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## PRESS RELEASE

### RESULTS OF THE JUNE 2014 SURVEY ON CREDIT TERMS AND CONDITIONS IN EURO-DENOMINATED SECURITIES FINANCING AND OTC DERIVATIVES MARKETS (SESFOD)

- Price terms remained almost unchanged for most counterparty types except hedge funds.
- Non-price credit terms eased for banks, dealers and hedge funds, but on balance remained basically unchanged for other counterparty types.
- Credit terms for funding that is collateralised by euro-denominated securities eased further for many types of collateral, albeit to a lesser extent than during the previous reference period.

The main findings of the June 2014 SESFOD indicate that: (i) credit terms have remained almost unchanged for most counterparty types, although responses differ depending on whether respondents are domiciled within or outside the euro area, and; (ii) credit terms for funding that is collateralised by euro-denominated securities have become less stringent for many collateral types, albeit to a lesser extent than reported in the previous March SESFOD. More specifically:

- The survey suggests that, across the entire range of securities financing and over-the-counter (OTC) derivatives transactions, offered price terms (such as financing rates/spreads) on balance remained almost unchanged over the three-month reference period ending in May 2014. This applies to most counterparty types with the exception of hedge funds for which a significant number of respondents reported an increase in financing rates/spreads. Offered non-price credit terms (including, for example, the maximum amount of funding, haircuts and cure periods, as well as covenants and triggers) in net terms continued to ease somewhat for banks and dealers as well as for hedge funds, but remained almost unchanged for the other counterparty types. However, responses differ depending on where survey respondents are domiciled. Respondents domiciled within the euro area on balance report a continuation of the easing of credit terms offered to banks and dealers, while survey respondents with headquarters outside the euro area report less favourable terms.
- The credit terms offered in the provision of funding to clients that is collateralised by euro-denominated securities eased for many types of collateral over the March 2014 to May 2014 reference period, albeit to a lesser extent than during the previous reference period. Respondents report an increase in the maximum amount of funding for many

types of euro-denominated securities covered in the survey. On balance banks noted that the maximum maturity of funding of euro-denominated securities remained basically unchanged for most types of collateral. Respondents indicate, in net terms, a decrease in haircuts for nearly all types of euro-denominated collateral covered in the survey. Responses to the June 2014 survey show a wide dispersion of responses regarding financing rates/spreads at which securities are funded, depending on where the survey respondents are domiciled. A significant net percentage of survey respondents that are domiciled inside the euro area report lower financing rates/spreads, while those respondents with head offices outside the euro area report higher financing rates/spreads for most types of collateral.

- Survey respondents report that credit terms for OTC derivatives that are not cleared through a central counterparty remained basically unchanged for most aspects covered by the survey. Responses show very little change in initial margin requirements, the maximum amount of exposure and the maximum maturity of derivatives trades over the three-month reference period and survey respondents also indicate almost no changes in liquidity conditions.

The SESFOD survey is conducted four times a year and covers changes in credit terms and conditions over the three-month reference periods ending in February, May, August and November. The June 2014 survey collected qualitative information on changes between March 2014 and May 2014. The results are based on responses from a panel of 28 large banks, comprising 13 euro area banks and 15 banks with head offices outside the euro area.

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