

**Supporting Statement B for the
Senior Credit Officer Opinion Survey on Dealer Financing Terms
(FR 2034; OMB No. 7100-0325)**

Summary

For all information collections that involve surveys or require a statistical methodology, the Board of Governors of the Federal Reserve System (Board) is required to provide a complete justification and explanation of the use of the methodology. For collections that employ surveys without a statistical methodology, the Board should be prepared to justify its decision not to use statistical methods in any case in which such methods might reduce burden or improve accuracy of results.

This partially ad hoc survey collects qualitative and limited quantitative information from senior credit officers at responding financial institutions on (1) stringency of credit terms, (2) credit availability and demand across the entire range of securities financing and over-the-counter derivatives transactions, and (3) the evolution of market conditions and conventions applicable to such activities. The FR 2034 survey will be conducted quarterly, along with the Senior Loan Officer Opinion Survey on Bank Lending Practices (FR 2018; OMB No. 7100-0058). The survey contains 79 core questions divided into three broad sections, as well as additional questions on topics of timely interest.

Background

The FR 2034 survey is modeled after the long-established Senior Loan Officer Opinion Survey on Bank Lending Practices (FR 2018), which provides qualitative information on changes in the supply of, and demand for, bank loans to businesses and households. The information obtained from the FR 2018, which has been conducted in different forms since 1964, provides valuable insights on developments in the credit market and banking developments and informs the formulation of monetary policy.

This information has been particularly valuable in recent years because it has provided the Board with insight into the effects of financial conditions on the availability of credit to households and businesses. However, the global financial crisis highlighted that a significant volume of credit intermediation has moved outside of the traditional banking sector, which is the primary focus of the FR 2018. In addition, some of the instruments that are commonly used in connection with such intermediation (including for the financing of securities positions and over-the-counter derivatives) may have functioned as transmission mechanisms for financial distress during the crisis by connecting together seemingly separate parts of the financial system.

The Board therefore decided to expand the collection of qualitative information on the availability of credit and leverage beyond the traditional banking sector to the extension of credit by dealers. In 2010, the Federal Reserve implemented the FR 2034 to facilitate the regular collection and analysis of information representing the informed judgment of market participants on these additional forms of credit extension. Unlike the large domestically-chartered commercial banks and branches and agencies of foreign banks that are respondents to the

FR 2018, the FR 2034 targets respondents representing activities not conducted solely in a bank, but rather in several different legal entities, focused on the consolidated entity.

Given the Board's interest in financial stability, the information this survey collects is critical to the monitoring of credit markets and capital market activity. Information from the survey is also considered by the Federal Open Market Committee (FOMC) as it sets monetary policy.

Universe and Respondent Selection

The FR 2034 panel consists of up to 25 U.S. banking institutions and U.S. branches and agencies of foreign banks, the majority of which are affiliated with a Primary Government Securities Dealer;¹ however, other types of respondents, such as other depository institutions, bank holding companies, or other financial entities, may be surveyed when appropriate. With respect to respondents that are primary dealers, the panel includes each primary dealer's consolidated entity, rather than the dealer itself. Respondents may also include institutions that, while not primary dealers, play a significant role in over-the-counter derivatives or securities financing activities.

Procedures for Collecting Information

The survey is conducted once each quarter by the Statistics Function of the Federal Reserve Bank of New York. The Statistics Function electronically transmits the survey responses to the Board. The Board tabulates and summarizes the data in a public release, which is made available on the Board's website.² In addition, selected aggregate survey results may be discussed in Governor's speeches, and may be published in *Federal Reserve Bulletin* articles and in the annual Monetary Policy Report to Congress.

Methods to Maximize Response

A respondent may decline to answer a particular question when answering would entail excessive burden. Experience has shown that only a small number of respondents decline to answer any particular question. Response rates overall have been high and resulted in adequate and informative answers.

Testing of Procedures

There is no testing of procedures.

¹ A list of the current Primary Dealers in Government Securities is available at <https://www.newyorkfed.org/markets/primarydealers.html>.

² See <https://www.federalreserve.gov/data/scoos.htm>.