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Senior Credit Officer Opinion Survey on Dealer Financing Terms

June 2011

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

Summary

The June 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 special questions dealing with three topics of current interest. The first set of special questions queried respondents about current levels and changes since the beginning of 2011 in clients' unused financing capacity under the terms of existing agreements. The second set focused on changes over the past year in funding of less-liquid assets, differentiating across classes of counterparties, and types of such assets. The last special question asked for respondents' assessments of the current use of leverage by client types, adopting the pre-crisis peak and post-crisis trough as reference points. 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 May 23, 2011, to June 3, 2011. The core questions asked about changes between March 2011 and May 2011.

Overall, respondents to the June 2011 survey pointed to a continued gradual easing in credit terms with respect to major classes of counterparties, including hedge funds and other private pools of capital, insurance companies and other institutional investors, and nonfinancial firms.[1] Reasons cited as most important across the major classes of counterparties in explaining the easing of terms were more-aggressive competition from other institutions and an improvement in general market liquidity and functioning.[2] Most dealers indicated that the time and attention devoted to managing

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

[2] 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

concentrated credit exposures to other dealers remained basically unchanged, although a minority of respondents reported an increase in resources allocated to such activity. As in prior surveys, responses to questions regarding OTC derivatives trades pointed to little change over the past three months in the terms for both "plain vanilla" and customized derivatives. With respect to securities financing, respondents reported an easing of some financing terms for a broad spectrum of securities, including high-grade corporate bonds, equities, agency residential mortgage-backed securities (RMBS), and asset-backed securities (ABS) other than RMBS. As in the March 2011 survey, the reported easing of terms over the past three months was generally evident for both average and most-favored clients but much more pronounced for the latter group. Dealers also noted that demand for funding for the types of securities covered in the survey, with the exception of equities, had increased over the past three months. Finally, the results of the June survey indicated that the volume of mark and collateral disputes, often viewed as a leading indicator of market stress, remained generally unchanged across the entire range of counterparty and transaction types covered by the survey.

With respect to the special questions about additional funding capacity under existing agreements, large net fractions of respondents indicated that there was at least some unused capacity for all types of clients, and that unused capacity had generally increased since the beginning of 2011. With regard to funding of less-liquid assets, responses to the special questions on this topic generally reported an increase in such funding over the past year for all specified types of counterparties. In characterizing the types of less-liquid collateral being funded in greater amounts, high-yield corporate bonds, legacy non-agency RMBS, and legacy commercial mortgage-backed securities (CMBS) were most frequently cited. Finally, the current use of leverage was generally characterized as "roughly in the middle"—between the pre-crisis peak and the post-crisis trough—in response to a special question soliciting such an assessment.

Counterparty Types

(*Questions 1-17*)

Dealers and other financial intermediaries. As in previous surveys, a significant majority of respondents reported 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, although one-fourth of respondents pointed to an increase. More than one-half of respondents also characterized the volume of mark and collateral disputes with dealers and other financial intermediaries as basically unchanged over the previous three months. A modest net fraction of dealers, however, pointed to a decrease.

based on the sums, the response that the greater number of dealers characterizes as "very important" takes priority.

Hedge funds, private equity firms, and other similar private pools of capital. As has been true since the inaugural survey in June of last year, dealers reported, on net, that they had provided somewhat more-favorable credit terms over the past three months to hedge funds, private equity firms, and other similar private pools of capital (private pools of capital) across all types of transactions covered in the survey. Forty percent of respondents eased somewhat their price terms, including, most importantly, financing rates. A similar fraction of institutions indicated that they had eased somewhat their nonprice terms, which include haircuts, maximum maturity, covenants, cure periods, cross-default provisions, or other documentation features. As in previous surveys, the institutions that reported an easing of terms pointed to more-aggressive competition from other institutions, an improvement in general market liquidity and functioning, and, to a lesser extent, an improvement in the current or expected financial strength of counterparties as the main reasons for the changes. More than one-half of the respondents to the June survey 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, a majority of dealers expected price and nonprice terms applicable to private pools of capital to remain basically unchanged, while one-fifth of respondents, on balance, indicated that they anticipated further easing of terms.

Insurance companies, pension funds, and other institutional investors. The survey responses suggested that, on balance, dealers also provided more-favorable credit terms for insurance companies, pension funds, and other institutional investors (institutional investors) over the past three months. About one-third of respondents indicated that they had eased price terms for such counterparties, while one-fourth of dealers noted an easing of nonprice terms. The most important reasons cited for the easing of credit terms were more-aggressive competition from other institutions and an improvement in general market liquidity and functioning. Increased willingness to take on risk was also noted as an important reason for the change. Nearly 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, one-fifth of respondents, on net, expected credit terms applicable to institutional investors to ease somewhat further.

Nonfinancial corporations. The responses to questions about credit terms applicable to nonfinancial corporations also pointed to some easing over the past three months. About one-third of respondents indicated that they had eased price terms for such counterparties; by contrast, nonprice terms were generally little changed. As was the case for private pools of capital and institutional investors, the most important reasons cited for the easing were more-aggressive competition from other institutions and an improvement in general market liquidity and functioning. An improvement in the current or expected financial strength of counterparties was also cited as an important reason for the change. One-fourth of respondents indicated 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, the majority of dealers noted that they expected credit terms to remain basically unchanged, although one-fourth of respondents, on balance, indicated that they anticipated somewhat looser terms.

Over-the-Counter Derivatives

(Questions 18–29)

As has been the case since the inaugural survey in June of last year, responses to questions dealing with OTC derivatives trades pointed to little change over the past three months in the terms for plain vanilla and customized derivatives across different types of underlying asset classes (underlyings)—foreign exchange, interest rates, equities, credit, commodities, and total return swaps (TRS) referencing nonsecurities (such as syndicated loans).[3] However, a small fraction of dealers indicated that they had eased somewhat initial margin requirements on trades with interest rates and credit as the underlying (for plain vanilla derivatives). In addition, with regard to TRS referencing nonsecurities as the underlying, nearly one-half of the dealers active in this market reported having reduced somewhat initial margin requirements, and a few respondents also noted that they had eased somewhat the range of acceptable reference assets, maximum maturity, and triggers and covenants for such contracts.

Securities Financing

(*Questions 30–46*)

As in the previous surveys, responses to questions focused on securities financing pointed to an easing of certain terms under which a broad spectrum of securities was being funded.[4] The reported loosening of terms over the past three months was generally evident for both average and most-favored clients. For average clients, the easing of terms was most visible in the reduction of the financing rates applicable to funding of high-grade corporate bonds and agency RMBS, and in the increase in the maximum amount of funding and maximum maturity of funding for ABS other than agency RMBS. For the most-favored clients—the focus of the remainder of this paragraph—the trend toward easing was more pronounced. With regard to terms applicable to the funding of high-grade corporate bonds, net fractions of survey respondents ranging between 25 and about 40 percent reported an increase in the maximum amount of funding, an extension in the maximum maturity, and a decline in financing rates. With respect to terms applicable to the financing of equities (including through repurchase agreement–like stock loan transactions), net fractions of dealers ranging between 15 and 20 percent

[3] 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.

[4] In this survey, securities financing includes lending to clients collateralized by high-grade corporate bonds, equities, agency RMBS, and other ABS.

indicated that they had increased the maximum amount of funding and extended the maximum maturity. Regarding terms for the funding of agency RMBS, net portions of respondents ranging between about 20 and 35 percent noted that they had extended the maximum maturity, increased the maximum amount of funding, reduced the financing rate, and decreased haircuts provide to most-favored clients. With respect to terms under which ABS other than agency RMBS are funded, net fractions of dealers ranging between about 25 and 50 percent reported an increase in the maximum amount of funding, an extension in the maximum maturity, a decline in financing rates, and a decrease in haircuts.

Survey respondents indicated that demand for funding for almost all types of securities considered in the survey had increased over the past three months. The only exception was equities, for which the demand for funding was reported as essentially unchanged. On balance, about one-third of dealers that lend against high-grade corporate bonds and agency RMBS reported an increase in demand for funding in the June survey, while nearly one-half of survey respondents that lend against ABS other than agency RMBS indicated that demand for funding such securities had increased. Small net fractions of respondents reported an increase in the amount of "vendor" financing—that is, the funding on preferential terms of securities that the financing dealer played a role in bringing to market—provided for high-grade corporate bonds, agency RMBS, and ABS other than agency RMBS.

Respondents indicated that liquidity and functioning of several markets had improved over the past three months.[5] One-half of dealers offered such an assessment with respect to the high-grade corporate bond market, and 40 percent of respondents did so with respect to the market for ABS other than agency RMBS. Almost 30 percent of dealers reported an improvement in the agency RMBS market.

As in the March 2011 survey, respondents generally indicated 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 Additional Funding Capacity under Terms of Existing Agreements

(*Questions 48–49*)[6]

Some counterparties reportedly maintain significant unused financing capacity under the terms of existing agreements, allowing them, for example, to fund additional assets or

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

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

withdraw excess collateral left at the dealer. Thus, the leverage used by these counterparties is constrained not by the availability of additional funding but by their risk appetite and investment objectives. A set of special questions sought information regarding the amount of additional capacity currently available to different classes of counterparties as well as changes in this capacity since the beginning of 2011. Overall, large net fractions of respondents indicated that there was some degree of unused capacity for all types of clients listed in the survey.[7] Of note, substantial capacity was reported by nearly 40 percent of dealers with respect to most-favored hedge fund clients, and by about 30 percent of dealers with respect to other hedge funds, asset managers (representing holders of separately managed accounts), and mutual funds and pension funds. Respondents also indicated that the unused funding capacity available to several types of clients had increased since the beginning of 2011. In particular, one-half of dealers, on net, reported an increase in unused funding capacity for most-favored hedge funds, while nearly one-half noted such an increase for trading real estate investment trusts (REITs).[8] In addition, about 30 percent of respondents on balance pointed to an increase in such funding capacity for hedge funds other than most-favored funds. More-modest net fractions of dealers indicated an increase in unused funding capacity over the same period for asset managers and insurance companies.

Special Questions on Funding of Less-Liquid Assets

(*Questions 50–51*)

The gradual increase in leverage evident over the past year appears to have been driven by incremental funding of relatively liquid assets. But, reportedly, there has also been some limited increase in the funding of less-liquid asset types using various mechanisms, including securities financing trades, prime brokerage accounts, and TRS that replicate the economics of collateralized lending. Another set of special questions sought information about changes in the amount of funding of less-liquid assets by different types of counterparties over the past year and in the types of such assets being funded. Overall, respondents reported an increase in the funding of less-liquid assets over the past year by all specified classes of counterparties listed in the survey.[9] In particular, nearly three-fourths of respondents reported an increase on the part of most-favored hedge funds, while around one-half of dealers noted an increase on the part of other hedge funds, trading REITs, and private equity firms. When asked about the types of less-liquid collateral being funded, net fractions of respondents ranging between about 50 and 80 percent pointed to an increase in funding for legacy CMBS, legacy RMBS, and

[7] This question was posed with respect to eight types of counterparties: most-favored hedge funds; other hedge funds; private equity firms; trading real estate investment trusts (REITs); asset managers; mutual funds and pension plans; insurance companies; and exchange-traded funds (ETFs), unit investment trusts (UITs), special purpose vehicles (SPVs), and similar entities.

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

[9] The question was posed with respect to the same eight types of counterparties as was the prior question on unused funding capacity.

high-yield corporate bonds over the past year. A smaller number of respondents, about 40 percent, on net, also cited an increase in the funding of legacy collateralized loan obligations, or CLOs.

Special Question on Overall Use of Leverage

(*Question 52*)

Some market participants have commented that the use of financial leverage has increased modestly since it approached its apparent nadir in wake of the financial crisis. One final special question asked about the current use of leverage by specific types of counterparties relative to both the post-crisis trough in late 2009 and pre-crisis peak in late 2006. Respondents were asked to assess leverage using a seven-point scale, with responses ranging from "at or below the trough level" to "at or above the peak level." Overall, a large majority of respondents reported that leverage was roughly in the middle of the range between the peak and trough levels for all types of counterparties listed in the survey.[10] With regard to insurance companies, however, one-third of dealers noted that leverage was only moderately above the trough level.

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

[10] Again, the question was posed with respect to the same eight types of counterparties as were the prior questions on unused funding capacity and financing of less-liquid assets.

Results of the June 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	3	15.0
Remained basically unchanged	11	55.0
Decreased somewhat	5	25.0
Decreased considerably	1	5.0
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	0	0.0
Remained basically unchanged	12	60.0
Eased somewhat	8	40.0
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	0	0.0
Remained basically unchanged	13	65.0
Eased somewhat	7	35.0
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	0	0.0
Not important	0	0.0
Total	**0**	**0.0**

      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	0	0.0
Total	**0**	**0.0**

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

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

4) Higher 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**	**0.0**

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	0	0.0
Total	**0**	**0.0**

6) Worsening in general market liquidity and functioning

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

7) Less-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**	**0.0**

B. Possible reasons for easing:

1) Improvement in current or expected financial strength of counterparties

	Number of Respondents	Percent
Very important	2	18.2
Somewhat important	6	54.5
Not important	3	27.3
Total	**11**	**100.0**

2) Increased willingness of your institution to take on risk

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	7	63.6
Not important	4	36.4
Total	**11**	**100.0**

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

	Number of Respondents	Percent
Very important	1	9.1
Somewhat important	3	27.3
Not important	7	63.6
Total	**11**	**100.0**

4) Lower internal treasury charges for funding

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	1	9.1
Not important	10	90.9
Total	**11**	**100.0**

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

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	4	36.4
Not important	7	63.6
Total	**11**	**100.0**

6) Improvement in general market liquidity and functioning

	Number of Respondents	Percent
Very important	3	27.3
Somewhat important	6	54.5
Not important	2	18.2
Total	**11**	**100.0**

7) More-aggressive competition from other institutions

	Number of Respondents	Percent
Very important	3	27.3
Somewhat important	6	54.5
Not important	2	18.2
Total	**11**	**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	0	0.0
Increased somewhat	12	60.0
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	2	10.0
Price and nonprice terms are likely to remain basically unchanged	12	60.0
Price and nonprice terms are likely to ease somewhat	6	30.0
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	0	0.0
Remained basically unchanged	14	70.0
Eased somewhat	6	30.0
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	0	0.0
Total	**0**	**0.0**

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	0	0.0
Total	**0**	**0.0**

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

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

4) Higher 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**	**0.0**

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	0	0.0
Total	**0**	**0.0**

6) Worsening in general market liquidity and functioning

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

7) Less-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**	**0.0**

B. Possible reasons for easing:

1) Improvement in current or expected financial strength of counterparties

	Number of Respondents	Percent
Very important	2	22.2
Somewhat important	2	22.2
Not important	5	55.6
Total	**9**	**100.0**

2) Increased willingness of your institution to take on risk

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

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

	Number of Respondents	Percent
Very important	1	11.1
Somewhat important	3	33.3
Not important	5	55.6
Total	**9**	**100.0**

4) Lower internal treasury charges for funding

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	2	22.2
Not important	7	77.8
Total	**9**	**100.0**

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

	Number of Respondents	Percent
Very important	0	0.0
Somewhat important	4	44.4
Not important	5	55.6
Total	**9**	**100.0**

6) Improvement in general market liquidity and functioning

	Number of Respondents	Percent
Very important	4	44.4
Somewhat important	3	33.3
Not important	2	22.2
Total	**9**	**100.0**

7) More-aggressive competition from other institutions

	Number of Respondents	Percent
Very important	5	55.6
Somewhat important	3	33.3
Not important	1	11.1
Total	**9**	**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	6	30.0
Remained basically unchanged	14	70.0
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	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**

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	0	0.0
Remained basically unchanged	13	65.0
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	0	0.0
Not important	0	0.0
Total	**0**	**0.0**

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	0	0.0
Total	**0**	**0.0**

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

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

4) Higher 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**	**0.0**

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	0	0.0
Total	**0**	**0.0**

6) Worsening in general market liquidity and functioning

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

7) Less-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**	**0.0**

B. Possible reasons for easing:

1) Improvement in current or expected financial strength of counterparties

	Number of Respondents	Percent
Very important	1	14.3
Somewhat important	4	57.1
Not important	2	28.6
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	1	14.3
Not important	6	85.7
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	3	42.9
Somewhat important	4	57.1
Not important	0	0.0
Total	**7**	**100.0**

7) More-aggressive competition from other institutions

	Number of Respondents	Percent
Very important	4	57.1
Somewhat important	3	42.9
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	1	5.0
Increased somewhat	4	20.0
Remained basically unchanged	15	75.0
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	13	65.0
Price and nonprice terms are likely to ease somewhat	6	30.0
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	0	0.0
Remained basically unchanged	15	93.8
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	0	0.0
Remained basically unchanged	15	100.0
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	0	0.0
Remained basically unchanged	16	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**16**	**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	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	0	0.0
Remained basically unchanged	16	94.1
Eased somewhat	1	5.9
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	1	5.9
Remained basically unchanged	15	88.2
Eased somewhat	1	5.9
Eased considerably	0	0.0
Total	**17**	**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	0	0.0
Remained basically unchanged	15	100.0
Eased somewhat	0	0.0
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	0	0.0
Remained basically unchanged	15	100.0
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	0	0.0
Remained basically unchanged	15	100.0
Eased somewhat	0	0.0
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	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	0	0.0
Remained basically unchanged	16	100.0
Eased somewhat	0	0.0
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	1	6.3
Remained basically unchanged	15	93.8
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**16**	**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	3	21.4
Remained basically unchanged	10	71.4
Decreased somewhat	1	7.1
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	0	0.0
Remained basically unchanged	14	82.4
Eased somewhat	3	17.6
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	15	88.2
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	0	0.0
Remained basically unchanged	15	88.2
Eased somewhat	2	11.8
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	0	0.0
Remained basically unchanged	16	94.1
Eased somewhat	1	5.9
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	15	88.2
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	15	93.8
Eased somewhat	1	6.3
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	15	88.2
Eased somewhat	2	11.8
Eased considerably	0	0.0
Total	**17**	**100.0**

5) Triggers and covenants

	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) 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	94.1
Eased somewhat	1	5.9
Eased considerably	0	0.0
Total	**17**	**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	3	20.0
Remained basically unchanged	9	60.0
Decreased somewhat	2	13.3
Decreased considerably	1	6.7
Total	**15**	**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	0	0.0
Remained basically unchanged	16	88.9
Eased somewhat	2	11.1
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	0	0.0
Remained basically unchanged	18	100.0
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	18	100.0
Eased somewhat	0	0.0
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	0	0.0
Remained basically unchanged	16	88.9
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	0	0.0
Remained basically unchanged	15	88.2
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	17	100.0
Eased somewhat	0	0.0
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	0	0.0
Remained basically unchanged	15	88.2
Eased somewhat	2	11.8
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	2	11.8
Remained basically unchanged	13	76.5
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	0	0.0
Remained basically unchanged	13	81.3
Eased somewhat	3	18.8
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	0	0.0
Remained basically unchanged	16	100.0
Eased somewhat	0	0.0
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	15	93.8
Eased somewhat	1	6.3
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	15	93.8
Eased somewhat	1	6.3
Eased considerably	0	0.0
Total	**16**	**100.0**

5) Triggers and covenants

	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**

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**

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	0	0.0
Remained basically unchanged	14	87.5
Eased somewhat	2	12.5
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	0	0.0
Remained basically unchanged	16	100.0
Eased somewhat	0	0.0
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	15	93.8
Eased somewhat	1	6.3
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	15	93.8
Eased somewhat	1	6.3
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**

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	2	13.3
Remained basically unchanged	11	73.3
Decreased somewhat	2	13.3
Decreased considerably	0	0.0
Total	**15**	**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	2	13.3
Remained basically unchanged	12	80.0
Eased somewhat	1	6.7
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	1	6.7
Remained basically unchanged	14	93.3
Eased somewhat	0	0.0
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	1	6.7
Remained basically unchanged	13	86.7
Eased somewhat	1	6.7
Eased considerably	0	0.0
Total	**15**	**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	13.3
Remained basically unchanged	12	80.0
Eased somewhat	1	6.7
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	1	6.7
Remained basically unchanged	14	93.3
Eased somewhat	0	0.0
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	2	13.3
Remained basically unchanged	12	80.0
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	1	6.7
Remained basically unchanged	13	86.7
Eased somewhat	1	6.7
Eased considerably	0	0.0
Total	**15**	**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	2	14.3
Remained basically unchanged	11	78.6
Decreased somewhat	1	7.1
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	0	0.0
Remained basically unchanged	8	80.0
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	0	0.0
Remained basically unchanged	6	60.0
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	0	0.0
Remained basically unchanged	10	100.0
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	0	0.0
Remained basically unchanged	8	80.0
Eased somewhat	2	20.0
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	9	90.0
Eased somewhat	1	10.0
Eased considerably	0	0.0
Total	**10**	**100.0**

F. Triggers and covenants

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

G. 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	9	90.0
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	1	11.1
Remained basically unchanged	7	77.8
Decreased somewhat	1	11.1
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	0	0.0
Remained basically unchanged	13	81.3
Eased somewhat	3	18.8
Eased considerably	0	0.0
Total	**16**	**100.0**

2) Maximum maturity

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

3) Haircuts

	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) Financing rate

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	10	62.5
Eased somewhat	4	25.0
Eased considerably	2	12.5
Total	**16**	**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	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**16**	**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	11	78.6
Eased somewhat	3	21.4
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	81.3
Eased somewhat	3	18.8
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	0	0.0
Remained basically unchanged	10	62.5
Eased somewhat	6	37.5
Eased considerably	0	0.0
Total	**16**	**100.0**

2) Maximum maturity

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	11	68.8
Eased somewhat	5	31.3
Eased considerably	0	0.0
Total	**16**	**100.0**

3) Haircuts

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	6.3
Remained basically unchanged	11	68.8
Eased somewhat	4	25.0
Eased considerably	0	0.0
Total	**16**	**100.0**

4) Financing rate

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	6.3
Remained basically unchanged	10	62.5
Eased somewhat	3	18.8
Eased considerably	2	12.5
Total	**16**	**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	93.8
Eased somewhat	1	6.3
Eased considerably	0	0.0
Total	**16**	**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	10	71.4
Eased somewhat	3	21.4
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	81.3
Eased somewhat	3	18.8
Eased considerably	0	0.0
Total	**16**	**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	3	23.1
Remained basically unchanged	9	69.2
Decreased somewhat	1	7.7
Decreased considerably	0	0.0
Total	**13**	**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	0	0.0
Increased somewhat	6	37.5
Remained basically unchanged	9	56.3
Decreased somewhat	1	6.3
Decreased considerably	0	0.0
Total	**16**	**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	1	6.7
Remained basically unchanged	13	86.7
Decreased somewhat	1	6.7
Decreased considerably	0	0.0
Total	**15**	**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	1	6.3
Improved somewhat	7	43.8
Remained basically unchanged	8	50.0
Deteriorated somewhat	0	0.0
Deteriorated considerably	0	0.0
Total	**16**	**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	1	5.0
Remained basically unchanged	16	80.0
Eased somewhat	2	10.0
Eased considerably	1	5.0
Total	**20**	**100.0**

2) Maximum maturity

	Number of Respondents	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	17	85.0
Eased somewhat	3	15.0
Eased considerably	0	0.0
Total	**20**	**100.0**

3) Haircuts

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

4) Financing rate

	Number of Respondents	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	1	5.0
Remained basically unchanged	16	80.0
Eased somewhat	2	10.0
Eased considerably	1	5.0
Total	**20**	**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	20	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**20**	**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	18	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**18**	**100.0**

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

1) Maximum amount of funding

	Number of Respondents	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	1	5.0
Remained basically unchanged	14	70.0
Eased somewhat	4	20.0
Eased considerably	1	5.0
Total	**20**	**100.0**

2) Maximum maturity

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	17	85.0
Eased somewhat	3	15.0
Eased considerably	0	0.0
Total	**20**	**100.0**

3) Haircuts

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

4) Financing rate

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	2	10.0
Remained basically unchanged	15	75.0
Eased somewhat	2	10.0
Eased considerably	1	5.0
Total	**20**	**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	20	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**20**	**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	5.6
Remained basically unchanged	17	94.4
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	**18**	**100.0**

7) Covenants and triggers

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	18	94.7
Eased somewhat	1	5.3
Eased considerably	0	0.0
Total	**19**	**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	2	10.0
Remained basically unchanged	15	75.0
Decreased somewhat	3	15.0
Decreased considerably	0	0.0
Total	**20**	**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	2	11.1
Remained basically unchanged	13	72.2
Eased somewhat	3	16.7
Eased considerably	0	0.0
Total	**18**	**100.0**

2) Maximum maturity

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	2	11.1
Remained basically unchanged	13	72.2
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	15	83.3
Eased somewhat	3	16.7
Eased considerably	0	0.0
Total	**18**	**100.0**

4) Financing rate

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	5.9
Remained basically unchanged	11	64.7
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	18	100.0
Eased somewhat	0	0.0
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	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	14	87.5
Eased somewhat	2	12.5
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	11.1
Remained basically unchanged	9	50.0
Eased somewhat	7	38.9
Eased considerably	0	0.0
Total	**18**	**100.0**

2) Maximum maturity

	Number of Respondents	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	1	5.6
Remained basically unchanged	10	55.6
Eased somewhat	7	38.9
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	14	77.8
Eased somewhat	4	22.2
Eased considerably	0	0.0
Total	**18**	**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	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	0	0.0
Remained basically unchanged	14	93.3
Eased somewhat	1	6.7
Eased considerably	0	0.0
Total	**15**	**100.0**

7) Covenants and triggers

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	13	81.3
Eased somewhat	3	18.8
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	0	0.0
Increased somewhat	6	33.3
Remained basically unchanged	12	66.7
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	**18**	**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	94.1
Decreased somewhat	1	5.9
Decreased considerably	0	0.0
Total	**17**	**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	5	27.8
Remained basically unchanged	12	66.7
Deteriorated somewhat	1	5.6
Deteriorated considerably	0	0.0
Total	**18**	**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	1	6.7
Remained basically unchanged	9	60.0
Eased somewhat	4	26.7
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	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	12	80.0
Eased somewhat	3	20.0
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	11	73.3
Eased somewhat	3	20.0
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	13	92.9
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	0	0.0
Remained basically unchanged	14	93.3
Eased somewhat	1	6.7
Eased considerably	0	0.0
Total	**15**	**100.0**

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

1) Maximum amount of funding

	Number of Respondents	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	6.7
Remained basically unchanged	6	40.0
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	8	53.3
Eased somewhat	7	46.7
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	11	73.3
Eased somewhat	4	26.7
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	3	20.0
Eased considerably	1	6.7
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	14	93.3
Eased somewhat	1	6.7
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	12	92.3
Eased somewhat	1	7.7
Eased considerably	0	0.0
Total	**13**	**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	0	0.0
Increased somewhat	7	46.7
Remained basically unchanged	8	53.3
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	13	92.9
Decreased somewhat	1	7.1
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	6	40.0
Remained basically unchanged	9	60.0
Deteriorated somewhat	0	0.0
Deteriorated considerably	0	0.0
Total	**15**	**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.[11]

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. How much unused financing capacity do your institution's clients of each of the following types currently have under terms of existing agreements?

A. Most-favored hedge funds

	Number of Respondents	Percent
Substantial capacity	7	38.9
Some capacity	11	61.1
No capacity	0	0.0
Total	**18**	**100.0**

[11] See note 6 in the Summary.

B. Other hedge funds

	Number of Respondents	Percent
Substantial capacity	5	29.4
Some capacity	11	64.7
No capacity	1	5.9
Total	**17**	**100.0**

C. Private equity firms

	Number of Respondents	Percent
Substantial capacity	0	0.0
Some capacity	8	80.0
No capacity	2	20.0
Total	**10**	**100.0**

D. Exchange-traded funds (ETFs), unit investment trusts (UITs), special purpose vehicles (SPVs), and similar entities

	Number of Respondents	Percent
Substantial capacity	1	11.1
Some capacity	7	77.8
No capacity	1	11.1
Total	**9**	**100.0**

E. Trading real estate investment trusts (REITs)

	Number of Respondents	Percent
Substantial capacity	1	7.1
Some capacity	10	71.4
No capacity	3	21.4
Total	**14**	**100.0**

F. Asset managers

	Number of Respondents	Percent
Substantial capacity	5	29.4
Some capacity	12	70.6
No capacity	0	0.0
Total	**17**	**100.0**

G. Mutual funds and pension plans

	Number of Respondents	Percent
Substantial capacity	4	28.6
Some capacity	9	64.3
No capacity	1	7.1
Total	**14**	**100.0**

H. Insurance companies

	Number of Respondents	Percent
Substantial capacity	3	16.7
Some capacity	14	77.8
No capacity	1	5.6
Total	**18**	**100.0**

49. Since the beginning of 2011, how has the unused financing capacity of your clients of each of the following types under the terms of existing agreements changed?

A. Most-favored hedge funds

	Number of Respondents	Percent
Increased significantly	1	5.6
Increased somewhat	9	50.0
Remained basically unchanged	7	38.9
Decreased somewhat	1	5.6
Decreased significantly	0	0.0
Total	**18**	**100.0**

B. Other hedge funds

	Number of Respondents	Percent
Increased significantly	1	5.9
Increased somewhat	5	29.4
Remained basically unchanged	10	58.8
Decreased somewhat	1	5.9
Decreased significantly	0	0.0
Total	**17**	**100.0**

C. Private equity firms

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

D. ETFs, UITs, SPVs, and similar entities

	Number of Respondents	Percent
Increased significantly	0	0.0
Increased somewhat	2	22.2
Remained basically unchanged	6	66.7
Decreased somewhat	1	11.1
Decreased significantly	0	0.0
Total	**9**	**100.0**

E. Trading REITs

	Number of Respondents	Percent
Increased significantly	0	0.0
Increased somewhat	7	50.0
Remained basically unchanged	6	42.9
Decreased somewhat	1	7.1
Decreased significantly	0	0.0
Total	**14**	**100.0**

F. Asset managers

	Number of Respondents	Percent
Increased significantly	0	0.0
Increased somewhat	4	23.5
Remained basically unchanged	12	70.6
Decreased somewhat	1	5.9
Decreased significantly	0	0.0
Total	**17**	**100.0**

G. Mutual funds and pension plans

	Number of Respondents	Percent
Increased significantly	0	0.0
Increased somewhat	2	14.3
Remained basically unchanged	10	71.4
Decreased somewhat	2	14.3
Decreased significantly	0	0.0
Total	**14**	**100.0**

H. Insurance companies

	Number of Respondents	Percent
Increased significantly	1	5.9
Increased somewhat	3	17.6
Remained basically unchanged	12	70.6
Decreased somewhat	1	5.9
Decreased significantly	0	0.0
Total	**17**	**100.0**

Funding of Less-Liquid Assets

50. Over the past six months, how has the funding of less-liquid assets by each of the following classes of counterparties changed?

A. Most-favored hedge funds

	Number of Respondents	Percent
Increased substantially	1	5.6
Increased somewhat	12	66.7
Remained basically unchanged	5	27.8
Decreased somewhat	0	0.0
Decreased substantially	0	0.0
Total	**18**	**100.0**

B. Other hedge funds

	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**

C. Private equity firms

	Number of Respondents	Percent
Increased substantially	1	7.7
Increased somewhat	5	38.5
Remained basically unchanged	7	53.8
Decreased somewhat	0	0.0
Decreased substantially	0	0.0
Total	**13**	**100.0**

D. ETFs, UITs, SPVs, and similar entities

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

E. Trading REITs

	Number of Respondents	Percent
Increased substantially	1	6.7
Increased somewhat	7	46.7
Remained basically unchanged	7	46.7
Decreased somewhat	0	0.0
Decreased substantially	0	0.0
Total	**15**	**100.0**

F. Asset managers

	Number of Respondents	Percent
Increased substantially	1	6.3
Increased somewhat	5	31.3
Remained basically unchanged	10	62.5
Decreased somewhat	0	0.0
Decreased substantially	0	0.0
Total	**16**	**100.0**

G. Mutual funds and pension plans

	Number of Respondents	Percent
Increased substantially	1	6.3
Increased somewhat	2	12.5
Remained basically unchanged	13	81.3
Decreased somewhat	0	0.0
Decreased substantially	0	0.0
Total	**16**	**100.0**

H. Insurance companies

	Number of Respondents	Percent
Increased substantially	1	5.9
Increased somewhat	4	23.5
Remained basically unchanged	12	70.6
Decreased somewhat	0	0.0
Decreased substantially	0	0.0
Total	**17**	**100.0**

51. Over the past year, how has funding of each of the following broad classes of less-liquid assets changed?

A. High-yield corporate bonds

	Number of Respondents	Percent
Increased substantially	2	11.8
Increased somewhat	7	41.2
Remained basically unchanged	8	47.1
Decreased somewhat	0	0.0
Decreased substantially	0	0.0
Total	**17**	**100.0**

B. Syndicated leveraged corporate loans

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

C. Legacy non-agency residential mortgage-backed securities

	Number of Respondents	**Percent**
Increased substantially	2	13.3
Increased somewhat	9	60.0
Remained basically unchanged	4	26.7
Decreased somewhat	0	0.0
Decreased substantially	0	0.0
Total	**15**	**100.0**

D. Legacy commercial mortgage-backed securities

	Number of Respondents	**Percent**
Increased substantially	2	14.3
Increased somewhat	9	64.3
Remained basically unchanged	3	21.4
Decreased somewhat	0	0.0
Decreased substantially	0	0.0
Total	**14**	**100.0**

E. Legacy collateralized loan obligations

	Number of Respondents	**Percent**
Increased substantially	2	15.4
Increased somewhat	4	30.8
Remained basically unchanged	6	46.2
Decreased somewhat	1	7.7
Decreased substantially	0	0.0
Total	**13**	**100.0**

Overall Use of Leverage

52. Adopting the pre-crisis peak and post-crisis trough as reference points, how would you characterize the current use of leverage by clients of each of the following types?

A. Most-favored hedge funds

	Number of Respondents	Percent
At or above the peak level	0	0.0
Near the peak level	0	0.0
Moderately below the peak level	3	17.6
Roughly in the middle between the peak and trough levels	11	64.7
Moderately above the trough level	2	11.8
Near the trough level	1	5.9
At or below the trough level	0	0.0
Total	**17**	**100.0**

B. Other hedge funds

	Number of Respondents	Percent
At or above the peak level	0	0.0
Near the peak level	0	0.0
Moderately below the peak level	3	17.6
Roughly in the middle between the peak and trough levels	10	58.8
Moderately above the trough level	3	17.6
Near the trough level	1	5.9
At or below the trough level	0	0.0
Total	**17**	**100.0**

C. Private equity firms

	Number of Respondents	Percent
At or above the peak level	0	0.0
Near the peak level	0	0.0
Moderately below the peak level	1	10.0
Roughly in the middle between the peak and trough levels	7	70.0
Moderately above the trough level	2	20.0
Near the trough level	0	0.0
At or below the trough level	0	0.0
Total	**10**	**100.0**

D. Asset managers

	Number of Respondents	Percent
At or above the peak level	0	0.0
Near the peak level	1	6.7
Moderately below the peak level	0	0.0
Roughly in the middle between the peak and trough levels	11	73.3
Moderately above the trough level	3	20.0
Near the trough level	0	0.0
At or below the trough level	0	0.0
Total	**15**	**100.0**

E. Insurance companies

	Number of Respondents	Percent
At or above the peak level	0	0.0
Near the peak level	0	0.0
Moderately below the peak level	0	0.0
Roughly in the middle between the peak and trough levels	10	66.7
Moderately above the trough level	5	33.3
Near the trough level	0	0.0
At or below the trough level	0	0.0
Total	**15**	**100.0**