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Senior Credit Officer Opinion Survey on Dealer Financing Terms

March 2011

The March 2011 Senior Credit Officer Opinion Survey on Dealer Financing Terms

Summary

The March 2011 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 a set of special questions about the use of leverage by traditionally unlevered investors during the past six months; a special question about the use of leverage by hedge funds pursuing specific investment strategies during the past six months; another set of special questions regarding third-party custody of independent amounts (initial margin) and collateral; and a final set of special questions about dealers' exposure to states, localities, and other issuers of tax-exempt debt. The 20 institutions participating in the survey account for almost all of the dealer financing of dollar-denominated securities for nondealers and are the most active intermediaries in OTC derivatives markets. The survey was conducted during the period from February 14, 2011, to February 25, 2011. The core questions asked about changes between December 2010 and February 2011.

Overall, respondents to the March 2011 survey indicated a further easing in credit terms across different counterparty types and securities financing transactions over the previous three months. Dealers also noted an increase in demand for funding for all types of securities considered in the survey over the same period. By contrast, respondents generally reported little change in the terms and conditions prevailing in OTC derivatives markets.[1] In particular:

- Dealers reported that they had eased credit terms, on net, for each counterparty type covered in the survey. The most important reason cited for easing terms was more-aggressive competition from other institutions. Other factors cited included an improvement in the current or expected financial strength of counterparties and an improvement in general market liquidity and functioning. Respondents again

[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").

reported an increase in the intensity of efforts by clients of each type explicitly covered in the survey to negotiate more-favorable terms.

- Similar to the December 2010 survey, the majority of respondents indicated that the amount of resources and attention devoted to management of concentrated exposures to dealers and other financial intermediaries had remained basically unchanged over the past three months. One-fourth of respondents, however, did point to an increase.

- Responses to questions about OTC derivatives transactions suggest that nonprice terms on both "plain vanilla" and customized derivatives were again generally little changed across different types of underlying asset classes (underlyings). However, moderate net fractions of dealers noted that they had eased certain nonprice terms with regard to total return swaps (TRS) with nonsecurities (such as bank loans) as the underlying.[2]

- Dealers reported that they had eased some terms on securities financing transactions on each type of collateral considered in the survey, with the most pronounced easing evident for asset-backed securities (ABS) other than agency residential mortgage-backed securities (RMBS).

- Dealers noted that demand for funding for all types of securities covered in the survey had increased over the past three months.

- In response to a set of special questions, a number of dealers indicated that traditionally unlevered investors (such as asset managers, insurance companies, and pension funds) had increased somewhat their use of leverage over the past six months. Respondents reported that the preferred instruments used to generate leverage were OTC derivatives and repurchase agreements (repos).

- In response to a special question about changes in the use of leverage by hedge funds pursuing different investment strategies, dealers indicated that the increase in leverage over the past six months was broadly visible across funds pursuing the strategies listed in the survey.

- In response to special questions about whether institutions' clients have sought, following the financial crisis, to arrange for third-party custody of independent amounts (initial margin) and other collateral postings, only a small number of dealers indicated that this issue was a significant and widespread component of discussions with clients; however, 40 percent of respondents indicated that the issue had arisen in some discussions.

[2] The term *nonsecurities* is used in this document to refer to financial assets such as bank loans and other obligations that are not securities as defined under the Securities Act of 1933.

- In response to special questions regarding counterparty exposures to states, localities, and other issuers of tax-exempt debt, three-fourths of dealers reported that they had tightened price and nonprice terms over the past three months for such counterparties. Respondents indicated that the sources of exposure to these counterparties that have necessitated the greatest allocation of resources and attention were OTC derivative contracts entered into in the context of debt issuance and underwriting commitments.

Counterparty Types

(*Questions 1–17*)

Dealers and other financial intermediaries. As in the December 2010 survey, a significant majority of respondents reported that the amount of resources and attention devoted to management of concentrated exposures to other dealers and other financial intermediaries had remained basically unchanged over the past three months, although one-fourth of respondents pointed to an increase. The vast majority of respondents also noted that the volume of mark and collateral disputes with dealers and other financial intermediaries had remained basically unchanged over the previous three months, with one-fifth of dealers reporting a decrease.[3]

Hedge funds, private equity firms, and other similar private pools of capital. As has been true for the past three surveys, the responses indicated that, across all types of transactions covered in the survey, dealers had eased somewhat the credit terms they offer to hedge funds, private equity firms, and other similar private pools of capital (private pools of capital) during the past three months. About one-third of respondents, on net, eased somewhat price terms such as financing rates. A similar net fraction of institutions reported having eased somewhat nonprice terms such as haircuts, maximum maturity, covenants, cure periods, cross-default provisions or other documentation features. The dealers that reported having eased terms pointed to more-aggressive competition from other institutions, an improvement in the current or expected financial strength of counterparties, and an improvement in general market liquidity and functioning as the main reasons for the changes.[4] Nearly two-thirds of dealers noted an increase in the intensity of efforts by private pools of capital to negotiate more-favorable price and nonprice terms over the past three months. Looking forward over the next three months, one-half of survey respondents, on balance, indicated that they anticipated a further easing of terms for such counterparties.

[3] A rise in the volume of mark and collateral disputes is generally viewed as a leading indicator of market stress.

[4] An ordinal ranking of reasons for loosening or tightening is produced by adding the number of respondents characterizing each reason as "very important" to the number characterizing the reason as "somewhat important" and then sorting the sums in descending order. For reasons with the same ranking based on the sums, the response that the greater number of dealers characterizes as "very important" takes priority.

Insurance companies, pension funds, and other institutional investors. The survey responses indicated that dealers also offered more-favorable credit terms for insurance companies, pension funds, and other institutional investors (institutional investors) over the past three months. A small net fraction of respondents reported having eased somewhat price terms for such counterparties, while one-fourth of dealers noted an easing of nonprice terms. As was the case for private pools of capital, the most important reason indicated for the easing of terms was more-aggressive competition from other institutions. An improvement in the current or expected financial strength of counterparties and improvement in general market liquidity and functioning were also cited as important reasons for the change. About one-third of dealers reported an increase in the intensity of efforts by institutional investors to negotiate more-favorable price and nonprice terms over the past three months. Looking forward over the next three months, about one-third of respondents, on balance, expected credit terms applicable to institutional investors to ease somewhat.

Nonfinancial corporations. The responses to questions about credit terms applicable to nonfinancial corporations also pointed to an easing over the past three months. Nearly one-third of respondents, on balance, indicated that they had eased price terms for such counterparties, while a small net fraction of dealers also noted an easing of nonprice terms. As was the case for private pools of capital and institutional investors, the most important reason cited for easing terms for nonfinancial corporations was more-aggressive competition from other institutions, followed by the improvement in current or expected financial strength of counterparties. About one-third of respondents noted that there had been an increase in the intensity of efforts by nonfinancial corporations to negotiate more-favorable price and nonprice terms over the past three months. Looking forward over the next three months, one-fifth of dealers, on balance, indicated that they anticipated somewhat looser terms for this counterparty type.

Over-the-Counter Derivatives

(Questions 18–29)

As in the previous three surveys, responses to questions dealing with OTC derivatives trades generally pointed to little change over the past three months in most of the terms for plain vanilla and customized derivatives across the various underlyings—foreign exchange, interest rates, equities, credit, commodities, and TRS referencing nonsecurities. However, about one-fifth of respondents indicated that they had increased somewhat initial margin requirements (for highly customized derivatives) and requirements, timelines, and thresholds for posting additional margin (for both plain vanilla and highly customized derivatives) on trades with foreign exchange as the underlying. In addition, with regard to TRS with nonsecurities as the underlying, about one-third of dealers active in this market, on net, reported having reduced somewhat initial margin requirements, while one-fifth of respondents noted that they had increased somewhat their recognition of portfolio or diversification benefits in establishing collateral requirements for clients' positions.[5]

Securities Financing

(*Questions 30–46*)

As in the previous survey, responses to questions on securities financing pointed to an easing of terms applicable to several different types of securities.[6] While generally evident for both average and most-favored clients, this reported loosening of terms was more pronounced for the most-favored clients over the past three months. With regard to terms under which high-grade corporate bonds are funded, net shares of survey respondents ranging between about 15 and 25 percent reported an increase in the maximum amount of funding, an extension in the maximum maturity, and a reduction in the financing rate. With respect to terms under which equities are funded (including through repo-like stock loan transactions), net fractions of dealers ranging between about 10 and 30 percent indicated that they had increased the maximum amount of funding, extended the maximum maturity, and eased covenants and triggers. Regarding terms under which agency RMBS are funded, net portions of respondents ranging between about 10 and 30 percent noted that they had decreased haircuts and financing rates, extended the maximum maturity, and increased the maximum amount of funding. Finally, with respect to terms under which ABS other than agency RMBS are funded, net fractions of dealers ranging between about 20 and 55 percent reported an increase in the maximum amount of funding, a decrease in haircuts, an extension in the maximum maturity, and a decrease in the financing rate.

Survey respondents indicated that demand for funding for every type of security explicitly considered in the survey had increased over the past three months. Notably, demand for funding for ABS other than agency RMBS was reported to have increased by 80 percent of survey participants. More than one-half of dealers noted an increase in demand for funding for agency RMBS, while nearly one-third of respondents that lend against high-grade corporate bonds and equities indicated that demand for such funding had increased.

Dealers indicated that liquidity and functioning in several markets had continued to improve over the past three months.[7] Nearly 60 percent of dealers reported an improvement in markets for ABS other than agency RMBS, while 40 percent of

[5] In managing their counterparty exposures, dealers may require a lower amount of collateral from clients in recognition of potential risk-reducing correlations among positions.

[6] The section of the survey on securities financing poses questions dealing specifically with four types of collateral: High-grade corporate bonds, equities, agency RMBS, and other ABS.

[7] Note that survey respondents are instructed to report changes in liquidity and functioning in the market for the underlying collateral to be funded through repos and similar secured financing transactions, not changes in the funding market itself.

respondents noted an improvement in the high-grade corporate bond market. Nearly one-fifth of dealers, on balance, pointed to an improvement in liquidity and functioning in the agency RMBS market.

Survey respondents generally reported that the volume of collateral and mark disputes with clients related to the funding of collateral of all types had remained unchanged.

Special Questions on the Use of Leverage by Traditionally Unlevered Investors

(*Questions 48–49*)[8]

The low interest rates that have prevailed in recent quarters have posed particular challenges to investors who, because of their investment goals or liability structure, effectively have nominal return targets. A set of special questions asked dealers about the degree to which their clients who face such challenges and traditionally employ little or no financial leverage have sought to boost returns through the use of leverage over the past six months. The questions also asked about the specific mechanisms employed in such instances. About one-third of respondents indicated that asset managers (acting on behalf of holders of separately managed accounts) have increased somewhat their use of leverage over the reference period, while nearly one-fifth of dealers noted that insurance companies and pension funds have also done so. The most important exposure mechanisms and transaction types used to attain such leverage, according to survey respondents, were OTC derivatives (including TRS) and repos. Some dealers also pointed to margin loans and, to a smaller extent, exchange-traded funds (ETFs) as vehicles by which traditionally unlevered investors have attained higher degrees of leverage over the reference period.[9]

Special Question on the Use of Leverage by Hedge Funds

(*Question 50*)

A special question sought information from dealers regarding possible changes during the past six months in the amount of leverage applied by their hedge fund clients pursuing various investment strategies. Respondents reported that the increase in the use of leverage was widespread across hedge funds pursuing the strategies listed in the survey. In particular, more than one-half of dealers indicated that fixed-income arbitrage hedge

[8] Question 47, not discussed here, was optional and allowed respondents to provide additional comments.

[9] Although generally providing long, unlevered exposure to an asset or asset class, some ETFs are structured to replicate short or levered positions.

funds increased their use of leverage, while about 45 percent of respondents noted that credit-trading hedge funds and global-macro funds had done so.

Special Questions on Third-Party Custody of Independent Amounts (Initial Margin) and Collateral

(*Questions 51–52*)

Following the financial crisis, market participants have reportedly become more concerned about the possible consequences of financial distress on the part of a dealer with whom they have posted collateral pursuant to OTC derivatives transactions, securities financings, or other activities. A set of special questions explored the intensity with which clients have sought to arrange for third-party custody of such collateral as a risk mitigant. In addition, these questions sought information concerning the classes of clients that have most actively pursued this option in negotiations with dealers. Although 40 percent of respondents indicated that the issue had arisen in some discussions with potential new clients and current clients renegotiating agreements and about one-third noted that the issue had occasionally arisen in such discussions, only two dealers indicated that this issue was a significant and widespread component of discussions. Dealers did point, however, to asset managers as being engaged on this issue, noting that efforts by such counterparties in this regard had been intense.

Special Questions on Exposure to States, Localities, and Other Issuers of Tax-Exempt Debt

(*Questions 53–56*)

Investor concerns had reportedly risen in recent months regarding the fiscal pressures facing states, localities, and other issuers of tax-exempt debt. A final set of special questions explored the degree to which these concerns have led to changes in credit terms applied to such counterparties over the past three months and the reasons for these changes. The questions also addressed the sources of exposure that have warranted the most attention and the changes in the frequency of mark and collateral disputes with counterparties of these types. Three-fourths of dealers with counterparty exposure to states, localities, and other issuers of tax-exempt debt reported that they had tightened somewhat the price and nonprice terms offered to these counterparties over the past three months. The institutions that reported a tightening of terms pointed to a deterioration in the current or expected financial strength of counterparties, a worsening in general market liquidity and functioning, a reduced willingness to take on additional risk, and higher internal capital charges for such transactions as the main reasons for the changes. With regard to the sources of exposure to these entities that have warranted the most attention from their risk-management functions, dealers pointed to OTC derivative contracts entered into in the context of debt issuance (for example, to swap fixed-rate debt to floating-rate debt), underwriting commitments (for example, to manage the sale of new debt instruments to investors), and credit enhancement (for example, of debt instruments or loans). When asked about changes in the volume of mark and collateral disputes with states, localities, and other issuers of tax-exempt debt, dealers with exposures to such entities reported no change relative to the prior period.

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

Results of the March 2011 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 17 ask about credit terms applicable to different counterparty types across the entire range of securities financing and over-the-counter (OTC) derivatives transactions, why these may have changed, and expectations for the future. 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). Questions 1 and 2 focus on dealers and other financial intermediaries as counterparties; questions 3 through 7 on hedge funds, private equity firms, and other similar private pools of capital; questions 8 through 12 on insurance companies, pension funds, and other institutional investors; and questions 13 through 17 on transactions involving nonfinancial corporations. 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. Also, please report changes in enforcement of existing policies regarding terms as changes in policies. 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 other dealers and other financial intermediaries changed?

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

2. Over the past three months, how has the volume of mark and collateral disputes with dealers and other financial intermediaries changed?

	Number of Respondents	**Percent**
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	16	80.0
Decreased somewhat	4	20.0
Decreased considerably	0	0.0
Total	**20**	**100.0**

Hedge Funds, Private Equity Firms, and Other Similar Private Pools of Capital

3. Over the past three months, how have the price terms (for example, financing rates) offered to hedge funds, private equity firms, and other similar private pools of capital 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	5.0
Remained basically unchanged	12	60.0
Eased somewhat	7	35.0
Eased considerably	0	0.0
Total	**20**	**100.0**

4. 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, private equity firms, and other similar private pools of capital across the entire spectrum of securities financing and OTC derivatives transaction types changed, regardless of price terms? (Please indicate tightening if terms have become more stringent, for example, if haircuts have been increased.)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	5.0
Remained basically unchanged	11	55.0
Eased somewhat	8	40.0
Eased considerably	0	0.0
Total	**20**	**100.0**

5. To the extent that the price or nonprice terms applied to hedge funds, private equity firms, and other similar private pools of capital have tightened or eased over the past three months (as reflected in your responses to questions 3 and 4), how important have been each of the following possible reasons for the change?

   A. Possible reasons for tightening:

      1) Deterioration in current or expected financial strength of counterparties

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	1	100.0
Not important	0	0.0
Total	**1**	**100.0**

      2) Reduced willingness of your institution to take on risk

	Number of Respondents	Percent
Very important	1	100.0
Somewhat important	0	0.0
Not important	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
Very important	0	0.0
Somewhat important	0	0.0
Not important	1	100.0
Total	**1**	**100.0**

4) Higher internal treasury charges for funding

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	1	100.0
Not important	0	0.0
Total	**1**	**100.0**

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

	Number of Respondents	Percent
Very important	1	100.0
Somewhat important	0	0.0
Not important	0	0.0
Total	**1**	**100.0**

6) Worsening in general market liquidity and functioning

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	1	100.0
Not important	0	0.0
Total	**1**	**100.0**

7) Less-aggressive competition from other institutions

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	1	100.0
Not important	0	0.0
Total	**1**	**100.0**

B. Possible reasons for easing:

1) Improvement in current or expected financial strength of counterparties

	Number of Respondents	Percent
Very important	3	30.0
Somewhat important	6	60.0
Not important	1	10.0
Total	**10**	**100.0**

2) Increased willingness of your institution to take on risk

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	6	60.0
Not important	4	40.0
Total	**10**	**100.0**

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

	Number of Respondents	Percent
Very important	2	20.0
Somewhat important	2	20.0
Not important	6	60.0
Total	**10**	**100.0**

4) Lower internal treasury charges for funding

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	0	0.0
Not important	10	100.0
Total	**10**	**100.0**

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

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	1	10.0
Not important	9	90.0
Total	**10**	**100.0**

6) Improvement in general market liquidity and functioning

	Number of Respondents	Percent
Very important	3	30.0
Somewhat important	5	50.0
Not important	2	20.0
Total	**10**	**100.0**

7) More-aggressive competition from other institutions

	Number of Respondents	Percent
Very important	5	50.0
Somewhat important	4	40.0
Not important	1	10.0
Total	**10**	**100.0**

6. How has the intensity of efforts by hedge funds, private equity firms, and other similar private pools of capital to negotiate more-favorable price and nonprice terms changed over the past three months?

	Number of Respondents	**Percent**
Increased considerably	2	10.0
Increased somewhat	10	50.0
Remained basically unchanged	8	40.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	**20**	**100.0**

7. Looking forward over the next three months, and assuming that economic activity progresses in line with consensus forecasts, how do you expect the price and nonprice terms under which you transact with hedge funds, private equity firms, and other similar private pools of capital across the entire spectrum of securities financing and OTC derivatives transactions to change?

	Number of Respondents	**Percent**
Price and nonprice terms are likely to tighten considerably	0	0.0
Price and nonprice terms are likely to tighten somewhat	1	5.0
Price and nonprice terms are likely to remain basically unchanged	8	40.0
Price and nonprice terms are likely to ease somewhat	11	55.0
Price and nonprice terms are likely to ease considerably	0	0.0
Total	**20**	**100.0**

Insurance Companies, Pension Funds, and Other Institutional Investors

8. Over the past three months, how have the price terms (for example, financing rates) offered to insurance companies, pension funds, and other institutional investors 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	5.0
Remained basically unchanged	16	80.0
Eased somewhat	3	15.0
Eased considerably	0	0.0
Total	**20**	**100.0**

9. 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, pension funds, and other institutional investors 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	15	75.0
Eased somewhat	5	25.0
Eased considerably	0	0.0
Total	**20**	**100.0**

10. To the extent that the price or nonprice terms applied to insurance companies, pension funds, and other institutional investors have tightened or eased over the past three months (as reflected in your responses to questions 8 and 9), how important have been each of the following possible reasons for the change?

    A. Possible reasons for tightening:

    1) Deterioration in current or expected financial strength of counterparties

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	0	0.0
Not important	1	100.0
Total	**1**	**100.0**

    2) Reduced willingness of your institution to take on risk

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	0	0.0
Not important	1	100.0
Total	**1**	**100.0**

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

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	0	0.0
Not important	1	100.0
Total	**1**	**100.0**

4) Higher internal treasury charges for funding

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	0	0.0
Not important	1	100.0
Total	**1**	**100.0**

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

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	0	0.0
Not important	1	100.0
Total	**1**	**100.0**

6) Worsening in general market liquidity and functioning

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	0	0.0
Not important	1	100.0
Total	**1**	**100.0**

7) Less-aggressive competition from other institutions

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	0	0.0
Not important	1	100.0
Total	**1**	**100.0**

B. Possible reasons for easing:

1) Improvement in current or expected financial strength of counterparties

	Number of Respondents	Percent
Very important	3	42.9
Somewhat important	4	57.1
Not important	0	0.0
Total	**7**	**100.0**

2) Increased willingness of your institution to take on risk

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	3	42.9
Not important	4	57.1
Total	**7**	**100.0**

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

	Number of Respondents	Percent
Very important	1	14.3
Somewhat important	3	42.9
Not important	3	42.9
Total	**7**	**100.0**

4) Lower internal treasury charges for funding

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	1	14.3
Not important	6	85.7
Total	**7**	**100.0**

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

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	1	14.3
Not important	6	85.7
Total	**7**	**100.0**

6) Improvement in general market liquidity and functioning

	Number of Respondents	Percent
Very important	2	28.6
Somewhat important	3	42.9
Not important	2	28.6
Total	**7**	**100.0**

7) More-aggressive competition from other institutions

	Number of Respondents	Percent
Very important	6	85.7
Somewhat important	1	14.3
Not important	0	0.0
Total	**7**	**100.0**

11. How has the intensity of efforts by insurance companies, pension funds, and other institutional investors 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	7	35.0
Remained basically unchanged	13	65.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	**20**	**100.0**

12. Looking forward over the next three months, and assuming that economic activity progresses in line with consensus forecasts, how do you expect the price and nonprice terms under which you transact with insurance companies, pension funds, and other institutional investors across the entire spectrum of securities financing and OTC derivatives transactions to change?

	Number of Respondents	Percent
Price and nonprice terms are likely to tighten considerably	0	0.0
Price and nonprice terms are likely to tighten somewhat	1	5.0
Price and nonprice terms are likely to remain basically unchanged	11	55.0
Price and nonprice terms are likely to ease somewhat	8	40.0
Price and nonprice terms are likely to ease considerably	0	0.0
Total	**20**	**100.0**

Nonfinancial Corporations

13. 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	5.0
Remained basically unchanged	12	60.0
Eased somewhat	7	35.0
Eased considerably	0	0.0
Total	**20**	**100.0**

14. 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	18	90.0
Eased somewhat	2	10.0
Eased considerably	0	0.0
Total	**20**	**100.0**

15. 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 13 and 14), how important have been each of the following possible reasons for the change?

A. Possible reasons for tightening:

1) Deterioration in current or expected financial strength of counterparties

	Number of Respondents	**Percent**
Very important	0	0.0
Somewhat important	1	100.0
Not important	0	0.0
Total	**1**	**100.0**

2) Reduced willingness of your institution to take on risk

	Number of Respondents	**Percent**
Very important	1	100.0
Somewhat important	0	0.0
Not important	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**
Very important	0	0.0
Somewhat important	1	100.0
Not important	0	0.0
Total	**1**	**100.0**

4) Higher internal treasury charges for funding

	Number of Respondents	Percent
Very important	1	100.0
Somewhat important	0	0.0
Not important	0	0.0
Total	**1**	**100.0**

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

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	1	100.0
Not important	0	0.0
Total	**1**	**100.0**

6) Worsening in general market liquidity and functioning

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	1	100.0
Not important	0	0.0
Total	**1**	**100.0**

7) Less-aggressive competition from other institutions

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	1	100.0
Not important	0	0.0
Total	**1**	**100.0**

B. Possible reasons for easing:

1) Improvement in current or expected financial strength of counterparties

	Number of Respondents	Percent
Very important	2	28.6
Somewhat important	5	71.4
Not important	0	0.0
Total	**7**	**100.0**

2) Increased willingness of your institution to take on risk

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	1	14.3
Not important	6	85.7
Total	**7**	**100.0**

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

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	2	28.6
Not important	5	71.4
Total	**7**	**100.0**

4) Lower internal treasury charges for funding

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	0	0.0
Not important	7	100.0
Total	**7**	**100.0**

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

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	2	28.6
Not important	5	71.4
Total	**7**	**100.0**

6) Improvement in general market liquidity and functioning

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	5	71.4
Not important	2	28.6
Total	**7**	**100.0**

7) More-aggressive competition from other institutions

	Number of Respondents	Percent
Very important	3	42.9
Somewhat important	4	57.1
Not important	0	0.0
Total	**7**	**100.0**

16. 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	7	35.0
Remained basically unchanged	13	65.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	**20**	**100.0**

17. Looking forward over the next three months, and assuming that economic activity progresses in line with consensus forecasts, how do you expect the price and nonprice terms under which you transact with nonfinancial corporations across the entire spectrum of securities financing and OTC derivatives transactions to change?

	Number of Respondents	**Percent**
Price and nonprice terms are likely to tighten considerably	0	0.0
Price and nonprice terms are likely to tighten somewhat	1	5.0
Price and nonprice terms are likely to remain basically unchanged	14	70.0
Price and nonprice terms are likely to ease somewhat	5	25.0
Price and nonprice terms are likely to ease considerably	0	0.0
Total	**20**	**100.0**

Over-the-Counter Derivatives

Questions 18 through 29 ask about OTC derivatives trades. Questions 18 and 19 focus on trades with Foreign Exchange (FX) as the underlying; questions 20 and 21 on trades with interest rates (IR) as the underlying; questions 22 and 23 on trades with equities as the underlying; questions 24 and 25 on trades with debt securities as the underlying (including contracts referencing mortgage-backed securities (MBS) and asset-backed securities (ABS)); questions 26 and 27 on trades with commodities as the underlying; and questions 28 and 29 on total return swaps with nonsecurities such as bank debt and whole loans as the underlying. 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. Also, please report changes in enforcement of existing policies regarding terms as changes in terms. Please respond "Not applicable" to questions dealing with business areas in which you do not conduct material activities. 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.

Foreign Exchange

18. Over the past three months, how have nonprice terms associated with OTC FX derivatives changed?

    A. For "plain vanilla" FX derivatives (that is, derivatives using ISDA short-form confirmations and definitions):

        1) Initial margin

	Number of Respondents	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	3	20.0
Remained basically unchanged	9	60.0
Eased somewhat	3	20.0
Eased considerably	0	0.0
Total	**15**	**100.0**

2) Requirements, timelines, and thresholds for posting additional margin

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	3	20.0
Remained basically unchanged	12	80.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**15**	**100.0**

3) Maximum maturity

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

4) 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	14	93.3
Eased somewhat	1	6.7
Eased considerably	0	0.0
Total	**15**	**100.0**

5) Triggers and covenants

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	6.3
Remained basically unchanged	14	87.5
Eased somewhat	1	6.3
Eased considerably	0	0.0
Total	**16**	**100.0**

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

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

B. For highly customized FX derivatives (that is, derivatives negotiated bilaterally and using long-form confirmations):

1) Initial margin

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	3	21.4
Remained basically unchanged	11	78.6
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**14**	**100.0**

2) Requirements, timelines, and thresholds for posting additional margin

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	3	21.4
Remained basically unchanged	11	78.6
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**14**	**100.0**

3) Maximum maturity

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

4) 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	14	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**14**	**100.0**

5) Triggers and covenants

	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**

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

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

19. Over the past three months, how has the volume of mark and collateral disputes with clients related to FX derivatives changed?

	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**

Interest Rates

20. Over the past three months, how have nonprice terms associated with OTC interest rate derivatives changed?

    A. For plain vanilla IR derivatives (that is, derivatives using ISDA short-form confirmations and definitions):

    1) Initial margin

	Number of Respondents	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	3	17.6
Remained basically unchanged	12	70.6
Eased somewhat	2	11.8
Eased considerably	0	0.0
Total	**17**	**100.0**

    2) Requirements, timelines, and thresholds for posting additional margin

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

3) Maximum maturity

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

4) Recognition of portfolio or diversification benefits (including from securities financing trades where appropriate documentation is in place)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	16	94.1
Eased somewhat	1	5.9
Eased considerably	0	0.0
Total	**17**	**100.0**

5) Triggers and covenants

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

6) 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	15	88.2
Eased somewhat	2	11.8
Eased considerably	0	0.0
Total	**17**	**100.0**

B. For highly customized IR derivatives (that is, derivatives negotiated bilaterally and using long-form confirmations):

1) Initial margin

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

2) Requirements, timelines, and thresholds for posting additional margin

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

3) Maximum maturity

	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**

4) Recognition of portfolio or diversification benefits (including from securities financing trades where appropriate documentation is in place)

	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**

5) Triggers and covenants

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

6) 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	15	93.8
Eased somewhat	1	6.3
Eased considerably	0	0.0
Total	**16**	**100.0**

21. Over the past three months, how has the volume of mark and collateral disputes with clients related to interest rate derivatives changed?

	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**

Equities

22. Over the past three months, how have nonprice terms associated with OTC equity derivatives changed?

    A. For plain vanilla equity derivatives (that is, derivatives using ISDA short-form confirmations and definitions):

    1) Initial margin

	Number of Respondents	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	1	5.6
Remained basically unchanged	14	77.8
Eased somewhat	3	16.7
Eased considerably	0	0.0
Total	**18**	**100.0**

    2) Requirements, timelines, and thresholds for posting additional margin

	Number of Respondents	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	1	5.6
Remained basically unchanged	17	94.4
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**18**	**100.0**

3) Maximum maturity

	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**

4) Recognition of portfolio or diversification benefits (including from securities financing trades where appropriate documentation is in place)

	Number of Respondents	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	1	5.6
Remained basically unchanged	17	94.4
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**18**	**100.0**

5) Triggers and covenants

	Number of Respondents	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	1	5.6
Remained basically unchanged	15	83.3
Eased somewhat	2	11.1
Eased considerably	0	0.0
Total	**18**	**100.0**

6) 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	16	88.9
Eased somewhat	2	11.1
Eased considerably	0	0.0
Total	**18**	**100.0**

B. For highly customized equity derivatives (that is, derivatives negotiated bilaterally and using long-form confirmations):

1) Initial margin

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

2) Requirements, timelines, and thresholds for posting additional margin

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	5.9
Remained basically unchanged	16	94.1
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**17**	**100.0**

3) Maximum maturity

	Number of Respondents	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	16	94.1
Eased somewhat	1	5.9
Eased considerably	0	0.0
Total	**17**	**100.0**

4) Recognition of portfolio or diversification benefits (including from securities financing trades where appropriate documentation is in place)

	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**

5) Triggers and covenants

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

6) 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	15	88.2
Eased somewhat	2	11.8
Eased considerably	0	0.0
Total	**17**	**100.0**

23. Over the past three months, how has the volume of mark and collateral disputes with clients related to equity derivatives changed?

	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**

Credit

24. Over the past three months, how have nonprice terms associated with OTC credit derivatives referencing debt securities (including contracts referencing MBS or ABS) changed?

    A. For plain vanilla credit derivatives (that is, derivatives using ISDA short-form confirmations and definitions):

    1) Initial margin

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

    2) Requirements, timelines, and thresholds for posting additional margin

	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**

3) 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**

4) Recognition of portfolio or diversification benefits (including from securities financing trades where appropriate documentation is in place)

	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**

5) Triggers and covenants

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

6) 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	13	92.9
Eased somewhat	1	7.1
Eased considerably	0	0.0
Total	**14**	**100.0**

B. For highly customized credit derivatives (that is, derivatives negotiated bilaterally and using long-form confirmations):

1) Initial margin

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

2) Requirements, timelines, and thresholds for posting additional margin

	Number of Respondents	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	1	7.1
Remained basically unchanged	13	92.9
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**14**	**100.0**

3) Maximum maturity

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

4) Recognition of portfolio or diversification benefits (including from securities financing trades where appropriate documentation is in place)

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

5) Triggers and covenants

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

6) 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	12	92.3
Eased somewhat	1	7.7
Eased considerably	0	0.0
Total	**13**	**100.0**

25. Over the past three months, how has the volume of mark and collateral disputes with clients related to credit derivatives changed?

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

Commodities

26. Over the past three months, how have nonprice terms associated with OTC commodity derivatives changed?

    A. For plain vanilla commodity derivatives (that is, derivatives using ISDA short-form confirmations and definitions):

        1) Initial margin

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

        2) Requirements, timelines, and thresholds for posting additional margin

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	7.1
Remained basically unchanged	13	92.9
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**14**	**100.0**

3) Maximum maturity

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	13	92.9
Eased somewhat	1	7.1
Eased considerably	0	0.0
Total	**14**	**100.0**

4) Recognition of portfolio or diversification benefits (including from securities financing trades where appropriate documentation is in place)

	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**

5) Triggers and covenants

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	7.1
Remained basically unchanged	12	85.7
Eased somewhat	1	7.1
Eased considerably	0	0.0
Total	**14**	**100.0**

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

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	7.1
Remained basically unchanged	12	85.7
Eased somewhat	1	7.1
Eased considerably	0	0.0
Total	**14**	**100.0**

B. For highly customized commodity derivatives (that is, derivatives negotiated bilaterally and using long-form confirmations):

1) Initial margin

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

2) Requirements, timelines, and thresholds for posting additional margin

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	7.1
Remained basically unchanged	13	92.9
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**14**	**100.0**

3) Maximum maturity

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	13	92.9
Eased somewhat	1	7.1
Eased considerably	0	0.0
Total	**14**	**100.0**

4) Recognition of portfolio or diversification benefits (including from securities financing trades where appropriate documentation is in place)

	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**

5) Triggers and covenants

	Number of Respondents	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	1	7.1
Remained basically unchanged	12	85.7
Eased somewhat	1	7.1
Eased considerably	0	0.0
Total	**14**	**100.0**

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

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	7.1
Remained basically unchanged	12	85.7
Eased somewhat	1	7.1
Eased considerably	0	0.0
Total	**14**	**100.0**

27. Over the past three months, how has the volume of mark and collateral disputes with clients related to commodity derivatives changed?

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

Total Return Swaps Referencing Nonsecurities (Such as Bank Debt and Whole Loans)

28. Over the past three months, how have nonprice terms associated with total return swaps referencing nonsecurities (such as bank debt and whole loans) changed?

A. Range of acceptable reference assets (for example, requirements with regard to credit quality and liquidity)

	Number of Respondents	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	1	10.0
Remained basically unchanged	7	70.0
Eased somewhat	2	20.0
Eased considerably	0	0.0
Total	**10**	**100.0**

B. Initial margin

	Number of Respondents	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	1	10.0
Remained basically unchanged	5	50.0
Eased somewhat	4	40.0
Eased considerably	0	0.0
Total	**10**	**100.0**

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

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

D. Maximum maturity

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	10.0
Remained basically unchanged	8	80.0
Eased somewhat	1	10.0
Eased considerably	0	0.0
Total	**10**	**100.0**

E. Recognition of portfolio or diversification benefits (including from securities financing trades where appropriate documentation is in place)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	8	80.0
Eased somewhat	2	20.0
Eased considerably	0	0.0
Total	**10**	**100.0**

F. Triggers and covenants

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	11.1
Remained basically unchanged	7	77.8
Eased somewhat	1	11.1
Eased considerably	0	0.0
Total	**9**	**100.0**

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

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	10.0
Remained basically unchanged	8	80.0
Eased somewhat	1	10.0
Eased considerably	0	0.0
Total	**10**	**100.0**

29. Over the past three months, how has the volume of mark and collateral disputes with clients related to total return swaps referencing nonsecurities changed?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	9	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	**9**	**100.0**

Securities Financing

Questions 30 through 46 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 30 through 34 focus on lending against high-grade corporate bonds; questions 35 and 36 on lending against equities (including through stock loan); questions 37 through 41 on lending against agency residential mortgage-backed securities (RMBS); and questions 42 through 46 on lending against other ABS. 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. Also, please report changes in enforcement of existing policies regarding terms as changes in terms. 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

30. 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	1	6.7
Remained basically unchanged	12	80.0
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	1	6.7
Remained basically unchanged	11	73.3
Eased somewhat	3	20.0
Eased considerably	0	0.0
Total	**15**	**100.0**

3) Haircuts

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

4) Financing rate

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

5) Requirements, timelines, and thresholds for posting additional collateral or margin

	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**

6) Recognition of portfolio or diversification benefits (including with OTC derivatives where appropriate agreements are in place)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	7.1
Remained basically unchanged	12	85.7
Eased somewhat	1	7.1
Eased considerably	0	0.0
Total	**14**	**100.0**

7) Covenants and triggers

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	7.1
Remained basically unchanged	13	92.9
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**14**	**100.0**

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

1) Maximum amount of funding

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	11	73.3
Eased somewhat	4	26.7
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	11	73.3
Eased somewhat	4	26.7
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	13	86.7
Eased somewhat	2	13.3
Eased considerably	0	0.0
Total	**15**	**100.0**

4) Financing rate

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	11	73.3
Eased somewhat	4	26.7
Eased considerably	0	0.0
Total	**15**	**100.0**

5) Requirements, timelines, and thresholds for posting additional collateral or margin

	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**

6) Recognition of portfolio or diversification benefits (including with OTC derivatives where appropriate agreements are in place)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	7.1
Remained basically unchanged	13	92.9
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**14**	**100.0**

7) Covenants and triggers

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	13	92.9
Eased somewhat	1	7.1
Eased considerably	0	0.0
Total	**14**	**100.0**

31. In some cases, an institution provides financing on more-favorable terms when it has played a role in bringing the issue being financed to market, for example, as an underwriter. Over the past three months, how has the amount of such "vendor financing" provided for high-grade corporate bonds by your institution changed?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	2	20.0
Remained basically unchanged	7	70.0
Decreased somewhat	1	10.0
Decreased considerably	0	0.0
Total	**10**	**100.0**

32. 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	1	6.7
Increased somewhat	4	26.7
Remained basically unchanged	10	66.7
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	**15**	**100.0**

33. Over the past three months, how has the volume of mark and collateral disputes with clients related to the funding of high-grade corporate bonds changed?

	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**

34. 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	6	40.0
Remained basically unchanged	9	60.0
Deteriorated somewhat	0	0.0
Deteriorated considerably	0	0.0
Total	**15**	**100.0**

Equities (Including through Stock Loan)

35. 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	14	77.8
Eased somewhat	4	22.2
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	15	83.3
Eased somewhat	3	16.7
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) Financing rate

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	2	11.1
Remained basically unchanged	12	66.7
Eased somewhat	4	22.2
Eased considerably	0	0.0
Total	**18**	**100.0**

5) Requirements, timelines, and thresholds for posting additional collateral or margin

	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**

6) Recognition of portfolio or diversification benefits (including with OTC derivatives where appropriate agreements are in place)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	5.9
Remained basically unchanged	16	94.1
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**17**	**100.0**

7) Covenants and triggers

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

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	72.2
Eased somewhat	5	27.8
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	13	72.2
Eased somewhat	5	27.8
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	16	88.9
Eased somewhat	2	11.1
Eased considerably	0	0.0
Total	**18**	**100.0**

4) Financing rate

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	3	16.7
Remained basically unchanged	11	61.1
Eased somewhat	4	22.2
Eased considerably	0	0.0
Total	**18**	**100.0**

5) Requirements, timelines, and thresholds for posting additional collateral or margin

	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**

6) Recognition of portfolio or diversification benefits (including with OTC derivatives where appropriate agreements are in place)

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	5.9
Remained basically unchanged	16	94.1
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**17**	**100.0**

7) Covenants and triggers

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	14	82.4
Eased somewhat	3	17.6
Eased considerably	0	0.0
Total	**17**	**100.0**

36. 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	6	33.3
Remained basically unchanged	11	61.1
Decreased somewhat	1	5.6
Decreased considerably	0	0.0
Total	**18**	**100.0**

Agency Residential Mortgage-Backed Securities

37. 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	5.9
Remained basically unchanged	14	82.4
Eased somewhat	2	11.8
Eased considerably	0	0.0
Total	**17**	**100.0**

2) Maximum maturity

	Number of Respondents	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	2	11.8
Remained basically unchanged	13	76.5
Eased somewhat	2	11.8
Eased considerably	0	0.0
Total	**17**	**100.0**

3) Haircuts

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

4) Financing rate

	Number of Respondents	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	2	11.8
Remained basically unchanged	11	64.7
Eased somewhat	4	23.5
Eased considerably	0	0.0
Total	**17**	**100.0**

5) Requirements, timelines, and thresholds for posting additional collateral or margin

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	5.9
Remained basically unchanged	16	94.1
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**17**	**100.0**

6) Recognition of portfolio or diversification benefits (including with OTC derivatives where appropriate agreements are in place)

	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**

7) Covenants and triggers

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	6.3
Remained basically unchanged	14	87.5
Eased somewhat	1	6.3
Eased considerably	0	0.0
Total	**16**	**100.0**

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

1) Maximum amount of funding

	Number of Respondents	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	2	11.8
Remained basically unchanged	10	58.8
Eased somewhat	5	29.4
Eased considerably	0	0.0
Total	**17**	**100.0**

2) Maximum maturity

	Number of Respondents	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	13	76.5
Eased somewhat	4	23.5
Eased considerably	0	0.0
Total	**17**	**100.0**

3) Haircuts

	Number of Respondents	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	12	70.6
Eased somewhat	5	29.4
Eased considerably	0	0.0
Total	**17**	**100.0**

4) Financing rate

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	12	70.6
Eased somewhat	5	29.4
Eased considerably	0	0.0
Total	**17**	**100.0**

5) Requirements, timelines, and thresholds for posting additional collateral or margin

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	16	94.1
Eased somewhat	1	5.9
Eased considerably	0	0.0
Total	**17**	**100.0**

6) Recognition of portfolio or diversification benefits (including with OTC derivatives where appropriate agreements are in place)

	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**

7) Covenants and triggers

	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**

38. In some cases, an institution provides financing on more-favorable terms when it has played a role in bringing the issue being financed to market, for example, as an underwriter. Over the past three months, how has the amount of such "vendor financing" provided by your institution for agency RMBS changed?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	2	12.5
Remained basically unchanged	14	87.5
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	**16**	**100.0**

39. 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	1	5.9
Increased somewhat	8	47.1
Remained basically unchanged	8	47.1
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	**17**	**100.0**

40. Over the past three months, how has the volume of mark and collateral disputes with clients related to the funding of agency RMBS changed?

	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**

41. 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	4	23.5
Remained basically unchanged	12	70.6
Deteriorated somewhat	1	5.9
Deteriorated considerably	0	0.0
Total	**17**	**100.0**

Other Asset-Backed Securities

42. Over the past three months, how have the terms under which ABS other than agency RMBS (referred to below as “other ABS”) are funded changed? Where material differences exist across different types of such ABS, for example, between non-agency RMBS and consumer ABS, please answer with regard to the type of instrument generating the most exposure and explain in the comment space provided.

    A. Terms for average clients:

    1) Maximum amount of funding

	Number of Respondents	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	10	66.7
Eased somewhat	5	33.3
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	12	80.0
Eased somewhat	3	20.0
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	8	53.3
Eased somewhat	6	40.0
Eased considerably	0	0.0
Total	**15**	**100.0**

4) Financing rate

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	6.7
Remained basically unchanged	8	53.3
Eased somewhat	6	40.0
Eased considerably	0	0.0
Total	**15**	**100.0**

5) Requirements, timelines, and thresholds for posting additional collateral or margin

	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**

6) Recognition of portfolio or diversification benefits (including with OTC derivatives where appropriate agreements are in place)

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

7) Covenants and triggers

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

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

1) Maximum amount of funding

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	7	46.7
Eased somewhat	7	46.7
Eased considerably	1	6.7
Total	**15**	**100.0**

2) Maximum maturity

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	9	60.0
Eased somewhat	6	40.0
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	6	40.0
Eased somewhat	8	53.3
Eased considerably	0	0.0
Total	**15**	**100.0**

4) Financing rate

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	6.7
Remained basically unchanged	8	53.3
Eased somewhat	6	40.0
Eased considerably	0	0.0
Total	**15**	**100.0**

5) Requirements, timelines, and thresholds for posting additional collateral or margin

	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**

6) Recognition of portfolio or diversification benefits (including with OTC derivatives where appropriate agreements are in place)

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

7) Covenants and triggers

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	13	92.9
Eased somewhat	1	7.1
Eased considerably	0	0.0
Total	**14**	**100.0**

43. In some cases, an institution provides financing on more-favorable terms when it has played a role in bringing the issue being financed to market, for example, as an underwriter. Over the past three months, how has the amount of such "vendor financing" provided for other ABS by your institution changed?

	Number of Respondents	Percent
Increased considerably	0	0.0
Increased somewhat	3	21.4
Remained basically unchanged	10	71.4
Decreased somewhat	1	7.1
Decreased considerably	0	0.0
Total	**14**	**100.0**

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

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

45. Over the past three months, how has the volume of mark and collateral disputes with clients related to the funding of other ABS changed?

	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**

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

	Number of Respondents	Percent
Improved considerably	0	0.0
Improved somewhat	8	57.1
Remained basically unchanged	6	42.9
Deteriorated somewhat	0	0.0
Deteriorated considerably	0	0.0
Total	**14**	**100.0**

Optional Question

Question 47 requests feedback on any other issues you judge to be important relating to credit terms applicable to securities financing transactions and OTC derivatives contracts.[10]

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.

Use of Leverage by Traditionally Unlevered Investors

48. Please assess the degree to which your institution's clients of each of the following type have increased their use of leverage over the past six months.

    A. Insurance companies

	Number of Respondents	Percent
Increased substantially	0	0.0
Increased somewhat	3	17.6
Not increased	14	82.4
Total	**17**	**100.0**

[10] See note 8 in the Summary.

B. Pension funds

	Number of Respondents	Percent
Increased substantially	0	0.0
Increased somewhat	3	17.6
Not increased	14	82.4
Total	**17**	**100.0**

C. Endowments

	Number of Respondents	Percent
Increased substantially	0	0.0
Increased somewhat	2	12.5
Not increased	14	87.5
Total	**16**	**100.0**

D. Other asset managers (acting on behalf of holders of separately managed accounts)

	Number of Respondents	Percent
Increased substantially	0	0.0
Increased somewhat	6	35.3
Not increased	11	64.7
Total	**17**	**100.0**

E. State and local government cash management pools

	Number of Respondents	Percent
Increased substantially	0	0.0
Increased somewhat	1	6.7
Not increased	14	93.3
Total	**15**	**100.0**

F. Other institutional investors

	Number of Respondents	Percent
Increased substantially	1	25.0
Increased somewhat	3	75.0
Not increased	0	0.0
Total	**4**	**100.0**

49. How important are each of the following exposure mechanisms and transaction types in attaining such leverage?

A. Margin loans

	Number of Respondents	Percent
Very important	1	25.0
Somewhat important	3	75.0
Not important	0	0.0
Total	**4**	**100.0**

B. Repurchase agreements

	Number of Respondents	Percent
Very important	3	37.5
Somewhat important	4	50.0
Not important	1	12.5
Total	**8**	**100.0**

C. OTC derivatives (including total return swaps)

	Number of Respondents	**Percent**
Very important	2	25.0
Somewhat important	6	75.0
Not important	0	0.0
Total	**8**	**100.0**

D. Exchange-traded funds (synthetic and levered structures)

	Number of Respondents	**Percent**
Very significant	0	0.0
Somewhat significant	2	50.0
Not significant	2	50.0
Total	**4**	**100.0**

Use of Leverage by Hedge Funds

50. Over the past six months, how has the use of leverage on the part of your institution's hedge fund clients pursing each of the following strategies changed?

A. Equity long-short (including quantitative)

	Number of Respondents	**Percent**
Increased substantially	0	0.0
Increased somewhat	8	42.1
Remained basically unchanged	11	57.9
Decreased somewhat	0	0.0
Decreased substantially	0	0.0
Total	**19**	**100.0**

B. Equity market neutral (including statistical arbitrage)

	Number of Respondents	Percent
Increased substantially	0	0.0
Increased somewhat	6	33.3
Remained basically unchanged	12	66.7
Decreased somewhat	0	0.0
Decreased substantially	0	0.0
Total	**18**	**100.0**

C. Event driven

	Number of Respondents	Percent
Increased substantially	0	0.0
Increased somewhat	6	33.3
Remained basically unchanged	12	66.7
Decreased somewhat	0	0.0
Decreased substantially	0	0.0
Total	**18**	**100.0**

D. Fixed-income arbitrage

	Number of Respondents	Percent
Increased substantially	1	5.6
Increased somewhat	9	50.0
Remained basically unchanged	8	44.4
Decreased somewhat	0	0.0
Decreased substantially	0	0.0
Total	**18**	**100.0**

E. Global macro

	Number of Respondents	Percent
Increased substantially	1	5.6
Increased somewhat	7	38.9
Remained basically unchanged	10	55.6
Decreased somewhat	0	0.0
Decreased substantially	0	0.0
Total	**18**	**100.0**

F. Credit trading

	Number of Respondents	Percent
Increased substantially	0	0.0
Increased somewhat	8	47.1
Remained basically unchanged	9	52.9
Decreased somewhat	0	0.0
Decreased substantially	0	0.0
Total	**17**	**100.0**

G. Multistrategy

	Number of Respondents	Percent
Increased substantially	0	0.0
Increased somewhat	7	38.9
Remained basically unchanged	11	61.1
Decreased somewhat	0	0.0
Decreased substantially	0	0.0
Total	**18**	**100.0**

Third-Party Custody of Independent Amounts (Initial Margin) and Collateral

51. To what extent have your institution's clients sought to negotiate arrangements to provide for the custody by third parties of independent amounts (initial margin) posted pursuant to OTC derivatives trades and of collateral posted pursuant to securities borrowings?

	Number of Respondents	**Percent**
The issue is a significant and widespread component of discussions with potential new clients and with current clients renegotiating agreements.	2	10.0
The issue has arisen in some discussions with potential new clients and with current clients renegotiating agreements.	8	40.0
The issue has only occasionally arisen in discussions with potential new clients and with current clients renegotiating agreements.	7	35.0
The issue has not arisen in discussions with potential new clients or with current clients renegotiating agreements.	3	15.0
Total	**20**	**100.0**

52. How intense have been the efforts by each of the following groups of clients to incorporate provisions in the relevant agreements providing for the third-party custody of collateral?

A. Insurance companies

	Number of Respondents	**Percent**
Very intense	0	0.0
Somewhat intense	0	0.0
Not intense	11	100.0
Total	**11**	**100.0**

B. Pension funds

	Number of Respondents	Percent
Very intense	0	0.0
Somewhat intense	2	16.7
Not intense	10	83.3
Total	**12**	**100.0**

C. Endowments

	Number of Respondents	Percent
Very intense	0	0.0
Somewhat intense	0	0.0
Not intense	11	100.0
Total	**11**	**100.0**

D. Other asset managers

	Number of Respondents	Percent
Very intense	2	13.3
Somewhat intense	8	53.3
Not intense	5	33.3
Total	**15**	**100.0**

E. State and local government investment pools

	Number of Respondents	Percent
Very intense	0	0.0
Somewhat intense	0	0.0
Not intense	11	100.0
Total	**11**	**100.0**

F. Other institutional investors

	Number of Respondents	Percent
Very intense	2	33.3
Somewhat intense	3	50.0
Not intense	1	16.7
Total	**6**	**100.0**

Exposure to States, Localities, and Other Issuers of Tax-Exempt Debt

53. Over the past three months, how have the price and nonprice terms offered to states, localities, and other issuers of tax-exempt debt changed, considering the entire range of transaction types that create actual or potential credit risk exposure for your institution?

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	9	75.0
Remained basically unchanged	3	25.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**12**	**100.0**

54. To the extent that the price or nonprice terms applied to states, localities, and other issuers of tax-exempt debt have tightened or eased over the past three months (as reflected in your response to question 53), how important have been each of the following possible reasons for the change?

A. Possible reasons for tightening:

1) Deterioration in current or expected financial strength of counterparties

	Number of Respondents	Percent
Very important	5	55.6
Somewhat important	2	22.2
Not important	2	22.2
Total	**9**	**100**

2) Reduced willingness on the part of your institution to take on additional risk

	Number of Respondents	Percent
Very important	2	22.2
Somewhat important	2	22.2
Not important	5	55.6
Total	**9**	**100**

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

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	3	33.3
Not important	6	66.7
Total	**9**	**100**

4) Higher internal treasury charges for funding

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	3	33.3
Not important	6	66.7
Total	**9**	**100.0**

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

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	1	11.1
Not important	8	88.9
Total	**9**	**100**

6) Worsening in general market liquidity and functioning

	Number of Respondents	Percent
Very important	2	22.2
Somewhat important	5	55.6
Not important	2	22.2
Total	**9**	**100**

7) Less-aggressive competition from other institutions

	Number of Respondents	Percent
Very important	1	11.1
Somewhat important	0	0.0
Not important	8	88.9
Total	**9**	**100**

B. Possible reasons for easing:

1) Improvement in current or expected financial strength of counterparties

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	0	0.0
Not important	0	0.0
Total	**0**	**0**

2) Increased willingness on the part of your institution to take on additional risk

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	0	0.0
Not important	0	0.0
Total	**0**	**0**

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

	Number of Respondents	**Percent**
Very important	0	0.0
Somewhat important	0	0.0
Not important	0	0.0
Total	**0**	**0**

4) Lower internal treasury charges for funding

	Number of Respondents	**Percent**
Very important	0	0.0
Somewhat important	0	0.0
Not important	0	0.0
Total	**0**	**0**

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

	Number of Respondents	**Percent**
Very important	0	0.0
Somewhat important	0	0.0
Not important	0	0.0
Total	**0**	**0**

6) Improvement in general market liquidity and functioning

	Number of Respondents	**Percent**
Very important	0	0.0
Somewhat important	0	0.0
Not important	0	0.0
Total	**0**	**0**

7) More-aggressive competition from other institutions

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	0	0.0
Not important	0	0.0
Total	**0**	**0**

55. Please indicate which sources of exposure to states, localities, and other issuers of tax-exempt debt have necessitated the greatest allocation of resources and attention on the part of your institution's credit risk management function over the past three months?

1) OTC derivative contracts entered in the context of debt issuance (for example, to swap fixed-rate debt to floating-rate debt)

	Number of Respondents	Percent
Yes	8	40.0
No	12	60.0
Total	**20**	**100.0**

2) OTC derivative contracts entered in the context of investment management activities (for example, to establish a synthetic exposure to an asset class on behalf of a public pension fund)

	Number of Respondents	Percent
Yes	1	5.0
No	19	95.0
Total	**20**	**100.0**

3) Underwriting commitments (for example, to manage the sale of new debt instruments to investors)

	Number of Respondents	Percent
Yes	6	30.0
No	14	70.0
Total	**20**	**100.0**

4) Credit enhancement (for example, of debt instruments or loans)

	Number of Respondents	Percent
Yes	4	20.0
No	16	80.0
Total	**20**	**100.0**

5) Other

	Number of Respondents	Percent
Yes	2	10.0
No	18	90.0
Total	**20**	**100.0**

56. Over the past three months, how has the volume of mark and collateral disputes with states, localities, and other issuers of tax-exempt debt changed?

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