

Special Questions on Dealer Balance-Sheet Allocation to Treasury Market-Making and Securities Financing

Continued growth in outstanding Treasury securities and episodes of elevated Treasury yield volatility have underscored the importance of dealers' balance sheet capacity available for Treasury market intermediation. In these special questions, we ask about your institutions' allocation of balance-sheet capacity for Treasury market intermediation activities, including Treasury securities market-making and your provision of financing to clients collateralized by Treasury securities. Questions 1–5 ask about your capacity allocation for Treasury securities market-making and client demand. Questions 6–12 ask about your institution's capacity to provide financing collateralized by Treasury securities and demand for such financing, including from your hedge fund clients.

Treasury Securities Inventory and Market Making Activities

1. Since year-end 2025, how has your institution's allocation of balance-sheet capacity to Treasury inventory and market-making activities changed?
 - a) Increased considerably
 - b) Increased somewhat
 - c) Remained basically unchanged
 - d) Decreased somewhat
 - e) Decreased considerably
 - f) Not applicable, my institution does not materially engage in Treasury market making
- 2a. To the extent your institution's allocation of balance sheet capacity dedicated to Treasury inventory and market-making activities has **increased** since year-end 2025, how important were each of the following factors? (Select up to three factors, ranked by importance)
 - a) Increased profitability of Treasury market-making
 - b) More favorable risk assessment of the Treasury market
 - c) Lower cost of funding for Treasury inventory
 - d) Less binding risk-based capital requirements
 - e) Less binding leverage ratio requirements
 - f) Less binding liquidity requirements
 - g) Other
- 2b. To the extent your institution's allocation of balance sheet capacity dedicated to Treasury inventory and market-making activities has **decreased** since year-end 2025, how important were each of the following factors? (Select up to three factors, ranked by importance)
 - a) Reduced profitability of Treasury market-making
 - b) Less favorable risk assessment of the Treasury market
 - c) Higher cost of funding for Treasury inventory
 - d) More binding risk-based capital requirements
 - e) More binding leverage ratio requirements
 - f) More binding liquidity requirements
 - g) Other
3. Since year-end 2025, how has demand from your institution's clients and counterparties for Treasury market-making activities changed?

- a) Increased considerably
 - b) Increased somewhat
 - c) Remained basically unchanged
 - d) Decreased somewhat
 - e) Decreased considerably
4. Over the next year, how does your institution expect its allocation of balance-sheet capacity dedicated to Treasury inventory and market-making activities to change?
- a) Increase considerably
 - b) Increase somewhat
 - c) Remain basically unchanged
 - d) Decrease somewhat
 - e) Decrease considerably
5. Over the next year, what do you expect to be the most important factors limiting your institution's Treasury inventory and market-making activities? (Select up to three factors, ranked by importance.)
- a) Risk-based capital requirements
 - b) Leverage ratio requirements
 - c) Liquidity requirements
 - d) Availability of funding to your institution
 - e) Client demand levels
 - f) Other

Treasury Securities Financing Activities

6. Since year-end 2025, how has your institution's allocation of balance-sheet capacity dedicated to Treasury securities financing (repo and reverse repo) for clients changed?
- a) Increased considerably
 - b) Increased somewhat
 - c) Remained basically unchanged
 - d) Decreased somewhat
 - e) Decreased considerably
 - f) Not applicable, my institution does not materially engage in Treasury securities financing for clients
- 8a. To the extent your institution's allocation of balance sheet capacity dedicated to Treasury securities financing for clients has **increased** since year-end 2025, how important were each of the following factors? (Select up to three factors, ranked by importance)
- a) Increased profitability of Treasury securities financing
 - b) More favorable risk assessment of the Treasury market
 - c) Lower cost of funding for your institution
 - d) Less binding risk-based capital requirements
 - e) Less binding leverage ratio requirements
 - f) Less binding liquidity requirements
 - g) Less binding counterparty credit or concentration limits
 - h) Increased central clearing or balance sheet netting efficiency
 - i) Other
- 8b. To the extent your institution's allocation of balance sheet capacity dedicated to Treasury securities financing for clients has **decreased** since year-end 2025, how important were each of the following factors? (Select up to three factors, ranked by importance)

- a) Decreased profitability of Treasury securities financing
 - b) Less favorable risk assessment of the Treasury market
 - c) Increased cost of funding for your institution
 - d) More binding risk-based capital requirements
 - e) More binding leverage ratio requirements
 - f) More binding liquidity requirements
 - g) More binding counterparty credit or concentration limits
 - h) Decreased central clearing or balance sheet netting efficiency
 - i) Other
8. Since year-end 2025, how has demand from your institution's non-hedge fund clients and counterparties for Treasury securities financing changed?
- a) Increased considerably
 - b) Increased somewhat
 - c) Remained basically unchanged
 - d) Decreased somewhat
 - e) Decreased considerably
9. Since year-end 2025, how has demand from hedge fund clients and counterparties for Treasury securities financing changed?
- a) Increased considerably
 - b) Increased somewhat
 - c) Remained basically unchanged
 - d) Decreased somewhat
 - e) Decreased considerably
10. Since year-end 2025, in which strategies have your hedge fund clients **increased** demand for Treasury securities financing? (Select up to three strategies, ranked by importance)
- a) Cash-futures basis trades
 - b) Swap-spread trades
 - c) Curve relative-value trades
 - d) Other fixed-income relative-value strategies
 - e) Other
11. Since year-end 2025, in which strategies have your hedge fund clients **decreased** their demand for Treasury securities financing? (Select up to three strategies, ranked by importance)
- a) Cash-futures basis trades
 - b) Swap-spread trades
 - c) Curve relative-value trades
 - d) Other fixed-income relative-value strategies
 - e) Other
12. Over the next year, how does your institution expect its allocation of balance-sheet capacity dedicated to Treasury securities financing for clients to change?
- a) Increase considerably
 - b) Increase somewhat
 - c) Remain basically unchanged
 - d) Decrease somewhat
 - e) Decrease considerably

