EUROPEAN CENTRAL BANK
EUROSYSTEM

Survey on credit terms and conditions in euro-denominated securities financing and OTC derivatives markets (SESFOD)

September 2020

The Eurosystem conducts a three-monthly qualitative survey on credit terms and conditions in euro-denominated securities financing and over-the-counter (OTC) derivatives markets. This survey is a follow-up to a recommendation in the Committee on the Global Financial System study group report on "The role of margin requirements and haircuts in procyclicality", which was published in March 2010. The survey is part of an international initiative aimed at collecting information on trends in the credit terms offered by firms in the wholesale markets and insights into the main drivers of these trends. The information collected is valuable for financial stability, market functioning and monetary policy objectives.

The survey questions are grouped into three sections:

1. **Counterparty types** – credit terms and conditions for various counterparty types in both securities financing and OTC derivatives markets;

2. **Securities financing** – financing conditions for various collateral types;

3. **Non-centrally cleared OTC derivatives** – credit terms and conditions for various derivatives types.

The survey focuses on **euro-denominated** instruments in securities financing and OTC derivatives markets. For securities financing, this refers to the euro-denominated securities against which financing is provided, rather than the currency of the loan. For OTC derivatives, at least one of the legs of the contract should be denominated in euro.

Survey participants are **large banks and dealers** active in targeted euro-denominated markets.

Reporting institutions should report on their **global credit terms**, with the survey aimed at senior credit officers responsible for maintaining an overview of the management of credit risks. Where material differences exist across different business areas, for example between traditional prime brokerage and OTC derivatives, answers should refer to the business area generating the most exposure.

Credit terms are reported from the perspective of the firm as a **supplier of credit to customers** (rather than as a receiver of credit from other firms).

The questions focus on how terms have tightened or eased over the past three months (regardless of longer-term trends), why they have changed, and expectations for the future. Firms are encouraged to answer all questions, unless specific market segments are of only marginal importance for the firm's business.

The font colour of the reported net percentage of respondents in the tables of this document, either blue or red, reflects, respectively, **tightening/deterioration** or **easing/improvement** of credit terms and conditions in targeted markets.

September 2020 SESFOD results

(Reference period from June to August 2020)

The September 2020 survey on credit terms and conditions in euro-denominated securities financing and OTC derivatives markets (SESFOD) reports qualitative changes in credit terms between June 2020 and August 2020. Responses were collected from a panel of 26 large banks, comprising 14 euro area banks and 12 banks with head offices outside the euro area.

Highlights

Survey respondents reported an easing of credit terms and conditions over the June 2020 to August 2020 review period representing a partial reversal of the widespread tightening of credit terms and conditions observed in the previous two survey rounds.

Respondents reported a significant easing of overall credit terms for all counterparty types. This overall easing masks some divergence between price and non-price terms. Whereas price terms eased significantly, non-price terms on balance tightened for all counterparty types except banks. Respondents mainly attributed the easing of price terms to an improvement in general liquidity and market functioning, but they also suggested that the willingness to take on risk as well as competition from other institutions were additional motivations for offering more favourable conditions to counterparties.

Survey respondents also reported increase in pressure from all counterparty types except investment firms to obtain more favourable conditions, with this being most pronounced from non-financial corporates. This resulted in increased provision of differential terms to most-favoured, in particular non-financial corporate, clients.

The maximum amount and maturity of funding offered against euro-denominated collateral increased for most types of collateral. Haircuts applied to euro-denominated collateral and financing rates/spreads decreased for funding secured by nearly all types of collateral. Moreover, the demand for funding of all collateral types except equities weakened. In a reversal of the situation reported in the June 2020 survey, participants saw the liquidity of collateral improving for all collateral types and collateral valuation disputes decreasing.

Initial margin requirements decreased for almost all types of OTC derivatives. Respondents also reported that the maximum amount of exposures had decreased for OTC equity and commodity derivatives. Liquidity and trading deteriorated for credit derivatives referencing structured credit products as well as for equity and interest rate derivatives. The volume, duration and persistence of valuation disputes decreased across all types of derivatives.

Counterparty types

Credit terms and conditions eased significantly over the June 2020 to August 2020 review period (see Chart A). Respondents reported a significant easing of overall credit terms for all counterparty types. This overall easing masks some divergence between price and non-price terms. Whereas price terms eased significantly, non-price terms, on balance, tightened for all counterparty types except banks. The reported easing of overall credit terms affected all counterparty types and by far exceeded the expectations expressed in the June 2020 survey. It represents a material, albeit partial, reversal of the most extensive tightening of conditions since the start of the survey in 2013 that had been reported for the previous quarter. Respondents reported the strongest easing of price terms for sovereigns, followed by banks and insurance companies. For non-price terms, the tightening of conditions offered to counterparties was most noticeable with regard to hedge funds.

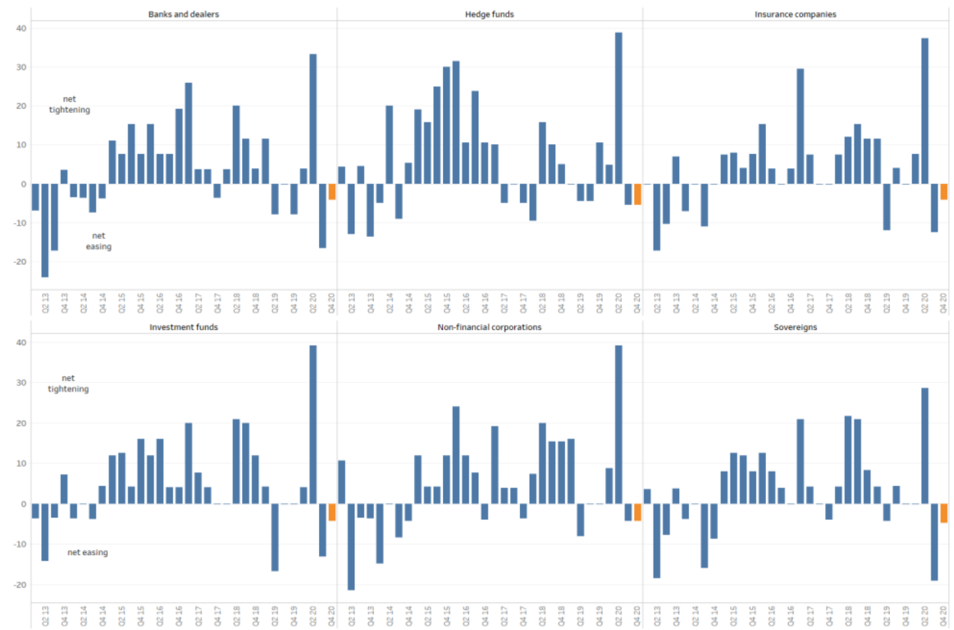
Respondents mainly attributed the easing of credit terms and conditions to a general improvement in liquidity and market functioning. They also suggested that the willingness to take on risk, as well as competition from other institutions were additional motivations for easing credit terms and conditions for all counterparties except hedge funds.

A small net percentage of respondents expected overall terms to ease further over the September 2020 to November 2020 period (see Chart A). Respondents expected, on balance, more favourable price and non-price terms for all types of counterparties.

Chart A

Observed and expected changes in overall credit terms offered to counterparties across all transaction types

(Q1 2013 to Q3 2020 for observed, Q4 2020 for expected (yellow bars); net percentages of survey respondents)



Source: ECB.

Note: Net percentages are defined as the difference between the percentage of respondents reporting “tightened somewhat” or “tightened considerably” and the percentage reporting “eased somewhat” or “eased considerably”.

Respondents reported for the June 2020 to August 2020 review period that, on balance, central counterparties (CCPs) had not influenced credit terms. This was a change from the previous review period, where some respondents reported that the practices of CCPs had contributed to the tightening of conditions.

There was a further increase in the resources devoted to managing concentrated credit exposures to large banks and CCPs during the reference period. The results of the September survey point to a small net percentage of respondents reporting increased resources and attention devoted to managing concentrated credit exposures to banks and dealers, as well as to CCPs (both 8%). Compared to the particularly pronounced increase reported in the previous survey, the increase reported in September 2020 is in line with the trend reported in these surveys since they began in 2013.

The use of financial leverage increased for hedge funds, while decreasing somewhat for investment firms. A net percentage of survey respondents reported that the use of leverage by hedge funds increased over the review period. A small net percentage of respondents also reported the decreased use of leverage by investment funds, pension plans and other institutional investment pools, while reporting no change in the use of leverage by insurance companies.

Pressure from all counterparty types except investment firms to obtain more favourable conditions increased, being most pronounced from non-financial corporates. It remained unchanged for investment funds, pension plans and other institutional investment pools.

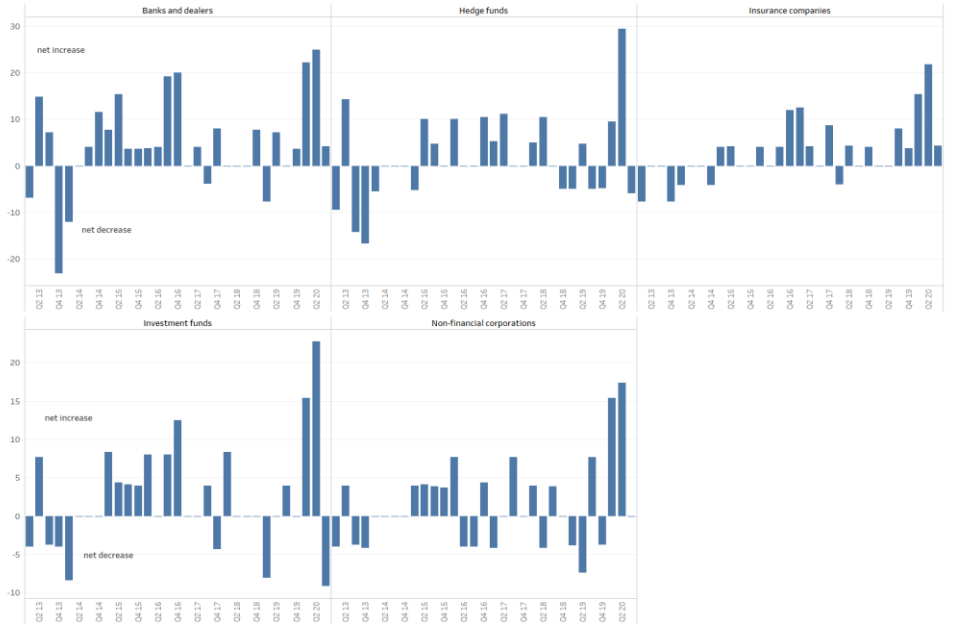
At the same time, the provision of differential terms to most-favoured clients increased slightly over the reference period in particular for non-financial corporates, but also for banks and insurance companies. Respondents indicated that their institutions had left unchanged, on balance, the provision of differential terms to most-favoured clients for investment firms and hedge funds.

Respondents reported a more balanced picture as regards the volume, duration and persistence of valuation disputes. This followed the increase in disputes across all counterparty types reported in the previous survey round. The September 2020 survey respondents reported that while the volume, duration and persistence of valuation disputes they experienced with banks and dealers as well as with insurance companies had increased albeit slightly, these disputes decreased in relations with hedge funds and investment funds (see Chart B).

Chart B

Volume of valuation disputes

(Q1 2013 to Q3 2020; net percentages of survey respondents)



Source: ECB.
Note: Net percentages are defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and the percentage reporting "increased somewhat" and "increased considerably".

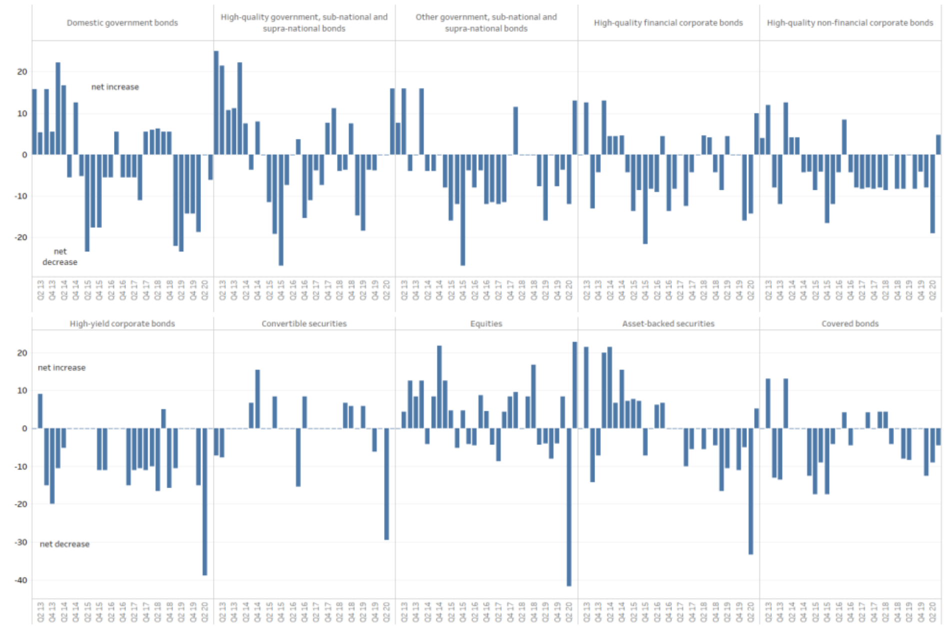
Securities financing

The maximum amount of funding increased for many types of euro-denominated collateral. Participants in the September 2020 survey highlighted an increase in the maximum amount of funding offered to clients against collateral in the form of euro-denominated equities, high-quality government and other government bonds as well as high-quality financial corporate bonds. However, respondents also indicated that the amount of funding offered against domestic government bonds and covered bonds decreased over the reference period (see Chart C).

Chart C

Changes in maximum amount of funding

(Q1 2013 to Q3 2020; net percentages of survey respondents)



Source: ECB.
Note: Net percentages are defined as the difference between the percentage of respondents reporting “increased somewhat” or “increased considerably” and the percentage reporting “decreased somewhat” or “decreased considerably”.

The maximum maturity of funding against euro-denominated collateral increased for most collateral types. Survey respondents reported a particular increase in the maximum maturity of funding against high-quality government and other government bonds, equities, asset-backed securities, high-yield corporate bonds and convertible securities. However, respondents also reported a decrease or no change in the maximum maturity of funding against domestic government bonds, covered bonds and high-quality non-financial corporate bonds, in particular for most-favoured clients.

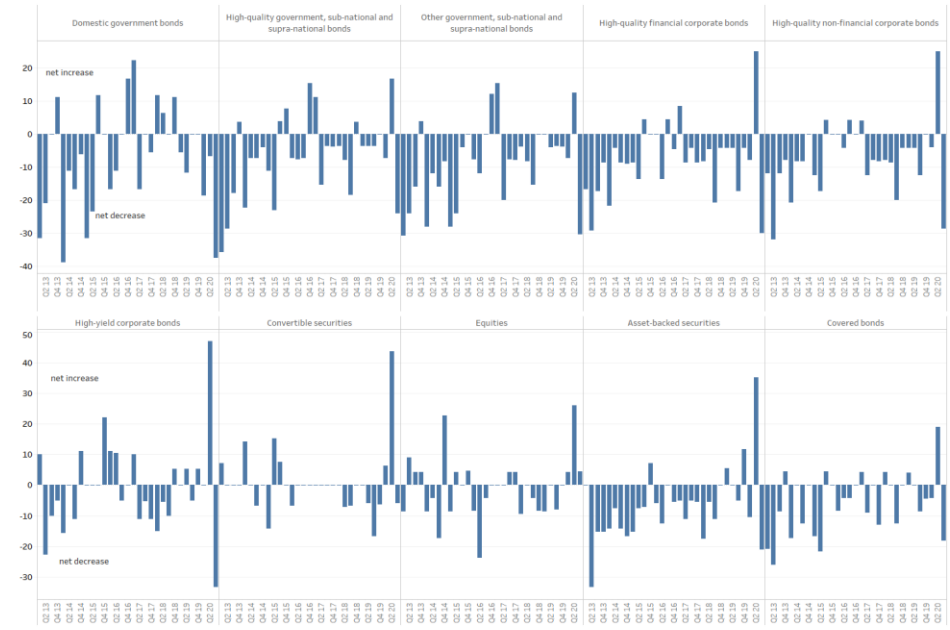
Haircuts applied to euro-denominated collateral decreased for almost all types of collateral. Survey respondents reported decreased haircuts for all types of collateral except equities and convertible securities.

Financing rates/spreads decreased significantly for funding secured by all types of collateral except equities. For both average and most-favoured clients, more than a quarter of respondents reported substantial decreases in financing rates/spreads for funding secured by government and asset-backed securities (see Chart D).

Chart D

Changes in financing rates/spreads

(Q1 2013 to Q3 2020; net percentages of survey respondents)



Source: ECB.
Note: Net percentages are defined as the difference between the percentage of respondents reporting “increased somewhat” or “increased considerably” and the percentage reporting “decreased somewhat” or “decreased considerably”.

The use of CCPs slightly increased or remained unchanged for most types of collateral. In line with previous surveys, responses to the September 2020 survey indicated only small changes in the use of CCPs for many types of collateral. Respondents only reported net decreases – applicable to both their average and most-favoured clients – in the use of CCPs for funding secured by high-quality financial and high-yield corporate bonds.

Covenants and triggers eased somewhat for funding against most collateral types. Survey respondents reported – for both average and most-favoured clients – an easing in conditions, except for the covenants and triggers under which equities and convertible securities are funded.

Demand for funding of all collateral types except equities weakened. Survey respondents reported weaker demand for funding across all types of collateral, with the strongest decrease in demand being for funding against government bonds and corporate bonds.

The liquidity of collateral improved for all collateral types. Survey respondents reported a significant improvement in the liquidity and functioning of the markets for all types of collateral. The improvement was most noteworthy for the liquidity and functioning of asset-backed securities, corporate bonds and high-quality government bond markets. This was a complete reversal of the situation reported in the June 2020 survey.

Collateral valuation disputes for all collateral types decreased. Following the strong increases in collateral valuation disputes for all collateral types reported by respondents for the previous two survey rounds, a small net percentage of respondents reported for the review period from June 2020 to August 2020 a decrease in the volume, duration and persistence of collateral valuation disputes.

Non-centrally cleared OTC derivatives

Initial margin requirements decreased for almost all OTC derivatives while remaining on balance unchanged for credit derivatives referencing structured credit products. A small net percentage of respondents reported in particular a decrease in initial margins for OTC derivatives referencing sovereigns and corporates as well as for equity derivatives. As in previous surveys, respondents did not report significant differences between types of client.

The maximum amount of exposures to equity and commodity derivatives as well as the maximum maturity of trades decreased somewhat for equity and commodity derivatives. However, a small net share of survey respondents reported an increase in the credit limit and maximum maturity of trades for foreign exchange derivatives and no changes for other types of derivatives.

Liquidity and trading deteriorated for credit derivatives referencing structured credit products as well as for equity and interest rate derivatives. A small net percentage of survey respondents reported an improvement in liquidity and trading for foreign exchange derivatives.

Valuation disputes decreased across all types of derivatives. Survey respondents reported the strongest decrease in the volume, duration and persistence of valuation disputes for equity derivatives and derivatives referencing structured credit products.

New or renegotiated master agreements mostly incorporate tighter criteria. Respondents reported a net tightening of all elements covered in the survey, except acceptable collateral (a net easing) and recognition of portfolio or diversification benefits (unchanged). In particular, respondents reported a net tightening of conditions for margin call practices, other documentation features and covenants and triggers.

The posting of non-standard collateral increased slightly. As in all surveys since September 2018, a net percentage of respondents reported that the posting of non-standard collateral had increased somewhat.

1 Counterparty types

1.1 Realised and expected changes in price and non-price credit terms

Over the past three months, how have the [price] terms offered to [counterparty type/ all counterparties above] as reflected across the entire spectrum of securities financing and OTC derivatives transaction types changed, regardless of [non-price] terms?

Over the past three months, how have the [non-price] terms offered to [counterparty type/ all counterparties above] as reflected across the entire spectrum of securities financing and OTC derivatives transaction types changed, regardless of [price] terms?

Over the past three months, how have the [price and non-price] terms offered to [counterparty type/ all counterparties above] as reflected across the entire spectrum of securities financing and OTC derivatives transaction types changed [overall]?

Table 1

(in percentages, except for the total number of answers)

Realised changes	Tightened considerably	Tightened somewhat	Remained basically unchanged	Eased somewhat	Eased considerably	Net percentage		Total number of answers
						Jun. 2020	Sep. 2020	
Banks and dealers								
Price terms	0	8	60	28	4	+42	-24	25
Non-price terms	0	4	92	4	0	+16	0	24
Overall	0	8	67	25	0	+33	-17	24
Hedge funds								
Price terms	0	11	67	22	0	+42	-11	18
Non-price terms	0	17	78	6	0	+42	+11	18
Overall	0	11	72	17	0	+39	-6	18
Insurance companies								
Price terms	0	8	64	24	4	+42	-20	25
Non-price terms	0	4	96	0	0	+24	+4	24
Overall	0	8	71	21	0	+38	-13	24
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Price terms	4	8	54	25	8	+48	-21	24
Non-price terms	4	4	87	4	0	+29	+4	23
Overall	4	9	61	26	0	+39	-13	23
Non-financial corporations								
Price terms	0	13	63	21	4	+48	-13	24
Non-price terms	0	4	96	0	0	+33	+4	23
Overall	0	13	70	17	0	+39	-4	23
Sovereigns								
Price terms	0	5	64	27	5	+35	-27	22
Non-price terms	0	5	95	0	0	+23	+5	21
Overall	0	5	71	24	0	+29	-19	21
All counterparties above								
Price terms	0	8	60	28	4	+52	-24	25
Non-price terms	0	4	92	4	0	+35	0	24
Overall	0	9	65	26	0	+45	-17	23

Note: The net percentage is defined as the difference between the percentage of respondents reporting "tightened considerably" or "tightened somewhat" and those reporting "eased somewhat" and "eased considerably".

1.1 Realised and expected changes in price and non-price credit terms (continued)

Over the next three months, how are the [price] terms offered to [counterparty type/ all counterparties above] as reflected across the entire spectrum of securities financing and OTC derivatives transaction types likely to change, regardless of [non-price] terms?

Over the next three months, how are the [non-price] terms offered to [counterparty type/ all counterparties above] as reflected across the entire spectrum of securities financing and OTC derivatives transaction types likely to change, regardless of [price] terms?

Over the next three months, how are the [price and non-price] terms offered to [counterparty type/ all counterparties above] as reflected across the entire spectrum of securities financing and OTC derivatives transaction types likely to change [overall]?

Table 2

(in percentages, except for the total number of answers)

Expected changes	Likely to tighten considerably	Likely to tighten somewhat	Likely to remain unchanged	Likely to ease somewhat	Likely to ease considerably	Net percentage		Total number of answers
						Jun. 2020	Sep. 2020	
Banks and dealers								
Price terms	0	4	88	8	0	-12	-4	25
Non-price terms	0	0	92	8	0	-16	-8	24
Overall	0	4	88	8	0	-8	-4	24
Hedge funds								
Price terms	0	0	94	6	0	-11	-6	18
Non-price terms	0	0	94	6	0	0	-6	18
Overall	0	0	94	6	0	-6	-6	18
Insurance companies								
Price terms	0	4	88	8	0	0	-4	25
Non-price terms	0	0	92	8	0	0	-8	24
Overall	0	4	88	8	0	+4	-4	24
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Price terms	0	4	88	8	0	-8	-4	24
Non-price terms	0	0	91	9	0	-8	-9	23
Overall	0	4	87	9	0	-4	-4	23
Non-financial corporations								
Price terms	0	4	88	8	0	0	-4	24
Non-price terms	0	0	91	9	0	+4	-9	23
Overall	0	4	87	9	0	0	-4	23
Sovereigns								
Price terms	0	5	86	9	0	-14	-5	22
Non-price terms	0	0	90	10	0	-14	-10	21
Overall	0	5	86	10	0	-10	-5	21
All counterparties above								
Price terms	0	4	88	8	0	-13	-4	25
Non-price terms	0	0	92	8	0	-5	-8	24
Overall	0	4	87	9	0	-9	-4	23

Note: The net percentage is defined as the difference between the percentage of respondents reporting "likely to tighten considerably" or "likely to tighten somewhat" and those reporting "likely to ease somewhat" and "likely to ease considerably".

1.2 Reasons for changes in price and non-price credit terms

To the extent that [price/ non-price] terms applied to [banks and dealers] have tightened or eased over the past three months (as reflected in your responses in Section 1.1), what was the [first/ second/ third] most important reason for the change?

Table 3

(in percentages, except for the total number of answers)

Banks and dealers	First reason	Second reason	Third reason	Either first, second or third reason	
				Jun. 2020	Sep. 2020
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	9	0
Willingness of your institution to take on risk	0	0	0	4	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	9	0
Availability of balance sheet or capital at your institution	0	100	0	9	25
General market liquidity and functioning	100	0	0	57	50
Competition from other institutions	0	0	100	0	25
Other	0	0	0	13	0
Total number of answers	2	1	1	23	4
Possible reasons for easing					
Current or expected financial strength of counterparties	13	0	33	11	14
Willingness of your institution to take on risk	0	33	33	11	14
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	33	11	7
General market liquidity and functioning	88	0	0	33	50
Competition from other institutions	0	67	0	33	14
Other	0	0	0	0	0
Total number of answers	8	3	3	9	14
Non-price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	20	0
Willingness of your institution to take on risk	0	0	0	7	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	7	0
Availability of balance sheet or capital at your institution	0	100	0	13	33
General market liquidity and functioning	100	0	0	33	33
Competition from other institutions	0	0	100	0	33
Other	0	0	0	20	0
Total number of answers	1	1	1	15	3
Possible reasons for easing					
Current or expected financial strength of counterparties	100	0	0	14	100
Willingness of your institution to take on risk	0	0	0	14	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	14	0
General market liquidity and functioning	0	0	0	29	0
Competition from other institutions	0	0	0	29	0
Other	0	0	0	0	0
Total number of answers	1	0	0	7	1

1.2 Reasons for changes in price and non-price credit terms (continued)

To the extent that [price/ non-price] terms applied to [hedge funds] have tightened or eased over the past three months (as reflected in your responses in Section 1.1), what was the [first/ second/ third] most important reason for the change?

Table 4

(in percentages, except for the total number of answers)

Hedge funds	First reason	Second reason	Third reason	Either first, second or third reason	
				Jun. 2020	Sep. 2020
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	50	0	22	17
Willingness of your institution to take on risk	0	0	50	6	17
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	6	0
Availability of balance sheet or capital at your institution	0	50	0	0	17
General market liquidity and functioning	100	0	0	50	33
Competition from other institutions	0	0	50	0	17
Other	0	0	0	17	0
Total number of answers	2	2	2	18	6
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	17	0
Willingness of your institution to take on risk	0	100	0	0	17
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	100	17	17
General market liquidity and functioning	100	0	0	33	67
Competition from other institutions	0	0	0	33	0
Other	0	0	0	0	0
Total number of answers	4	1	1	6	6
Non-price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	67	0	0	37	22
Willingness of your institution to take on risk	0	33	33	11	22
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	33	33	0	22
General market liquidity and functioning	33	33	0	37	22
Competition from other institutions	0	0	33	0	11
Other	0	0	0	16	0
Total number of answers	3	3	3	19	9
Possible reasons for easing					
Current or expected financial strength of counterparties	0	100	0	17	50
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	17	0
General market liquidity and functioning	100	0	0	33	50
Competition from other institutions	0	0	0	33	0
Other	0	0	0	0	0
Total number of answers	1	1	0	6	2

1.2 Reasons for changes in price and non-price credit terms (continued)

To the extent that [price/ non-price] terms applied to [insurance companies] have tightened or eased over the past three months (as reflected in your responses in Section 1.1), what was the [first/ second/ third] most important reason for the change?

Table 5

(in percentages, except for the total number of answers)

Insurance companies	First reason	Second reason	Third reason	Either first, second or third reason	
				Jun. 2020	Sep. 2020
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	12	0
Willingness of your institution to take on risk	0	0	0	8	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	4	0
Internal treasury charges for funding	0	0	0	8	0
Availability of balance sheet or capital at your institution	0	100	0	4	25
General market liquidity and functioning	100	0	0	50	50
Competition from other institutions	0	0	100	0	25
Other	0	0	0	12	0
Total number of answers	2	1	1	24	4
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	33	11	8
Willingness of your institution to take on risk	0	33	33	11	15
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	33	11	8
General market liquidity and functioning	100	0	0	33	54
Competition from other institutions	0	67	0	33	15
Other	0	0	0	0	0
Total number of answers	7	3	3	9	13
Non-price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	25	0
Willingness of your institution to take on risk	0	0	0	19	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	100	0	6	33
General market liquidity and functioning	100	0	0	31	33
Competition from other institutions	0	0	100	0	33
Other	0	0	0	19	0
Total number of answers	1	1	1	16	3
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	17	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	17	0
General market liquidity and functioning	0	0	0	33	0
Competition from other institutions	0	0	0	33	0
Other	0	0	0	0	0
Total number of answers	0	0	0	6	0

1.2 Reasons for changes in price and non-price credit terms (continued)

To the extent that [price/ non-price] terms applied to [investment funds (incl. ETFs), pension plans and other institutional investment pools] have tightened or eased over the past three months (as reflected in your responses in Section 1.1), what was the [first/ second/ third] most important reason for the change?

Table 6

(in percentages, except for the total number of answers)

Investment funds (incl. ETFs), pension plans and other institutional investment pools	First reason	Second reason	Third reason	Either first, second or third reason	
				Jun. 2020	Sep. 2020
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	12	0
Willingness of your institution to take on risk	0	0	0	12	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	8	0
Availability of balance sheet or capital at your institution	0	100	0	4	20
General market liquidity and functioning	100	0	0	54	60
Competition from other institutions	0	0	100	0	20
Other	0	0	0	12	0
Total number of answers	3	1	1	26	5
Possible reasons for easing					
Current or expected financial strength of counterparties	0	25	25	11	13
Willingness of your institution to take on risk	0	25	50	11	19
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	25	11	6
General market liquidity and functioning	100	0	0	33	50
Competition from other institutions	0	50	0	33	13
Other	0	0	0	0	0
Total number of answers	8	4	4	9	16
Non-price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	21	0
Willingness of your institution to take on risk	0	0	0	16	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	100	0	5	33
General market liquidity and functioning	100	0	0	42	33
Competition from other institutions	0	0	100	0	33
Other	0	0	0	16	0
Total number of answers	1	1	1	19	3
Possible reasons for easing					
Current or expected financial strength of counterparties	0	100	0	17	33
Willingness of your institution to take on risk	0	0	100	0	33
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	17	0
General market liquidity and functioning	100	0	0	33	33
Competition from other institutions	0	0	0	33	0
Other	0	0	0	0	0
Total number of answers	1	1	1	6	3

1.2 Reasons for changes in price and non-price credit terms (continued)

To the extent that [price/ non-price] terms applied to [non-financial corporations] have tightened or eased over the past three months (as reflected in your responses in Section 1.1), what was the [first/ second/ third] most important reason for the change?

Table 7

(in percentages, except for the total number of answers)

Non-financial corporations	First reason	Second reason	Third reason	Either first, second or third reason	
				Jun. 2020	Sep. 2020
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	67	0	0	18	40
Willingness of your institution to take on risk	0	0	100	14	20
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	7	0
Availability of balance sheet or capital at your institution	0	0	0	4	0
General market liquidity and functioning	33	100	0	46	40
Competition from other institutions	0	0	0	0	0
Other	0	0	0	11	0
Total number of answers	3	1	1	28	5
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	33	11	8
Willingness of your institution to take on risk	0	33	33	11	17
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	11	0
Availability of balance sheet or capital at your institution	0	0	33	11	8
General market liquidity and functioning	100	0	0	33	50
Competition from other institutions	0	67	0	22	17
Other	0	0	0	0	0
Total number of answers	6	3	3	9	12
Non-price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	100	0	0	24	33
Willingness of your institution to take on risk	0	0	100	19	33
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	5	0
General market liquidity and functioning	0	100	0	38	33
Competition from other institutions	0	0	0	0	0
Other	0	0	0	14	0
Total number of answers	1	1	1	21	3
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	33	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0	0
General market liquidity and functioning	0	0	0	33	0
Competition from other institutions	0	0	0	33	0
Other	0	0	0	0	0
Total number of answers	0	0	0	3	0

1.2 Reasons for changes in price and non-price credit terms (continued)

To the extent that [price/ non-price] terms applied to [sovereigns] have tightened or eased over the past three months (as reflected in your responses in Section 1.1), what was the [first/ second/ third] most important reason for the change?

Table 8

(in percentages, except for the total number of answers)

Sovereigns	First reason	Second reason	Third reason	Either first, second or third reason	
				Jun. 2020	Sep. 2020
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	6	0
Willingness of your institution to take on risk	0	0	0	11	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	11	0
Availability of balance sheet or capital at your institution	0	100	0	6	33
General market liquidity and functioning	100	0	0	50	33
Competition from other institutions	0	0	100	0	33
Other	0	0	0	17	0
Total number of answers	1	1	1	18	3
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	33	0	8
Willingness of your institution to take on risk	0	33	33	17	15
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	33	17	8
General market liquidity and functioning	100	0	0	33	54
Competition from other institutions	0	67	0	33	15
Other	0	0	0	0	0
Total number of answers	7	3	3	6	13
Non-price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	15	0
Willingness of your institution to take on risk	0	0	0	15	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	100	0	8	33
General market liquidity and functioning	100	0	0	38	33
Competition from other institutions	0	0	100	0	33
Other	0	0	0	23	0
Total number of answers	1	1	1	13	3
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	0	0	0	0	0
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	33	0
General market liquidity and functioning	0	0	0	33	0
Competition from other institutions	0	0	0	33	0
Other	0	0	0	0	0
Total number of answers	0	0	0	3	0

1.2 Reasons for changes in price and non-price credit terms (continued)

To what extent have changes in the practices of [central counterparties], including margin requirements and haircuts, influenced the credit terms your institution applies to clients on bilateral transactions which are not cleared?

Table 9

(in percentages, except for the total number of answers)

Price and non-price terms	Contributed considerably to tightening	Contributed somewhat to tightening	Neutral contribution	Contributed somewhat to easing	Contributed considerably to easing	Net percentage Jun. 2020	Net percentage Sep. 2020	Total number of answers
Practices of CCPs	0	0	100	0	0	+20	0	13

Note: The net percentage is defined as the difference between the percentage of respondents reporting "contributed considerably to tightening" or "contributed somewhat to tightening" and those reporting "contributed somewhat to easing" and "contributed considerably to easing".

1.3 Resources and attention to the management of concentrated credit exposures

Over the past three months, how has the amount of resources and attention your firm devotes to the management of concentrated credit exposures to [large banks and dealers/ central counterparties] changed?

Table 10

(in percentages, except for the total number of answers)

Management of credit exposures	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage Jun. 2020	Net percentage Sep. 2020	Total number of answers
Banks and dealers	0	4	83	8	4	-61	-8	24
Central counterparties	0	4	83	13	0	-30	-8	24

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably".

1.4 Leverage

Considering the entire range of transactions facilitated by your institution for such clients, how has the use of financial leverage by [hedge funds/ insurance companies/ investment funds (incl. ETFs), pension plans and other institutional investment pools] changed over the past three months?

Considering the entire range of transactions facilitated by your institution for [hedge funds], how has the availability of additional (and currently unutilised) financial leverage under agreements currently in place (for example, under prime brokerage agreements and other committed but undrawn or partly drawn facilities) changed over the past three months?

Table 11

(in percentages, except for the total number of answers)

Financial leverage	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage Jun. 2020	Net percentage Sep. 2020	Total number of answers
Hedge funds								
Use of financial leverage	0	0	88	12	0	+38	-12	17
Availability of unutilised leverage	0	0	94	6	0	+7	-6	17
Insurance companies								
Use of financial leverage	0	0	100	0	0	-10	0	22
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Use of financial leverage	0	5	95	0	0	+10	+5	22

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably".

1.5 Client pressure and differential terms for most-favoured clients

How has the intensity of efforts by [counterparty type] to negotiate more favourable price and non-price terms changed over the past three months?

How has the provision of differential terms by your institution to most-favoured (as a consequence of breadth, duration, and extent of relationship) [counterparty type] changed over the past three months?

Table 12

(in percentages, except for the total number of answers)

Client pressure	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Jun. 2020	Sep. 2020	
Banks and dealers								
Intensity of efforts to negotiate more favourable terms	0	0	96	4	0	+4	-4	24
Provision of differential terms to most-favoured clients	0	0	96	4	0	+5	-4	23
Hedge funds								
Intensity of efforts to negotiate more favourable terms	0	0	94	6	0	+6	-6	18
Provision of differential terms to most-favoured clients	0	0	100	0	0	0	0	18
Insurance companies								
Intensity of efforts to negotiate more favourable terms	0	0	96	4	0	+4	-4	24
Provision of differential terms to most-favoured clients	0	0	96	4	0	+5	-4	23
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Intensity of efforts to negotiate more favourable terms	0	4	91	4	0	+5	0	23
Provision of differential terms to most-favoured clients	0	5	91	5	0	+10	0	22
Non-financial corporations								
Intensity of efforts to negotiate more favourable terms	0	0	83	17	0	-4	-17	24
Provision of differential terms to most-favoured clients	0	0	91	9	0	+4	-9	23

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably".

1.6 Valuation disputes

Over the past three months, how has the [volume/ duration and persistence] of valuation disputes with [counterparty type] changed?

Table 13

(in percentages, except for the total number of answers)

Valuation disputes	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Jun. 2020	Sep. 2020	
Banks and dealers								
Volume	0	4	88	8	0	-25	-4	24
Duration and persistence	0	0	96	4	0	-17	-4	24
Hedge funds								
Volume	0	6	94	0	0	-29	+6	17
Duration and persistence	0	6	94	0	0	-24	+6	17
Insurance companies								
Volume	0	0	96	4	0	-22	-4	23
Duration and persistence	0	0	91	9	0	-17	-9	23
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Volume	0	9	91	0	0	-23	+9	22
Duration and persistence	5	0	95	0	0	-18	+5	22
Non-financial corporations								
Volume	0	0	100	0	0	-17	0	24
Duration and persistence	0	8	88	4	0	-13	+4	24

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably".

2 Securities financing

2.1 Credit terms by collateral type for average and most-favoured clients

Over the past three months, how have the [maximum amount of funding/ maximum maturity of funding/ haircuts/ financing rate/spreads/ use of CCPs] under which [collateral type] are funded changed for [average] clients (as a consequence of breadth, duration, and extent of relationship)?

Table 14

(in percentages, except for the total number of answers)

Terms for average clients	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage Jun. 2020	Net percentage Sep. 2020	Total number of answers
Domestic government bonds								
Maximum amount of funding	0	25	56	19	0	0	+6	16
Maximum maturity of funding	0	19	63	19	0	-6	0	16
Haircuts	0	0	100	0	0	-6	0	16
Financing rate/spread	0	38	63	0	0	+7	+38	16
Use of CCPs	0	6	81	13	0	-6	-6	16
High-quality government, sub-national and supra-national bonds								
Maximum amount of funding	0	8	68	20	4	0	-16	25
Maximum maturity of funding	0	8	64	24	4	+12	-20	25
Haircuts	0	8	92	0	0	-8	+8	25
Financing rate/spread	4	24	68	4	0	-17	+24	25
Use of CCPs	0	4	92	4	0	-4	0	24
Other government, sub-national and supra-national bonds								
Maximum amount of funding	0	4	78	13	4	+12	-13	23
Maximum maturity of funding	0	9	70	17	4	+20	-13	23
Haircuts	0	9	91	0	0	-8	+9	23
Financing rate/spread	4	26	70	0	0	-13	+30	23
Use of CCPs	0	0	95	5	0	+4	-5	22
High-quality financial corporate bonds								
Maximum amount of funding	0	10	70	15	5	+14	-10	20
Maximum maturity of funding	0	15	70	10	5	+19	0	20
Haircuts	0	10	90	0	0	-29	+10	20
Financing rate/spread	5	25	70	0	0	-25	+30	20
Use of CCPs	0	0	94	6	0	+6	-6	17
High-quality non-financial corporate bonds								
Maximum amount of funding	0	14	67	14	5	+19	-5	21
Maximum maturity of funding	0	19	62	14	5	+24	0	21
Haircuts	0	14	86	0	0	-24	+14	21
Financing rate/spread	5	24	71	0	0	-25	+29	21
Use of CCPs	0	6	94	0	0	-6	+6	17
High-yield corporate bonds								
Maximum amount of funding	0	11	78	6	6	+39	0	18
Maximum maturity of funding	6	6	72	11	6	+33	-6	18
Haircuts	0	17	83	0	0	-39	+17	18
Financing rate/spread	6	28	67	0	0	-47	+33	18
Use of CCPs	0	8	92	0	0	-9	+8	13

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably". "Domestic government bonds" are euro-denominated government bonds issued by the government of the country where a respondent's head office is.

2.1 Credit terms by collateral type for average and most-favoured clients (continued)

Over the past three months, how have the [maximum amount of funding/ maximum maturity of funding/ haircuts/ financing rate/spreads/ use of CCPs] under which [collateral type] are funded changed for [average] clients (as a consequence of breadth, duration, and extent of relationship)?

Table 15

(in percentages, except for the total number of answers)

Terms for average clients	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Jun. 2020	Sep. 2020	
Convertible securities								
Maximum amount of funding	0	6	88	6	0	+29	0	17
Maximum maturity of funding	0	6	82	12	0	+12	-6	17
Haircuts	0	0	100	0	0	-35	0	17
Financing rate/spread	6	6	82	6	0	-44	+6	17
Use of CCPs	0	0	93	7	0	-7	-7	14
Equities								
Maximum amount of funding	0	0	77	23	0	+42	-23	22
Maximum maturity of funding	0	0	82	18	0	+17	-18	22
Haircuts	0	0	91	9	0	-21	-9	22
Financing rate/spread	5	0	86	5	5	-26	-5	22
Use of CCPs	0	0	88	12	0	-11	-12	17
Asset-backed securities								
Maximum amount of funding	0	11	74	11	5	+33	-5	19
Maximum maturity of funding	0	5	74	16	5	+44	-16	19
Haircuts	0	16	84	0	0	-22	+16	19
Financing rate/spread	5	21	68	5	0	-35	+21	19
Use of CCPs	0	0	92	8	0	0	-8	13
Covered bonds								
Maximum amount of funding	0	14	77	9	0	+9	+5	22
Maximum maturity of funding	0	9	82	9	0	+23	0	22
Haircuts	0	5	95	0	0	-14	+5	22
Financing rate/spread	5	18	73	5	0	-19	+18	22
Use of CCPs	0	0	95	5	0	0	-5	21

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably".

2.1 Credit terms by collateral type for average and most-favoured clients (continued)

Over the past three months, how have the [maximum amount of funding/ maximum maturity of funding/ haircuts/ financing rate/spreads/ use of CCPs] under which [collateral type] are funded changed for [most-favoured] clients (as a consequence of breadth, duration, and extent of relationship)?

Table 16

(in percentages, except for the total number of answers)

Terms for most-favoured clients	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Jun. 2020	Sep. 2020	
Domestic government bonds								
Maximum amount of funding	0	25	56	19	0	-13	+6	16
Maximum maturity of funding	0	25	63	13	0	-19	+13	16
Haircuts	0	0	100	0	0	+6	0	16
Financing rate/spread	0	38	63	0	0	0	+38	16
Use of CCPs	0	6	88	6	0	-6	0	16
High-quality government, sub-national and supra-national bonds								
Maximum amount of funding	0	8	64	24	4	-12	-20	25
Maximum maturity of funding	0	12	60	24	4	-4	-16	25
Haircuts	0	8	92	0	0	-4	+8	25
Financing rate/spread	4	24	64	8	0	-13	+20	25
Use of CCPs	0	4	88	8	0	0	-4	24
Other government, sub-national and supra-national bonds								
Maximum amount of funding	0	4	78	13	4	+4	-13	23
Maximum maturity of funding	0	9	70	17	4	+8	-13	23
Haircuts	0	9	91	0	0	-4	+9	23
Financing rate/spread	4	26	70	0	0	-8	+30	23
Use of CCPs	0	0	95	5	0	+8	-5	22
High-quality financial corporate bonds								
Maximum amount of funding	0	10	65	20	5	+5	-15	20
Maximum maturity of funding	0	15	65	15	5	+19	-5	20
Haircuts	0	10	90	0	0	-29	+10	20
Financing rate/spread	5	30	65	0	0	-35	+35	20
Use of CCPs	0	0	94	6	0	+6	-6	17
High-quality non-financial corporate bonds								
Maximum amount of funding	0	14	67	14	5	+10	-5	21
Maximum maturity of funding	0	19	62	14	5	+24	0	21
Haircuts	0	14	86	0	0	-24	+14	21
Financing rate/spread	5	24	71	0	0	-30	+29	21
Use of CCPs	0	6	94	0	0	-6	+6	17
High-yield corporate bonds								
Maximum amount of funding	0	11	78	11	0	+28	0	18
Maximum maturity of funding	6	6	72	17	0	+28	-6	18
Haircuts	0	17	83	0	0	-33	+17	18
Financing rate/spread	6	28	67	0	0	-47	+33	18
Use of CCPs	0	7	93	0	0	-8	+7	14

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably". "Domestic government bonds" are euro-denominated government bonds issued by the government of the country where a respondent's head office is.

2.1 Credit terms by collateral type for average and most-favoured clients (continued)

Over the past three months, how have the [maximum amount of funding/ maximum maturity of funding/ haircuts/ financing rate/spreads/ use of CCPs] under which [collateral type] are funded changed for [most-favoured] clients (as a consequence of breadth, duration, and extent of relationship)?

Table 17

(in percentages, except for the total number of answers)

Terms for most-favoured clients	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Jun. 2020	Sep. 2020	
Convertible securities								
Maximum amount of funding	0	6	88	6	0	+24	0	16
Maximum maturity of funding	0	6	81	13	0	+12	-6	16
Haircuts	0	0	100	0	0	-35	0	16
Financing rate/spread	6	6	81	6	0	-44	+6	16
Use of CCPs	0	0	92	8	0	-15	-8	13
Equities								
Maximum amount of funding	0	0	81	19	0	+29	-19	21
Maximum maturity of funding	0	0	81	19	0	+13	-19	21
Haircuts	0	0	90	10	0	-21	-10	21
Financing rate/spread	5	0	86	10	0	-30	-5	21
Use of CCPs	0	0	88	13	0	-11	-13	16
Asset-backed securities								
Maximum amount of funding	0	11	68	16	5	+16	-11	19
Maximum maturity of funding	0	11	74	11	5	+26	-5	19
Haircuts	0	16	84	0	0	-32	+16	19
Financing rate/spread	5	21	74	0	0	-39	+26	19
Use of CCPs	0	0	92	8	0	0	-8	13
Covered bonds								
Maximum amount of funding	0	9	82	9	0	0	0	22
Maximum maturity of funding	0	14	77	9	0	+18	+5	22
Haircuts	0	5	95	0	0	-14	+5	22
Financing rate/spread	5	18	73	5	0	-29	+18	22
Use of CCPs	0	0	95	5	0	0	-5	21

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably".

2.1 Credit terms by collateral type for average and most-favoured clients (continued)

Over the past three months, how have the [covenants and triggers] under which [collateral type] are funded changed for [average/ most-favoured] clients (as a consequence of breadth, duration, and extent of relationship)?

Table 18

(in percentages, except for the total number of answers)

Covenants and triggers	Tightened considerably	Tightened somewhat	Remained basically unchanged	Eased somewhat	Eased considerably	Net percentage Jun. 2020	Net percentage Sep. 2020	Total number of answers
Domestic government bonds								
Terms for average clients	0	0	92	8	0	0	-8	13
Terms for most-favoured clients	0	0	92	8	0	0	-8	13
High-quality government, sub-national and supra-national bonds								
Terms for average clients	0	0	90	10	0	0	-10	20
Terms for most-favoured clients	0	0	90	10	0	0	-10	20
Other government, sub-national and supra-national bonds								
Terms for average clients	0	0	94	6	0	0	-6	18
Terms for most-favoured clients	0	0	94	6	0	0	-6	18
High-quality financial corporate bonds								
Terms for average clients	0	0	94	6	0	0	-6	16
Terms for most-favoured clients	0	0	94	6	0	0	-6	16
High-quality non-financial corporate bonds								
Terms for average clients	0	0	94	6	0	0	-6	17
Terms for most-favoured clients	0	0	94	6	0	0	-6	17
High-yield corporate bonds								
Terms for average clients	0	0	93	7	0	+7	-7	15
Terms for most-favoured clients	0	0	94	6	0	0	-6	16
Convertible securities								
Terms for average clients	0	0	100	0	0	+14	0	15
Terms for most-favoured clients	0	0	100	0	0	+14	0	14
Equities								
Terms for average clients	0	0	100	0	0	+17	0	18
Terms for most-favoured clients	0	0	100	0	0	+17	0	17
Asset-backed securities								
Terms for average clients	0	0	93	7	0	0	-7	15
Terms for most-favoured clients	0	0	93	7	0	-7	-7	15
Covered bonds								
Terms for average clients	0	0	95	5	0	0	-5	19
Terms for most-favoured clients	0	0	95	5	0	0	-5	19

Note: The net percentage is defined as the difference between the percentage of respondents reporting "tightened considerably" or "tightened somewhat" and those reporting "eased somewhat" and "eased considerably". "Domestic government bonds" are euro-denominated government bonds issued by the government of the country where a respondent's head office is.

2.2 Demand for funding, liquidity and disputes by collateral type

Over the past three months, how has demand for funding of [collateral type/ all collateral types above] by your institution's clients changed?

Over the past three months, how has demand for [term funding with a maturity greater than 30 days] of [collateral type/ all collateral types above] by your institution's clients changed?

Table 19

(in percentages, except for the total number of answers)

Demand for lending against collateral	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Jun. 2020	Sep. 2020	
Domestic government bonds								
Overall demand	0	38	56	6	0	-20	+31	16
With a maturity greater than 30 days	0	38	63	0	0	-33	+38	16
High-quality government, sub-national and supra-national bonds								
Overall demand	4	21	67	8	0	-13	+17	24
With a maturity greater than 30 days	4	25	67	4	0	-13	+25	24
Other government, sub-national and supra-national bonds								
Overall demand	5	23	68	5	0	-4	+23	22
With a maturity greater than 30 days	5	23	68	5	0	-8	+23	22
High-quality financial corporate bonds								
Overall demand	5	25	55	15	0	-16	+15	20
With a maturity greater than 30 days	5	30	60	5	0	-11	+30	20
High-quality non-financial corporate bonds								
Overall demand	5	21	63	11	0	-11	+16	19
With a maturity greater than 30 days	5	26	68	0	0	-11	+32	19
High-yield corporate bonds								
Overall demand	6	18	59	18	0	0	+6	17
With a maturity greater than 30 days	6	18	71	6	0	-12	+18	17
Convertible securities								
Overall demand	6	6	81	6	0	-25	+6	16
With a maturity greater than 30 days	6	6	81	6	0	-25	+6	16
Equities								
Overall demand	0	14	71	14	0	-13	0	21
With a maturity greater than 30 days	5	5	76	14	0	-5	-5	21
Asset-backed securities								
Overall demand	6	11	72	6	6	-24	+6	18
With a maturity greater than 30 days	6	11	78	6	0	-29	+11	18
Covered bonds								
Overall demand	5	10	76	10	0	-14	+5	21
With a maturity greater than 30 days	5	19	76	0	0	-19	+24	21
All collateral types above								
Overall demand	0	19	76	5	0	-5	+14	21
With a maturity greater than 30 days	0	19	81	0	0	-16	+19	21

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably". "Domestic government bonds" are euro-denominated government bonds issued by the government of the country where a respondent's head office is.

2.2 Demand for funding, liquidity and disputes by collateral type (continued)

Over the past three months, how have liquidity and functioning of the [collateral type/ all collateral types above] market changed?

Table 20

(in percentages, except for the total number of answers)

Liquidity and functioning of the collateral market	Deteriorated considerably	Deteriorated somewhat	Remained basically unchanged	Improved somewhat	Improved considerably	Net percentage		Total number of answers
						Jun. 2020	Sep. 2020	
Domestic government bonds								
Liquidity and functioning	0	0	88	13	0	+13	-13	16
High-quality government, sub-national and supra-national bonds								
Liquidity and functioning	0	4	71	25	0	+20	-21	24
Other government, sub-national and supra-national bonds								
Liquidity and functioning	0	5	73	23	0	+16	-18	22
High-quality financial corporate bonds								
Liquidity and functioning	0	5	70	15	10	+24	-20	20
High-quality non-financial corporate bonds								
Liquidity and functioning	0	5	68	16	11	+24	-21	19
High-yield corporate bonds								
Liquidity and functioning	6	0	65	24	6	+39	-24	17
Convertible securities								
Liquidity and functioning	0	6	88	6	0	+24	0	16
Equities								
Liquidity and functioning	0	5	81	14	0	+17	-10	21
Asset-backed securities								
Liquidity and functioning	6	0	61	22	11	+39	-28	18
Covered bonds								
Liquidity and functioning	0	5	71	19	5	+18	-19	21
All collateral types above								
Liquidity and functioning	0	0	68	27	5	+20	-32	22

Note: The net percentage is defined as the difference between the percentage of respondents reporting "deteriorated considerably" or "deteriorated somewhat" and those reporting "improved somewhat" and "improved considerably". "Domestic government bonds" are euro-denominated government bonds issued by the government of the country where a respondent's head office is.

2.2 Demand for funding, liquidity and disputes by collateral type (continued)

Over the past three months, how has the [volume/ duration and persistence] of collateral valuation disputes relating to lending against [collateral type/ all collateral types above] changed?

Table 21

(in percentages, except for the total number of answers)

Collateral valuation disputes	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Jun. 2020	Sep. 2020	
Domestic government bonds								
Volume	0	7	93	0	0	-13	+7	15
Duration and persistence	0	7	93	0	0	-13	+7	15
High-quality government, sub-national and supra-national bonds								
Volume	0	4	96	0	0	-13	+4	23
Duration and persistence	0	4	96	0	0	-8	+4	23
Other government, sub-national and supra-national bonds								
Volume	0	5	95	0	0	-13	+5	21
Duration and persistence	0	5	95	0	0	-8	+5	21
High-quality financial corporate bonds								
Volume	0	5	95	0	0	-21	+5	19
Duration and persistence	0	5	95	0	0	-16	+5	19
High-quality non-financial corporate bonds								
Volume	0	6	94	0	0	-21	+6	18
Duration and persistence	0	6	94	0	0	-16	+6	18
High-yield corporate bonds								
Volume	0	6	94	0	0	-24	+6	16
Duration and persistence	0	6	94	0	0	-18	+6	16
Convertible securities								
Volume	0	7	93	0	0	-19	+7	14
Duration and persistence	0	7	93	0	0	-13	+7	14
Equities								
Volume	0	11	89	0	0	-10	+11	19
Duration and persistence	0	11	89	0	0	-5	+11	19
Asset-backed securities								
Volume	0	6	94	0	0	-18	+6	17
Duration and persistence	0	6	94	0	0	-12	+6	17
Covered bonds								
Volume	0	5	95	0	0	-15	+5	20
Duration and persistence	0	5	95	0	0	-10	+5	20
All collateral types above								
Volume	0	5	95	0	0	-15	+5	22
Duration and persistence	0	5	95	0	0	-10	+5	22

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably". "Domestic government bonds" are euro-denominated government bonds issued by the government of the country where a respondent's head office is.

3 Non-centrally cleared OTC derivatives

3.1 Initial margin requirements, credit limits, liquidity and disputes by type of derivatives

Over the past three months, how have [initial margin requirements] set by your institution with respect to OTC [type of derivatives] changed for [average/ most-favoured] clients?

Table 22

(in percentages, except for the total number of answers)

Initial margin requirements	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Jun. 2020	Sep. 2020	
Foreign exchange								
Average clients	0	9	91	0	0	-9	+9	22
Most-favoured clients	0	9	91	0	0	-14	+9	22
Interest rates								
Average clients	0	5	95	0	0	-14	+5	21
Most-favoured clients	0	5	95	0	0	-19	+5	21
Credit referencing sovereigns								
Average clients	0	12	82	6	0	-35	+6	17
Most-favoured clients	0	12	88	0	0	-35	+12	17
Credit referencing corporates								
Average clients	0	11	89	0	0	-32	+11	19
Most-favoured clients	0	11	89	0	0	-32	+11	19
Credit referencing structured credit products								
Average clients	0	6	88	6	0	-35	0	17
Most-favoured clients	0	6	88	6	0	-35	0	17
Equity								
Average clients	0	11	89	0	0	-28	+11	18
Most-favoured clients	0	11	89	0	0	-28	+11	18
Commodity								
Average clients	0	6	94	0	0	+7	+6	16
Most-favoured clients	0	6	94	0	0	+7	+6	16
Total return swaps referencing non-securities								
Average clients	0	7	93	0	0	-8	+7	14
Most-favoured clients	0	7	93	0	0	-8	+7	14

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably".

3.1 Initial margin requirements, credit limits, liquidity and disputes by type of derivatives

Over the past three months, how has the [maximum amount of exposure/ maximum maturity of trades] set by your institution with respect to OTC [type of derivatives] changed?

Table 23

(in percentages, except for the total number of answers)

Credit limits	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage Jun. 2020	Net percentage Sep. 2020	Total number of answers
Foreign exchange								
Maximum amount of exposure	0	4	87	9	0	-8	-4	23
Maximum maturity of trades	0	0	96	4	0	0	-4	23
Interest rates								
Maximum amount of exposure	0	5	91	5	0	+5	0	22
Maximum maturity of trades	0	0	100	0	0	+8	0	22
Credit referencing sovereigns								
Maximum amount of exposure	0	7	87	7	0	-6	0	15
Maximum maturity of trades	0	0	100	0	0	0	0	15
Credit referencing corporates								
Maximum amount of exposure	0	6	88	6	0	0	0	17
Maximum maturity of trades	0	0	100	0	0	0	0	17
Credit referencing structured credit products								
Maximum amount of exposure	0	7	87	7	0	-6	0	15
Maximum maturity of trades	0	0	100	0	0	0	0	15
Equity								
Maximum amount of exposure	0	13	88	0	0	+6	+13	16
Maximum maturity of trades	0	6	94	0	0	0	+6	17
Commodity								
Maximum amount of exposure	0	13	80	7	0	+27	+7	15
Maximum maturity of trades	0	7	93	0	0	+6	+7	15
Total return swaps referencing non-securities								
Maximum amount of exposure	0	0	100	0	0	+25	0	13
Maximum maturity of trades	0	0	100	0	0	0	0	13

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably".

3.1 Initial margin requirements, credit limits, liquidity and disputes by type of derivatives

Over the past three months, how have [liquidity and trading] of OTC [type of derivatives] changed?

Table 24

(in percentages, except for the total number of answers)

Liquidity and trading	Deteriorated considerably	Deteriorated somewhat	Remained basically unchanged	Improved somewhat	Improved considerably	Net percentage Jun. 2020	Net percentage Sep. 2020	Total number of answers
Foreign exchange								
Liquidity and trading	0	4	83	13	0	+12	-8	24
Interest rates								
Liquidity and trading	0	4	96	0	0	+25	+4	23
Credit referencing sovereigns								
Liquidity and trading	0	13	88	0	0	+29	+13	16
Credit referencing corporates								
Liquidity and trading	0	6	94	0	0	+42	+6	18
Credit referencing structured credit products								
Liquidity and trading	0	6	94	0	0	+35	+6	16
Equity								
Liquidity and trading	0	11	83	6	0	+11	+6	18
Commodity								
Liquidity and trading	0	6	88	6	0	+25	0	16
Total return swaps referencing non-securities								
Liquidity and trading	0	0	100	0	0	+8	0	13

Note: The net percentage is defined as the difference between the percentage of respondents reporting "deteriorated considerably" or "deteriorated somewhat" and those reporting "improved somewhat" and "improved considerably".

3.1 Initial margin requirements, credit limits, liquidity and disputes by type of derivatives

Over the past three months, how has the [volume/ duration and persistence] of disputes relating to the valuation of OTC [type of derivatives] contracts changed?

Table 25

(in percentages, except for the total number of answers)

Valuation disputes	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Jun. 2020	Sep. 2020	
Foreign exchange								
Volume	4	4	83	9	0	-21	0	23
Duration and persistence	4	4	87	4	0	-21	+4	23
Interest rates								
Volume	0	9	86	5	0	-26	+5	22
Duration and persistence	0	9	86	5	0	-17	+5	22
Credit referencing sovereigns								
Volume	0	13	81	6	0	-18	+6	16
Duration and persistence	0	13	81	6	0	-24	+6	16
Credit referencing corporates								
Volume	0	12	82	6	0	-17	+6	17
Duration and persistence	0	12	82	6	0	-28	+6	17
Credit referencing structured credit products								
Volume	0	18	76	6	0	-22	+12	17
Duration and persistence	0	12	82	6	0	-28	+6	17
Equity								
Volume	0	18	76	6	0	-21	+12	17
Duration and persistence	0	18	76	6	0	-26	+12	17
Commodity								
Volume	0	7	87	7	0	-6	0	15
Duration and persistence	0	7	87	7	0	-19	0	15
Total return swaps referencing non-securities								
Volume	0	8	92	0	0	-29	+8	13
Duration and persistence	0	8	92	0	0	-21	+8	13

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably".

3.2 Changes in new or renegotiated master agreements

Over the past three months, how have [margin call practices/ acceptable collateral/ recognition of portfolio or diversification benefits/ covenants and triggers/ other documentation features] incorporated in new or renegotiated OTC derivatives master agreements put in place with your institution's clients changed?

Table 26

(in percentages, except for the total number of answers)

Changes in agreements	Tightened considerably	Tightened somewhat	Remained basically unchanged	Eased somewhat	Eased considerably	Net percentage		Total number of answers
						Jun. 2020	Sep. 2020	
Margin call practices	0	9	91	0	0	+16	+9	23
Acceptable collateral	0	0	96	4	0	-4	-4	23
Recognition of portfolio or diversification benefits	0	0	100	0	0	+4	0	23
Covenants and triggers	0	5	95	0	0	+13	+5	22
Other documentation features	0	4	96	0	0	+16	+4	23

Note: The net percentage is defined as the difference between the percentage of respondents reporting "tightened considerably" or "tightened somewhat" and those reporting "eased somewhat" and "eased considerably".

3.3 Posting of non-standard collateral

Over the past three months, how has the posting of non-standard collateral (for example, other than cash and high-quality government bonds) as permitted under relevant agreements changed?

Table 27

(in percentages, except for the total number of answers)

Non-standard collateral	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage		Total number of answers
						Jun. 2020	Sep. 2020	
Posting of non-standard collateral	0	0	95	5	0	-13	-5	22

Note: The net percentage is defined as the difference between the percentage of respondents reporting "decreased considerably" or "decreased somewhat" and those reporting "increased somewhat" and "increased considerably".

Postal address 60640 Frankfurt am Main, Germany
Telephone +49 69 1344 0
Website www.ecb.europa.eu