat	1	5.9
Deteriorated considerably	0	0.0
Total	17	100.0

Equities (Including through Stock Loan)

60. Over the past three months, how have the terms under which equities are funded (including through stock loan) changed?

A. Terms for average clients

1) Maximum amount of funding

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	20	95.2
Eased somewhat	1	4.8
Eased considerably	0	0.0
Total	21	100.0

2) Maximum maturity

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	20	95.2
Eased somewhat	1	4.8
Eased considerably	0	0.0
Total	21	100.0

3) Haircuts

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	21	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	21	100.0

4) Collateral spreads over relevant benchmark (effective financing rates)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	5.3
Remained basically unchanged	16	84.2
Eased somewhat	2	10.5
Eased considerably	0	0.0
Total	19	100.0

B. Terms for most-favored clients, as a consequence of breadth, duration, and/or extent of relationship

1) Maximum amount of funding

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	20	95.2
Eased somewhat	1	4.8
Eased considerably	0	0.0
Total	21	100.0

2) Maximum maturity

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	20	95.2
Eased somewhat	1	4.8
Eased considerably	0	0.0
Total	21	100.0

3) Haircuts

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	21	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	21	100.0

4) Collateral spreads over relevant benchmark (effective financing rates)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	17	89.5
Eased somewhat	2	10.5
Eased considerably	0	0.0
Total	19	100.0

61. Over the past three months, how has demand for funding of equities (including through stock loan) by your institution's clients changed?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	4	18.2
Remained basically unchanged	17	77.3
Decreased somewhat	1	4.5
Decreased considerably	0	0.0
Total	22	100.0

Agency Residential Mortgage-Backed Securities

62. Over the past three months, how have the terms under which agency RMBS are funded changed?

A. Terms for average clients

1) Maximum amount of funding

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	5.0
Remained basically unchanged	16	80.0
Eased somewhat	3	15.0
Eased considerably	0	0.0
Total	20	100.0

2) Maximum maturity

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	5.0
Remained basically unchanged	17	85.0
Eased somewhat	2	10.0
Eased considerably	0	0.0
Total	20	100.0

3) Haircuts

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	19	95.0
Eased somewhat	1	5.0
Eased considerably	0	0.0
Total	20	100.0

4) Collateral spreads over relevant benchmark (effective financing rates)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	2	11.1
Remained basically unchanged	14	77.8
Eased somewhat	2	11.1
Eased considerably	0	0.0
Total	18	100.0

B. Terms for most-favored clients, as a consequence of breadth, duration, and/or extent of relationship

1) Maximum amount of funding

	Number of Respondents	Percent
Tightened considerably	1	5.0
Tightened somewhat	0	0.0
Remained basically unchanged	17	85.0
Eased somewhat	2	10.0
Eased considerably	0	0.0
Total	20	100.0

2) Maximum maturity

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	5.0
Remained basically unchanged	16	80.0
Eased somewhat	3	15.0
Eased considerably	0	0.0
Total	20	100.0

3) Haircuts

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	19	95.0
Eased somewhat	1	5.0
Eased considerably	0	0.0
Total	20	100.0

4) Collateral spreads over relevant benchmark (effective financing rates)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	2	11.1
Remained basically unchanged	14	77.8
Eased somewhat	2	11.1
Eased considerably	0	0.0
Total	18	100.0

63. Over the past three months, how has demand for funding of agency RMBS by your institution's clients changed?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	8	40.0
Remained basically unchanged	12	60.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	20	100.0

64. Over the past three months, how has demand for term funding with a maturity greater than 30 days of agency RMBS by your institution's clients changed?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	5	25.0
Remained basically unchanged	15	75.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	20	100.0

65. Over the past three months, how have liquidity and functioning in the agency RMBS market changed?

	Number of Respondents	Percent
Improved considerably	0	0.0
Improved somewhat	2	10.0
Remained basically unchanged	16	80.0
Deteriorated somewhat	2	10.0
Deteriorated considerably	0	0.0
Total	20	100.0

Non-agency Residential Mortgage-Backed Securities

66. Over the past three months, how have the terms under which non-agency RMBS are funded changed?

A. Terms for average clients

1) Maximum amount of funding

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	7.1
Remained basically unchanged	11	78.6
Eased somewhat	2	14.3
Eased considerably	0	0.0
Total	14	100.0

2) Maximum maturity

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	12	85.7
Eased somewhat	2	14.3
Eased considerably	0	0.0
Total	14	100.0

3) Haircuts

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	12	85.7
Eased somewhat	2	14.3
Eased considerably	0	0.0
Total	14	100.0

4) Collateral spreads over relevant benchmark (effective financing rates)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	12	85.7
Eased somewhat	2	14.3
Eased considerably	0	0.0
Total	14	100.0

B. Terms for most-favored clients, as a consequence of breadth, duration, and/or extent of relationship

1) Maximum amount of funding

	Number of Respondents	Percent
Tightened considerably	1	7.1
Tightened somewhat	0	0.0
Remained basically unchanged	11	78.6
Eased somewhat	2	14.3
Eased considerably	0	0.0
Total	14	100.0

2) Maximum maturity

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	7.1
Remained basically unchanged	11	78.6
Eased somewhat	2	14.3
Eased considerably	0	0.0
Total	14	100.0

3) Haircuts

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	12	85.7
Eased somewhat	2	14.3
Eased considerably	0	0.0
Total	14	100.0

4) Collateral spreads over relevant benchmark (effective financing rates)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	12	85.7
Eased somewhat	2	14.3
Eased considerably	0	0.0
Total	14	100.0

67. Over the past three months, how has demand for funding of non-agency RMBS by your institution's clients changed?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	9	64.3
Remained basically unchanged	5	35.7
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	14	100.0

68. Over the past three months, how has demand for term funding with a maturity greater than 30 days of non-agency RMBS by your institution's clients changed?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	5	35.7
Remained basically unchanged	8	57.1
Decreased somewhat	1	7.1
Decreased considerably	0	0.0
Total	14	100.0

69. Over the past three months, how have liquidity and functioning in the non-agency RMBS market changed?

	Number of Respondents	Percent
Improved considerably	0	0.0
Improved somewhat	3	21.4
Remained basically unchanged	11	78.6
Deteriorated somewhat	0	0.0
Deteriorated considerably	0	0.0
Total	14	100.0

Commercial Mortgage-Backed Securities

70. Over the past three months, how have the terms under which CMBS are funded changed?

A. Terms for average clients

1) Maximum amount of funding

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	7.7
Remained basically unchanged	12	92.3
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	13	100.0

2) Maximum maturity

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	13	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	13	100.0

3) Haircuts

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	11	84.6
Eased somewhat	2	15.4
Eased considerably	0	0.0
Total	13	100.0

4) Collateral spreads over relevant benchmark (effective financing rates)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	11	84.6
Eased somewhat	1	7.7
Eased considerably	1	7.7
Total	13	100.0

B. Terms for most-favored clients, as a consequence of breadth, duration, and/or extent of relationship

1) Maximum amount of funding

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	7.7
Remained basically unchanged	12	92.3
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	13	100.0

2) Maximum maturity

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	13	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	13	100.0

3) Haircuts

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	7.7
Remained basically unchanged	10	76.9
Eased somewhat	2	15.4
Eased considerably	0	0.0
Total	13	100.0

4) Collateral spreads over relevant benchmark (effective financing rates)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	7.7
Remained basically unchanged	10	76.9
Eased somewhat	1	7.7
Eased considerably	1	7.7
Total	13	100.0

71. Over the past three months, how has demand for funding of CMBS by your institution's clients changed?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	5	38.5
Remained basically unchanged	8	61.5
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	13	100.0

72. Over the past three months, how has demand for term funding with a maturity greater than 30 days of CMBS by your institution's clients changed?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	3	23.1
Remained basically unchanged	10	76.9
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	13	100.0

73. Over the past three months, how have liquidity and functioning in the CMBS market changed?

	Number of Respondents	Percent
Improved considerably	0	0.0
Improved somewhat	3	23.1
Remained basically unchanged	10	76.9
Deteriorated somewhat	0	0.0
Deteriorated considerably	0	0.0
Total	13	100.0

Consumer Asset-Backed Securities

74. Over the past three months, how have the terms under which consumer ABS (for example, backed by credit card receivables or auto loans) are funded changed?

A. Terms for average clients

1) Maximum amount of funding

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	10	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	10	100.0

2) Maximum maturity

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	10	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	10	100.0

3) Haircuts

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	9	90.0
Eased somewhat	1	10.0
Eased considerably	0	0.0
Total	10	100.0

4) Collateral spreads over relevant benchmark (effective financing rates)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	9	90.0
Eased somewhat	0	0.0
Eased considerably	1	10.0
Total	10	100.0

B. Terms for most-favored clients, as a consequence of breadth, duration, and/or extent of relationship

1) Maximum amount of funding

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	10	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	10	100.0

2) Maximum maturity

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	9	90.0
Eased somewhat	1	10.0
Eased considerably	0	0.0
Total	10	100.0

3) Haircuts

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	9	90.0
Eased somewhat	1	10.0
Eased considerably	0	0.0
Total	10	100.0

4) Collateral spreads over relevant benchmark (effective financing rates)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	9	90.0
Eased somewhat	0	0.0
Eased considerably	1	10.0
Total	10	100.0

75. Over the past three months, how has demand for funding of consumer ABS by your institution's clients changed?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	10	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	10	100.0

76. Over the past three months, how has demand for term funding with a maturity greater than 30 days of consumer ABS by your institution's clients changed?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	1	10.0
Remained basically unchanged	9	90.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	10	100.0

77. Over the past three months, how have liquidity and functioning in the consumer ABS market changed?

	Number of Respondents	Percent
Improved considerably	0	0.0
Improved somewhat	2	20.0
Remained basically unchanged	8	80.0
Deteriorated somewhat	0	0.0
Deteriorated considerably	0	0.0
Total	10	100.0

Mark and Collateral Disputes

78. Over the past three months, how has the volume of mark and collateral disputes relating to lending against each of the following collateral types changed?

A. High-grade corporate bonds

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	17	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	17	100.0

B. High-yield corporate bonds

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	16	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	16	100.0

C. Equities

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	17	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	17	100.0

D. Agency RMBS

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	19	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	19	100.0

E. Non-agency RMBS

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	1	7.1
Remained basically unchanged	13	92.9
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	14	100.0

F. CMBS

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	1	7.7
Remained basically unchanged	12	92.3
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	13	100.0

G. Consumer ABS

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	1	8.3
Remained basically unchanged	11	91.7
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	12	100.0

79. Over the past three months, how has the duration and persistence of mark and collateral disputes relating to lending against each of the following collateral types changed?

A. High-grade corporate bonds

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	18	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	18	100.0

B. High-yield corporate bonds

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	16	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	16	100.0

C. Equities

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	18	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	18	100.0

D. Agency RMBS

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	19	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	19	100.0

E. Non-agency RMBS

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	1	7.1
Remained basically unchanged	13	92.9
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	14	100.0

F. CMBS

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	1	7.7
Remained basically unchanged	12	92.3
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	13	100.0

G. Consumer ABS

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	1	8.3
Remained basically unchanged	11	91.7
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	12	100.0

Optional Question

Question 80 requests feedback on any other issues you judge to be important relating to credit terms applicable to securities financing transactions and OTC derivatives contracts.⁶

⁶ See note 4 in the Summary.

Special Questions

The following special questions are intended to provide better context for interpreting the core set of questions appearing above, which focus on changes in credit terms over the preceding three months. Unlike the core questions, these special questions will not be included in the survey on an ongoing basis.

Warehouse Funding of Commercial Real Estate Loans

81. Since the middle of 2012, how have the terms under which commercial real estate (CRE) loans are funded on an interim basis at your institution, through warehouse financing and similar secured facilities intended to allow the accumulation of assets for eventual securitization, changed?

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	7	70.0
Eased somewhat	3	30.0
Eased considerably	0	0.0
Total	10	100.0

82. How has your institution's willingness to fund CRE loans on an interim basis at prevailing market rates and under prevailing market terms, through warehouse financing and similar secured facilities intended to allow the accumulation of assets for eventual securitization, changed since the middle of 2012? Willingness to expand your book of business in this area may stem from a formal analysis considering a required return on the risk capital employed or from a more subjective assessment of the attractiveness of the risk-adjusted return from this activity.

	Number of Respondents	Percent
Increased considerably	2	18.2
Increased somewhat	1	9.1
Remained basically unchanged	8	72.7
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	11	100.0

83. Since the middle of 2012, how has demand by your institution's clients for funding of CRE loans on an interim basis, through warehouse financing and similar secured facilities intended to allow the accumulation of assets for eventual securitization, changed?

	Number of Respondents	Percent
Increased considerably	2	18.2
Increased somewhat	4	36.4
Remained basically unchanged	5	45.5
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	11	100.0

Warehouse Funding of Syndicated Bank Loans

84. Since the middle of 2012, how have the terms under which syndicated bank loans are funded on an interim basis at your institution, through warehouse financing and similar secured facilities intended to allow the accumulation of assets for eventual securitization, changed?

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	9	90.0
Eased somewhat	1	10.0
Eased considerably	0	0.0
Total	10	100.0

85. How has your institution's willingness to fund syndicated bank loans on an interim basis at prevailing market rates and under prevailing market terms, through warehouse financing and similar secured facilities intended to allow the accumulation of assets for eventual securitization, changed since the middle of 2012? Willingness to expand your book of business in this area may stem from a formal analysis considering a required return on the risk capital employed or from a more subjective assessment of the attractiveness of the risk-adjusted return from this activity.

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	5	45.5
Remained basically unchanged	5	45.5
Decreased somewhat	1	9.1
Decreased considerably	0	0.0
Total	11	100.0

86. Since the middle of 2012, how has demand by your institution's clients for funding of syndicated bank loans on an interim basis, through warehouse financing and similar secured facilities intended to allow the accumulation of assets for eventual securitization, changed?

	Number of Respondents	Percent
Increased considerably	1	8.3
Increased somewhat	6	50.0
Remained basically unchanged	5	41.7
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	12	100.0

Client Risk Appetite

87. Since the beginning of 2013, how has your overall assessment of the appetite of your institution's clients of each specified type to bear investment risk changed, considering all transactions and activities that involve current or potential credit risk exposure for your firm?

A. Most-favored hedge funds (as a consequence of breadth, duration, and/or extent of relationship)

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	11	50.0
Remained basically unchanged	10	45.5
Decreased somewhat	1	4.5
Decreased considerably	0	0.0
Total	22	100.0

B. Other hedge funds

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	7	31.8
Remained basically unchanged	13	59.1
Decreased somewhat	2	9.1
Decreased considerably	0	0.0
Total	22	100.0

C. REITs

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	3	15.0
Remained basically unchanged	17	85.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	20	100.0

D. Mutual funds, ETFs, pension plans, and endowments

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	3	14.3
Remained basically unchanged	18	85.7
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	21	100.0

E. Insurance companies

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	5	22.7
Remained basically unchanged	17	77.3
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	22	100.0

F. Separately managed accounts established with investment advisers

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	2	9.5
Remained basically unchanged	18	85.7
Decreased somewhat	1	4.8
Decreased considerably	0	0.0
Total	21	100.0

G. Other institutional investors

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	3	30.0
Remained basically unchanged	7	70.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	10	100.0