The September 2026 Senior Credit Officer Opinion Survey on Dealer Financing Terms

Summary

The September 2026 Senior Credit Officer Opinion Survey on Dealer Financing Terms collected qualitative information on changes in credit terms and conditions in securities financing and over-the-counter (OTC) derivatives markets between June 2026 and August 2026.[1] In addition to the core questions, the survey included a set of special questions on long-term perspectives on dealers' capital allocation, securities financing, and their clients' leverage.

Core Questions
(Questions 1–79)[2]

With respect to **the credit terms applicable to, and mark and collateral disputes with, different counterparty types across the entire range of securities financing and OTC derivatives transactions**, responses to the core questions indicated the following:

- Price and nonprice terms on securities financing and OTC derivatives transactions were basically unchanged, on net, across all counterparty types (see the exhibit "Management of Concentrated Credit Exposures and Indicators of Supply of Credit"). Nearly one-fourth of dealers reported that the intensity of efforts by hedge funds (HFs) to negotiate more favorable price and nonprice terms increased somewhat.
- Resources and attention devoted to managing concentrated credit exposure to dealers and other financial intermediaries (such as large banking institutions) remained unchanged. Nearly one-half of dealers reported that changes in the practices of central counterparties, including margin requirements and haircuts, affected, to at least a small degree, the credit terms they offer to clients on bilateral transactions that are not cleared.
- The volume, duration, and persistence of mark and collateral disputes across all counterparty types remained largely unchanged, on net, over the past three months.

With respect to clients' **use of financial leverage**, dealers reported that the use of leverage remained basically unchanged, on net, across all client types (see the exhibit "Use of Financial Leverage").

In **OTC derivatives markets**, dealers indicated that nonprice terms in master agreements and initial margin requirements remained basically unchanged, on net, from the previous quarter. The volume, duration, and persistence of mark and collateral disputes for derivatives also remained basically unchanged, on net, from the previous quarter.

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[1] The 17 institutions participating in the September survey account for nearly all dealer financing of dollar-denominated securities to nondealers and are the most active intermediaries in OTC derivatives markets. The survey was conducted between August 11, 2026, and August 24, 2026.
[2] Question 80, not discussed here, was optional and allowed respondents to provide additional comments.

With respect to **securities financing transactions**, respondents indicated the following:

- Terms on securities financing were reported as basically unchanged, on net, for nearly all collateral types. More than one-fifth of dealers reported widening of collateral spreads for equity financing.
- More than one-third of dealers reported increased demand for funding of equities, as did nearly one-third of dealers for commercial mortgage-backed securities (CMBS). Nearly one-third of dealers also reported increased demand for term funding of CMBS (see the exhibit "Measures of Demand for Funding and Market Functioning").
- Liquidity and market functioning across all collateral types remained basically unchanged, on net, over the past three months.
- The volume, duration, and persistence of mark and collateral disputes remained unchanged over the past three months across all collateral types.

Special Questions on Capital Allocation, Securities Financing, and Leverage
(Questions 81–93)

This quarter's special questions sought to provide long-term perspectives on dealers' current capital allocation and financing terms across different asset classes, as well as on clients' leverage. Dealers were asked to compare current conditions with the levels or ranges observed over the past decade.

The special questions asked separately about dealers' financing activities involving equities, U.S. Treasury securities, and corporate bonds. In each of these markets, most of the 17 dealers who responded to the survey reported that they had been active in the market for all of the past 10 years. In the discussion that follows, such dealers are referred to as "established" dealers.

The established dealers were asked about the current shares of their capital committed to financing each of these asset classes. More than one-third of dealers reported that their current capital shares committed to equity financing are near the high end of their ranges over the past 10 years. Similarly, more than one-fourth and one-third of dealers, respectively, reported this for U.S. Treasury securities and corporate bond financing. More than three-fourths of dealers reported that their current capital shares committed to equity financing are above the midpoint of the past 10 years. For U.S. Treasury securities and corporate bond financing, more than one-half of dealers reported capital shares above the midpoint.

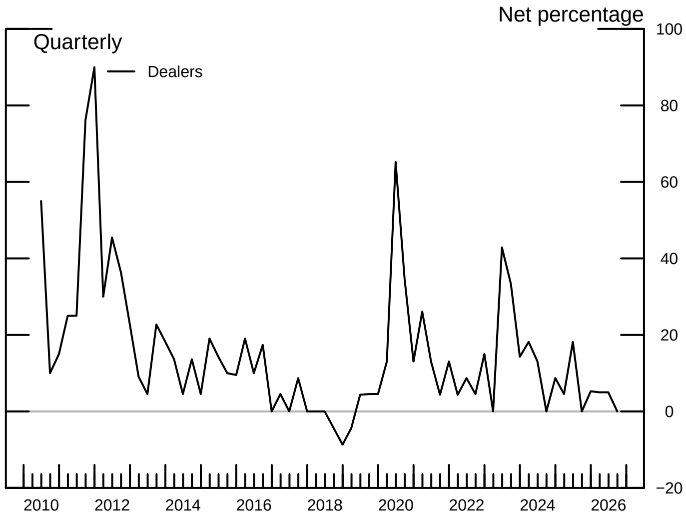
Regarding financing terms, nearly three-fourths of established dealers reported that their current collateral spreads on equities are above the midpoint of the past 10 years, as did nearly one-third of dealers for corporate bonds. Established dealers, on net, reported that financing terms for U.S. Treasury securities are near the midpoint.

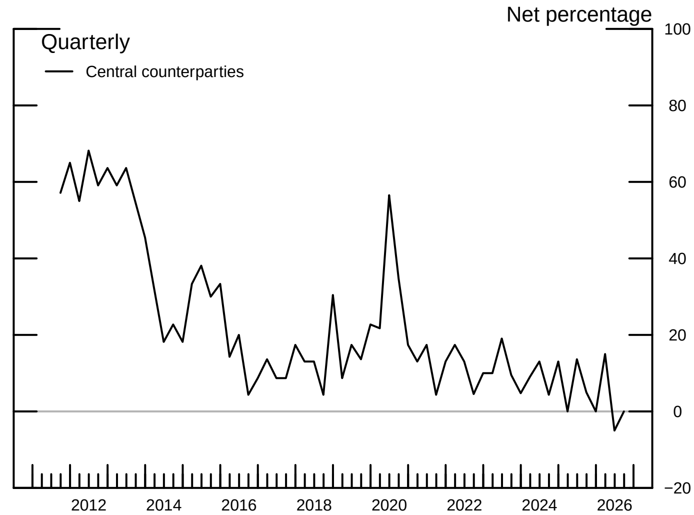
Fifteen dealers reported having facilitated transactions for HF clients for at least the past 10 years. Two-thirds of these dealers reported that current financial leverage by HFs is above the midpoint of the past 10 years. More than three-fourths of dealers reported above-midpoint leverage by equity-oriented HFs, while nearly one-half, on net, and one-third, respectively, reported this for fixed-income-oriented and credit-oriented HFs. Twelve dealers reported having facilitated transactions for exchange-traded fund (ETF) clients for at least the past 10 years. Three-fourths of these dealers reported that current financial leverage by ETFs is above the midpoint of the past 10 years.

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

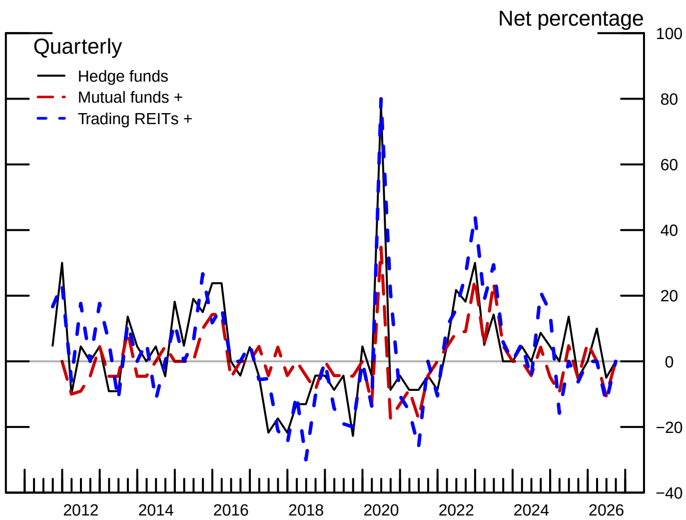
Management of Concentrated Credit Exposures and Indicators of Supply of Credit

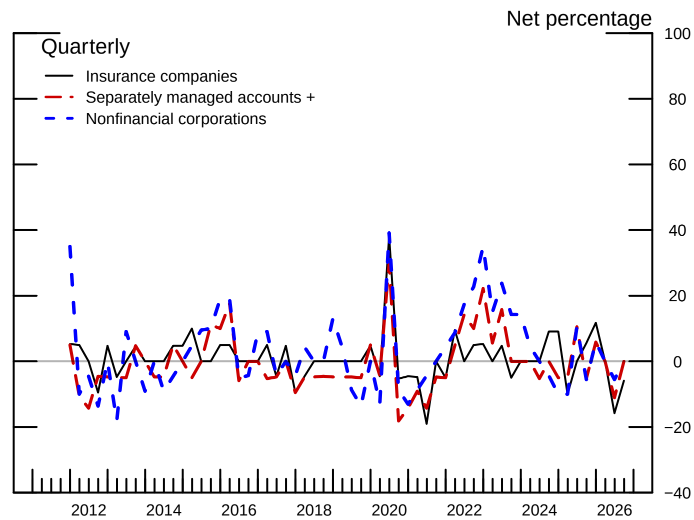
Respondents increasing resources and attention to management of concentrated exposures to the following:



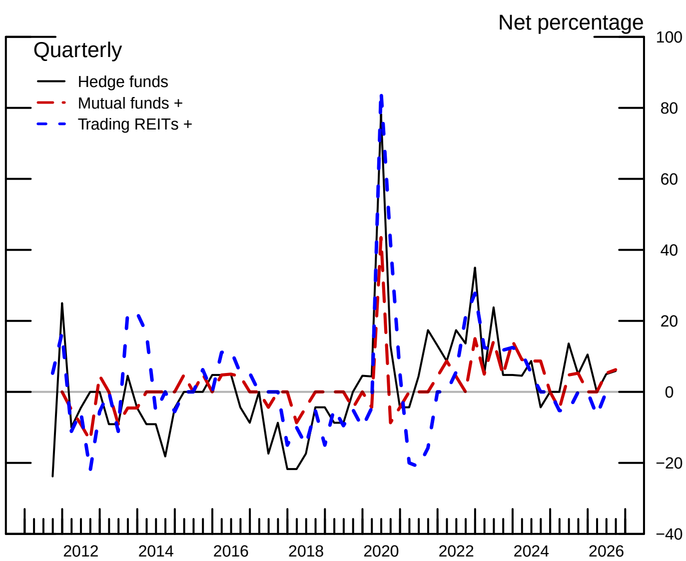


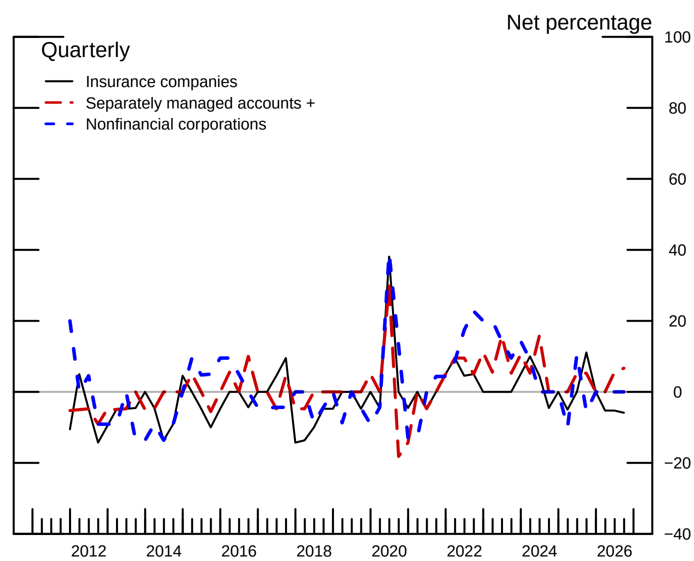
Respondents tightening price terms to the following:





Respondents tightening nonprice terms to the following:

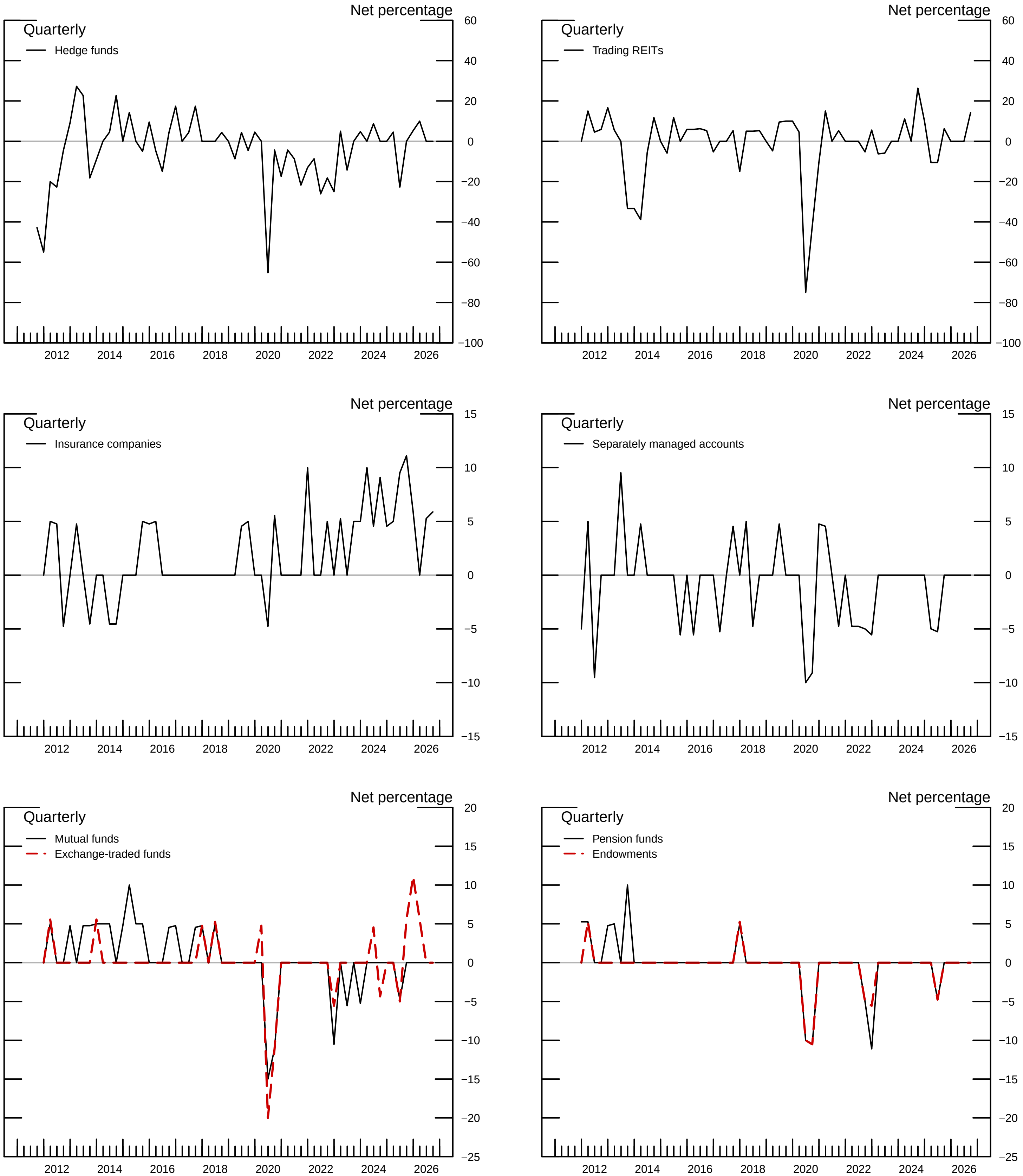




Note: REIT is real estate investment trust.
+ The question was added to the survey in September 2011.
Source: Federal Reserve Board, Senior Credit Officer Opinion Survey on Dealer Financing Terms.

Use of Financial Leverage

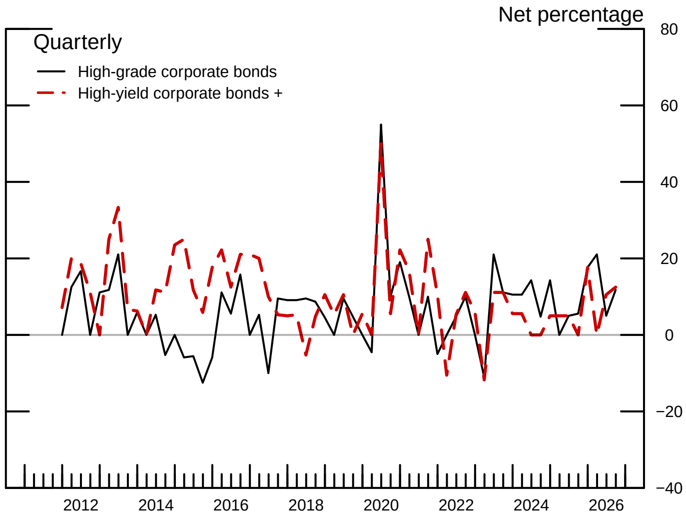
Respondents reporting increased use of leverage by the following:

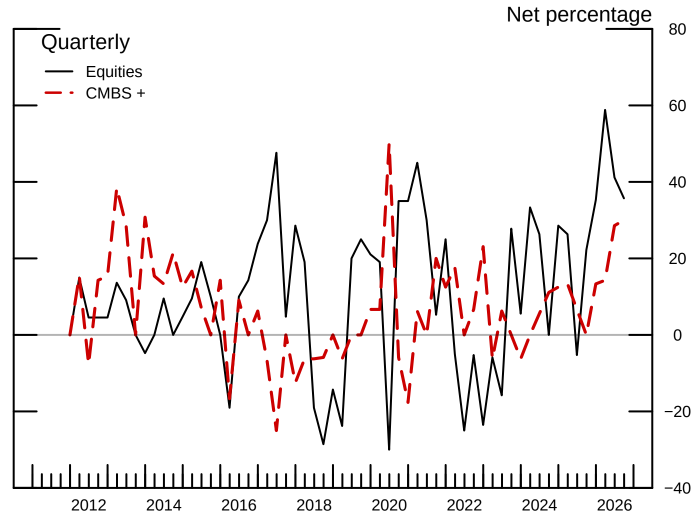


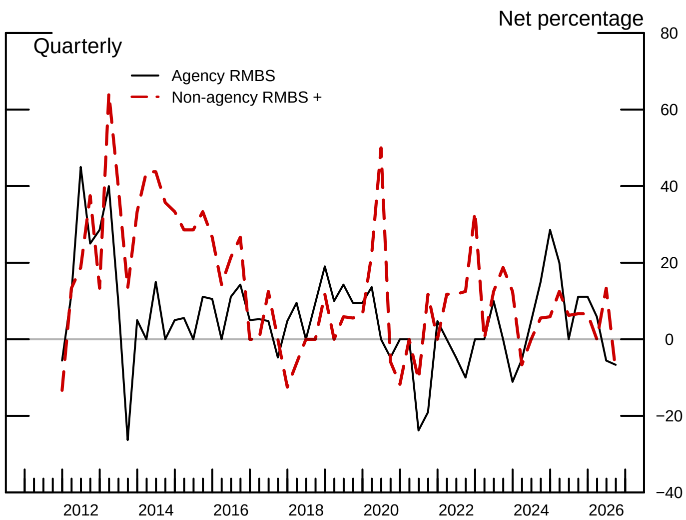
Note: REIT is real estate investment trust.
Source: Federal Reserve Board, Senior Credit Officer Opinion Survey on Dealer Financing Terms.

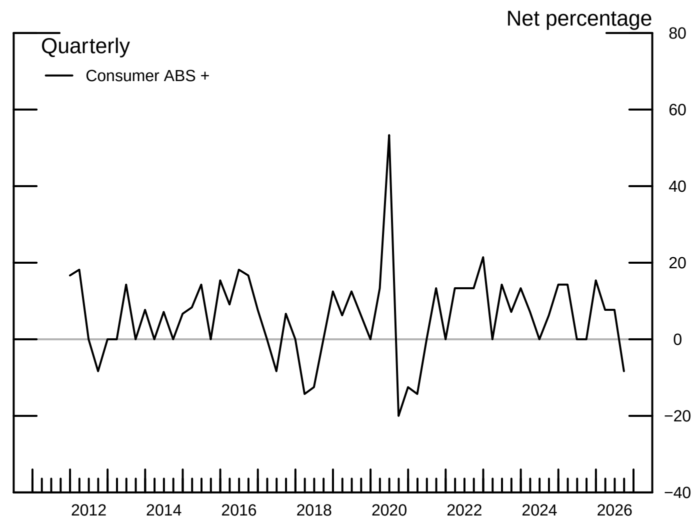
Measures of Demand for Funding and Market Functioning

Respondents reporting increased demand for funding of the following:

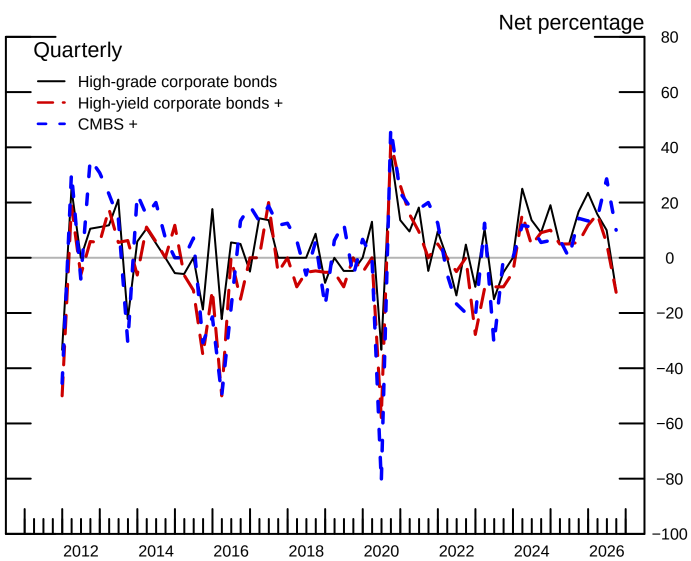


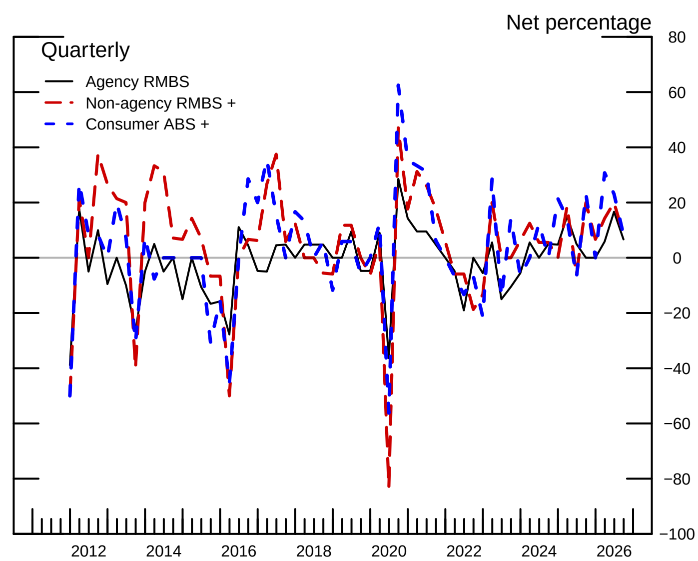






Respondents reporting an improvement in liquidity and functioning in the underlying markets for the following:





Note: CMBS is commercial mortgage-backed securities; RMBS is residential mortgage-backed securities; ABS is asset-backed securities.
+ The question was added to the survey in September 2011.
Source: Federal Reserve Board, Senior Credit Officer Opinion Survey on Dealer Financing Terms.