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DIVISION OF MONETARY AFFAIRS
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Senior Credit Officer Opinion Survey on Dealer Financing Terms

December 2013

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

Summary

The December 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, this survey included special questions about financing and holdings of longer-duration assets and about the use of exchange-traded funds (ETFs) that invest in fixed-income assets. The 22 institutions participating in the survey account for almost all dealer financing of dollar-denominated securities provided to nondealers and are the most active intermediaries in OTC derivatives markets. The survey was conducted during the period between November 19, 2013, and December 2, 2013. The core questions asked about changes between September 2013 and November 2013.[1]

Responses to the core questions generally suggested little change over the past three months in the credit terms applicable to most classes of counterparties covered by the December survey. However, results offered several insights regarding recent developments and current areas of focus in dealer-intermediated markets:

- One-third of respondents reported a decline over the past three months in financial leverage use by trading real estate investment trusts (REITs).[2] The use of leverage by other classes of counterparties covered by the survey was reported to be basically unchanged.

- Dealers indicated that the credit terms applicable to funding of the various types of securities included in the survey were little changed, on net, over the past three months. The majority of respondents reported that demand for funding had

[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”).

[2] Trading REITs, including agency REITs, invest in assets backed by real estate rather than directly in real estate.

remained basically unchanged for most collateral types over the same period. However, roughly one-third of dealers pointed to an increase in demand for funding of non-agency residential mortgage-backed securities (RMBS) and commercial mortgage-backed securities (CMBS), and smaller fractions of respondents noted increased demand for term funding with a maturity greater than 30 days of agency and non-agency RMBS and high-yield corporate bonds.

- For special questions about the financing and holdings of longer-duration assets, net fractions of between one-fifth and two-fifths of respondents characterized the current use of repurchase agreements (repo) or other forms of short-term funding by hedge funds as somewhat below levels seen during the first quarter of 2013. Nearly one-half of dealers indicated that the use of short-term funding on the part of trading REITs was somewhat below first-quarter levels. Dealers reported that current holdings of longer-duration assets by generally unlevered institutional investors remain roughly in line with first-quarter levels.

- For special questions about the use of ETFs that invest in fixed-income assets, about one-third to two-fifths of dealers reported some use of these instruments by hedge funds, mutual funds, pension plans, endowments, insurance companies, and separately managed accounts established with investment advisors. Nearly one-third of respondents indicated that the use of ETFs investing in fixed-income assets had increased somewhat over the past year for hedge funds, insurance companies, endowments, and separately managed accounts established with investment advisers, with smaller fractions of respondents reporting increases on the part of other classes of institutional investors.

Counterparty Types

(Questions 1–40)

Dealers and other financial intermediaries. In the December survey, about four-fifths of respondents indicated that the amount of resources and attention devoted to the management of concentrated credit exposure to dealers and other financial intermediaries remained basically unchanged over the past three months, while the remainder pointed to an increase. (See the exhibit “Management of Concentrated Credit Exposures and Indicators of Supply of Credit.”) The share of dealers reporting an increase was similar to that in the September survey, and has remained well below the 90 percent peak reached in the December 2011 survey.

Central counterparties and other financial utilities. Nearly one-half of respondents indicated that they had increased the amount of resources and attention devoted to management of concentrated credit exposures to central counterparties and other financial utilities over the past three months, a fraction at the low end of the range observed since the question was introduced in September 2011. About one-fourth of respondents noted that changes in the practices of central counterparties, including changes in margin requirements and haircuts, had some influence or considerable influence on the credit terms applied to clients on bilateral transactions that are not cleared.

Hedge funds. As in the past few surveys, respondents in December 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 were little changed over the past three months. Most dealers reported that the provision of differential terms to most-favored clients and intensity of efforts to negotiate more-favorable price and nonprice terms had remained basically unchanged over the past three months, though a small number of dealers reported increased provision of differential terms and increased intensity of efforts to negotiate better terms. Dealers also indicated that the use of financial leverage by hedge funds and the availability of additional (and currently not utilized) financial leverage under agreements currently in place with hedge funds over the past three months remained basically unchanged on balance. (See the exhibit “Use of Financial Leverage.”)

Trading real estate investment trusts. While all respondents noted that price terms offered to trading REITs had remained basically unchanged over the past three months, a net fraction of nearly one-fourth reported having tightened nonprice terms offered to these institutions. Deterioration in the current or expected future financial strength of such counterparties was the most cited reason for the tightening. As in the September survey, one-third of dealers indicated that the use of financial leverage by trading REITs had decreased somewhat 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 reported to be little changed.

Mutual funds, exchange-traded funds, pension plans, and endowments. As in the September survey, respondents in December indicated that both price and nonprice terms offered to mutual funds, ETFs, pension plans, and endowments had remained basically 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 also were reported to be little changed, as was the use of financial leverage.

Insurance companies. As in the previous survey, respondents to the December survey indicated that both price and nonprice terms offered to insurance companies had changed little 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 also were reported to be little changed, as was the use of financial leverage.

Separately managed accounts established with investment advisers. Nearly all of the dealers indicated in the December 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 use of financial leverage by investment advisers were also reported to be basically unchanged, as was the intensity of efforts by investment advisers to negotiate more-favorable terms.

Nonfinancial corporations. On net, respondents to the December survey indicated that price terms offered to nonfinancial corporations had remained basically unchanged over the past three months. As in the September survey, a few dealers reported an easing of nonprice terms offered to these clients. Survey respondents cited more-aggressive competition from other institutions as the most important reason for the easing. About 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, the vast majority of respondents in December 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. However, about one-fifth of respondents noted a decrease in the duration and persistence of disputes with dealers and other financial intermediaries.

Over-the-Counter Derivatives

(Questions 41–51)

Over the past three months, the nonprice terms incorporated in new or renegotiated OTC derivatives master agreements were reported to be basically unchanged on net.[3] As in the previous survey, nearly all of the respondents in December indicated that initial margins (which fall outside the scope of master agreements) had remained basically unchanged over the past three months, for both average and most-favored clients, and for all contract types included in the survey. Posting of nonstandard collateral (that is, collateral other than cash and U.S. Treasury securities) also remained basically unchanged. For all contract types, the volume, duration, and persistence of mark and collateral disputes were reported to be basically unchanged over the past three months.

[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.

Securities Financing

(Questions 52–79)[4]

As in previous surveys, dealers reported that the credit terms under which all types of securities included in the survey are financed were little changed, on balance, over the past three months.

Roughly one-third of dealers reported an increase in demand for funding of non-agency RMBS and CMBS. (See the exhibit "Measures of Demand for Funding and Market Functioning.") Between about one-fifth and about one-third of dealers noted increased demand for term funding—that is, funding with a maturity greater than 30 days—of agency and non-agency RMBS and high-yield corporate bonds. For other collateral types covered in the survey, demand for funding had remained basically unchanged.

For most collateral types, respondents indicated that the liquidity and functioning of the underlying markets remained basically unchanged over the past three months.[5] However, about one-fifth of respondents noted improved liquidity and functioning in the non-agency RMBS market and the CMBS market. Finally, as in previous surveys, nearly all of the respondents indicated that the volume, duration, and persistence of mark and collateral disputes were basically unchanged for all of the collateral types.

Special Questions on Financing and Holdings of Longer-Duration Assets

(Questions 81–84)

A set of special questions in the December survey queried dealers about the extent of current financing and holdings of longer-duration assets relative to the first quarter of 2013. Respondents characterized the current use of repo or other forms of short-term funding on the part of levered investors as roughly in line with or somewhat below levels seen during the first quarter of the year. On balance, roughly one-fourth of respondents indicated a decrease in the holdings of longer-duration assets financed with repo and similar funding on the part of macro-oriented hedge funds, nearly one-fifth reported decreased holdings by credit-oriented hedge funds, and roughly two-fifths indicated decreased holdings by emerging market–oriented hedge funds and by other fixed-income

[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.

relative-value hedge funds. Nearly one-half of dealers indicated that the use of short-term funding on the part of trading REITs was somewhat below first-quarter levels.

With regard to current holdings of longer-duration assets by generally unlevered institutional investors, dealers generally indicated that holdings remain roughly in line with first-quarter levels on the part of all specified types of investors (that is, mutual funds, pension plans, endowments, insurance companies, and separately managed accounts established with investment advisers).

Special Questions on Use of Exchange-Traded Funds Investing in Fixed-Income Assets

(Questions 85–87)

Another set of special questions in the December survey asked about the use of ETFs investing in fixed-income assets on the part of different client types. About one-third to two-fifths of dealers reported some use of ETFs of this type by hedge funds, mutual funds, pension plans, endowments, insurance companies, and separately managed accounts established with investment advisors. No respondent indicated that clients of any type make significant use of these instruments.

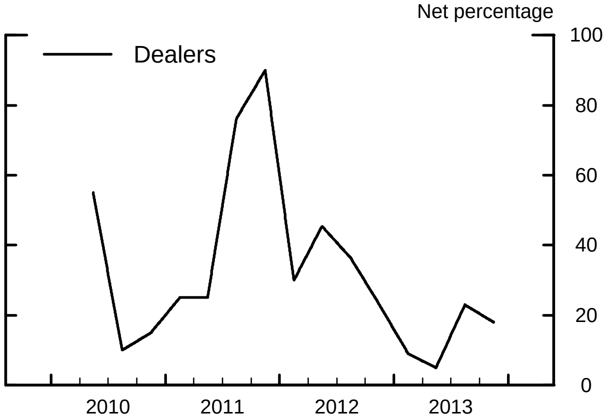
With regard to hedge fund clients, one-half of dealers reported that the instruments are used predominantly or almost exclusively for shorter-term tactical positions, and the remainder reported that the instruments are used for both longer-term strategic and shorter-term tactical positions. For each of the other client types, over two-thirds of dealers reported that the instruments are used for both longer-term strategic and shorter-term tactical positions.

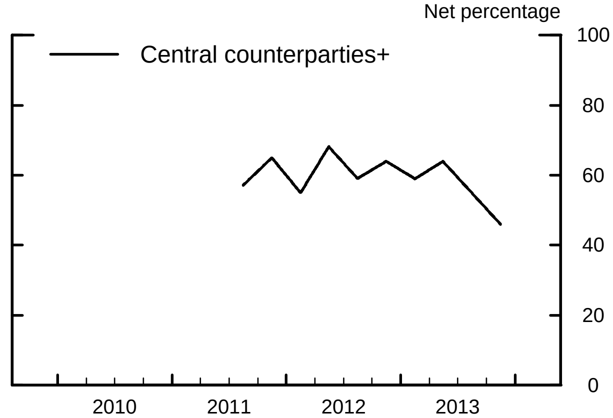
Nearly one-third of dealers reported that the use of ETFs investing in fixed-income assets had increased somewhat over the past year on the part of hedge funds, insurance companies, endowments, and separately managed accounts established with investment advisers. Smaller shares of respondents indicated increased use by other client types as well, and no respondent reported decreased use by any client type.

This document was prepared by Michael Gordy, Division of Research and Statistics, 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.

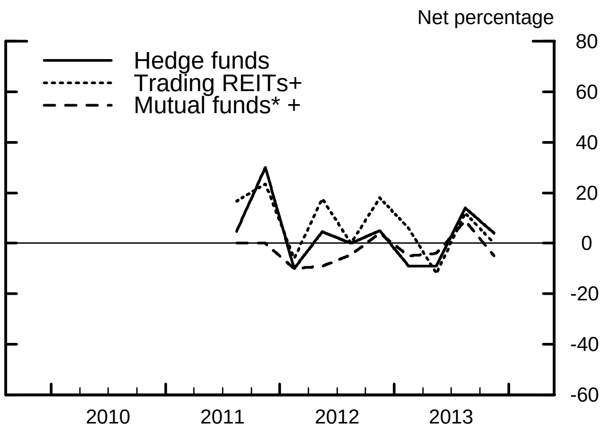
Management of Concentrated Credit Exposures and Indicators of Supply of Credit

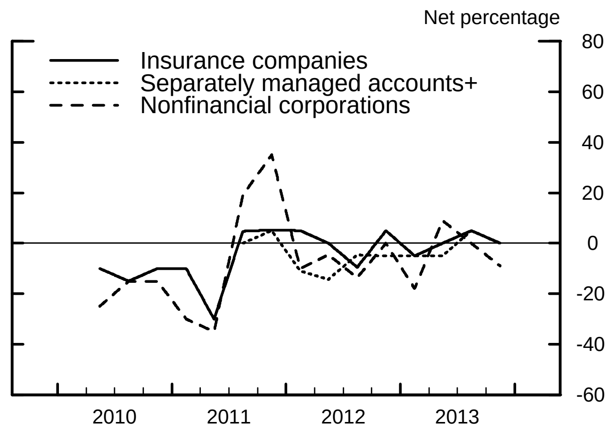
Respondents increasing resources and attention to management of concentrated exposures to:



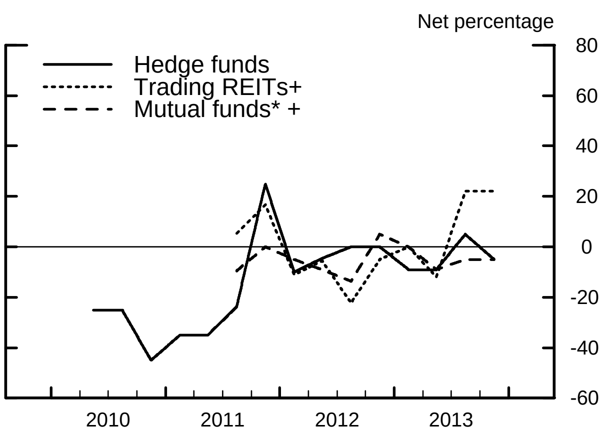


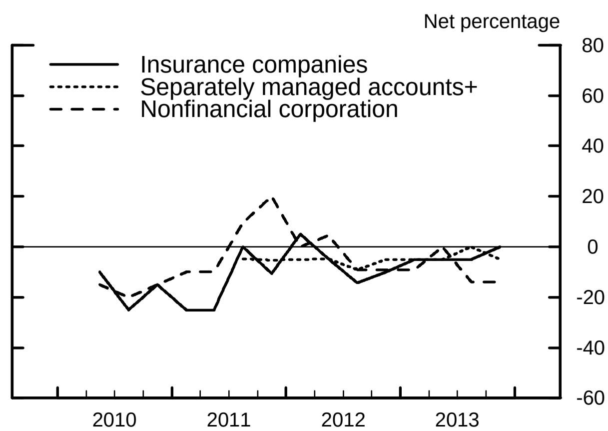
Respondents tightening price terms to:





Respondents tightening nonprice terms to:

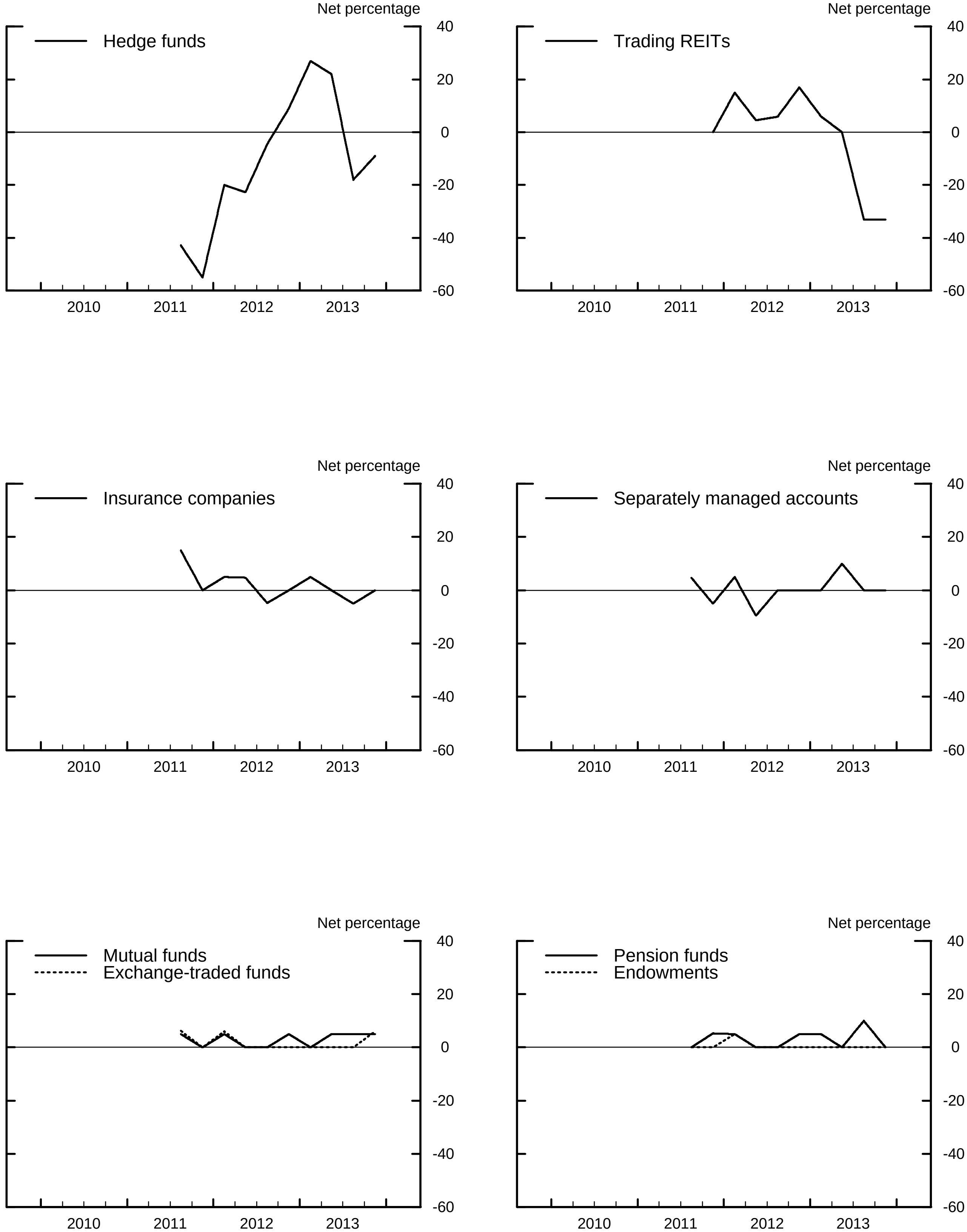




+ This question was added in the September 2011 survey.
* Includes mutual funds, exchange-traded funds, pension plans, and endowments.

Use of Financial Leverage

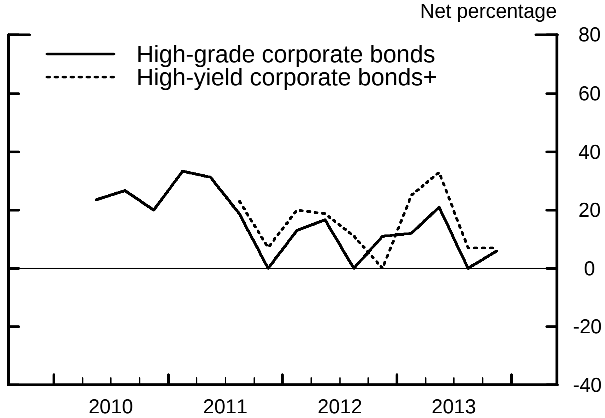
Respondents reporting increased use of leverage by:

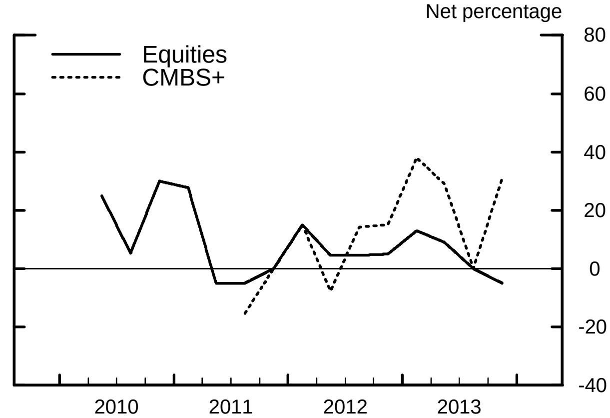


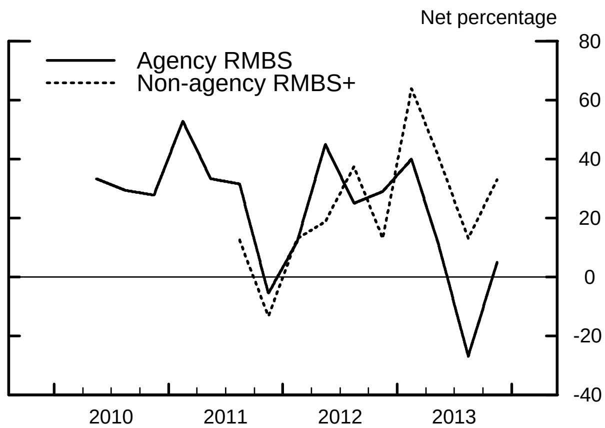
Note: This question was added in the September 2011 survey.

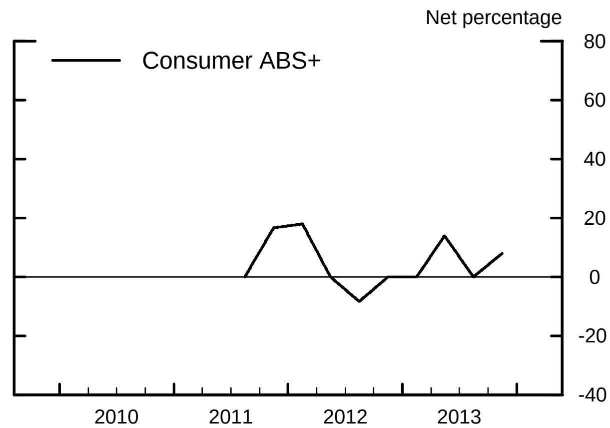
Measures of Demand for Funding and Market Functioning

Respondents reporting increased demand for funding of:

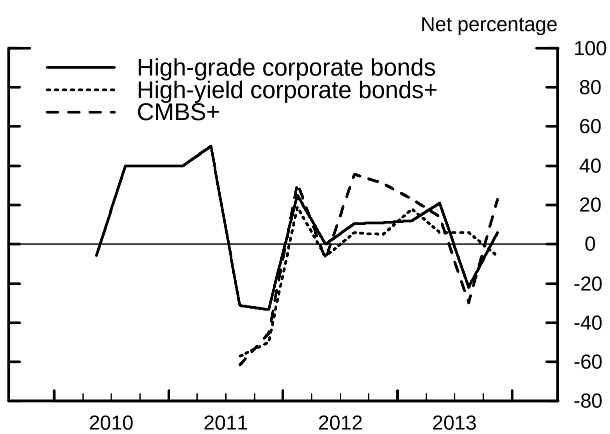


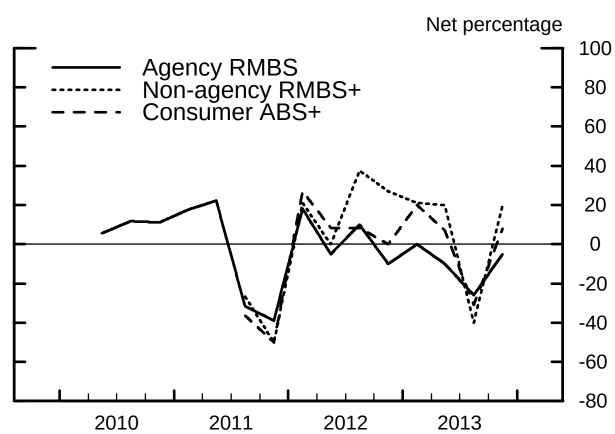






Respondents reporting an improvement in liquidity and functioning in the underlying markets for:





+ This question was added in the September 2011 survey.

Results of the December 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	4	18.2
Remained basically unchanged	18	81.8
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	1	4.5
Increased somewhat	9	40.9
Remained basically unchanged	12	54.5
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	1	4.5
To some extent	5	22.7
To a minimal extent	9	40.9
Not at all	7	31.8
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	2	9.1
Remained basically unchanged	19	86.4
Eased somewhat	1	4.5
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	21	95.5
Eased somewhat	1	4.5
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	1	100.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	**1**	**100.0**

      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	1	100.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	**1**	**100.0**

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	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**

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	4	18.2
Remained basically unchanged	17	77.3
Decreased somewhat	1	4.5
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	1	4.5
Remained basically unchanged	18	81.8
Decreased somewhat	3	13.6
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	1	4.5
Remained basically unchanged	21	95.5
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	3	13.6
Remained basically unchanged	19	86.4
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	0	0.0
Remained basically unchanged	17	100.0
Eased somewhat	0	0.0
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	5	27.8
Remained basically unchanged	12	66.7
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	4	80.0
Second in importance	1	20.0
Third in importance	0	0.0
Total	**5**	**100.0**

2) Reduced 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 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	1	100.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	**1**	**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	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	0	0.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	**0**	**0.0**

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	2	11.1
Remained basically unchanged	15	83.3
Decreased somewhat	1	5.6
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	0	0.0
Remained basically unchanged	12	66.7
Decreased somewhat	6	33.3
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	1	5.6
Remained basically unchanged	17	94.4
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	21	95.5
Eased somewhat	1	4.5
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	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	1	100.0
Third in importance	0	0.0
Total	**1**	**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	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	1	4.5
Remained basically unchanged	21	95.5
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	1	5.0
Remained basically unchanged	19	95.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	**20**	**100.0**

B. ETFs

	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**

C. Pension plans

	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**

D. Endowments

	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**

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	1	5.0
Remained basically unchanged	18	90.0
Decreased somewhat	1	5.0
Decreased considerably	0	0.0
Total	**20**	**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	1	4.8
Remained basically unchanged	19	90.5
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	21	100.0
Eased somewhat	0	0.0
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	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	1	100.0
Second in importance	0	0.0
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	0	0.0
Second in importance	1	100.0
Third in importance	0	0.0
Total	**1**	**100.0**

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	0	0.0
Second in importance	0	0.0
Third in importance	1	100.0
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	1	4.8
Remained basically unchanged	20	95.2
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	**21**	**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	0	0.0
Remained basically unchanged	21	100.0
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	0	0.0
Remained basically unchanged	20	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	**20**	**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	20	100.0
Eased somewhat	0	0.0
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	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	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**

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	1	4.8
Remained basically unchanged	20	95.2
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	**21**	**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	4.8
Remained basically unchanged	20	95.2
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	**21**	**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	1	4.5
Remained basically unchanged	18	81.8
Eased somewhat	3	13.6
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	19	86.4
Eased somewhat	3	13.6
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	1	100.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	**1**	**100.0**

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	1	100.0
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	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	5	100.0
Second in importance	0	0.0
Third in importance	0	0.0
Total	**5**	**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	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**

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	2	9.1
Decreased considerably	1	4.5
Total	**22**	**100.0**

B. Hedge funds

	Number of Respondents	**Percent**
Increased considerably	0	0.0
Increased somewhat	3	13.6
Remained basically unchanged	17	77.3
Decreased somewhat	1	4.5
Decreased considerably	1	4.5
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	1	5.0
Remained basically unchanged	17	85.0
Decreased somewhat	2	10.0
Decreased considerably	0	0.0
Total	**20**	**100.0**

E. Insurance companies

	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**

F. Separately managed accounts established with investment advisers

	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**

G. Nonfinancial corporations

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	1	4.8
Remained basically unchanged	19	90.5
Decreased somewhat	1	4.8
Decreased considerably	0	0.0
Total	**21**	**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	0	0.0
Remained basically unchanged	18	81.8
Decreased somewhat	4	18.2
Decreased considerably	0	0.0
Total	**22**	**100.0**

B. Hedge funds

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	1	4.5
Remained basically unchanged	19	86.4
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	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	20	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	**20**	**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 derivatives 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	1	4.8
Tightened somewhat	1	4.8
Remained basically unchanged	19	90.5
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**21**	**100.0**

B. Acceptable collateral

	Number of Respondents	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	3	14.3
Remained basically unchanged	17	81.0
Eased somewhat	1	4.8
Eased considerably	0	0.0
Total	**21**	**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	95.0
Eased somewhat	1	5.0
Eased considerably	0	0.0
Total	**20**	**100.0**

D. Triggers and covenants

	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**

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

	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**

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	19	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
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	19	100.0
Decreased somewhat	0	0.0
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	0	0.0
Remained basically unchanged	19	95.0
Decreased somewhat	0	0.0
Decreased considerably	1	5.0
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	0	0.0
Remained basically unchanged	20	100.0
Decreased somewhat	0	0.0
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	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**

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	16	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	**16**	**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	13	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	**13**	**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	13	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	**13**	**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	12	100.0
Decreased somewhat	0	0.0
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	12	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	**12**	**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	0	0.0
Remained basically unchanged	16	88.9
Decreased somewhat	1	5.6
Decreased considerably	1	5.6
Total	**18**	**100.0**

B. Interest rate

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	1	5.3
Remained basically unchanged	17	89.5
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	0	0.0
Remained basically unchanged	16	94.1
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	0	0.0
Remained basically unchanged	14	87.5
Decreased somewhat	2	12.5
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	11	84.6
Decreased somewhat	2	15.4
Decreased considerably	0	0.0
Total	**13**	**100.0**

F. Commodity

	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**

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	13	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	**13**	**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	1	5.6
Remained basically unchanged	15	83.3
Decreased somewhat	2	11.1
Decreased considerably	0	0.0
Total	**18**	**100.0**

C. Equity

	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**

D. Credit referencing corporates

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	13	86.7
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	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	15	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
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	12	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	**12**	**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	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	17	94.4
Eased somewhat	1	5.6
Eased considerably	0	0.0
Total	**18**	**100.0**

2) Maximum maturity

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	18	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**18**	**100.0**

3) Haircuts

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	18	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**18**	**100.0**

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

	Number of Respondents	Percent
Tightened considerably	1	5.9
Tightened somewhat	1	5.9
Remained basically unchanged	15	88.2
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**17**	**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	5.6
Remained basically unchanged	16	88.9
Eased somewhat	1	5.6
Eased considerably	0	0.0
Total	**18**	**100.0**

2) Maximum maturity

	Number of Respondents	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	18	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**18**	**100.0**

3) Haircuts

	Number of Respondents	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	18	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**18**	**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	16	94.1
Eased somewhat	0	0.0
Eased considerably	1	5.9
Total	**17**	**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	2	11.8
Remained basically unchanged	14	82.4
Decreased somewhat	1	5.9
Decreased considerably	0	0.0
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	1	5.9
Decreased considerably	0	0.0
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	1	5.9
Remained basically unchanged	16	94.1
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	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**

2) Maximum maturity

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	16	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**16**	**100.0**

3) Haircuts

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

2) Maximum maturity

	Number of Respondents	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	16	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**16**	**100.0**

3) Haircuts

	Number of Respondents	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	1	6.3
Remained basically unchanged	15	93.8
Eased somewhat	0	0.0
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	0	0.0
Remained basically unchanged	15	100.0
Eased somewhat	0	0.0
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	2	12.5
Remained basically unchanged	13	81.3
Decreased somewhat	1	6.3
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	3	18.8
Remained basically unchanged	13	81.3
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	0	0.0
Improved somewhat	0	0.0
Remained basically unchanged	15	93.8
Deteriorated somewhat	1	6.3
Deteriorated considerably	0	0.0
Total	**16**	**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	21	100.0
Eased somewhat	0	0.0
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	21	100.0
Eased somewhat	0	0.0
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	5.0
Remained basically unchanged	19	95.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**20**	**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	21	100.0
Eased somewhat	0	0.0
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	21	100.0
Eased somewhat	0	0.0
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	5.0
Remained basically unchanged	19	95.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**20**	**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	0	0.0
Remained basically unchanged	20	95.2
Decreased somewhat	1	4.8
Decreased considerably	0	0.0
Total	**21**	**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	18	90.0
Eased somewhat	1	5.0
Eased considerably	0	0.0
Total	**20**	**100.0**

2) Maximum maturity

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	2	10.0
Remained basically unchanged	18	90.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**20**	**100.0**

3) Haircuts

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	2	10.0
Remained basically unchanged	18	90.0
Eased somewhat	0	0.0
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	1	5.3
Remained basically unchanged	18	94.7
Eased somewhat	0	0.0
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	1	5.0
Remained basically unchanged	18	90.0
Eased somewhat	1	5.0
Eased considerably	0	0.0
Total	**20**	**100.0**

2) Maximum maturity

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	2	10.0
Remained basically unchanged	18	90.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**20**	**100.0**

3) Haircuts

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	2	10.0
Remained basically unchanged	18	90.0
Eased somewhat	0	0.0
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	1	5.3
Remained basically unchanged	18	94.7
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**19**	**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	3	15.0
Remained basically unchanged	15	75.0
Decreased somewhat	2	10.0
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	6	30.0
Remained basically unchanged	14	70.0
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	1	5.0
Remained basically unchanged	17	85.0
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	0	0.0
Remained basically unchanged	14	93.3
Eased somewhat	1	6.7
Eased considerably	0	0.0
Total	**15**	**100.0**

2) Maximum maturity

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	14	93.3
Eased somewhat	1	6.7
Eased considerably	0	0.0
Total	**15**	**100.0**

3) Haircuts

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	6.7
Remained basically unchanged	14	93.3
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**15**	**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	100.0
Eased somewhat	0	0.0
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	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	13	86.7
Eased somewhat	2	13.3
Eased considerably	0	0.0
Total	**15**	**100.0**

2) Maximum maturity

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	14	93.3
Eased somewhat	1	6.7
Eased considerably	0	0.0
Total	**15**	**100.0**

3) Haircuts

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	14	93.3
Eased somewhat	1	6.7
Eased considerably	0	0.0
Total	**15**	**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	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**15**	**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	5	33.3
Remained basically unchanged	10	66.7
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	**15**	**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	4	26.7
Remained basically unchanged	11	73.3
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	**15**	**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	20.0
Remained basically unchanged	12	80.0
Deteriorated somewhat	0	0.0
Deteriorated considerably	0	0.0
Total	**15**	**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	0	0.0
Remained basically unchanged	13	100.0
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	13	100.0
Eased somewhat	0	0.0
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	12	92.3
Eased somewhat	0	0.0
Eased considerably	0	0.0
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	0	0.0
Remained basically unchanged	10	76.9
Eased somewhat	3	23.1
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	11	84.6
Eased somewhat	2	15.4
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	12	92.3
Eased somewhat	1	7.7
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	13	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
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	4	30.8
Remained basically unchanged	9	69.2
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	1	7.7
Remained basically unchanged	12	92.3
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	13	100.0
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	13	100.0
Eased somewhat	0	0.0
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	12	92.3
Eased somewhat	0	0.0
Eased considerably	0	0.0
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	0	0.0
Remained basically unchanged	13	100.0
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	13	100.0
Eased somewhat	0	0.0
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	13	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**13**	**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	1	7.7
Remained basically unchanged	12	92.3
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	**13**	**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	7.7
Remained basically unchanged	12	92.3
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	**13**	**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	1	7.7
Remained basically unchanged	12	92.3
Deteriorated somewhat	0	0.0
Deteriorated considerably	0	0.0
Total	**13**	**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	1	5.6
Remained basically unchanged	17	94.4
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	1	5.9
Remained basically unchanged	16	94.1
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	**17**	**100.0**

C. Equities

	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**

D. Agency RMBS

	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**

E. Non-agency RMBS

	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**

F. CMBS

	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**

G. Consumer ABS

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	14	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	**14**	**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	1	5.6
Remained basically unchanged	17	94.4
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	1	5.9
Remained basically unchanged	16	94.1
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	**17**	**100.0**

C. Equities

	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**

D. Agency RMBS

	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**

E. Non-agency RMBS

	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**

F. CMBS

	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**

G. Consumer ABS

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	14	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	**14**	**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.

Holdings of Longer-Duration Assets

Since September, some investors have reportedly increased their holdings of longer-duration assets after having reduced their exposure to interest rate risk during the fixed-income selloff in the summer from the levels attained in the first quarter of the year. In some cases, these assets are financed using repo or other forms of short-term funding, with such arrangements often termed "carry trades." Question 81 seeks information on the current prevalence of carry trades, relative to the first quarter of 2013, on the part of specific types of investors likely to employ financial leverage. Question 82 focuses on the types of assets to which levered investors may have increased exposure since September. Question 83 asks about the current holdings of longer-duration assets by generally unlevered institutions relative to the first quarter, while question 84 seeks information on the types of assets to which such investors may have increased exposure since September.

81. Adopting the first quarter of 2013 as a reference point, how would you characterize the current use of repurchase agreements (repo) or other forms of short-term funding to finance longer-duration assets by clients of each of the following types?

    A. Macro-oriented hedge funds

	Number of Respondents	**Percent**
Considerably above first-quarter levels	0	0.0
Somewhat above first-quarter levels	1	5.3
Roughly in line with first-quarter levels	12	63.2
Somewhat below first-quarter levels	6	31.6
Considerably below first-quarter levels	0	0.0
Total	**19**	**100.0**

B. Credit-oriented hedge funds

	Number of Respondents	Percent
Considerably above first-quarter levels	0	0.0
Somewhat above first-quarter levels	2	12.5
Roughly in line with first-quarter levels	9	56.3
Somewhat below first-quarter levels	5	31.3
Considerably below first-quarter levels	0	0.0
Total	**16**	**100.0**

C. Emerging market–oriented hedge funds

	Number of Respondents	Percent
Considerably above first-quarter levels	0	0.0
Somewhat above first-quarter levels	0	0.0
Roughly in line with first-quarter levels	8	57.1
Somewhat below first-quarter levels	6	42.9
Considerably below first-quarter levels	0	0.0
Total	**14**	**100.0**

D. Other fixed-income-oriented relative-value hedge funds

	Number of Respondents	Percent
Considerably above first-quarter levels	0	0.0
Somewhat above first-quarter levels	1	5.3
Roughly in line with first-quarter levels	10	52.6
Somewhat below first-quarter levels	8	42.1
Considerably below first-quarter levels	0	0.0
Total	**19**	**100.0**

E. Trading REITs

	Number of Respondents	Percent
Considerably above first-quarter levels	0	0.0
Somewhat above first-quarter levels	0	0.0
Roughly in line with first-quarter levels	10	52.6
Somewhat below first-quarter levels	9	47.4
Considerably below first-quarter levels	0	0.0
Total	**19**	**100.0**

82. To the extent that there has been an increase since September in the use of repo or other forms of short-term funding on the part of levered investors to finance longer-duration assets (as reflected in your response to question 81), how has the financing of each of the following types of assets changed?

A. Treasury securities

	Number of Respondents	Percent
Increased significantly	0	0.0
Increased somewhat	1	50.0
Remained basically unchanged	1	50.0
Total	**2**	**100.0**

B. High-grade corporate bonds

	Number of Respondents	Percent
Increased significantly	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	2	100.0
Total	**2**	**100.0**

C. High-yield corporate bonds

	Number of Respondents	Percent
Increased significantly	0	0.0
Increased somewhat	1	33.0
Remained basically unchanged	2	66.7
Total	**3**	**100.0**

D. Syndicated leveraged loans

	Number of Respondents	Percent
Increased significantly	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	1	100.0
Total	**1**	**100.0**

E. Emerging market debt

	Number of Respondents	Percent
Increased significantly	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	1	100.0
Total	**1**	**100.0**

F. Agency RMBS

	Number of Respondents	Percent
Increased significantly	0	0.0
Increased somewhat	1	50.0
Remained basically unchanged	1	50.0
Total	**2**	**100.0**

G. Legacy ABS (that is, ABS including CMBS and non-agency RMBS issued before 2008)

	Number of Respondents	Percent
Increased significantly	0	0.0
Increased somewhat	1	100.0
Remained basically unchanged	0	0.0
Total	**1**	**100.0**

83. Adopting the first quarter of 2013 as a reference point, how would you characterize the current holdings of longer-duration assets by clients of each of the following types?

A. Mutual funds

	Number of Respondents	Percent
Considerably above first-quarter levels	0	0.0
Somewhat above first-quarter levels	1	5.3
Roughly in line with first-quarter levels	15	78.9
Somewhat below first-quarter levels	2	10.5
Considerably below first-quarter levels	1	5.3
Total	**19**	**100.0**

B. Pension plans

	Number of Respondents	Percent
Considerably above first-quarter levels	0	0.0
Somewhat above first-quarter levels	1	5.6
Roughly in line with first-quarter levels	15	83.3
Somewhat below first-quarter levels	2	11.1
Considerably below first-quarter levels	0	0.0
Total	**18**	**100.0**

C. Endowments

	Number of Respondents	Percent
Considerably above first-quarter levels	0	0.0
Somewhat above first-quarter levels	1	5.6
Roughly in line with first-quarter levels	15	83.3
Somewhat below first-quarter levels	2	11.1
Considerably below first-quarter levels	0	0.0
Total	**18**	**100.0**

D. Insurance companies

	Number of Respondents	Percent
Considerably above first-quarter levels	0	0.0
Somewhat above first-quarter levels	2	10.5
Roughly in line with first-quarter levels	16	84.2
Somewhat below first-quarter levels	1	5.3
Considerably below first-quarter levels	0	0.0
Total	**19**	**100.0**

E. Separately managed accounts established with investment advisers

	Number of Respondents	Percent
Considerably above first-quarter levels	0	0.0
Somewhat above first-quarter levels	1	5.9
Roughly in line with first-quarter levels	14	82.4
Somewhat below first-quarter levels	2	11.8
Considerably below first-quarter levels	0	0.0
Total	**17**	**100.0**

84. To the extent that there has been an increase since September in the holdings of longer-duration assets by generally unlevered institutional investors (as reflected in your response to question 83), how have the holdings of each of the following types of assets changed?

A. Treasury securities

	Number of Respondents	Percent
Increased significantly	0	0.0
Increased somewhat	2	66.7
Remained basically unchanged	1	33.3
Total	**3**	**100.0**

B. High-grade corporate bonds

	Number of Respondents	Percent
Increased significantly	0	0.0
Increased somewhat	2	66.7
Remained basically unchanged	1	33.3
Total	**3**	**100.0**

C. High-yield corporate bonds

	Number of Respondents	Percent
Increased significantly	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	3	100.0
Total	**3**	**100.0**

D. Syndicated leveraged loans

	Number of Respondents	Percent
Increased significantly	0	0.0
Increased somewhat	1	50.0
Remained basically unchanged	1	50.0
Total	**2**	**100.0**

E. Emerging market debt

	Number of Respondents	Percent
Increased significantly	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	2	100.0
Total	**2**	**100.0**

F. Agency RMBS

	Number of Respondents	Percent
Increased significantly	0	0.0
Increased somewhat	1	33.3
Remained basically unchanged	2	66.7
Total	**3**	**100.0**

G. Legacy ABS (that is, ABS including CMBS and non-agency RMBS issued before 2008)

	Number of Respondents	Percent
Increased significantly	0	0.0
Increased somewhat	1	50.0
Remained basically unchanged	1	50.0
Total	**2**	**100.0**

Exchange-Traded Funds Investing in Fixed-Income Assets

Some market commentaries have posited that ETFs investing in fixed-income assets, including corporate bonds and emerging market debt, have become an increasingly important tool for institutional investors over the past several years. Further, some accounts suggest that these instruments are particularly useful to investors who wish to have the capacity to reposition themselves rapidly in the relevant markets. Question 85 asks about the current use of ETFs investing in fixed-income assets by specific types of clients. Question 86 solicits information on the degree to which ETFs investing in fixed-income assets are currently utilized by specific types of clients to take longer-term strategic positions driven by fundamental or technical analysis rather than to effect short-adjustments to exposure for risk-management or tactical reasons. Question 87 focuses on changes in the use of such instruments by specific types of clients over the past year.

85. At present, to what extent do your institution's clients of each of the following types make use of ETFs investing in fixed-income assets in managing their portfolios?

A. Hedge funds

	Number of Respondents	**Percent**
To a significant extent	0	0.0
To some extent	6	40.0
To a minimal extent	9	60.0
Total	**15**	**100.0**

B. Mutual funds

	Number of Respondents	**Percent**
To a significant extent	0	0.0
To some extent	6	40.0
To a minimal extent	9	60.0
Total	**15**	**100.0**

C. Pension plans

	Number of Respondents	Percent
To a significant extent	0	0.0
To some extent	4	30.8
To a minimal extent	9	69.2
Total	**13**	**100.0**

D. Endowments

	Number of Respondents	Percent
To a significant extent	0	0.0
To some extent	5	35.7
To a minimal extent	9	64.3
Total	**14**	**100.0**

E. Insurance companies

	Number of Respondents	Percent
To a significant extent	0	0.0
To some extent	4	33.3
To a minimal extent	8	66.7
Total	**12**	**100.0**

F. Separately managed accounts established with investment advisers

	Number of Respondents	Percent
To a significant extent	0	0.0
To some extent	5	41.7
To a minimal extent	7	58.3
Total	**12**	**100.0**

86. To the extent that your institution's clients do make use of ETFs investing in fixed-income assets (as reflected in your response to question 85), how do they utilize these instruments in managing their portfolios?

A. Hedge funds

	Number of Respondents	**Percent**
Almost exclusively for longer-term strategic positions	0	0.0
Predominantly for longer-term strategic positions	0	0.0
For both longer-term strategic and shorter-term tactical positions	5	50.0
Predominantly for shorter-term tactical positions	4	40.0
Almost exclusively for shorter-term tactical positions	1	10.0
Total	**10**	**100.0**

B. Mutual funds

	Number of Respondents	**Percent**
Almost exclusively for longer-term strategic positions	0	0.0
Predominantly for longer-term strategic positions	1	8.3
For both longer-term strategic and shorter-term tactical positions	8	66.7
Predominantly for shorter-term tactical positions	3	25.0
Almost exclusively for shorter-term tactical positions	0	0.0
Total	**12**	**100.0**

C. Pension plans

	Number of Respondents	Percent
Almost exclusively for longer-term strategic positions	0	0.0
Predominantly for longer-term strategic positions	2	22.2
For both longer-term strategic and shorter-term tactical positions	6	66.7
Predominantly for shorter-term tactical positions	1	11.1
Almost exclusively for shorter-term tactical positions	0	0.0
Total	**9**	**100.0**

D. Endowments

	Number of Respondents	Percent
Almost exclusively for longer-term strategic positions	0	0.0
Predominantly for longer-term strategic positions	2	18.2
For both longer-term strategic and shorter-term tactical positions	8	72.7
Predominantly for shorter-term tactical positions	1	9.1
Almost exclusively for shorter-term tactical positions	0	0.0
Total	**11**	**100.0**

E. Insurance companies

	Number of Respondents	Percent
Almost exclusively for longer-term strategic positions	0	0.0
Predominantly for longer-term strategic positions	1	12.5
For both longer-term strategic and shorter-term tactical positions	6	75.0
Predominantly for shorter-term tactical positions	1	12.5
Almost exclusively for shorter-term tactical positions	0	0.0
Total	**8**	**100.0**

F. Separately managed accounts established with investment advisers

	Number of Respondents	Percent
Almost exclusively for longer-term strategic positions	0	0.0
Predominantly for longer-term strategic positions	1	11.1
For both longer-term strategic and shorter-term tactical positions	6	66.7
Predominantly for shorter-term tactical positions	2	22.2
Almost exclusively for shorter-term tactical positions	0	0.0
Total	**9**	**100.0**

87. Over the past year, how has the use of ETFs investing in fixed-income assets by your institution's clients of each of the following types changed?

A. Hedge funds

	Number of Respondents	Percent
Increased substantially	0	0.0
Increased somewhat	4	30.8
Remained basically unchanged	9	69.2
Decreased somewhat	0	0.0
Decreased substantially	0	0.0
Total	**13**	**100.0**

B. Mutual funds

	Number of Respondents	Percent
Increased substantially	0	0.0
Increased somewhat	3	21.4
Remained basically unchanged	11	78.6
Decreased somewhat	0	0.0
Decreased substantially	0	0.0
Total	**14**	**100.0**

C. Pension plans

	Number of Respondents	Percent
Increased substantially	0	0.0
Increased somewhat	2	18.2
Remained basically unchanged	9	81.8
Decreased somewhat	0	0.0
Decreased substantially	0	0.0
Total	**11**	**100.0**

D. Endowments

	Number of Respondents	Percent
Increased substantially	0	0.0
Increased somewhat	4	30.8
Remained basically unchanged	9	69.2
Decreased somewhat	0	0.0
Decreased substantially	0	0.0
Total	**13**	**100.0**

E. Insurance companies

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

F. Separately managed accounts established with investment advisers

	Number of Respondents	Percent
Increased substantially	0	0.0
Increased somewhat	3	27.3
Remained basically unchanged	8	72.7
Decreased somewhat	0	0.0
Decreased substantially	0	0.0
Total	**11**	**100.0**