Funding Hierarchy

Durability

Equity	Equity investors provide the most durable source of funding. Equity has no contractual term and is actively traded in the secondary markets.
Long-Term Unsecured Debt	Long term unsecured debt is a durable source of funding as investors provide generally 5 to 10-year cash and have the ability to trade debt on the secondary market.
Term Secured Funding	Secured funding with longer term for less liquid securities is a durable source of funding, dependant on tenor. In the event that the borrower enters bankruptcy, the lender has the right to monetize the collateral, which includes a haircut to protect against market value deterioration.
Insured Deposits	Low likelihood of deposits being withdrawn in a stress event if they are insured by a deposit insurance organization, such as the FDIC
Short Term Funding Sources:	
Unsecured Short Term Funding (e.g., Commercial Paper)	Commercial Paper, with normally less than 270 days in term, is a less durable source of funding, given the credit sensitivity to the borrower. In a stress event, maturities may not be able to be replaced with new issuances. Additionally, there is the risk that the borrower may have to buy back the debt from investors to avoid the risk of negative signaling to the market.
Short Term Secured Funding (e.g. funding from 2A7 Money Market Funds)	Secured funding trades for less liquid assets are less likely to roll in a stress event and therefore should be longer in tenor. Thus, money market funds should not be relied upon as providers of secured funding for less liquid assets, since under regulation 2A7 they are limited to providing a maximum of 7-day secured funding.
Other Non-Durable Funding Sources:	
Uncollateralized Derivative Payables	Uncollateralized derivatives payables are a less durable source of funding because the mark-to-market payable exposure can decrease based on external economic factors (e.g., a change in interest rates). Additionally, the counterparty can request to novate or terminate the trade early in certain situations (e.g., the legal agreement between both parties includes a credit rating trigger), requiring the Bank/Dealer to settle the payment prior to maturity.
Uninsured Deposits	High risk that deposits are withdrawn in the event of a stress if they are not insured by a deposit insurance organization, such as the FDIC.
Prime Brokerage Client Shorts	In the event of a stress, clients with short positions may move their account to another Prime Broker. Durability is difficult to predict, as a single client may also have a combination of short and long positions.
Prime Brokerage Client Excess Cash	Unreliable funding source in the event of a stress, as clients are likely to withdraw any available cash in their Prime Brokerage accounts.

Notes:

1. The funding hierarchy addresses the general risks involved with different funding sources. These risks are not associated with specific counterparties, as different counterparties may have varying degrees of risk as a source of funds.

Funding Map: Bank / Dealer