



EUROPEAN CENTRAL BANK
EUROSYSTEM

PRESS RELEASE

10 April 2015

Results of the March 2015 survey on credit terms and conditions in euro-denominated securities financing and OTC derivatives markets (SESFOD)

- Somewhat less favourable credit terms being offered to counterparties, across the entire spectrum of transaction types, primarily by non-euro area banks.
- More favourable price terms for funding collateralised with euro-denominated securities, especially when government bonds are used as collateral.

While credit terms, in particular price terms such as financing rates/spreads, offered to counterparties across the entire spectrum of securities financing and OTC derivatives transaction types overall became somewhat less favourable over the three-month reference period ending in February 2015, the survey results show a relatively wide dispersion of answers related to where survey respondents are domiciled. In fact, the overall net tightening of offered prices is almost entirely driven by banks domiciled outside the euro area.

Survey respondents widely reported lower financing rates/spreads offered in the provision of funding to clients collateralised with euro-denominated securities over the December 2014 to February 2015 reference period. The easing of conditions offered was most noticeable for government bonds and the reported decrease of financing rates/spreads was mostly driven by respondents domiciled in the euro area. Respondents to the March 2015 survey indicated that other credit terms, such as the maximum amount of funding, the maximum maturity of funding and haircuts, remained basically unchanged for most euro-denominated collateral covered in the survey.

Looking at patterns in credit terms by counterparty type over a longer horizon, compared with one year ago, on balance, a small net percentage of respondents have eased somewhat the price terms they offer to most counterparty types, while non-price terms tightened somewhat. The combined March 2015 and

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Results of the March 2015 survey on credit terms and conditions in euro-denominated securities financing and OTC derivatives markets (SESFOD)

March 2014 SESFOD results indicate that, on balance, overall credit terms offered have eased over the past two years. The easing of overall credit terms since the December 2012-February 2013 reference period has been most apparent for hedge funds, banks and dealers, and sovereigns as counterparties.

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 March 2015 survey collected qualitative information on changes between December 2014 and February 2015. The results are based on responses from a panel of 28 large banks, comprising 14 euro area banks and 14 banks with head offices outside the euro area.

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