SCOOS Special Questions on Long-Term Perspectives on Capital Allocation, Securities Financing, and Leverage

The special questions seek to provide a long-term perspective on current capital allocation and financing terms at your institution for different asset classes as well as your clients' leverage. Whereas core questions of this survey are framed in terms of quarterly changes, these special questions ask you to compare current conditions with their levels or ranges over the past decade.

81. In how many of the past 10 years has your institution been active in securities financing and synthetic financing through derivatives in each of the following asset classes? Please use the following scale: 1 = active in all 10 years; 2 = active in 5-10 years, including currently; 3 = active in less than 5 years, including currently; 4 = currently inactive.

A. Equities
B. U.S. Treasury securities
C. Corporate bonds

If you selected "1" for an asset class in question 81, please answer questions pertaining to this asset class in questions 82 through 88.

Question 82 asks you to describe your institution's current capital allocation across asset classes relative to the typical allocation that has prevailed over the past 10 years. Questions 83 through 88 ask you to describe the current price and nonprice terms of securities financing at your institution relative to the range of terms that has prevailed over the past 10 years. Questions 83 and 84 focus on equities; questions 85 and 86 on U.S. Treasury securities; and questions 87 and 88 on corporate bonds.

82. How would you describe the current shares of your institution's capital committed to securities financing and synthetic financing through derivatives of the following asset classes relative to their ranges over the past 10 years? Please use the following scale: 1 = near the highest level; 2 = considerably higher than the midpoint; 3 = somewhat higher than the midpoint; 4 = near the midpoint; 5 = somewhat lower than the midpoint; 6 = considerably lower than the midpoint; 7 = near the lowest level.

A. Equities
B. U.S. Treasury securities
C. Corporate bonds

Equities (Including through Stock Loan)

83. How would you describe your institution's current price terms, measured as collateral spreads over the relevant benchmark (effective financing rates) under which equities are funded, relative to the range over the past 10 years?

A. Near the tightest level

B. Considerably tighter than the midpoint
C. Somewhat tighter than the midpoint
D. Near the midpoint
E. Somewhat easier than the midpoint
F. Considerably easier than the midpoint
G. Near the easiest level

84. How would you describe your current provision of nonprice terms (for example, haircuts, maximum maturity, covenants, cure periods, cross-default provisions, or other documentation features) under which equities are funded relative to the range over the past 10 years?

A. Near the tightest level
B. Considerably tighter than the midpoint
C. Somewhat tighter than the midpoint
D. Near the midpoint
E. Somewhat easier than the midpoint
F. Considerably easier than the midpoint
G. Near the easiest level

U.S. Treasury Securities

85. How would you describe your institution's current price terms, measured as collateral spreads over the relevant benchmark (effective financing rates) under which U.S. Treasury securities are funded, relative to the range over the past 10 years?

A. Near the tightest level
B. Considerably tighter than the midpoint
C. Somewhat tighter than the midpoint
D. Near the midpoint
E. Somewhat easier than the midpoint
F. Considerably easier than the midpoint
G. Near the easiest level

86. How would you describe your current provision of nonprice terms (for example, haircuts, maximum maturity, covenants, cure periods, cross-default provisions, or other documentation features) under which U.S. Treasury securities are funded relative to the range over the past 10 years?

A. Near the tightest level
B. Considerably tighter than the midpoint
C. Somewhat tighter than the midpoint
D. Near the midpoint
E. Somewhat easier than the midpoint
F. Considerably easier than the midpoint
G. Near the easiest level

Corporate Bonds

87. How would you describe your institution's current price terms, measured as collateral spreads over the relevant benchmark (effective financing rates) under which corporate bonds (including both high grade and high yield) are funded, relative to the range over the past 10 years?

A. Near the tightest level
B. Considerably tighter than the midpoint
C. Somewhat tighter than the midpoint
D. Near the midpoint
E. Somewhat easier than the midpoint
F. Considerably easier than the midpoint
G. Near the easiest level

88. How would you describe your current provision of nonprice terms (for example, haircuts, maximum maturity, covenants, cure periods, cross-default provisions, or other documentation features) under which corporate bonds (including both high grade and high yield) are funded relative to the range over the past 10 years?

A. Near the tightest level
B. Considerably tighter than the midpoint
C. Somewhat tighter than the midpoint
D. Near the midpoint
E. Somewhat easier than the midpoint
F. Considerably easier than the midpoint
G. Near the easiest level

Questions 89 through 93 ask you to describe the current use of financial leverage by different types of clients—hedge funds (HFs) and exchange-traded funds (ETFs)—relative to the range of leverage that has prevailed over the past 10 years. Question 89 asks about all HFs, regardless of their strategies; questions 90 through 92 separately ask about HFs primarily engaged in equity, fixed-income, and credit-oriented strategies, respectively; and question 93 asks about ETFs.

All Hedge Funds

89. Considering the entire range of transactions facilitated by your institution for such clients, how would you describe the current use of financial leverage by HFs relative to the range over the past 10 years?

A. Near the highest level
B. Considerably higher than the midpoint
C. Somewhat higher than the midpoint
D. Near the midpoint

E. Somewhat lower than the midpoint
F. Considerably lower than the midpoint
G. Near the lowest level
H. N/A—my institution has less than 10 years of facilitating transactions for HF clients.

<u>Equity-Oriented Hedge Funds</u>

90. Considering the entire range of transactions facilitated by your institution for such clients, how would you describe the current use of financial leverage by equity-oriented HFs relative to the range over the past 10 years?

A. Near the highest level
B. Considerably higher than the midpoint
C. Somewhat higher than the midpoint
D. Near the midpoint
E. Somewhat lower than the midpoint
F. Considerably lower than the midpoint
G. Near the lowest level
H. N/A—my institution has less than 10 years of facilitating transactions for equity-oriented HF clients.

<u>Fixed-Income-Oriented Hedge Funds</u>

91. Considering the entire range of transactions facilitated by your institution for such clients, how would you describe the current use of financial leverage by fixed-income-oriented HFs relative to the range over the past 10 years?

A. Near the highest level
B. Considerably higher than the midpoint
C. Somewhat higher than the midpoint
D. Near the midpoint
E. Somewhat lower than the midpoint
F. Considerably lower than the midpoint
G. Near the lowest level
H. N/A—my institution has less than 10 years of facilitating transactions for fixed-income-oriented HF clients.

<u>Credit-Oriented Hedge Funds</u>

92. Considering the entire range of transactions facilitated by your institution for such clients, how would you describe the current use of financial leverage by credit-oriented HFs relative to the range over the past 10 years?

A. Near the highest level
B. Considerably higher than the midpoint

C. Somewhat higher than the midpoint
D. Near the midpoint
E. Somewhat lower than the midpoint
F. Considerably lower than the midpoint
G. Near the lowest level
H. N/A—my institution has less than 10 years of facilitating transactions for credit-oriented HF clients.

Exchange-Traded Funds

93. Considering the entire range of transactions facilitated by your institution for such clients, how would you describe the current use of financial leverage by ETFs relative to the range over the past 10 years?

A. Near the highest level
B. Considerably higher than the midpoint
C. Somewhat higher than the midpoint
D. Near the midpoint
E. Somewhat lower than the midpoint
F. Considerably lower than the midpoint
G. Near the lowest level
H. N/A—my institution has less than 10 years of facilitating transactions for ETF clients.