EUROPEAN CENTRAL BANK
EUROSYSTEM

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

December 2018

The Eurosystem conducts a quarterly 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 the recommendation in the Committee on the Global Financial System study group report on "The role of margin requirements and haircuts in procyclicality", published in March 2010. The survey is part of an international initiative to collect 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 derivative 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 being 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.** The survey is aimed at the senior credit officers responsible for having an overall view 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 changed over the past three months, why they have changed, and expectations for the future. Change data should reflect **how terms have tightened or eased over the past three months, regardless of longer-term norms**. “Future” data should look at expectations of how terms will change over the next three months.

Firms are encouraged to answer all questions, unless some market segments are of marginal importance to the firm’s business.

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

December 2018 SESFOD results

(Reference period from September 2018 to November 2018)

The December 2018 survey on credit terms and conditions in euro-denominated securities financing and OTC derivatives markets (SESFOD) reports qualitative changes in credit terms and conditions between September and November 2018. Responses were collected from a panel of 28 large banks, comprising 14 euro area banks and 14 banks with head offices outside the euro area.

Highlights

The credit terms offered to almost all counterparties, both for the provision of finance collateralised by euro-denominated securities and in over-the-counter (OTC) derivatives markets, became somewhat less favourable between September 2018 and November 2018. Non-price terms for hedge funds were the only component that remained stable. Looking ahead, a small net percentage of respondents now expect price terms to ease for most counterparty types. Non-price terms are expected to remain stable, although some tightening is expected for insurance companies, non-financial corporations and investment funds. Survey respondents further increased the level of resources and attention they dedicate to managing concentrated credit exposures both to central counterparties (CCPs) and to banks and dealers.

With regard to the provision of finance collateralised by euro-denominated securities, survey respondents reported that, on balance, the maximum amount of funding, the maximum maturity of funding and haircuts had all remained broadly unchanged for most types of collateral. The demand for funding with longer maturities (more than 30 days) increased over the three-month reference period. A small number of respondents reported a deterioration of the liquidity and functioning of the market for all types of underlying collateral covered by the survey, and in particular for domestic government bonds.

With regard to non-centrally cleared OTC derivatives, respondents indicated that liquidity and trading had, on balance, deteriorated for equity derivatives, although it had remained broadly unchanged for most types of OTC derivatives covered by the survey. For non-price terms, as for the previous quarter, respondents reported an increase in the posting of non-standard collateral and a tightening in margin call practices.

The December 2018 survey also included special questions about market-making activities. Market-making activities had decreased over the past year for the majority of asset types covered by the survey. This reduction was particularly visible for other government, sub-national and supra-national bonds, high-quality financial corporate bonds and derivatives. However, no change had been observed for domestic government bonds and convertible securities. Institutions expected their market-making activities to increase in 2019. Respondents' confidence in their ability to act as market-makers in times of stress had increased compared with one year previously and was strongest in relation to debt securities, derivatives, domestic government bonds, and other government, sub-national and supra-national bonds.

Counterparty types

Credit terms and conditions tightened further. Responses to the December 2018 survey suggest that, on balance, credit terms offered to counterparties tightened for both securities financing and OTC derivative transactions during the reference period (see Chart A). These results are broadly in line with the expectations reported in the previous SESFOD survey, although all respondents reported that non-price conditions for hedge funds remained broadly unchanged between September and November 2018.

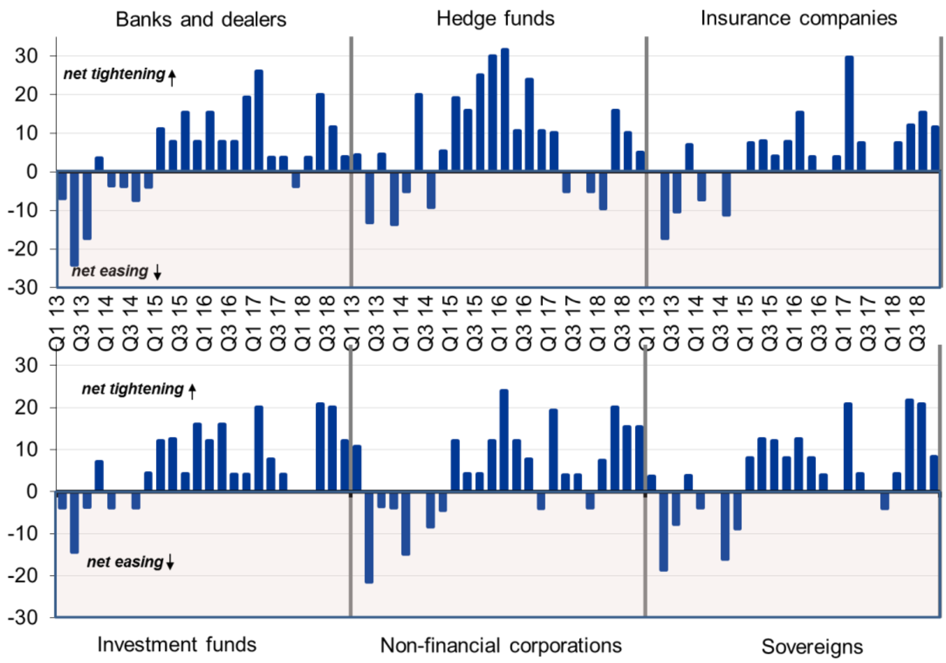
Deterioration in general market liquidity and functioning, competition from other institutions, and the availability of balance sheet capacity were the factors most frequently cited by respondents who reported a tightening in credit terms and conditions. Other factors mentioned were a willingness to take risks and the change in internal treasury charges. Changes in central counterparties' (CCPs) practices, including margining and haircuts, contributed to a further tightening of conditions for both securities financing and OTC derivative markets, according to 12% of respondents.

Looking ahead, a small net percentage of respondents now expect price terms to ease for most counterparty types. The strongest views were expressed in relation to hedge funds, sovereigns, and banks and dealers. Non-price terms are expected to remain stable, although some tightening is expected for insurance companies, non-financial corporations and investment funds.

Chart A

Changes in overall credit terms offered to counterparties across all transaction types

(Q1 2013 – Q4 2018; net percentage of survey respondents)



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

Attention dedicated to concentrated credit exposures to large banks and CCPs increased. Reporting banks indicated that – as for the previous quarter – their institutions had further increased the level of resources and attention devoted to the management of concentrated credit exposures both to CCPs (30%) and to banks and dealers (23%).

Hedge funds decreased their use of financial leverage, although this remained broadly unchanged for investment funds. Around one-tenth of respondents reported that the availability of unutilised leverage had decreased over the three-month reference period.

Pressure from clients seeking more favourable conditions increased over the reference period, particularly with regard to hedge funds and non-financial corporations. This trend is consistent with observations recorded in previous quarters.

Valuation disputes remained broadly unchanged for most counterparty types. A small net percentage of respondents reported an increase in the volume, persistence and duration of valuation disputes with banks and dealers.

Securities financing

Maximum amount of funding: the responses to the December 2018 survey indicated only small changes in the maximum amount of funding secured by most types of collateral. One exception was funding collateralised by high-yield corporate bonds, for which more than one-tenth of respondents indicated, in net terms, a decrease in the maximum amount of funding. The demand for funding secured by equities has been increasing since late 2017 and accelerated over the reference period, during which time 17% of respondents reported a further increase in the maximum amount of funding.

Maximum maturity of funding: survey respondents also indicated only small changes in the maximum maturity of funding collateralised with euro-denominated securities for both average and most-favoured clients over the reference period. When equities and asset-backed securities were used as collateral, a small net percentage of respondents reported an increase in the maximum maturity of funding, for both average and most-favoured clients. On the other hand, a small net percentage of respondents reported a decrease in the maximum maturity of funding collateralised with high-quality non-financial corporate bonds and high-yield corporate bonds.

Haircuts: for both average and most-favoured clients, survey respondents reported only small decreases (or no changes) in the haircuts for euro-denominated collateral covered by the survey. The decrease in haircuts was particularly tangible (10% of net respondents) when high-yield corporate bonds were used as collateral for most-favoured clients.

Financing rates/spreads: in net terms, 11% of respondents indicated that financing rate/spreads had increased for funding secured with domestic government bonds over the three-month reference period. When equities were used as collateral around 10% of survey respondents reported a decrease in financing rate/spreads for both average and most-favoured clients. With regard to the other types of collateral, respondents taking part in the December 2018 SESFOD survey reported that, on balance, financing rates and spreads had remained broadly unchanged.

Use of CCPs: responses to the December 2018 survey indicated that the use of CCPs had decreased for transactions secured with high-quality corporate bonds, according to around 10% of respondents, in net terms. On the other hand, the use of CCPs had remained broadly unchanged for most of the collateral types covered by the survey. Covenants and triggers had remained broadly stable for all collateral types over the three-month reference period.

Demand for funding: in net terms, respondents reported an increase in the demand for funding with a maturity of more than 30 days, collateralised by any asset class. In particular, the demand for funding collateralised by domestic government bonds and high-quality government, sub-national and supra-national bonds, increased, according to 17% and 15% of respondents in net terms, respectively. In relation to shorter-maturity collateral, only domestic government bonds and covered bonds experienced an increase in overall demand. The remaining collateral types showed little or no change, whereas the decrease in demand for shorter-maturity collateral was more tangible for high-quality non-financial corporate bonds (17%) and high-yield corporate bonds (15%).

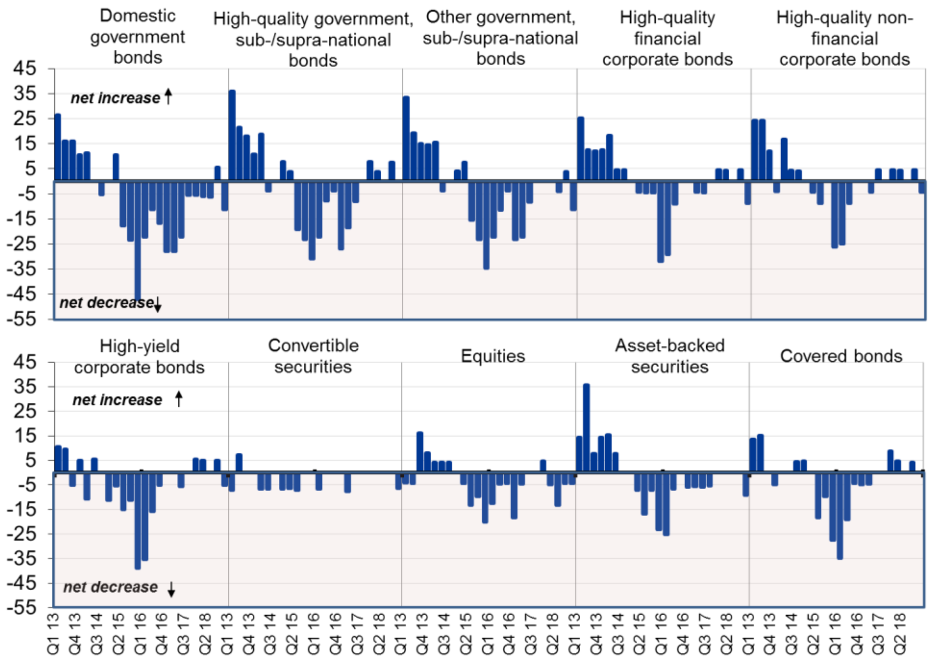
Liquidity of collateral: in net terms, a small number of respondents reported a deterioration of the liquidity and functioning of the market for all types of underlying collateral covered by the survey (see Chart B). In particular, 11% of respondents, in net terms, reported a decrease in market liquidity for domestic government bonds and other government, sub-national and supra-national bonds in the reference period ending in November 2018. This follows the small improvement in market conditions reported by a few respondents in the previous survey.

Collateral valuation disputes: as in previous surveys, respondents indicated that the volume, persistence and duration of valuation disputes had remained broadly unchanged over the three-month reference period for the various types of collateral covered by the survey.

Chart B

Changes in liquidity and functioning of markets

(Q1 2013 – Q4 2018; net percentage of survey respondents)



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

Non-centrally cleared OTC derivatives

Initial margin requirements remained mostly unchanged for all clients. A small number of survey respondents reported that initial margin requirements increased for commodity and equity derivatives as well as total return swaps referencing non-securities.

Maximum amount of exposures remained broadly unchanged for all clients, with some small changes in the maximum amount of exposure and the maximum maturity of trades in a few types of non-centrally cleared OTC derivatives.

Liquidity and trading remained broadly unchanged. Survey respondents indicated that liquidity and trading had remained broadly unchanged for most OTC derivative types covered by the survey. Few respondents reported a deterioration in liquidity and trading for equity derivatives (10% in net terms).

Valuation disputes remained mostly unchanged. The majority of respondents reported that the volume of disputes related to the valuation of OTC derivative contracts covered by the survey did not change compared with the previous quarter. One exception was equity derivatives, for which respondents to the December 2018 survey reported a net increase in the volume (14%) and the duration and persistence (10%) of valuation disputes.

Changes in margin call practices and other non-price terms contributed to tightening. In net terms, more than10% of survey respondents reported that there had been some tightening of both margin call practices and other documentation features in relation to changes to master agreements. Margin call practices have contributed to tightening since late 2016.

Overall, the survey respondents reported some increase in the posting of non-standard collateral. This follows the increase already reported in the previous round of the survey.

Special questions

Market-making activities

The December 2018 survey included a number of special questions about market-making activities, with respondents being asked, for example, how their market-making activities had changed over the past year, how such activities were expected to change in 2019, and how they assessed their ability to act as market-makers in times of stress. Similar special questions had been asked in previous December rounds of the survey, allowing longer-term trends to be identified.

Market-making activities decreased over the past year. Almost a fifth of respondents, in net terms, indicated that market-making activities had decreased over the past year for the majority of asset types covered by the survey (see Chart D). This reduction in market-making activities was particularly visible for other government, sub-national and supra-national bonds, high-quality financial corporate bonds, and derivatives. However, no change had been observed, in net terms, for domestic government bonds and convertible securities. These results, however, mask some dispersion in the responses, with around 15-35% of respondents reporting an increase and around 5%-20% of respondents reporting a decrease.

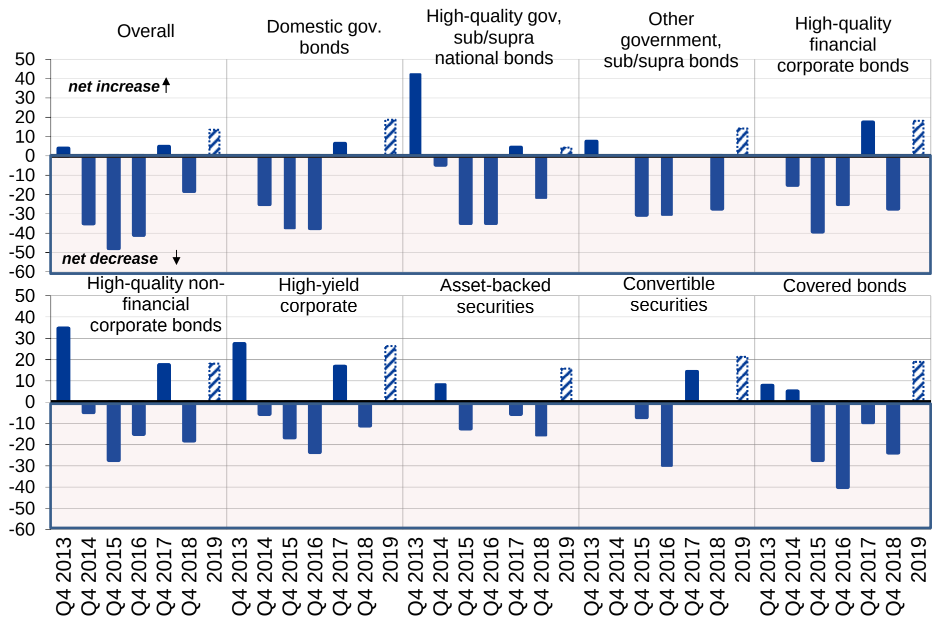
Respondents reported reductions for most asset classes, following the increase recorded the previous year (see Chart D).

Market-making activities are expected to increase in 2019. For all asset classes covered by the survey, more than 15% of respondents, in net terms, expected their market-making activities to increase in 2019 (see Chart D). The strongest expectations of an increase, in net terms, were reported for high-yield corporate bonds (26%) and convertible securities (21%). The only exception was high-quality government, sub-national and supra-national bonds, for which only 4% of respondents, on average, expected their market-making activities to increase.

Chart D

Changes and expected changes in market-making activities

(Q4 2013 – Q4 2019; net percentage of survey respondents)



Source: ECB.
Notes: The net percentage is defined as the difference between the percentage of respondents reporting "increased/likely to increase somewhat" or "increased/likely to increase considerably" and those reporting "decreased/likely to decrease somewhat" or "decreased/likely to decrease considerably". The values for 2019 are taken from the answers to the questions on expected changes reported in December 2018. The values for Q4 2013 represent changes during the period Q4 2008 to Q4 2013.

Reasons for changes and expected changes: the main reasons given by respondents for the decrease in market-making activities over the past year were a decrease in the profitability of market-making activities, capital constraints or a reduction in balance sheet capacity at their institutions, increased competition from other banks, reduced willingness to take on risk and the growing importance of electronic trading platforms. These factors were the same as the main reasons given last year.

Respondents were reasonably confident of their ability to act as market-makers in times of stress. Respondents' confidence in their ability to act as market-makers in times of stress was strongest in relation to debt securities, derivatives, domestic government bonds and other government, sub-national and supra-national bonds, with around 80% of respondents reporting either “moderate” or “good” ability for such instruments. Respondents were also reasonably confident of their ability to act as market-makers in times of stress for the other asset classes covered by the survey, with approximately two-thirds of respondents reporting either “moderate” or “good” ability and approximately one-third of respondents reporting “limited” or “very limited” ability. Respondents were slightly less confident for asset-backed securities and high-quality financial corporate bonds, with between 40% and 45% of respondents reporting “limited” or “very limited” ability to act as market-makers in times of stress.

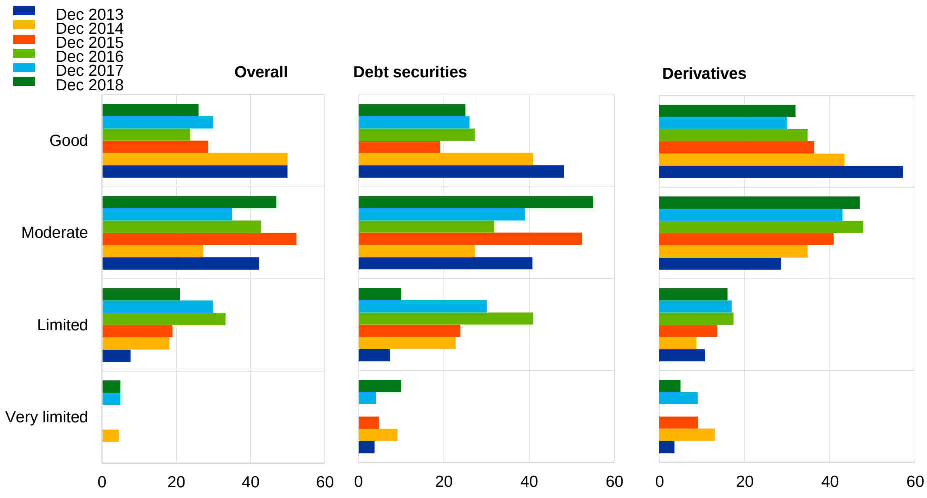
Compared with the results of the December 2017 survey, this survey showed a shift in the distribution of responses with regard to respondents’ confidence in their ability to act as market-makers in times of stress (see Chart E). Even though, overall, more respondents continued to report either “good” or “moderate” ability than “limited” or “very limited” ability, fewer now characterised their ability as “good”, with more characterising it as merely “moderate”. For derivatives, more banks characterised their ability to act as market-makers in times of stress as “good” or “moderate” compared with a year ago. For debt securities, significantly more banks reported their ability to act as market-makers in times of stress as “moderate” and significantly fewer banks now characterised it as “limited”. Interestingly, compared with the results of the round in the previous December, more respondent reported their ability as “very limited”.

Reasons for (in)ability to act as market-makers in times of stress: banks reporting “limited” or “very limited” market-making ability for debt securities or derivatives in times of stress generally pointed to their respective institutions’ limited willingness to take on risk, the low profitability of market-making activities, the limited availability of hedging instruments, capital constraints and limited balance sheet capacity as the main underlying reasons. Banks reporting “moderate” or “good” market-making ability for debt securities or derivatives in strained market conditions typically pointed to a willingness to take on risks and the availability of balance sheet capacity or capital at their institutions. Constraints imposed by internal risk management (e.g. VaR) were mentioned by respondents as a reason for their “moderate” ability to act as market-makers in times of stress.

Chart E

Ability to act as a market-maker in times of stress

(Q4 2013 – Q4 2018; percentage of survey respondents)



Source: ECB.

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
						Sep. 2018	Dec. 2018	
Banks and dealers								
Price terms	0	11	85	4	0	+7	+7	27
Non-price terms	0	12	88	0	0	+4	+12	26
Overall	0	8	88	4	0	+12	+4	26
Hedge funds								
Price terms	0	10	85	5	0	+15	+5	20
Non-price terms	0	0	100	0	0	0	0	20
Overall	0	10	85	5	0	+10	+5	20
Insurance companies								
Price terms	0	19	78	4	0	+11	+15	27
Non-price terms	0	12	88	0	0	+11	+12	26
Overall	0	15	81	4	0	+15	+12	26
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Price terms	0	19	77	4	0	+16	+15	26
Non-price terms	0	12	88	0	0	+12	+12	25
Overall	0	16	80	4	0	+20	+12	25
Non-financial corporations								
Price terms	0	30	63	7	0	+11	+22	27
Non-price terms	0	12	88	0	0	+11	+12	26
Overall	0	19	77	4	0	+15	+15	26
Sovereigns								
Price terms	0	20	76	4	0	+20	+16	25
Non-price terms	0	8	92	0	0	+12	+8	24
Overall	0	13	83	4	0	+21	+8	24
All counterparties above								
Price terms	0	19	77	4	0	+8	+15	26
Non-price terms	0	12	88	0	0	+8	+12	25
Overall	0	16	80	4	0	+12	+12	25

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
						Sep. 2018	Dec. 2018	
Banks and dealers								
Price terms	0	0	85	15	0	+4	-15	27
Non-price terms	0	0	100	0	0	0	0	26
Overall	0	4	88	8	0	0	-4	26
Hedge funds								
Price terms	0	0	90	10	0	+10	-10	20
Non-price terms	0	0	95	5	0	+5	-5	20
Overall	0	0	90	10	0	+5	-10	20
Insurance companies								
Price terms	0	7	81	11	0	+4	-4	27
Non-price terms	0	8	92	0	0	+4	+8	26
Overall	0	12	81	8	0	0	+4	26
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Price terms	0	8	81	12	0	+12	-4	26
Non-price terms	0	8	92	0	0	+8	+8	25
Overall	0	12	80	8	0	+8	+4	25
Non-financial corporations								
Price terms	0	11	78	11	0	+7	0	27
Non-price terms	0	8	92	0	0	+11	+8	26
Overall	0	15	77	8	0	+4	+8	26
Sovereigns								
Price terms	0	0	88	12	0	-4	-12	25
Non-price terms	0	0	100	0	0	0	0	24
Overall	0	4	88	8	0	-8	-4	24
All counterparties above								
Price terms	0	8	81	12	0	+4	-4	26
Non-price terms	0	8	92	0	0	+8	+8	25
Overall	0	12	80	8	0	0	+4	25

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	
				Sep. 2018	Dec. 2018
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	33	0	0	0	12
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	11	0
Internal treasury charges for funding	0	33	0	0	12
Availability of balance sheet or capital at your institution	0	33	50	11	25
General market liquidity and functioning	33	33	0	56	25
Competition from other institutions	33	0	50	22	25
Other	0	0	0	0	0
Total number of answers	3	3	2	9	8
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	12	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	25	0
General market liquidity and functioning	100	0	0	37	33
Competition from other institutions	0	0	0	25	0
Other	0	100	100	0	67
Total number of answers	1	1	1	8	3
Non-price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	50	0	0	20
Willingness of your institution to take on risk	33	0	0	0	20
Adoption of new market conventions (e.g. ISDA protocols)	33	0	0	0	20
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	50	0	67	20
Competition from other institutions	33	0	0	33	20
Other	0	0	0	0	0
Total number of answers	3	2	0	3	5
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	50	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	50	0
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	0	0	0	2	0

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	
				Sep. 2018	Dec. 2018
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	50	0	0	0	20
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	50	0	11	20
General market liquidity and functioning	0	50	0	56	20
Competition from other institutions	50	0	100	33	40
Other	0	0	0	0	0
Total number of answers	2	2	1	9	5
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	25	0
General market liquidity and functioning	100	0	0	25	33
Competition from other institutions	0	0	0	50	0
Other	0	100	100	0	67
Total number of answers	1	1	1	4	3
Non-price terms					
Possible reasons for tightening					
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	0	0
General market liquidity and functioning	0	0	0	60	0
Competition from other institutions	0	0	0	40	0
Other	0	0	0	0	0
Total number of answers	0	0	0	5	0
Possible reasons for easing					
Current or expected financial strength of counterparties	0	0	0	14	0
Willingness of your institution to take on risk	0	0	0	29	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	0	0
Competition from other institutions	0	0	0	29	0
Other	0	0	0	14	0
Total number of answers	0	0	0	7	0

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	
				Sep. 2018	Dec. 2018
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	20	0	0	0	10
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	33	0	0	10
Availability of balance sheet or capital at your institution	0	33	50	13	20
General market liquidity and functioning	60	33	0	63	40
Competition from other institutions	20	0	50	25	20
Other	0	0	0	0	0
Total number of answers	5	3	2	8	10
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	100	0	0	33	33
Competition from other institutions	0	0	0	33	0
Other	0	100	100	0	67
Total number of answers	1	1	1	6	3
Non-price terms					
Possible reasons for tightening					
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	0	0
General market liquidity and functioning	33	100	0	60	60
Competition from other institutions	67	0	0	40	40
Other	0	0	0	0	0
Total number of answers	3	2	0	5	5
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	0	0
General market liquidity and functioning	0	0	0	0	0
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	0	0	0	0	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 Sep. 2018	Either first, second or third reason Dec. 2018
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	0	0
Willingness of your institution to take on risk	20	0	0	0	10
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	33	0	0	10
Availability of balance sheet or capital at your institution	0	33	50	13	20
General market liquidity and functioning	60	33	0	63	40
Competition from other institutions	20	0	50	25	20
Other	0	0	0	0	0
Total number of answers	5	3	2	8	10
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	100	0	0	33	33
Competition from other institutions	0	0	0	33	0
Other	0	100	100	0	67
Total number of answers	1	1	1	3	3
Non-price terms					
Possible reasons for tightening					
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	0	0
General market liquidity and functioning	33	100	0	60	60
Competition from other institutions	67	0	0	40	40
Other	0	0	0	0	0
Total number of answers	3	2	0	5	5
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	0	0
General market liquidity and functioning	0	0	0	50	0
Competition from other institutions	0	0	0	50	0
Other	0	0	0	0	0
Total number of answers	0	0	0	2	0

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 Sep. 2018	Either first, second or third reason Dec. 2018
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	25	0	0	7
Willingness of your institution to take on risk	13	0	0	0	7
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	25	0	0	7
Availability of balance sheet or capital at your institution	0	25	33	13	13
General market liquidity and functioning	63	25	0	63	40
Competition from other institutions	13	0	67	25	20
Other	13	0	0	0	7
Total number of answers	8	4	3	8	15
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	50	0	17
Internal treasury charges for funding	0	50	0	0	17
Availability of balance sheet or capital at your institution	0	0	0	33	0
General market liquidity and functioning	50	0	0	33	17
Competition from other institutions	50	0	0	33	17
Other	0	50	50	0	33
Total number of answers	2	2	2	6	6
Non-price terms					
Possible reasons for tightening					
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	0	0
General market liquidity and functioning	33	100	0	60	60
Competition from other institutions	67	0	0	40	40
Other	0	0	0	0	0
Total number of answers	3	2	0	5	5
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	0	0
General market liquidity and functioning	0	0	0	0	0
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	0	0	0	0	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	
				Sep. 2018	Dec. 2018
Price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	0	8	0
Willingness of your institution to take on risk	20	0	0	0	10
Adoption of new market conventions (e.g. ISDA protocols)	0	0	0	0	0
Internal treasury charges for funding	0	33	0	0	10
Availability of balance sheet or capital at your institution	0	33	50	15	20
General market liquidity and functioning	60	33	0	46	40
Competition from other institutions	20	0	50	15	20
Other	0	0	0	15	0
Total number of answers	5	3	2	13	10
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	100	0	0	33	33
Competition from other institutions	0	0	0	33	0
Other	0	100	100	0	67
Total number of answers	1	1	1	6	3
Non-price terms					
Possible reasons for tightening					
Current or expected financial strength of counterparties	0	0	100	0	25
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	50	100	0	67	50
Competition from other institutions	50	0	0	33	25
Other	0	0	0	0	0
Total number of answers	2	1	1	3	4
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	0	0
General market liquidity and functioning	0	0	0	0	0
Competition from other institutions	0	0	0	0	0
Other	0	0	0	0	0
Total number of answers	0	0	0	0	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		Total number of answers
						Sep. 2018	Dec. 2018	
Practices of CCPs	0	12	88	0	0	+11	+12	17

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		Total number of answers
						Sep. 2018	Dec. 2018	
Banks and dealers	0	0	77	19	4	-21	-23	26
Central counterparties	0	0	70	11	19	-32	-30	27

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		Total number of answers
						Sep. 2018	Dec. 2018	
Hedge funds								
Use of financial leverage	0	16	84	0	0	-5	+16	19
Availability of unutilised leverage	0	11	89	0	0	0	+11	19
Insurance companies								
Use of financial leverage	0	4	96	0	0	+4	+4	25
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Use of financial leverage	0	4	92	4	0	0	0	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".

1.5 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
						Sep. 2018	Dec. 2018	
Banks and dealers								
Intensity of efforts to negotiate more favourable terms	0	0	93	7	0	-7	-7	27
Provision of differential terms to most-favoured clients	0	0	96	4	0	-4	-4	26
Hedge funds								
Intensity of efforts to negotiate more favourable terms	0	0	82	18	0	-18	-18	22
Provision of differential terms to most-favoured clients	0	0	90	10	0	-14	-10	21
Insurance companies								
Intensity of efforts to negotiate more favourable terms	0	0	89	11	0	-11	-11	27
Provision of differential terms to most-favoured clients	0	0	92	8	0	-7	-8	26
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Intensity of efforts to negotiate more favourable terms	0	0	88	12	0	-15	-12	26
Provision of differential terms to most-favoured clients	0	0	92	8	0	-12	-8	25
Non-financial corporations								
Intensity of efforts to negotiate more favourable terms	0	0	85	15	0	-11	-15	27
Provision of differential terms to most-favoured clients	0	0	92	8	0	-4	-8	26

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
						Sep. 2018	Dec. 2018	
Banks and dealers								
Volume	0	0	92	8	0	0	-8	26
Duration and persistence	0	0	92	8	0	0	-8	26
Hedge funds								
Volume	0	5	95	0	0	0	+5	20
Duration and persistence	0	5	90	5	0	-5	0	20
Insurance companies								
Volume	0	0	96	4	0	0	-4	25
Duration and persistence	0	0	100	0	0	0	0	25
Investment funds (incl. ETFs), pension plans and other institutional investment pools								
Volume	0	0	100	0	0	0	0	25
Duration and persistence	0	0	100	0	0	0	0	25
Non-financial corporations								
Volume	0	4	92	4	0	-4	0	26
Duration and persistence	0	4	96	0	0	0	+4	26

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 Sep. 2018	Net percentage Dec. 2018	Total number of answers
Domestic government bonds								
Maximum amount of funding	0	0	94	6	0	-6	-6	18
Maximum maturity of funding	0	6	83	11	0	0	-6	18
Haircuts	0	0	100	0	0	-6	0	18
Financing rate/spread	0	0	89	11	0	0	-11	18
Use of CCPs	0	0	94	6	0	+12	-6	18
High-quality government, sub-national and supra-national bonds								
Maximum amount of funding	0	4	85	11	0	+4	-7	27
Maximum maturity of funding	0	7	85	7	0	+4	0	27
Haircuts	0	4	96	0	0	+4	+4	27
Financing rate/spread	0	4	89	7	0	+19	-4	27
Use of CCPs	0	0	100	0	0	-4	0	24
Other government, sub-national and supra-national bonds								
Maximum amount of funding	0	4	92	4	0	0	0	26
Maximum maturity of funding	0	8	85	8	0	+4	0	26
Haircuts	0	0	100	0	0	+8	0	26
Financing rate/spread	0	8	85	8	0	+15	0	26
Use of CCPs	0	0	96	4	0	+4	-4	24
High-quality financial corporate bonds								
Maximum amount of funding	0	9	87	4	0	-4	+4	23
Maximum maturity of funding	0	9	83	9	0	0	0	23
Haircuts	0	4	96	0	0	+8	+4	23
Financing rate/spread	4	9	78	9	0	+21	+4	23
Use of CCPs	0	6	94	0	0	+6	+6	18
High-quality non-financial corporate bonds								
Maximum amount of funding	0	13	83	4	0	0	+8	24
Maximum maturity of funding	0	13	83	4	0	+4	+8	24
Haircuts	0	4	96	0	0	+8	+4	24
Financing rate/spread	4	8	79	8	0	+20	+4	24
Use of CCPs	0	11	89	0	0	+6	+11	19
High-yield corporate bonds								
Maximum amount of funding	0	16	84	0	0	-5	+16	19
Maximum maturity of funding	0	11	84	5	0	+5	+5	19
Haircuts	0	11	84	5	0	+15	+5	19
Financing rate/spread	0	5	84	11	0	+10	-5	19
Use of CCPs	0	0	100	0	0	0	0	15

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 Sep. 2018	Net percentage Dec. 2018	Total number of answers
Convertible securities								
Maximum amount of funding	0	0	94	6	0	-7	-6	17
Maximum maturity of funding	0	0	94	6	0	0	-6	17
Haircuts	0	6	94	0	0	+7	+6	17
Financing rate/spread	0	6	88	6	0	+7	0	17
Use of CCPs	0	0	100	0	0	0	0	17
Equities								
Maximum amount of funding	0	0	83	17	0	-8	-17	24
Maximum maturity of funding	0	0	92	8	0	-8	-8	24
Haircuts	0	4	96	0	0	+4	+4	24
Financing rate/spread	0	17	75	8	0	+4	+8	24
Use of CCPs	0	0	94	6	0	0	-6	18
Asset-backed securities								
Maximum amount of funding	0	5	95	0	0	0	+5	22
Maximum maturity of funding	0	0	95	5	0	-6	-5	22
Haircuts	0	5	95	0	0	+11	+5	22
Financing rate/spread	0	9	82	9	0	+11	0	22
Use of CCPs	0	0	100	0	0	0	0	14
Covered bonds								
Maximum amount of funding	0	4	92	4	0	+4	0	24
Maximum maturity of funding	0	8	88	4	0	+8	+4	24
Haircuts	0	0	100	0	0	0	0	24
Financing rate/spread	0	4	92	4	0	+13	0	24
Use of CCPs	0	0	100	0	0	0	0	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".

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
						Sep. 2018	Dec. 2018	
Domestic government bonds								
Maximum amount of funding	0	0	89	11	0	-6	-11	18
Maximum maturity of funding	0	6	89	6	0	0	0	18
Haircuts	0	0	100	0	0	-6	0	18
Financing rate/spread	0	0	89	11	0	+6	-11	18
Use of CCPs	0	0	94	6	0	+12	-6	18
High-quality government, sub-national and supra-national bonds								
Maximum amount of funding	0	4	85	11	0	+4	-7	27
Maximum maturity of funding	0	7	85	7	0	+4	0	27
Haircuts	0	4	96	0	0	0	+4	27
Financing rate/spread	0	11	78	11	0	+19	0	27
Use of CCPs	0	0	100	0	0	-4	0	24
Other government, sub-national and supra-national bonds								
Maximum amount of funding	0	4	92	4	0	0	0	26
Maximum maturity of funding	0	8	85	8	0	+4	0	26
Haircuts	0	0	100	0	0	+4	0	26
Financing rate/spread	0	12	77	12	0	+12	0	26
Use of CCPs	0	0	96	4	0	+4	-4	24
High-quality financial corporate bonds								
Maximum amount of funding	0	9	91	0	0	+4	+9	23
Maximum maturity of funding	0	9	87	4	0	+4	+4	23
Haircuts	0	4	96	0	0	+8	+4	23
Financing rate/spread	4	9	74	13	0	+17	0	23
Use of CCPs	0	6	94	0	0	0	+6	18
High-quality non-financial corporate bonds								
Maximum amount of funding	0	8	83	8	0	-8	0	24
Maximum maturity of funding	0	13	79	8	0	0	+4	24
Haircuts	0	4	96	0	0	+8	+4	24
Financing rate/spread	4	8	79	8	0	+24	+4	24
Use of CCPs	0	11	89	0	0	+6	+11	19
High-yield corporate bonds								
Maximum amount of funding	0	10	90	0	0	-10	+10	20
Maximum maturity of funding	0	10	85	5	0	+5	+5	20
Haircuts	0	15	80	5	0	+14	+10	20
Financing rate/spread	0	10	80	10	0	+14	0	20
Use of CCPs	0	0	100	0	0	0	0	15

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
						Sep. 2018	Dec. 2018	
Convertible securities								
Maximum amount of funding	0	0	94	6	0	**-6**	**-6**	17
Maximum maturity of funding	0	0	94	6	0	**0**	**-6**	17
Haircuts	0	6	94	0	0	**+6**	**+6**	17
Financing rate/spread	0	6	88	6	0	**+6**	**0**	17
Use of CCPs	0	0	100	0	0	**0**	**0**	17
Equities								
Maximum amount of funding	0	0	83	17	0	**-8**	**-17**	23
Maximum maturity of funding	0	0	91	9	0	**-8**	**-9**	23
Haircuts	0	4	96	0	0	**+4**	**+4**	23
Financing rate/spread	0	17	74	9	0	**+4**	**+9**	23
Use of CCPs	0	0	94	6	0	**0**	**-6**	18
Asset-backed securities								
Maximum amount of funding	0	0	95	5	0	**-6**	**-5**	22
Maximum maturity of funding	0	0	91	9	0	**-6**	**-9**	22
Haircuts	0	5	95	0	0	**+11**	**+5**	22
Financing rate/spread	0	10	86	5	0	**+12**	**+5**	21
Use of CCPs	0	0	100	0	0	**0**	**0**	14
Covered bonds								
Maximum amount of funding	0	4	92	4	0	**+4**	**0**	24
Maximum maturity of funding	0	8	88	4	0	**+8**	**+4**	24
Haircuts	0	0	100	0	0	**0**	**0**	24
Financing rate/spread	0	8	83	8	0	**+8**	**0**	24
Use of CCPs	0	0	100	0	0	**0**	**0**	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".

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 Sep. 2018	Net percentage Dec. 2018	Total number of answers
Domestic government bonds								
Terms for average clients	0	0	100	0	0	**0**	**0**	17
Terms for most-favoured clients	0	0	100	0	0	**0**	**0**	17
High-quality government, sub-national and supra-national bonds								
Terms for average clients	0	0	100	0	0	**0**	**0**	24
Terms for most-favoured clients	0	0	100	0	0	**0**	**0**	24
Other government, sub-national and supra-national bonds								
Terms for average clients	0	0	100	0	0	**0**	**0**	23
Terms for most-favoured clients	0	0	100	0	0	**0**	**0**	23
High-quality financial corporate bonds								
Terms for average clients	0	0	100	0	0	**0**	**0**	20
Terms for most-favoured clients	0	0	100	0	0	**0**	**0**	20
High-quality non-financial corporate bonds								
Terms for average clients	0	0	100	0	0	**0**	**0**	21
Terms for most-favoured clients	0	0	95	5	0	**-5**	**-5**	21
High-yield corporate bonds								
Terms for average clients	0	0	100	0	0	**-5**	**0**	18
Terms for most-favoured clients	0	0	94	6	0	**-5**	**-6**	18
Convertible securities								
Terms for average clients	0	0	100	0	0	**0**	**0**	17
Terms for most-favoured clients	0	0	100	0	0	**0**	**0**	17
Equities								
Terms for average clients	0	0	100	0	0	**0**	**0**	20
Terms for most-favoured clients	0	0	100	0	0	**0**	**0**	20
Asset-backed securities								
Terms for average clients	0	0	100	0	0	**-6**	**0**	17
Terms for most-favoured clients	0	0	94	6	0	**-6**	**-6**	17
Covered bonds								
Terms for average clients	0	0	100	0	0	**0**	**0**	22
Terms for most-favoured clients	0	0	100	0	0	**0**	**0**	22

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 Sep. 2018	Net percentage Dec. 2018	Total number of answers
Domestic government bonds								
Overall demand	0	0	94	6	0	0	-6	18
With a maturity greater than 30 days	0	0	83	17	0	0	-17	18
High-quality government, sub-national and supra-national bonds								
Overall demand	0	7	89	4	0	+7	+4	27
With a maturity greater than 30 days	0	0	85	15	0	+7	-15	27
Other government, sub-national and supra-national bonds								
Overall demand	0	7	93	0	0	+11	+7	27
With a maturity greater than 30 days	0	0	93	7	0	+7	-7	27
High-quality financial corporate bonds								
Overall demand	0	13	83	4	0	+13	+9	23
With a maturity greater than 30 days	0	4	87	9	0	0	-4	23
High-quality non-financial corporate bonds								
Overall demand	0	17	83	0	0	+9	+17	24
With a maturity greater than 30 days	0	4	88	8	0	0	-4	24
High-yield corporate bonds								
Overall demand	0	15	85	0	0	+5	+15	20
With a maturity greater than 30 days	0	5	85	10	0	0	-5	20
Convertible securities								
Overall demand	0	0	100	0	0	0	0	17
With a maturity greater than 30 days	0	0	94	6	0	0	-6	17
Equities								
Overall demand	0	13	74	13	0	+4	0	23
With a maturity greater than 30 days	0	9	78	13	0	+4	-4	23
Asset-backed securities								
Overall demand	0	5	95	0	0	+6	+5	21
With a maturity greater than 30 days	0	5	86	10	0	0	-5	21
Covered bonds								
Overall demand	0	0	96	4	0	+4	-4	24
With a maturity greater than 30 days	0	0	92	8	0	-4	-8	24
All collateral types above								
Overall demand	0	12	85	4	0	+12	+8	26
With a maturity greater than 30 days	0	4	85	12	0	0	-8	26

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
						Sep. 2018	Dec. 2018	
Domestic government bonds								
Liquidity and functioning	0	11	89	0	0	-6	+11	18
High-quality government, sub-national and supra-national bonds								
Liquidity and functioning	0	7	85	7	0	-7	0	27
Other government, sub-national and supra-national bonds								
Liquidity and functioning	0	11	89	0	0	-4	+11	27
High-quality financial corporate bonds								
Liquidity and functioning	0	13	83	4	0	-4	+9	23
High-quality non-financial corporate bonds								
Liquidity and functioning	0	8	88	4	0	-4	+4	24
High-yield corporate bonds								
Liquidity and functioning	0	10	85	5	0	-5	+5	20
Convertible securities								
Liquidity and functioning	0	6	94	0	0	0	+6	16
Equities								
Liquidity and functioning	0	4	96	0	0	+4	+4	24
Asset-backed securities								
Liquidity and functioning	0	9	91	0	0	0	+9	22
Covered bonds								
Liquidity and functioning	0	4	92	4	0	-4	0	24
All collateral types above								
Liquidity and functioning	0	8	88	4	0	-4	+4	26

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 Sep. 2018	Net percentage Dec. 2018	Total number of answers
Domestic government bonds								
Volume	0	0	100	0	0	**0**	**0**	18
Duration and persistence	0	0	100	0	0	**0**	**0**	18
High-quality government, sub-national and supra-national bonds								
Volume	0	0	96	4	0	**0**	**-4**	27
Duration and persistence	0	0	96	4	0	**0**	**-4**	27
Other government, sub-national and supra-national bonds								
Volume	0	0	96	4	0	**0**	**-4**	27
Duration and persistence	0	0	96	4	0	**0**	**-4**	27
High-quality financial corporate bonds								
Volume	0	0	96	4	0	**0**	**-4**	23
Duration and persistence	0	0	96	4	0	**0**	**-4**	23
High-quality non-financial corporate bonds								
Volume	0	0	96	4	0	**0**	**-4**	24
Duration and persistence	0	0	96	4	0	**0**	**-4**	24
High-yield corporate bonds								
Volume	0	0	100	0	0	**0**	**0**	20
Duration and persistence	0	0	100	0	0	**0**	**0**	20
Convertible securities								
Volume	0	0	100	0	0	**0**	**0**	16
Duration and persistence	0	0	100	0	0	**0**	**0**	16
Equities								
Volume	0	0	100	0	0	**0**	**0**	22
Duration and persistence	0	0	100	0	0	**0**	**0**	22
Asset-backed securities								
Volume	0	0	100	0	0	**0**	**0**	21
Duration and persistence	0	0	100	0	0	**0**	**0**	21
Covered bonds								
Volume	0	0	100	0	0	**0**	**0**	23
Duration and persistence	0	0	100	0	0	**0**	**0**	23
All collateral types above								
Volume	0	0	100	0	0	**0**	**0**	26
Duration and persistence	0	0	96	4	0	**0**	**-4**	26

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
						Sep. 2018	Dec. 2018	
Foreign exchange								
Average clients	0	5	90	0	5	-5	0	21
Most-favoured clients	0	5	90	0	5	-5	0	21
Interest rates								
Average clients	0	5	90	0	5	-5	0	21
Most-favoured clients	0	5	90	0	5	-5	0	21
Credit referencing sovereigns								
Average clients	0	6	88	0	6	-7	0	16
Most-favoured clients	0	6	88	0	6	-7	0	16
Credit referencing corporates								
Average clients	0	5	89	0	5	-6	0	19
Most-favoured clients	0	5	89	0	5	-6	0	19
Credit referencing structured credit products								
Average clients	0	6	88	0	6	-7	0	16
Most-favoured clients	0	6	88	0	6	-7	0	16
Equity								
Average clients	0	0	94	0	6	0	-6	18
Most-favoured clients	0	6	89	0	6	0	0	18
Commodity								
Average clients	0	0	94	0	6	0	-6	17
Most-favoured clients	0	0	94	0	6	0	-6	17
Total return swaps referencing non-securities								
Average clients	0	0	93	0	7	0	-7	15
Most-favoured clients	0	0	93	0	7	0	-7	15

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 Sep. 2018	Net percentage Dec. 2018	Total number of answers
Foreign exchange								
Maximum amount of exposure	0	8	88	4	0	**0**	**+4**	26
Maximum maturity of trades	0	0	100	0	0	**0**	**0**	26
Interest rates								
Maximum amount of exposure	0	0	96	4	0	**0**	**-4**	25
Maximum maturity of trades	0	4	96	0	0	**+4**	**+4**	25
Credit referencing sovereigns								
Maximum amount of exposure	0	0	94	6	0	**0**	**-6**	17
Maximum maturity of trades	0	0	100	0	0	**0**	**0**	17
Credit referencing corporates								
Maximum amount of exposure	0	5	90	5	0	**+5**	**0**	20
Maximum maturity of trades	0	0	100	0	0	**0**	**0**	19
Credit referencing structured credit products								
Maximum amount of exposure	0	0	94	6	0	**0**	**-6**	17
Maximum maturity of trades	0	0	100	0	0	**0**	**0**	17
Equity								
Maximum amount of exposure	0	5	95	0	0	**-5**	**+5**	20
Maximum maturity of trades	0	5	95	0	0	**0**	**+5**	20
Commodity								
Maximum amount of exposure	0	5	89	5	0	**-11**	**0**	19
Maximum maturity of trades	0	5	95	0	0	**0**	**+5**	19
Total return swaps referencing non-securities								
Maximum amount of exposure	0	0	94	6	0	**+7**	**-6**	17
Maximum maturity of trades	0	0	94	6	0	**0**	**-6**	17

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 Sep. 2018	Net percentage Dec. 2018	Total number of answers
Foreign exchange								
Liquidity and trading	0	4	96	0	0	**0**	**+4**	26
Interest rates								
Liquidity and trading	0	4	92	4	0	**0**	**0**	25
Credit referencing sovereigns								
Liquidity and trading	0	6	94	0	0	**+6**	**+6**	17
Credit referencing corporates								
Liquidity and trading	0	5	95	0	0	**+5**	**+5**	20
Credit referencing structured credit products								
Liquidity and trading	0	6	94	0	0	**+6**	**+6**	18
Equity								
Liquidity and trading	0	10	90	0	0	**+5**	**+10**	20
Commodity								
Liquidity and trading	0	0	100	0	0	**0**	**0**	19
Total return swaps referencing non-securities								
Liquidity and trading	0	6	94	0	0	**0**	**+6**	16

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 Sep. 2018	Net percentage Dec. 2018	Total number of answers
Foreign exchange								
Volume	0	0	96	4	0	**-8**	**-4**	24
Duration and persistence	0	0	100	0	0	**0**	**0**	24
Interest rates								
Volume	0	0	100	0	0	**-13**	**0**	24
Duration and persistence	0	0	100	0	0	**-4**	**0**	24
Credit referencing sovereigns								
Volume	0	0	100	0	0	**-6**	**0**	17
Duration and persistence	0	0	100	0	0	**0**	**0**	17
Credit referencing corporates								
Volume	0	0	100	0	0	**-5**	**0**	19
Duration and persistence	0	0	95	5	0	**-5**	**-5**	19
Credit referencing structured credit products								
Volume	0	0	100	0	0	**-6**	**0**	19
Duration and persistence	0	0	100	0	0	**0**	**0**	19
Equity								
Volume	0	0	86	14	0	**-5**	**-14**	21
Duration and persistence	0	0	90	10	0	**+5**	**-10**	21
Commodity								
Volume	0	5	89	5	0	**0**	**0**	19
Duration and persistence	0	0	100	0	0	**0**	**0**	19
Total return swaps referencing non-securities								
Volume	0	0	100	0	0	**0**	**0**	17
Duration and persistence	0	0	100	0	0	**0**	**0**	17

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
						Sep. 2018	Dec. 2018	
Margin call practices	0	12	88	0	0	+12	+12	25
Acceptable collateral	0	12	80	8	0	0	+4	25
Recognition of portfolio or diversification benefits	0	0	96	4	0	0	-4	24
Covenants and triggers	0	8	88	4	0	+8	+4	25
Other documentation features	0	13	88	0	0	+8	+13	24

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
						Sep. 2018	Dec. 2018	
Posting of non-standard collateral	0	0	91	9	0	-12	-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".

Special questions
5.1 Market-making activities
Changes in market-making activities

How have the market-making activities of your institution for [debt securities/ derivatives/ overall] changed over the past year?

Table 28

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

Changes over past year	Decreased considerably	Decreased somewhat	Remained basically unchanged	Increased somewhat	Increased considerably	Net percentage	Total number of answers
Debt securities	0	35	52	13	0	**+22**	23
Derivatives	5	27	64	5	0	**+27**	22
Overall	0	27	64	9	0	**+18**	22
Domestic government bonds	0	25	50	19	6	**0**	16
High-quality government, sub-national and supra-national bonds	0	30	61	9	0	**+22**	23
Other government, sub-national and supra-national bonds	9	27	55	9	0	**+27**	22
High-quality financial corporate bonds	0	36	55	9	0	**+27**	22
High-quality non-financial corporate bonds	0	32	55	14	0	**+18**	22
High-yield corporate bonds	0	17	78	6	0	**+11**	18
Convertible securities	0	14	71	7	7	**0**	14
Asset-backed securities	0	21	74	5	0	**+16**	19
Covered bonds	0	38	48	14	0	**+24**	21

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

Expected changes in market-making activities

How are the market-making activities of your institution for [debt securities/ derivatives/ overall] likely to change in 2019?

Table 29

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

Expected changes in 2019	Likely to decrease considerably	Likely to decrease somewhat	Likely to remain unchanged	Likely to increase somewhat	Likely to increase considerably	Net percentage	Total number of answers
Debt securities	0	9	65	26	0	**-17**	23
Derivatives	0	5	77	18	0	**-14**	22
Overall	0	5	77	18	0	**-14**	22
Domestic government bonds	0	13	56	31	0	**-19**	16
High-quality government, sub-national and supra-national bonds	0	13	70	17	0	**-4**	23
Other government, sub-national and supra-national bonds	5	5	67	24	0	**-14**	21
High-quality financial corporate bonds	0	9	64	27	0	**-18**	22
High-quality non-financial corporate bonds	0	14	55	32	0	**-18**	22
High-yield corporate bonds	0	0	74	26	0	**-26**	19
Convertible securities	0	0	79	21	0	**-21**	14
Asset-backed securities	0	5	74	21	0	**-16**	19
Covered bonds	5	14	43	38	0	**-19**	21

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

Reasons for changes in market-making activities over the past year

To the extent that market-making activities of your institution for [debt securities/ derivatives] have decreased or increased over the past year (as reflected in your responses above), what was the [first/ second/ third] most important reason for the change?

Table 30

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

Changes over the past year	First reason	Second reason	Third reason	Either first, second or third reason
Debt securities				
Possible reasons for a decrease				
Willingness of your institution to take on risk	13	13	0	9
Internal treasury charges for funding market-making activities	0	0	14	4
Availability of balance sheet or capital at your institution	13	13	29	17
Competition from other banks	13	13	14	13
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	13	0	4
Availability of hedging instruments	0	13	14	9
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	13	13	0	9
Profitability of market making activities	25	25	29	26
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	25	0	0	9
Total number of answers	**8**	**8**	**7**	**23**
Possible reasons for an increase				
Willingness of your institution to take on risk	67	0	0	25
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	67	0	25
Competition from other banks	33	0	50	25
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	33	0	13
Profitability of market making activities	0	0	50	13
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**3**	**3**	**2**	**8**
Derivatives				
Possible reasons for a decrease				
Willingness of your institution to take on risk	14	0	0	6
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	14	0	25	13
Competition from other banks	29	20	25	25
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	20	0	6
Availability of hedging instruments	0	20	0	6
Compliance with current or expected changes in regulation	14	0	0	6
Growing importance of electronic trading platforms	0	20	25	13
Profitability of market making activities	14	20	0	13
Role of high-frequency automated trading in making markets	0	0	25	6
Other (please specify below)	14	0	0	6
Total number of answers	**7**	**5**	**4**	**16**
Possible reasons for an increase				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	100	0	33
Competition from other banks	100	0	0	33
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	100	33
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**1**	**1**	**1**	**3**

Reasons for changes in market-making activities over the past year (continued)

To the extent that market-making activities of your institution for [overall/ domestic government bonds] have decreased or increased over the past year (as reflected in your responses above), what was the [first/ second/ third] most important reason for the change?

Table 30 (continued)

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

Changes over the past year	First reason	Second reason	Third reason	Either first, second or third reason
Overall				
Possible reasons for a decrease				
Willingness of your institution to take on risk	17	20	0	13
Internal treasury charges for funding market-making activities	0	0	25	7
Availability of balance sheet or capital at your institution	17	0	25	13
Competition from other banks	17	0	25	13
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	20	0	7
Availability of hedging instruments	0	20	25	13
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	33	40	0	27
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	17	0	0	7
Total number of answers	**6**	**5**	**4**	**15**
Possible reasons for an increase				
Willingness of your institution to take on risk	50	0	0	17
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	50	0	17
Competition from other banks	0	0	50	17
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	50	0	0	17
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	50	50	33
Total number of answers	**2**	**2**	**2**	**6**
Domestic government bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	25	25	0	17
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	25	25	0	17
Competition from other banks	0	25	25	17
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	25	25	17
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	25	0	50	25
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	25	0	0	8
Total number of answers	**4**	**4**	**4**	**12**
Possible reasons for an increase				
Willingness of your institution to take on risk	50	0	0	22
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	100	0	33
Competition from other banks	25	0	50	22
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	50	11
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	25	0	0	11
Total number of answers	**4**	**3**	**2**	**9**

Reasons for changes in market-making activities over the past year (continued)

To the extent that market-making activities of your institution for [high-quality government, sub-national and supra-national bonds/other government, sub-national and supra-national bonds] have decreased or increased over the past year (as reflected in your responses above), what was the [first/ second/ third] most important reason for the change?

Table 30 (continued)

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

Changes over the past year	First reason	Second reason	Third reason	Either first, second or third reason
High-quality government, sub-national and supra-national bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	14	17	0	11
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	14	17	40	22
Competition from other banks	29	0	20	17
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	17	0	6
Availability of hedging instruments	0	17	20	11
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	17	0	6
Profitability of market making activities	29	17	20	22
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	14	0	0	6
Total number of answers	**7**	**6**	**5**	**18**
Possible reasons for an increase				
Willingness of your institution to take on risk	50	0	0	17
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	50	0	17
Competition from other banks	0	0	50	17
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	50	0	0	17
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	50	50	33
Total number of answers	**2**	**2**	**2**	**6**
Other government, sub-national and supra-national bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	29	17	0	17
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	14	0	40	17
Competition from other banks	29	0	40	22
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	17	0	6
Availability of hedging instruments	0	17	20	11
Compliance with current or expected changes in regulation	0	17	0	6
Growing importance of electronic trading platforms	0	17	0	6
Profitability of market making activities	29	17	0	17
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**7**	**6**	**5**	**18**
Possible reasons for an increase				
Willingness of your institution to take on risk	50	0	0	17
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	50	0	17
Competition from other banks	0	0	50	17
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	50	0	0	17
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	50	50	33
Total number of answers	**2**	**2**	**2**	**6**

Reasons for changes in market-making activities over the past year (continued)

To the extent that market-making activities of your institution for [high-quality financial corporate bonds/ high-quality non-financial corporate bonds] have decreased or increased over the past year (as reflected in your responses above), what was the [first/ second/ third] most important reason for the change?

Table 30 (continued)

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

Changes over the past year	First reason	Second reason	Third reason	Either first, second or third reason
High-quality financial corporate bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	13	17	0	11
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	25	0	0	11
Competition from other banks	13	17	25	17
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	17	25	11
Compliance with current or expected changes in regulation	0	17	0	6
Growing importance of electronic trading platforms	0	0	25	6
Profitability of market making activities	25	17	0	17
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	25	17	25	22
Total number of answers	**8**	**6**	**4**	**18**
Possible reasons for an increase				
Willingness of your institution to take on risk	50	0	0	17
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	50	0	17
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	50	0	50	33
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	50	50	33
Total number of answers	**2**	**2**	**2**	**6**
High-quality non-financial corporate bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	14	20	0	13
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	14	0	25	13
Competition from other banks	14	0	25	13
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	20	25	13
Compliance with current or expected changes in regulation	0	20	0	6
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	43	20	0	25
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	14	20	25	19
Total number of answers	**7**	**5**	**4**	**16**
Possible reasons for an increase				
Willingness of your institution to take on risk	33	0	0	13
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	33	33	0	25
Competition from other banks	0	33	0	13
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	33	0	50	25
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	33	50	25
Total number of answers	**3**	**3**	**2**	**8**

Reasons for changes in market-making activities over the past year (continued)

To the extent that market-making activities of your institution for [high-yield government bonds/convertible securities] have decreased or increased over the past year (as reflected in your responses above), what was the [first/ second/ third] most important reason for the change?

Table 30 (continued)

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

Changes over the past year	First reason	Second reason	Third reason	Either first, second or third reason
High-yield corporate bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	50	0	14
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other banks	33	0	0	14
Competition from non-bank financial institutions	0	0	50	14
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	50	14
Compliance with current or expected changes in regulation	0	50	0	14
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	67	0	0	29
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**3**	**2**	**2**	**7**
Possible reasons for an increase				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	100	0	0	33
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	100	100	67
Total number of answers	**1**	**1**	**1**	**3**
Convertible securities				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	100	33
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	100	0	33
Profitability of market making activities	100	0	0	33
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**1**	**1**	**1**	**3**
Possible reasons for an increase				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	50	0	0	20
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	50	100	100	80
Total number of answers	**2**	**2**	**1**	**5**

Reasons for changes in market-making activities over the past year (continued)

To the extent that market-making activities of your institution for [asset-backed securities/covered bonds] have decreased or increased over the past year (as reflected in your responses above), what was the [first/ second/ third] most important reason for the change?

Table 30 (continued)

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

Changes over the past year	First reason	Second reason	Third reason	Either first, second or third reason
Asset-backed securities				
Possible reasons for a decrease				
Willingness of your institution to take on risk	25	25	0	17
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	25	0	8
Competition from other banks	0	50	0	17
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	50	17
Compliance with current or expected changes in regulation	0	0	50	17
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	75	0	0	25
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**4**	**4**	**4**	**12**
Possible reasons for an increase				
Willingness of your institution to take on risk	0	100	0	33
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	100	0	0	33
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	100	33
Total number of answers	**1**	**1**	**1**	**3**
Covered bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	14	20	0	13
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	14	0	0	6
Competition from other banks	0	0	50	13
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	40	50	25
Compliance with current or expected changes in regulation	0	20	0	6
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	43	20	0	25
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	29	0	0	13
Total number of answers	**7**	**5**	**4**	**16**
Possible reasons for an increase				
Willingness of your institution to take on risk	50	0	0	17
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	50	0	17
Competition from other banks	0	0	50	17
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	50	0	0	17
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	50	50	33
Total number of answers	**2**	**2**	**2**	**6**

Reasons for expected changes in market-making activities in 2019

To the extent that market-making activities of your institution for [debt securities/ derivatives] are likey to decrease or increase in 2019 (as reflected in your responses above), what is the [first/ second/ third] most important reason for the expected change?

Table 31

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

Expected changes in 2019	First reason	Second reason	Third reason	Either first, second or third reason
Debt securities				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	50	0	100	40
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	50	0	20
Profitability of market making activities	50	50	0	40
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**2**	**2**	**1**	**5**
Possible reasons for an increase				
Willingness of your institution to take on risk	33	0	20	19
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	20	0	6
Competition from other banks	17	20	0	13
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	20	20	13
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	17	0	20	13
Profitability of market making activities	0	20	20	13
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	33	20	20	25
Total number of answers	**6**	**5**	**5**	**16**
Derivatives				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	100	0	0	50
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	100	0	50
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**1**	**1**	**0**	**2**
Possible reasons for an increase				
Willingness of your institution to take on risk	25	0	0	10
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	33	0	10
Competition from other banks	0	0	67	20
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	33	10
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	25	33	0	20
Profitability of market making activities	50	33	0	30
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**4**	**3**	**3**	**10**

Reasons for expected changes in market-making activities in 2019 (continued)

To the extent that market-making activities of your institution for [overall/ domestic government bonds] are likey to decrease or increase in 2019 (as reflected in your responses above), what is the [first/ second/ third] most important reason for the expected change?

Table 31 (continued)

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

Expected changes in 2019	First reason	Second reason	Third reason	Either first, second or third reason
Overall				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	100	0	0	50
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	100	0	50
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**1**	**1**	**0**	**2**
Possible reasons for an increase				
Willingness of your institution to take on risk	33	0	0	11
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	33	0	11
Competition from other banks	33	0	0	11
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	33	0	11
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	33	0	33	22
Profitability of market making activities	0	0	33	11
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	33	33	22
Total number of answers	**3**	**3**	**3**	**9**
Domestic government bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	50	0	0	25
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other banks	0	50	0	25
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	50	0	0	25
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	50	0	25
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**2**	**2**	**0**	**4**
Possible reasons for an increase				
Willingness of your institution to take on risk	25	0	50	22
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	33	0	11
Competition from other banks	25	33	0	22
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	50	11
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	33	0	11
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	50	0	0	22
Total number of answers	**4**	**3**	**2**	**9**

Reasons for expected changes in market-making activities in 2019 (continued)

To the extent that market-making activities of your institution for [high-quality government, sub-national and supra-national bonds/ other government, sub-national and supra-national bonds] are likey to decrease or increase in 2019 (as reflected in your responses above), what is the [first/ second/ third] most important reason for the expected change?

Table 31 (continued)

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

Expected changes in 2019	First reason	Second reason	Third reason	Either first, second or third reason
High-quality government, sub-national and supra-national bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	33	0	100	29
Competition from other banks	0	33	0	14
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	33	0	0	14
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	33	0	14
Profitability of market making activities	33	33	0	29
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**3**	**3**	**1**	**7**
Possible reasons for an increase				
Willingness of your institution to take on risk	33	0	0	13
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	33	0	0	13
Profitability of market making activities	0	33	0	13
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	33	67	100	63
Total number of answers	**3**	**3**	**2**	**8**
Other government, sub-national and supra-national bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	100	20
Competition from other banks	0	50	0	20
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	50	0	0	20
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	50	0	20
Profitability of market making activities	50	0	0	20
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**2**	**2**	**1**	**5**
Possible reasons for an increase				
Willingness of your institution to take on risk	50	0	0	18
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	33	9
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	25	0	0	9
Profitability of market making activities	0	50	0	18
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	25	50	67	45
Total number of answers	**4**	**4**	**3**	**11**

Reasons for expected changes in market-making activities in 2019 (continued)

To the extent that market-making activities of your institution for [high-quality financial corporate bonds/ high-quality non-financial corporate bonds] are likey to decrease or increase in 2019 (as reflected in your responses above), what is the [first/ second/ third] most important reason for the expected change?

Table 31 (continued)

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

Expected changes in 2019	First reason	Second reason	Third reason	Either first, second or third reason
High-quality financial corporate bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	50	0	0	25
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	50	0	0	25
Growing importance of electronic trading platforms	0	50	0	25
Profitability of market making activities	0	50	0	25
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**2**	**2**	**0**	**4**
Possible reasons for an increase				
Willingness of your institution to take on risk	40	20	20	27
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	20	0	7
Competition from other banks	0	20	0	7
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	20	7
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	20	0	20	13
Profitability of market making activities	0	20	0	7
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	40	20	40	33
Total number of answers	**5**	**5**	**5**	**15**
High-quality non-financial corporate bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	33	0	0	20
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	33	0	0	20
Growing importance of electronic trading platforms	0	50	0	20
Profitability of market making activities	0	50	0	20
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	33	0	0	20
Total number of answers	**3**	**2**	**0**	**5**
Possible reasons for an increase				
Willingness of your institution to take on risk	17	17	20	18
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	17	17	20	18
Competition from other banks	0	33	0	12
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	17	0	6
Growing importance of electronic trading platforms	17	0	20	12
Profitability of market making activities	17	0	0	6
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	33	17	40	29
Total number of answers	**6**	**6**	**5**	**17**

Reasons for expected changes in market-making activities in 2019 (continued)

To the extent that market-making activities of your institution for [high-yield corporate bonds/ convertible securities] are likey to decrease or increase in 2019 (as reflected in your responses above), what is the [first/ second/ third] most important reason for the expected change?

Table 31 (continued)

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

Expected changes in 2019	First reason	Second reason	Third reason	Either first, second or third reason
High-yield corporate bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**0**	**0**	**0**	**0**
Possible reasons for an increase				
Willingness of your institution to take on risk	25	0	33	20
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	25	33	0	20
Competition from other banks	0	33	0	10
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	25	0	33	20
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	25	33	33	30
Total number of answers	**4**	**3**	**3**	**10**
Convertible securities				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**0**	**0**	**0**	**0**
Possible reasons for an increase				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	50	0	0	20
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	50	100	100	80
Total number of answers	**2**	**2**	**1**	**5**

Reasons for expected changes in market-making activities in 2019 (continued)

To the extent that market-making activities of your institution for [asset-backed securities/ covered bonds] are likey to decrease or increase in 2019 (as reflected in your responses above), what is the [first/ second/ third] most important reason for the expected change?

Table 31 (continued)

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

Expected changes in 2019	First reason	Second reason	Third reason	Either first, second or third reason
Asset-backed securities				
Possible reasons for a decrease				
Willingness of your institution to take on risk	0	0	0	0
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	100	0	0	100
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	0	0
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**1**	**0**	**0**	**1**
Possible reasons for an increase				
Willingness of your institution to take on risk	67	0	50	43
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other banks	0	50	50	29
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	50	0	14
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	33	0	0	14
Total number of answers	**3**	**2**	**2**	**7**
Covered bonds				
Possible reasons for a decrease				
Willingness of your institution to take on risk	25	0	0	14
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	25	0	0	14
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	100	14
Compliance with current or expected changes in regulation	0	50	0	14
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	25	50	0	29
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	25	0	0	14
Total number of answers	**4**	**2**	**1**	**7**
Possible reasons for an increase				
Willingness of your institution to take on risk	33	0	20	18
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other banks	0	33	20	18
Competition from non-bank financial institutions	0	0	20	6
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	17	0	0	6
Profitability of market making activities	0	33	0	12
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	50	33	40	41
Total number of answers	**6**	**6**	**5**	**17**

Ability to act as a market-maker in times of stress

How would you assess the current ability of your institution to act as a market-maker for [debt securities/ derivatives/ overall] in times of stress?

Table 32

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

Ability to act as a market-maker in time of stress	Very limited	Limited	Moderate	Good	Net percentage	Total number of answers
Debt securities	10	10	55	25	-60	20
Derivatives	5	16	47	32	-58	19
Overall	5	21	47	26	-47	19
Domestic government bonds	14	7	43	36	-57	14
High-quality government, sub-national and supra-national bonds	10	14	29	48	-52	21
Other government, sub-national and supra-national bonds	5	16	32	47	-58	19
High-quality financial corporate bonds	16	26	26	32	-16	19
High-quality non-financial corporate bonds	11	26	32	32	-26	19
High-yield corporate bonds	27	7	40	27	-33	15
Convertible securities	8	25	50	17	-33	12
Asset-backed securities	19	25	38	19	-13	16
Covered bonds	11	17	33	39	-44	18

Note: The net percentage is defined as the difference between the percentage of respondents reporting "very limited" or "limited" and those reporting "moderate" and "good".

Reasons for (in)ability to act as a market-maker in times of stress

Given the ability of your institution to act as a market-maker for [debt securities/ derivatives] in times stress (as reflected in your responses above), what is the [first/ second/ third] most important reason for this?

Table 33

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

Ability to act as a market-maker in time of stress	First reason	Second reason	Third reason	Either first, second or third reason
Debt securities				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	25	100	0	38
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	25	0	0	13
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	50	13
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	25	0	50	25
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	25	0	0	13
Total number of answers	**4**	**2**	**2**	**8**
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	50	0	33	29
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	10	50	0	21
Competition from other banks	10	0	0	4
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	10	13	50	21
Availability of hedging instruments	10	0	17	8
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	10	38	0	17
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**10**	**8**	**6**	**24**
Derivatives				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	25	100	0	38
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	25	0	0	13
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	0	0	50	13
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	25	0	50	25
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	25	0	0	13
Total number of answers	**4**	**2**	**2**	**8**
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	33	0	33	22
Internal treasury charges for funding market-making activities	11	0	0	4
Availability of balance sheet or capital at your institution	33	25	17	26
Competition from other banks	11	0	17	9
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	25	17	13
Availability of hedging instruments	11	0	17	9
Compliance with current or expected changes in regulation	0	13	0	4
Growing importance of electronic trading platforms	0	13	0	4
Profitability of market making activities	0	25	0	9
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**9**	**8**	**6**	**23**

Reasons for (in)ability to act as a market-maker in times of stress (continued)

Given the ability of your institution to act as a market-maker for [overall/ domestic government bonds] in times stress (as reflected in your responses above), what is the [first/ second/ third] most important reason for this?

Table 33 (continued)

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

Ability to act as a market-maker in time of stress	First reason	Second reason	Third reason	Either first, second or third reason
Overall				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	40	67	0	36
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	20	0	0	9
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	33	9
Availability of hedging instruments	0	0	33	9
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	20	33	33	27
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	20	0	0	9
Total number of answers	**5**	**3**	**3**	**11**
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	50	0	40	32
Internal treasury charges for funding market-making activities	0	17	0	5
Availability of balance sheet or capital at your institution	13	33	0	16
Competition from other banks	13	0	0	5
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	17	40	16
Availability of hedging instruments	25	0	20	16
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	33	0	11
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**8**	**6**	**5**	**19**
Domestic government bonds				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	0	100	0	20
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	33	0	0	20
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	0	0
Availability of hedging instruments	33	0	0	20
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	100	20
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	33	0	0	20
Total number of answers	**3**	**1**	**1**	**5**
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	29	0	50	22
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	14	43	25	28
Competition from other banks	0	14	0	6
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	14	14	25	17
Availability of hedging instruments	29	0	0	11
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	14	0	6
Profitability of market making activities	14	14	0	11
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**7**	**7**	**4**	**18**

Reasons for (in)ability to act as a market-maker in times of stress (continued)

Given the ability of your institution to act as a market-maker for [high-quality government, sub-national and supra-national bonds/ other government, sub-national and supra-national bonds] in times stress (as reflected in your responses above), what is the [first/ second/ third] most important reason for this?

Table 33 (continued)

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

Ability to act as a market-maker in time of stress	First reason	Second reason	Third reason	Either first, second or third reason
High-quality government, sub-national and supra-national bonds				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	0	50	0	11
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	20	50	0	22
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	20	0	50	22
Availability of hedging instruments	40	0	0	22
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	50	11
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	20	0	0	11
Total number of answers	**5**	**2**	**2**	**9**
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	70	0	40	38
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	20	22	0	17
Competition from other banks	0	11	0	4
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	11	20	8
Availability of hedging instruments	10	11	20	13
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	11	20	8
Profitability of market making activities	0	33	0	13
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**10**	**9**	**5**	**24**
Other government, sub-national and supra-national bonds				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	25	33	0	22
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	25	33	0	22
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	50	11
Availability of hedging instruments	25	33	0	22
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	50	11
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	25	0	0	11
Total number of answers	**4**	**3**	**2**	**9**
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	67	0	40	36
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	22	25	0	18
Competition from other banks	0	13	0	5
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	11	13	20	14
Availability of hedging instruments	0	13	20	9
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	20	5
Profitability of market making activities	0	38	0	14
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**9**	**8**	**5**	**22**

Reasons for (in)ability to act as a market-maker in times of stress (continued)

Given the ability of your institution to act as a market-maker for [high-quality financial corporate bonds/ high-quality non-financial corporate bonds] in times stress (as reflected in your responses above), what is the [first/ second/ third] most important reason for this?

Table 33 (continued)

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

Ability to act as a market-maker in time of stress	First reason	Second reason	Third reason	Either first, second or third reason
High-quality financial corporate bonds				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	25	40	20	28
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	13	40	0	17
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	13	0	40	17
Availability of hedging instruments	25	0	20	17
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	13	20	20	17
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	13	0	0	6
Total number of answers	**8**	**5**	**5**	**18**
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	57	0	100	42
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	14	0	0	8
Competition from other banks	14	25	0	17
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	25	0	8
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	14	50	0	25
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**7**	**4**	**1**	**12**
High-quality non-financial corporate bonds				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	29	50	0	27
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	14	25	0	13
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	50	13
Availability of hedging instruments	29	0	25	20
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	14	25	25	20
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	14	0	0	7
Total number of answers	**7**	**4**	**4**	**15**
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	50	0	100	40
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	13	20	0	13
Competition from other banks	13	20	0	13
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	13	20	0	13
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	13	40	0	20
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**8**	**5**	**2**	**15**

Reasons for (in)ability to act as a market-maker in times of stress (continued)

Given the ability of your institution to act as a market-maker for [high yield corporate bonds/ convertible securities] in times stress (as reflected in your responses above), what is the [first/ second/ third] most important reason for this?

Table 33 (continued)

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

Ability to act as a market-maker in time of stress	First reason	Second reason	Third reason	Either first, second or third reason
High-yield corporate bonds				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	20	50	0	23
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	25	0	8
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	50	15
Availability of hedging instruments	20	0	25	15
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	40	25	25	31
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	20	0	0	8
Total number of answers	**5**	**4**	**4**	**13**
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	50	0	100	38
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	17	20	0	15
Competition from other banks	17	20	0	15
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	17	20	0	15
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	40	0	15
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**6**	**5**	**2**	**13**
Convertible securities				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	33	50	0	29
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	50	0	14
Availability of hedging instruments	33	0	0	14
Compliance with current or expected changes in regulation	0	0	50	14
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	0	50	14
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	33	0	0	14
Total number of answers	**3**	**2**	**2**	**7**
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	80	0	33	42
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	20	25	33	25
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	25	33	17
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	50	0	17
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**5**	**4**	**3**	**12**

Reasons for (in)ability to act as a market-maker in times of stress (continued)

Given the ability of your institution to act as a market-maker for [asset-backed securities/ covered bonds] in times stress (as reflected in your responses above), what is the [first/ second/ third] most important reason for this?

Table 33 (continued)

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

Ability to act as a market-maker in time of stress	First reason	Second reason	Third reason	Either first, second or third reason
Asset-backed securities				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	50	50	0	38
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	0	0	0	0
Competition from other banks	17	0	0	8
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	33	8
Availability of hedging instruments	0	0	33	8
Compliance with current or expected changes in regulation	0	25	0	8
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	17	25	33	23
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	17	0	0	8
Total number of answers	**6**	**4**	**3**	**13**
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	71	0	100	50
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	14	40	0	21
Competition from other banks	0	20	0	7
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	14	20	0	14
Availability of hedging instruments	0	0	0	0
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	0	20	0	7
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**7**	**5**	**2**	**14**
Covered bonds				
Possible reasons for a "very limited"or "limited" ability				
Willingness of your institution to take on risk	20	67	0	27
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	20	33	0	18
Competition from other banks	0	0	0	0
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	0	0	33	9
Availability of hedging instruments	20	0	33	18
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	0	0
Profitability of market making activities	20	0	33	18
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	20	0	0	9
Total number of answers	**5**	**3**	**3**	**11**
Possible reasons for a "good"or "moderate" ability				
Willingness of your institution to take on risk	56	0	50	35
Internal treasury charges for funding market-making activities	0	0	0	0
Availability of balance sheet or capital at your institution	22	29	0	20
Competition from other banks	0	14	25	10
Competition from non-bank financial institutions	0	0	0	0
Constraints imposed by internal risk management (e.g. VaR limits)	11	14	0	10
Availability of hedging instruments	0	29	0	10
Compliance with current or expected changes in regulation	0	0	0	0
Growing importance of electronic trading platforms	0	0	25	5
Profitability of market making activities	11	14	0	10
Role of high-frequency automated trading in making markets	0	0	0	0
Other (please specify below)	0	0	0	0
Total number of answers	**9**	**7**	**4**	**20**

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