

Securities Industry Performance & Current IIAC Initiatives

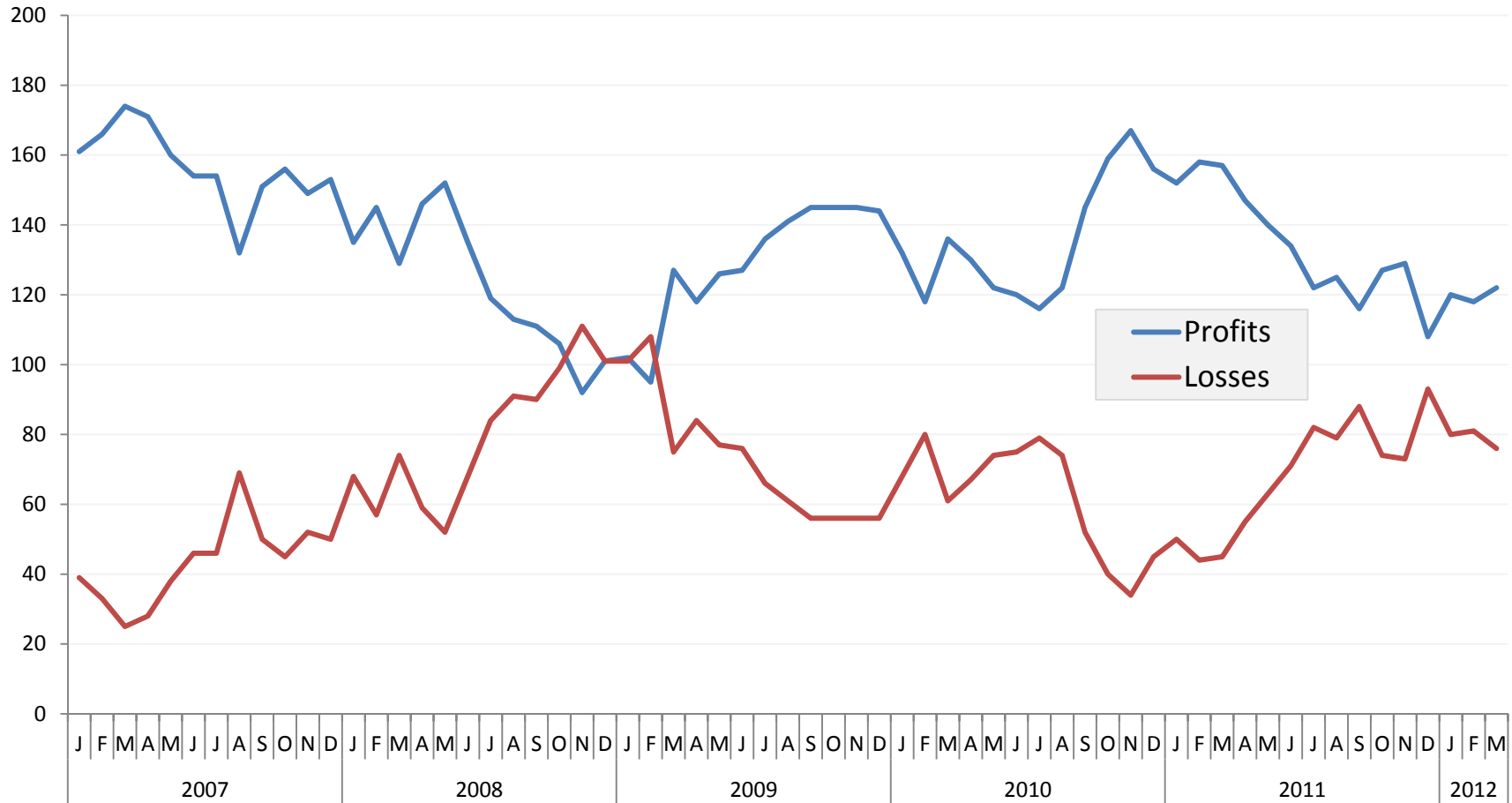
IIROC FAS Conference

Chicago

June 2012

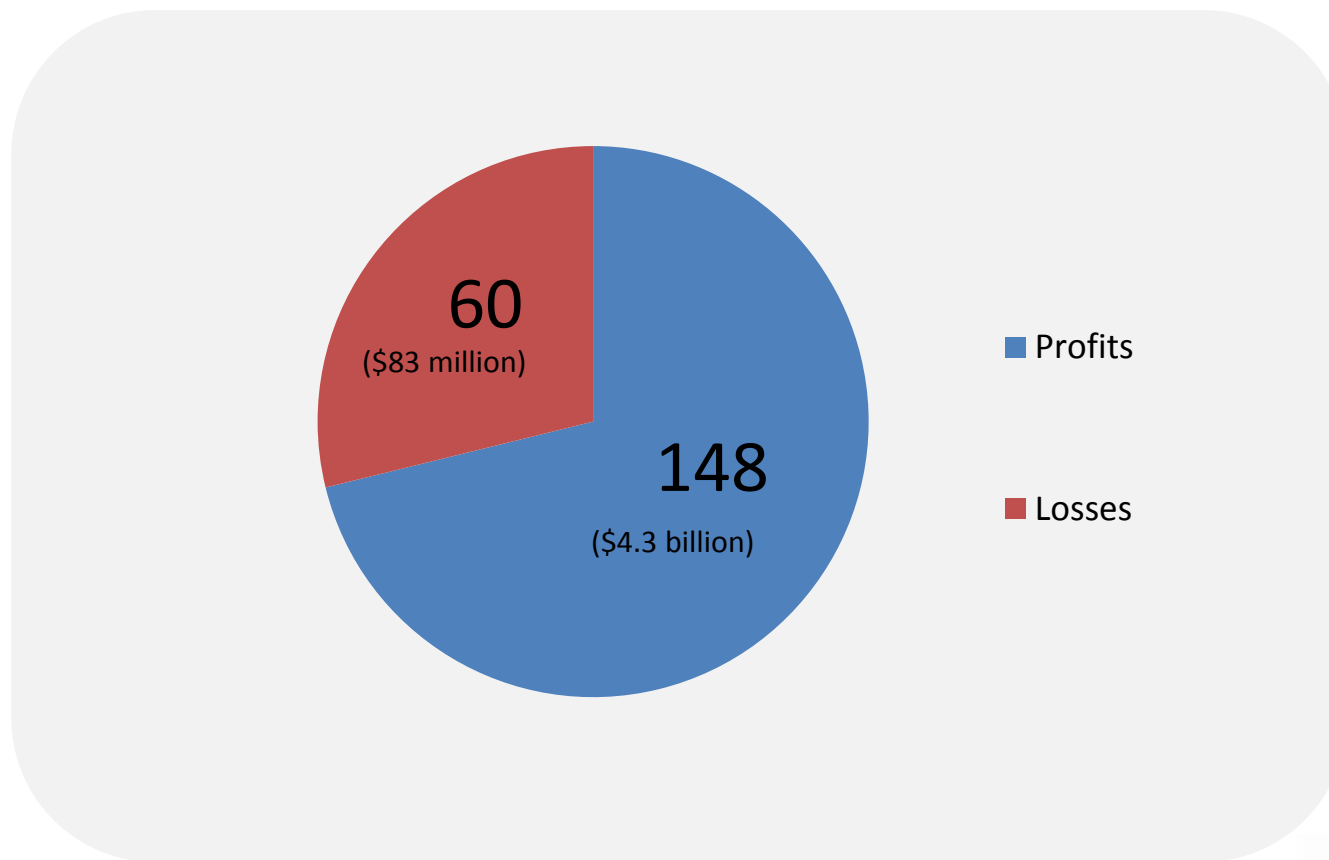


Number of IIROC Firms with Profits and Losses



Overall Profitability

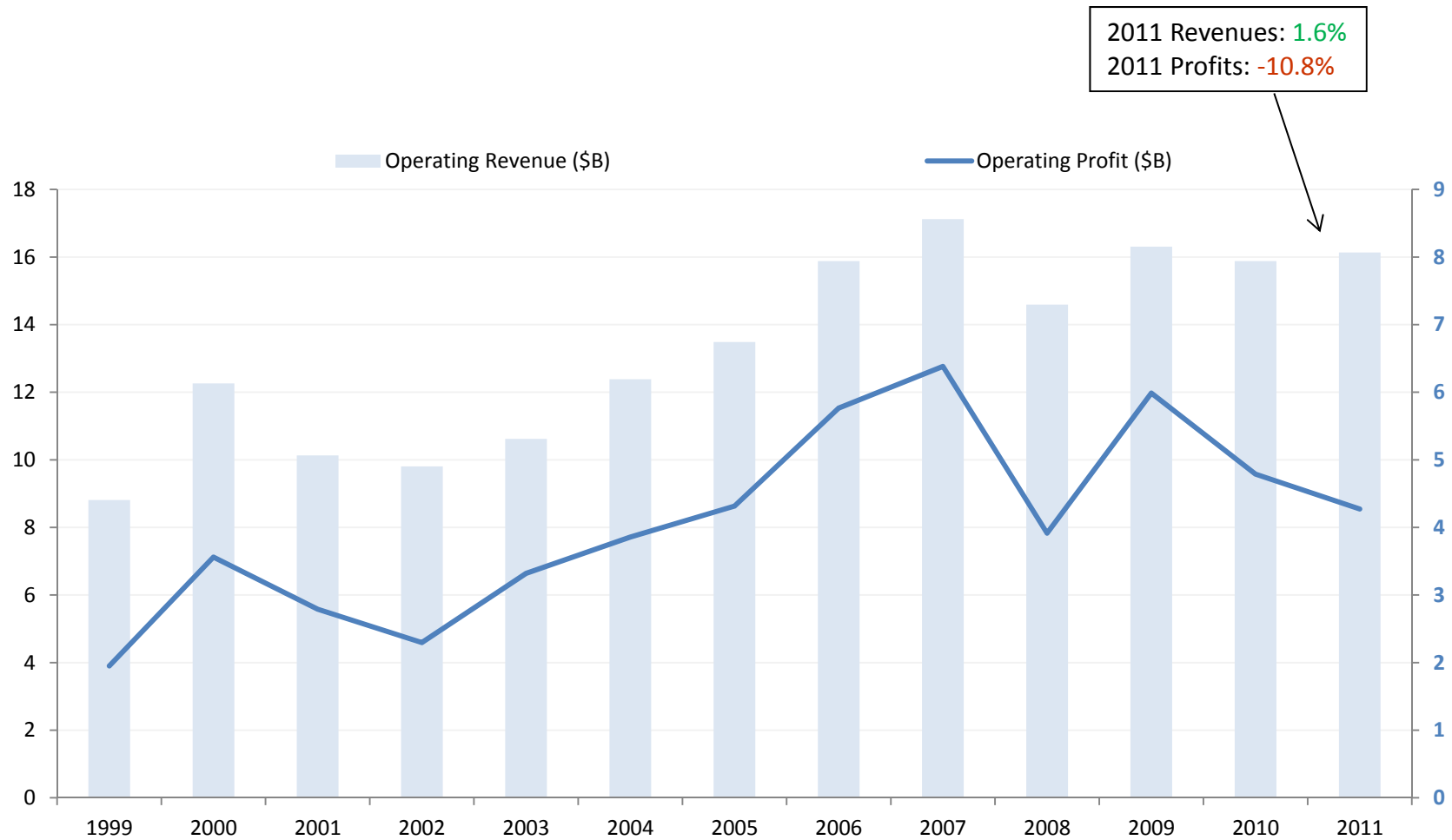
Number of Firms with Operating Profits and Losses
2011



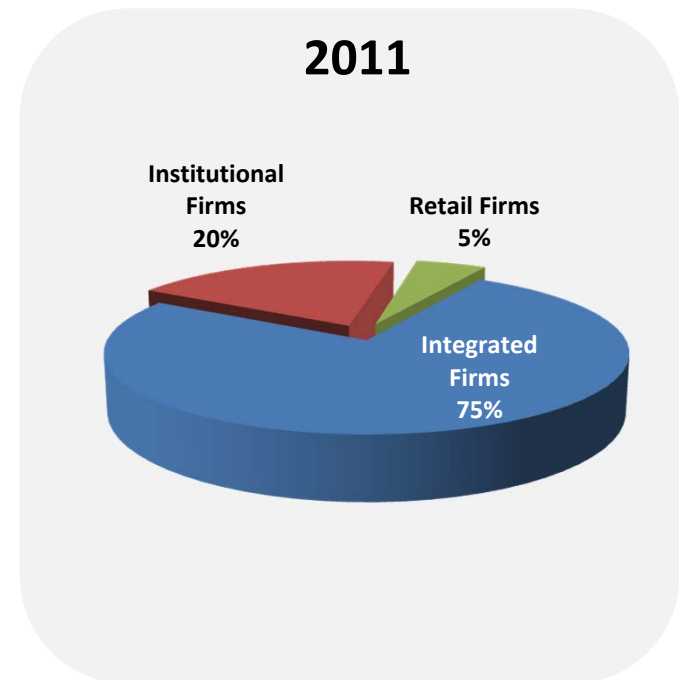
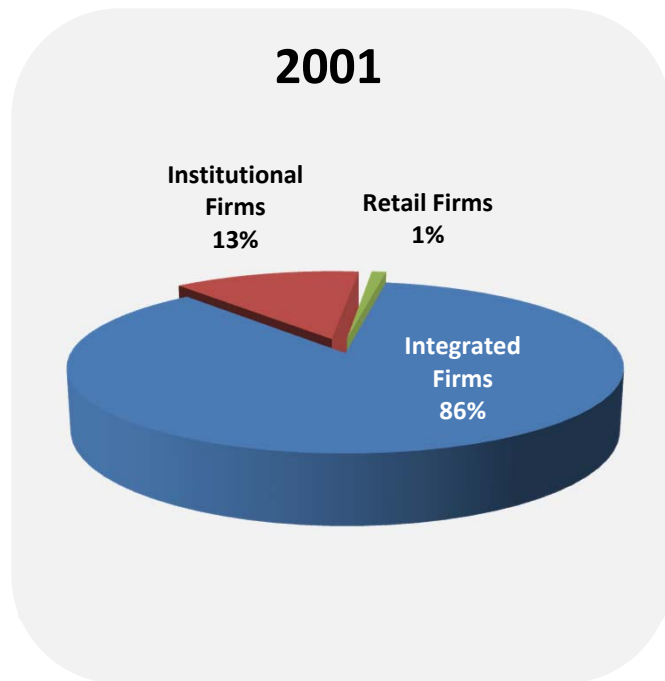
2010 Comparison: 49 Firms with Losses 158 Firms with Profits



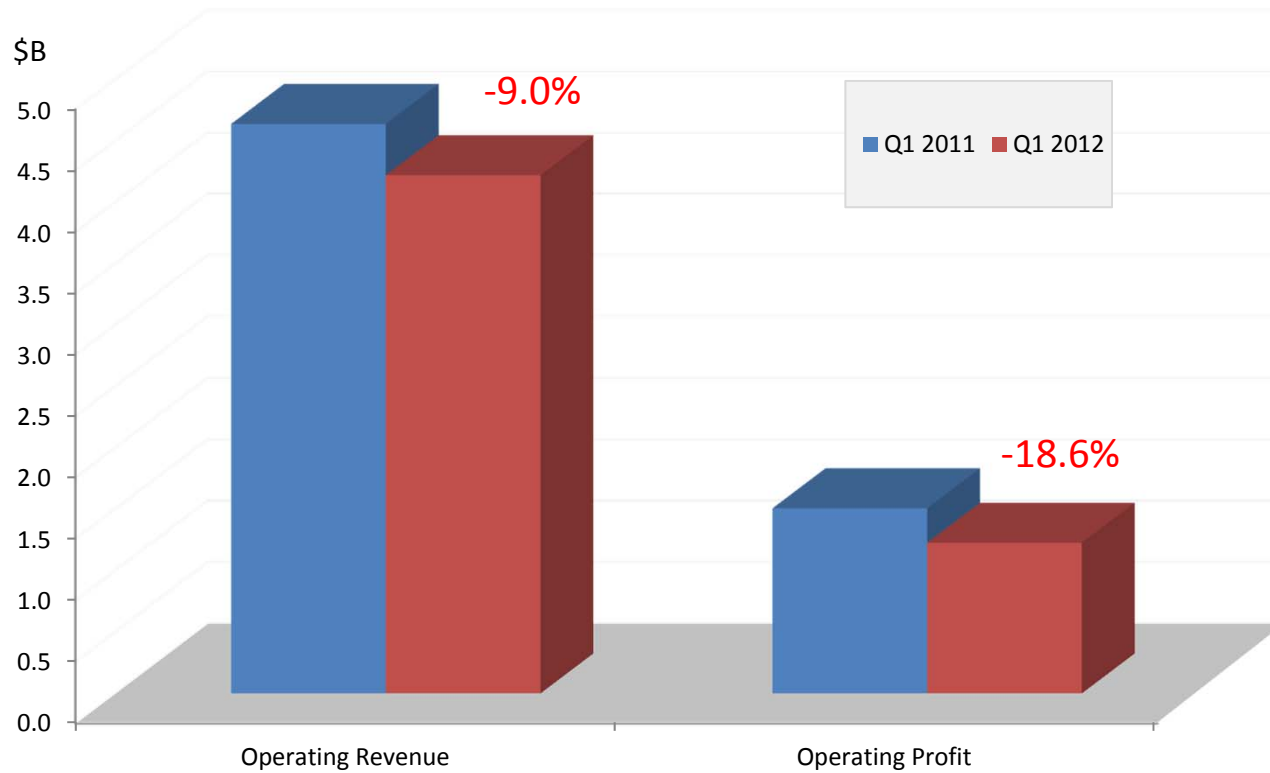
Industry Operating Revenues and Profits



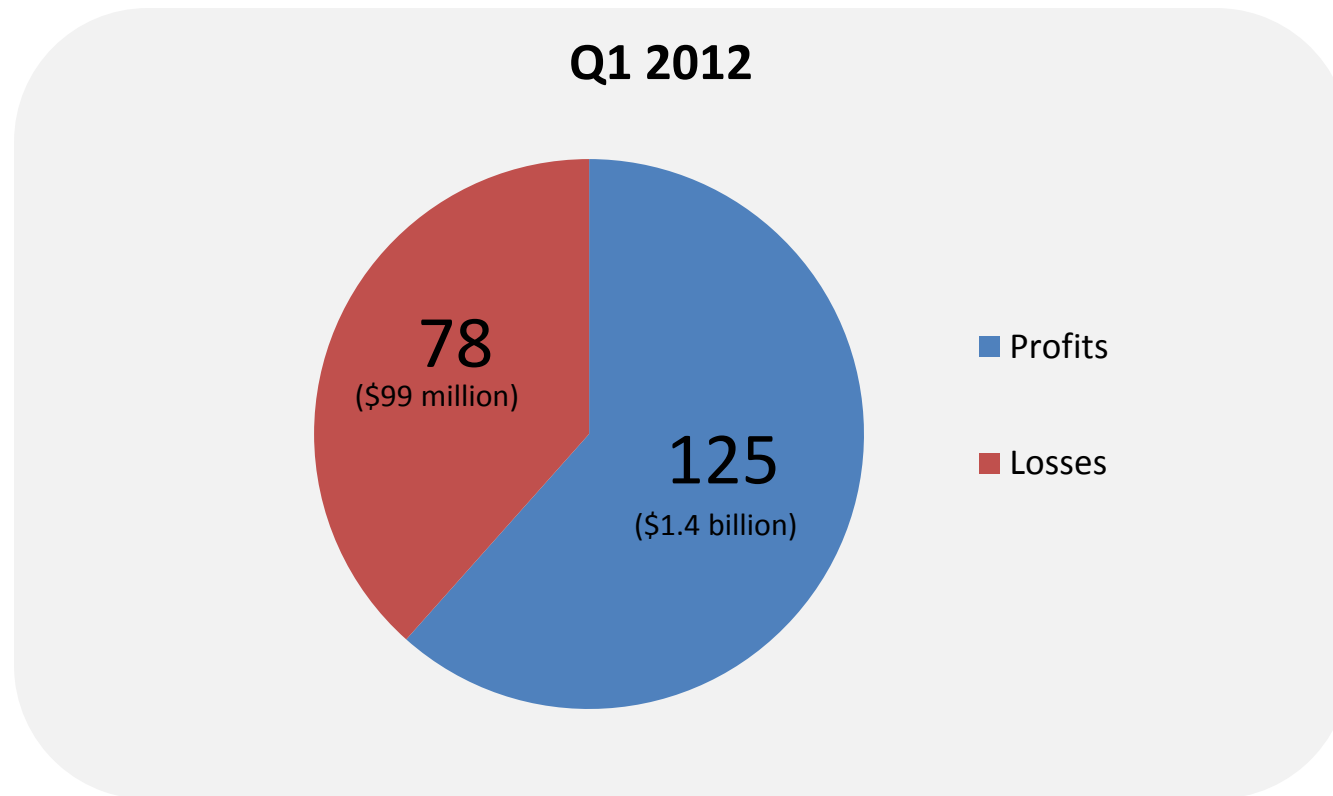
Profit Distribution



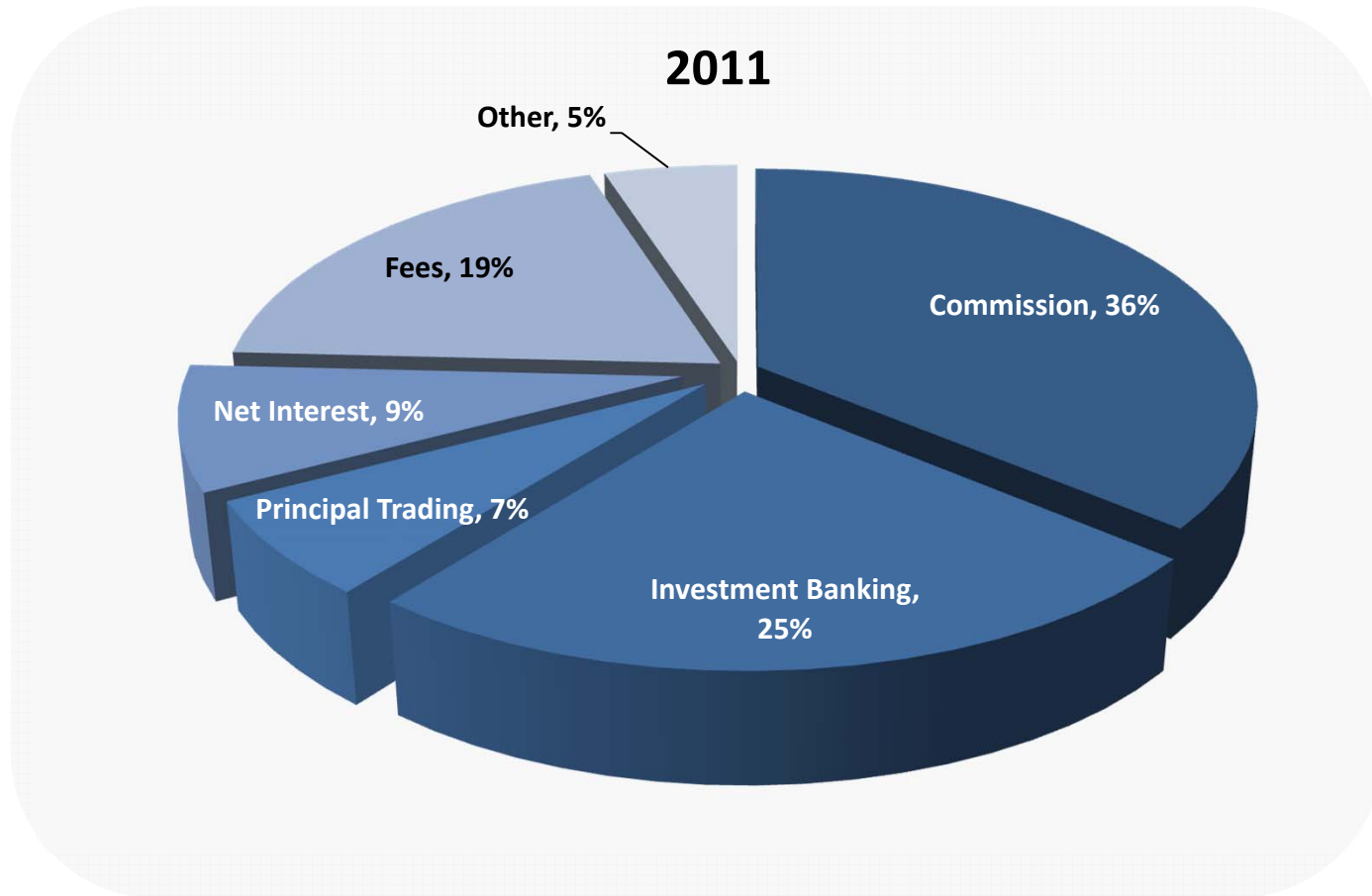
Industry Q1 2011/2012 Operating Revenues and Profits



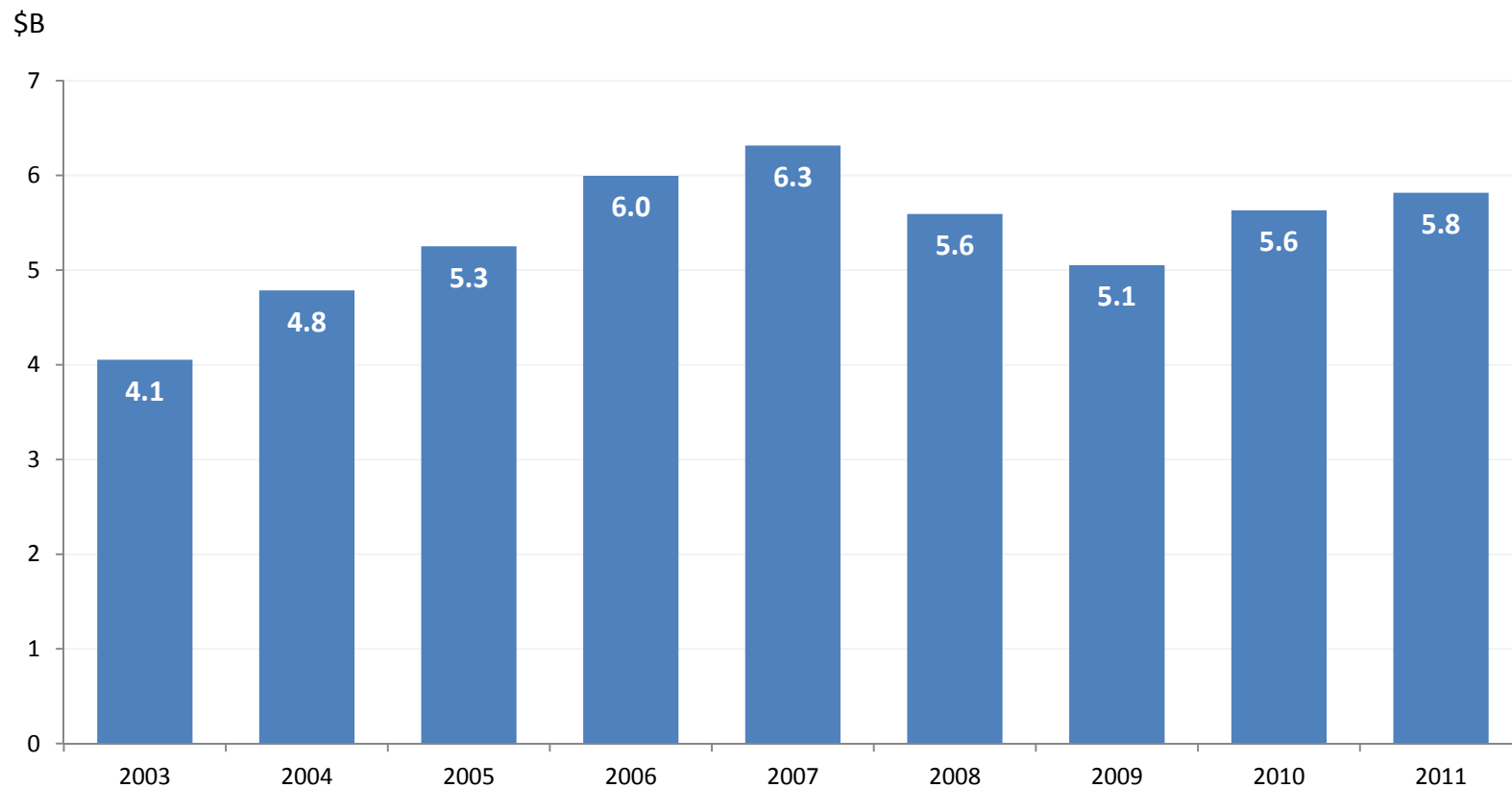
Number of Firms with Operating Profits & Losses



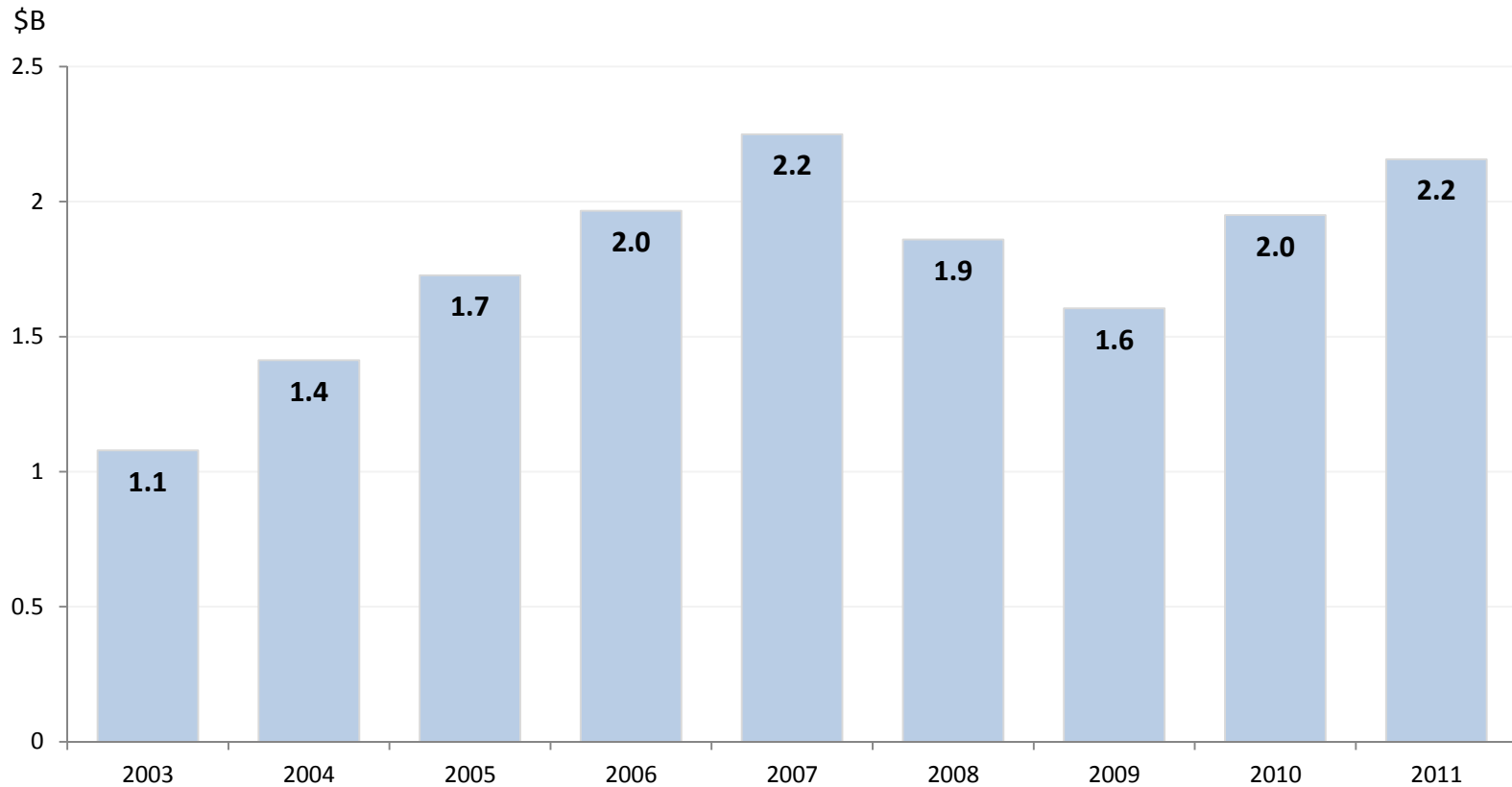
Revenue Breakdown



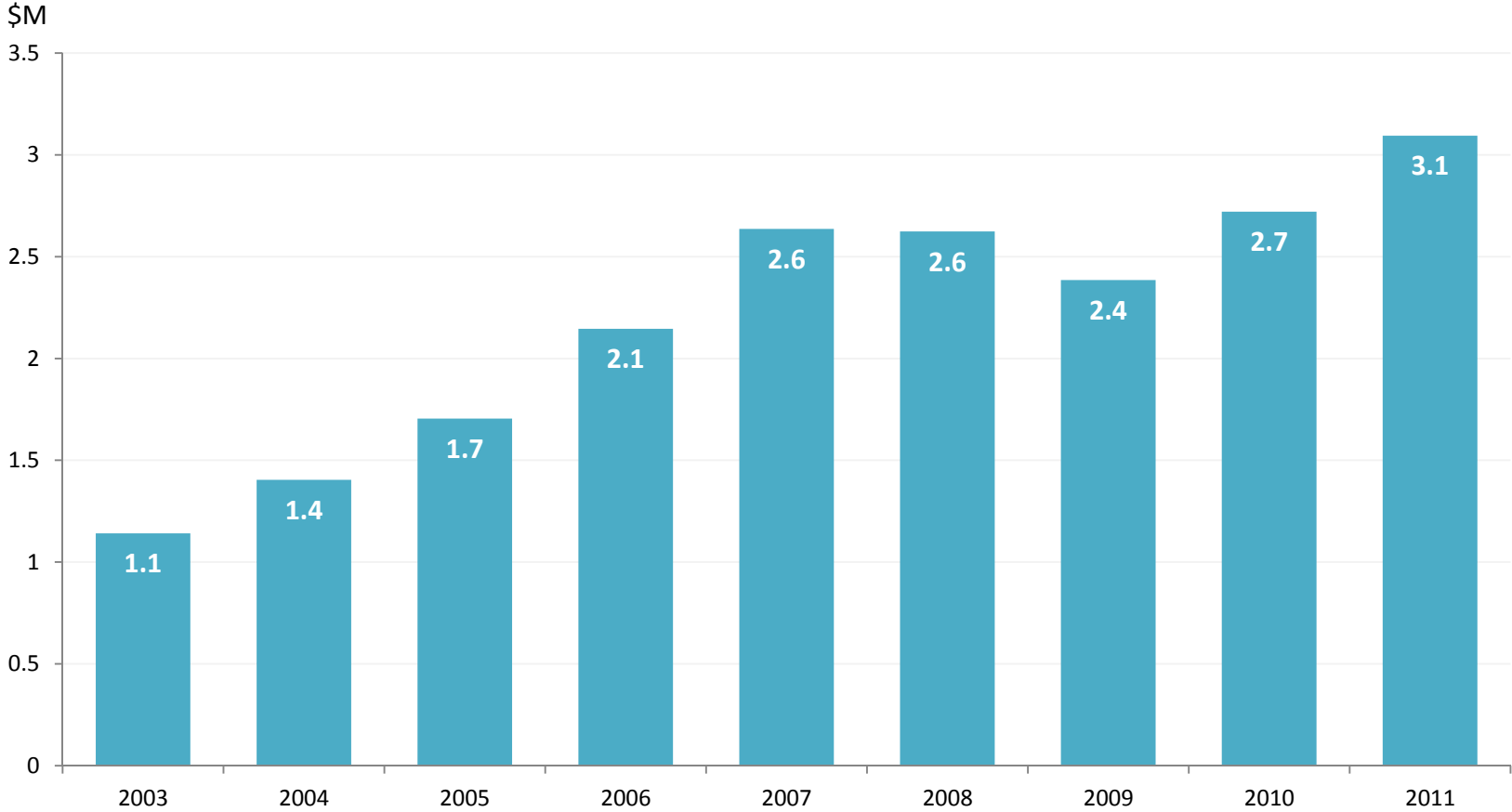
Commission Revenue (including mutual fund sales)



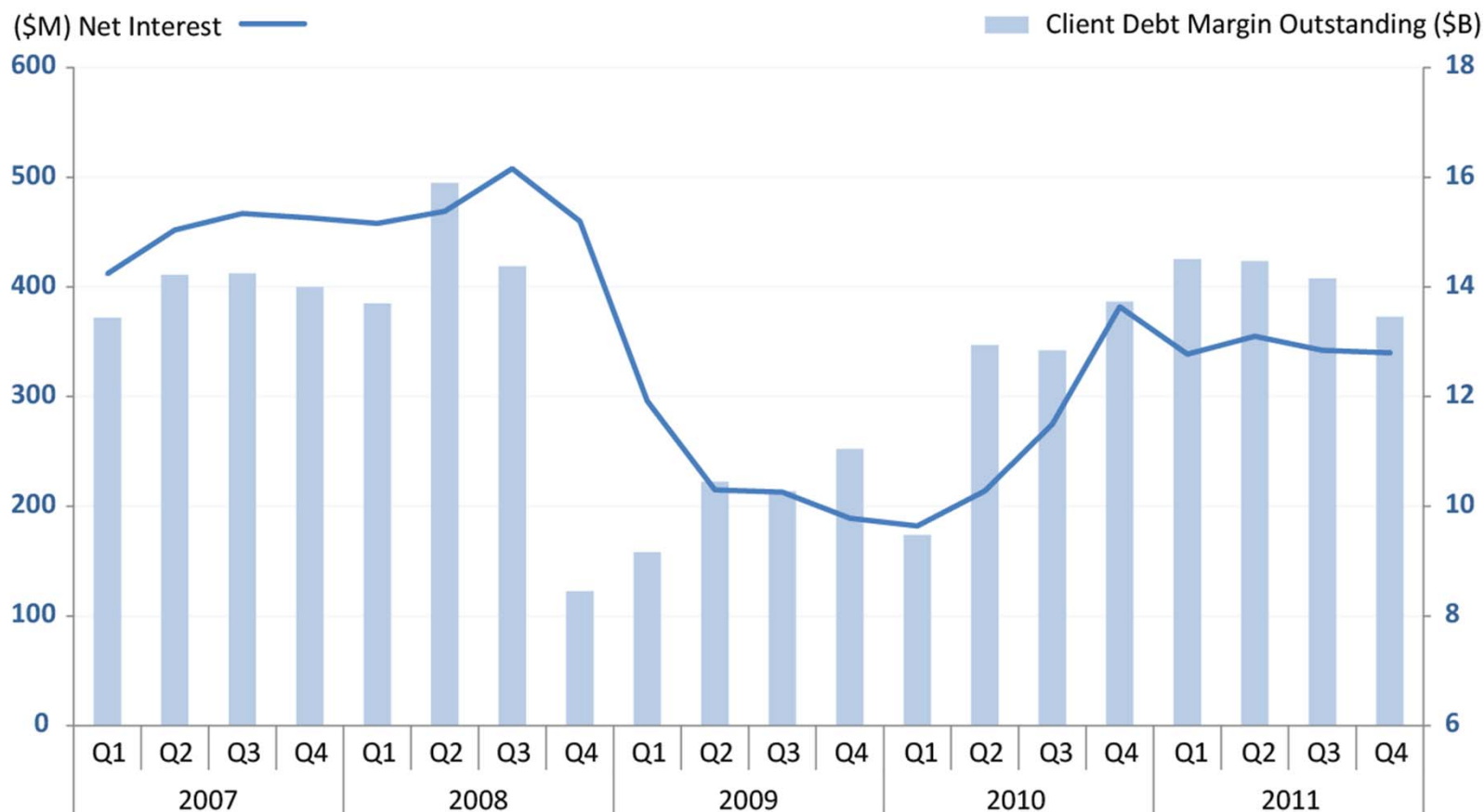
Mutual Fund Revenues



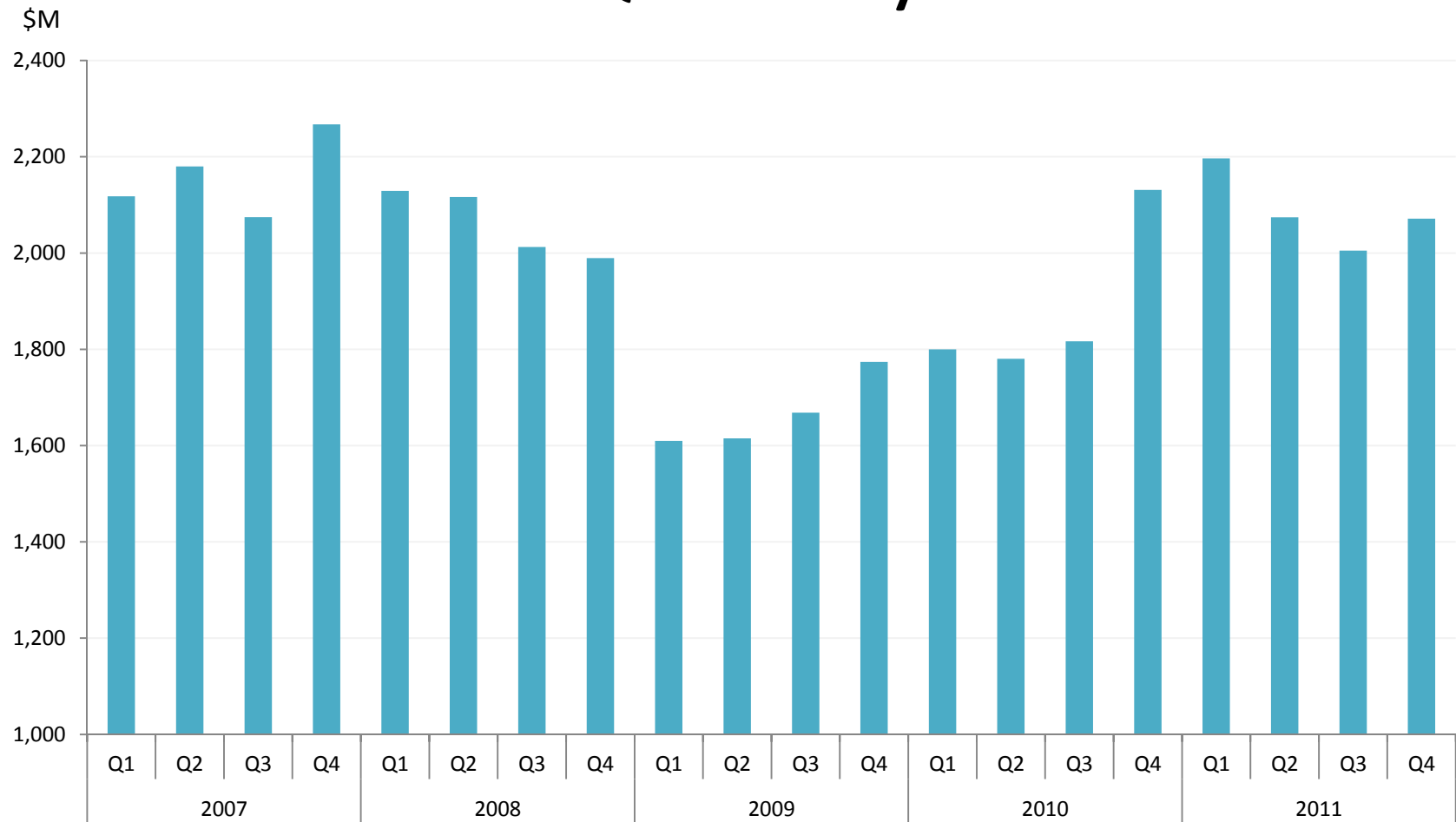
Fee Revenue



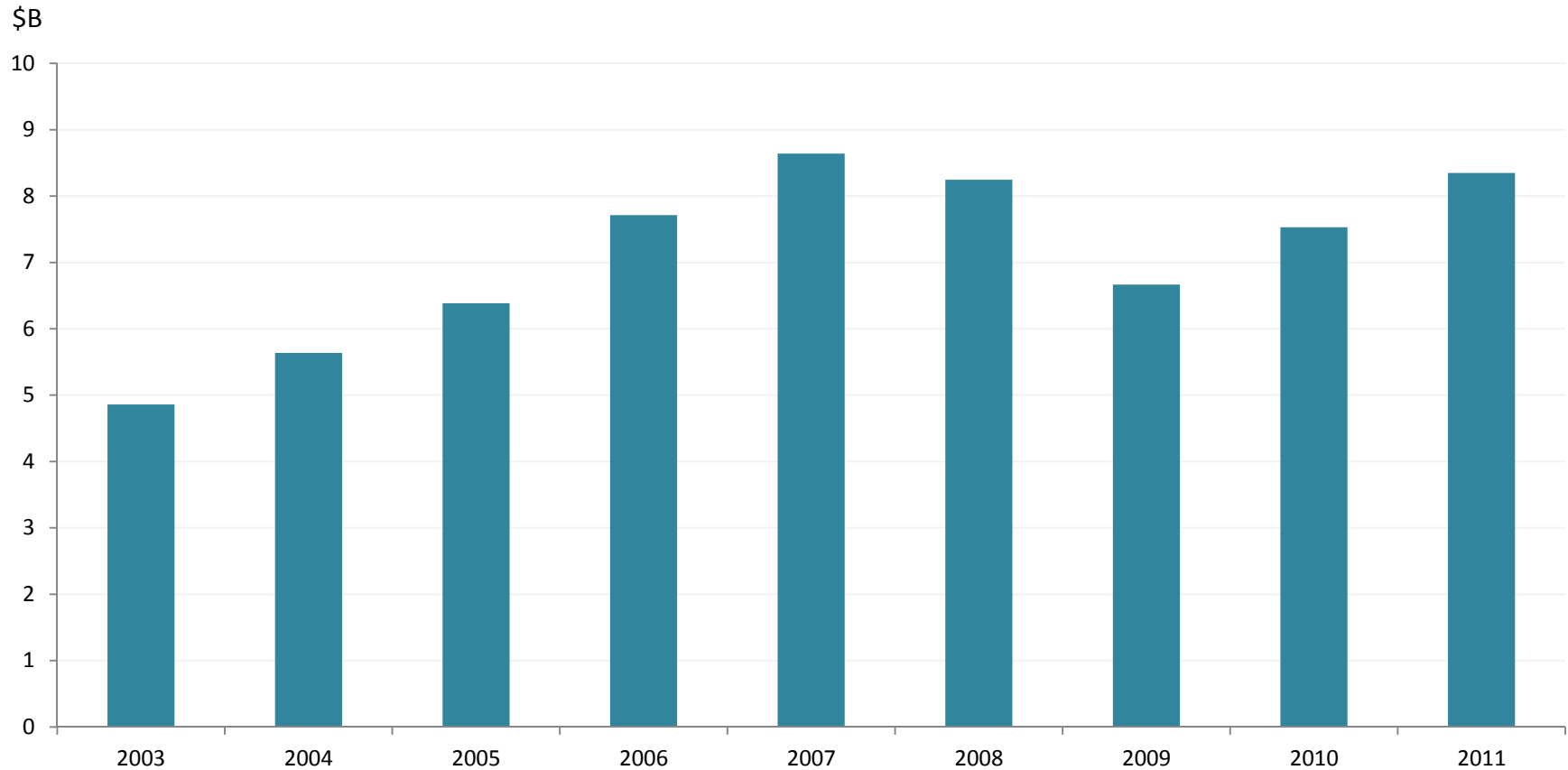
Net Interest Revenue



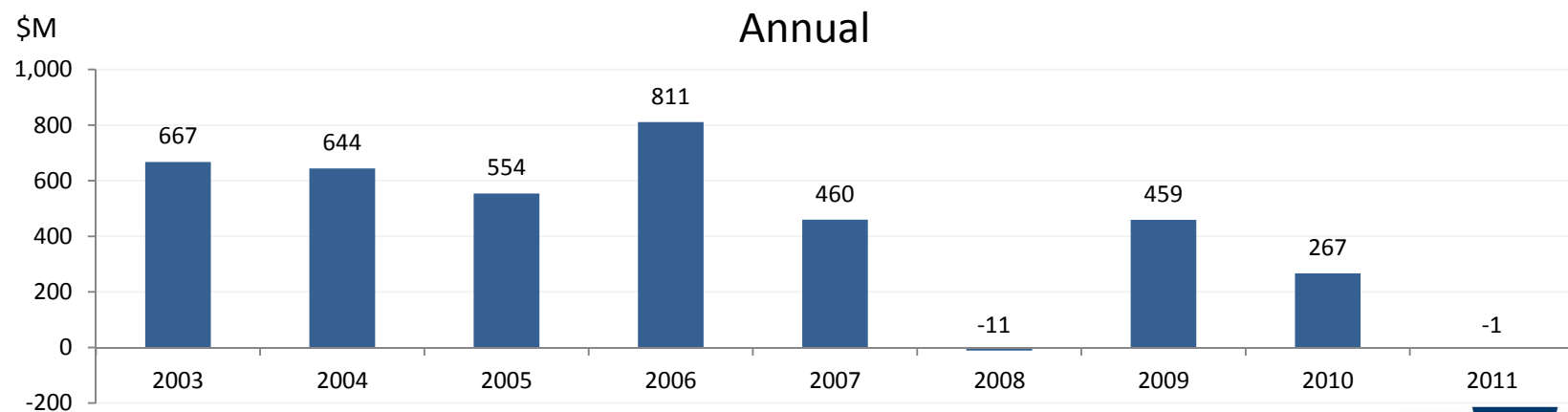
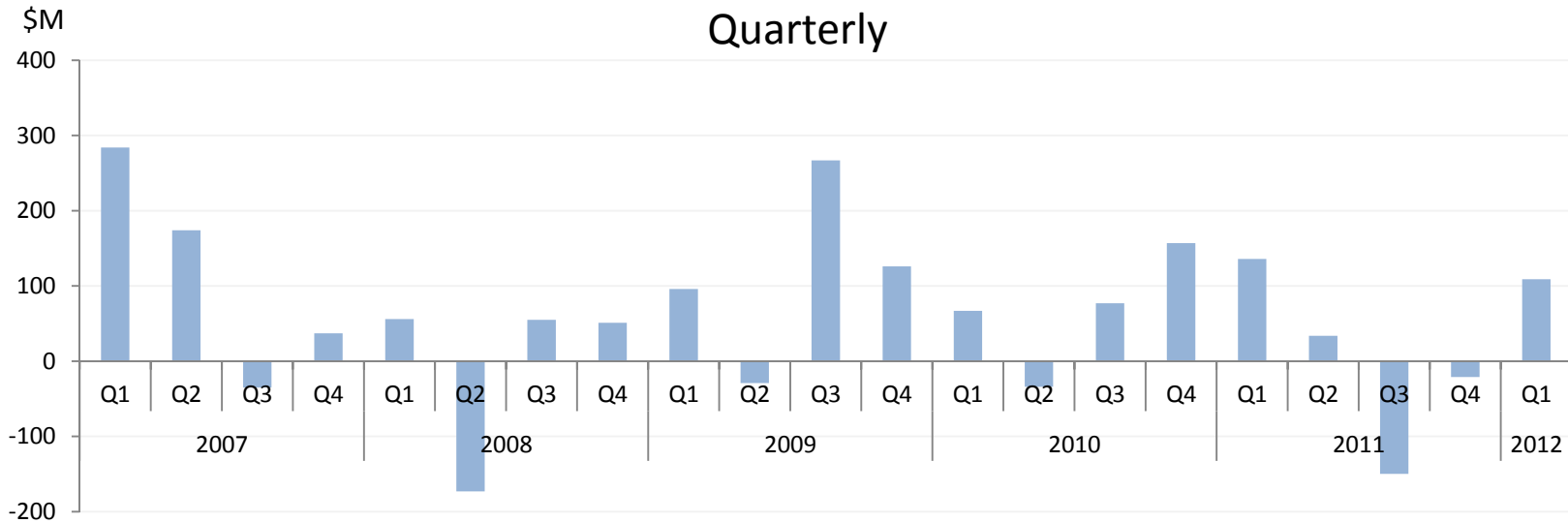
Estimated Industry Retail Revenue - Quarterly



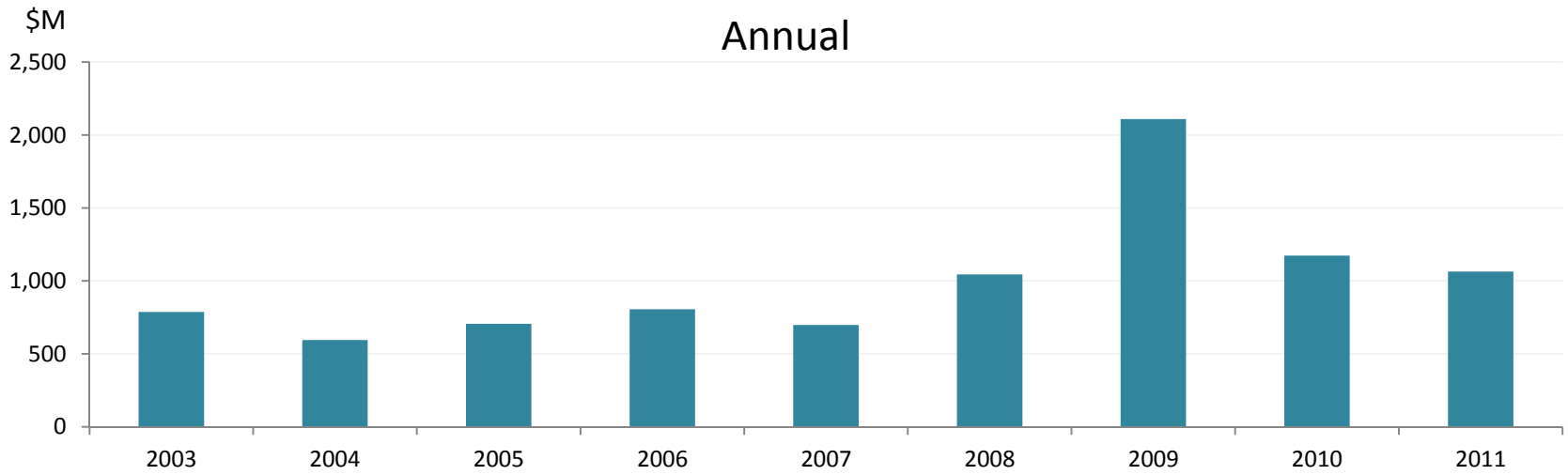
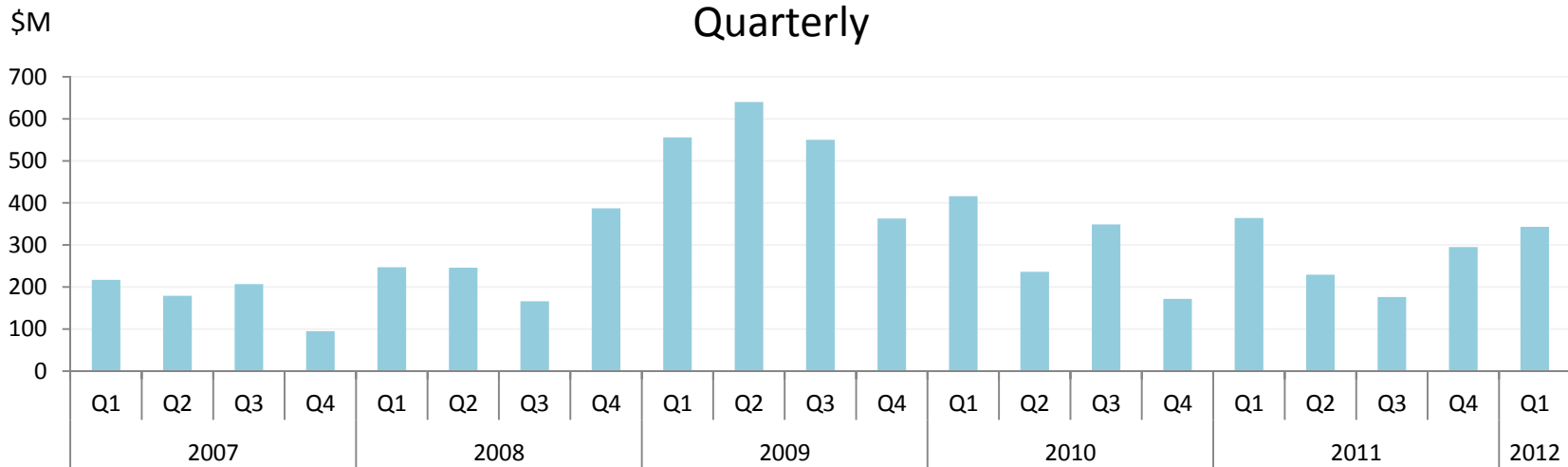
Estimated Industry Retail Revenue - Annual



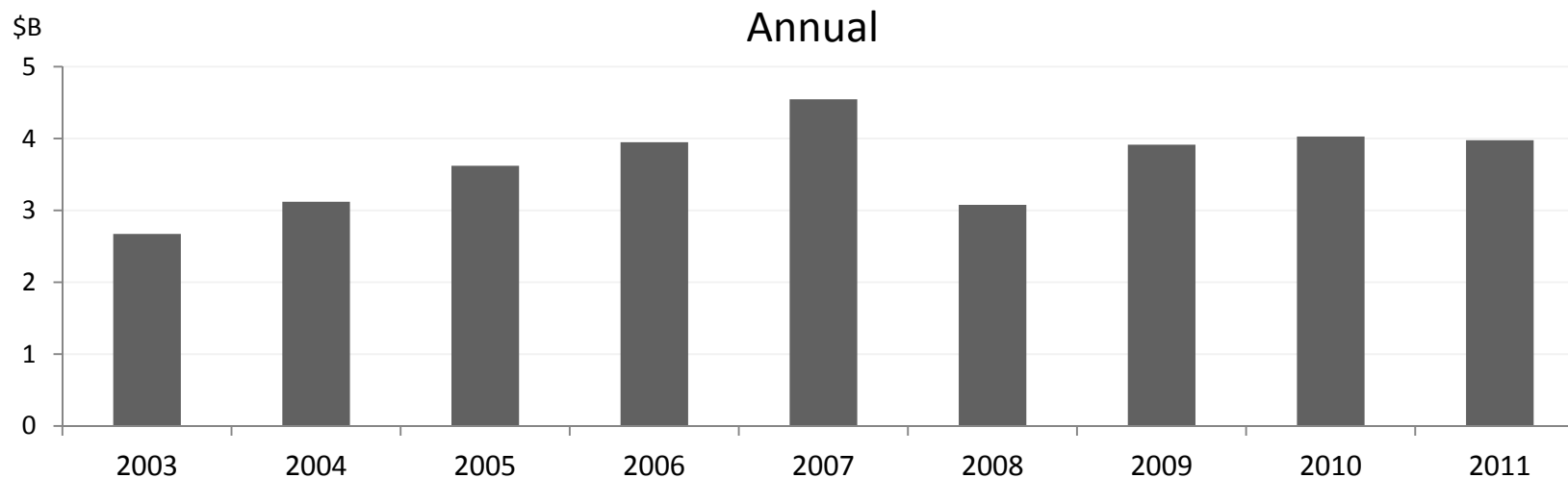
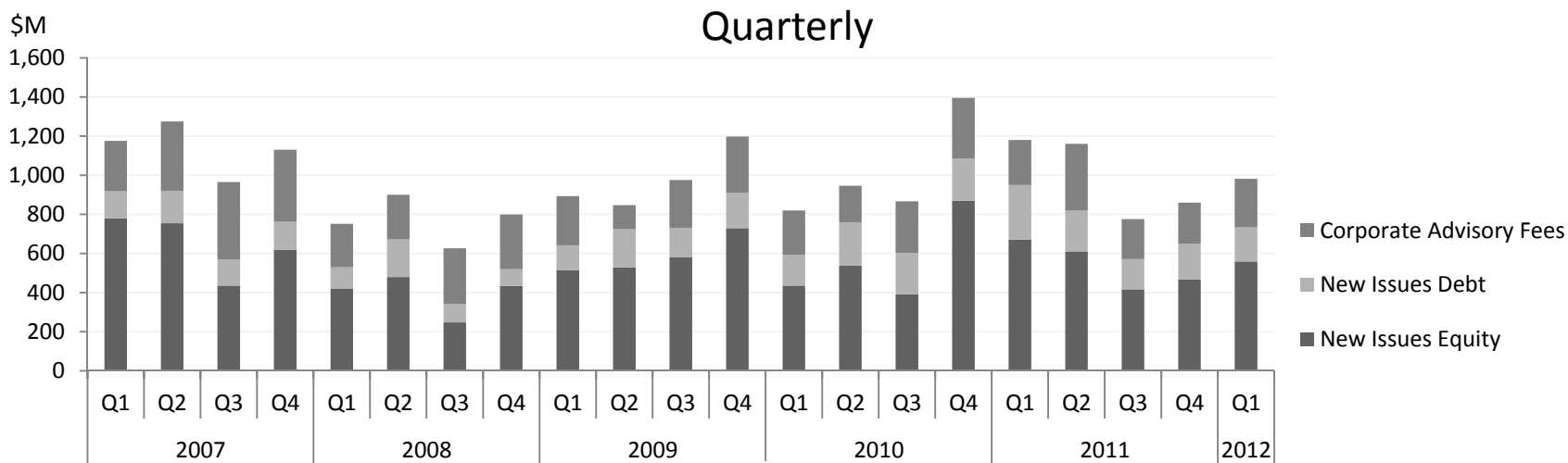
Equity Market-Making and Proprietary Trading



Fixed Income Trading Revenue



Investment Banking Revenue



Small Dealers:

Breakdown by Revenue and Business Focus

- **108 Firms with less than \$20 Million in Annual Revenues**
- **\$10 - \$20 million per year**
 - 22 dealers
 - 45% - retail focus - 55% - institutional focus
- **\$5 – \$10 million per year**
 - 25 dealers
 - 72% - retail focus - 28% - institutional focus
- **less than \$5 million per year**
 - 61 dealers
 - 67% - retail focus – 33% institutional focus



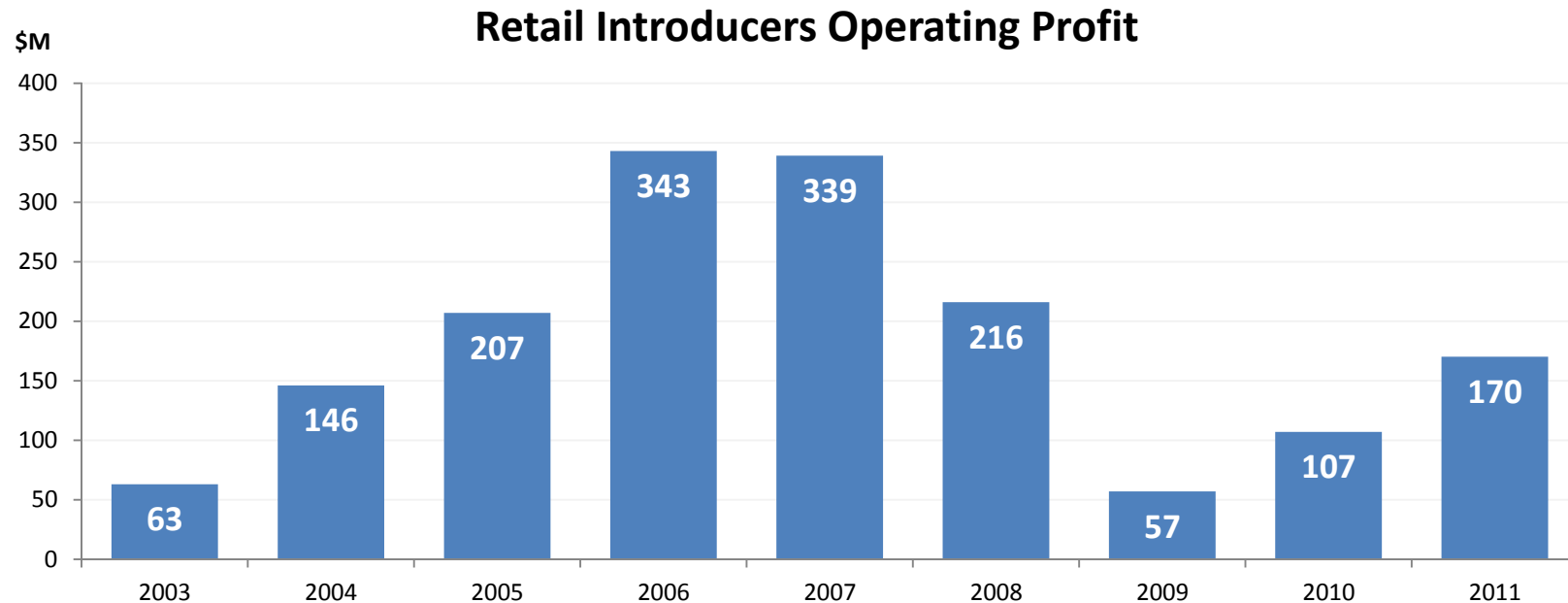
Small Dealer Challenges

Retail Firms

- **Weak Operating Performance**

2011 Operating Profits were three times as big as 2009, but remain lower than pre-2008 levels

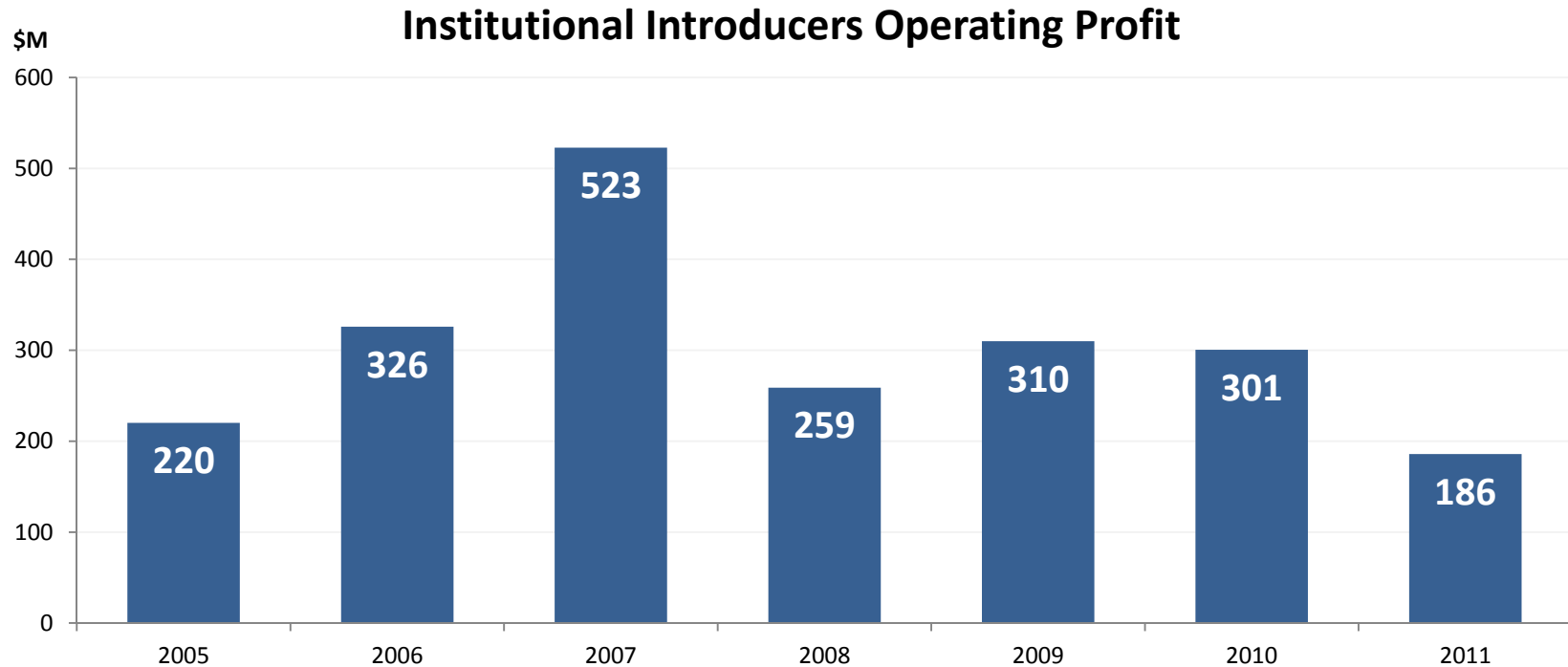
- 20% less than 2008 levels
- About half of 2007 levels



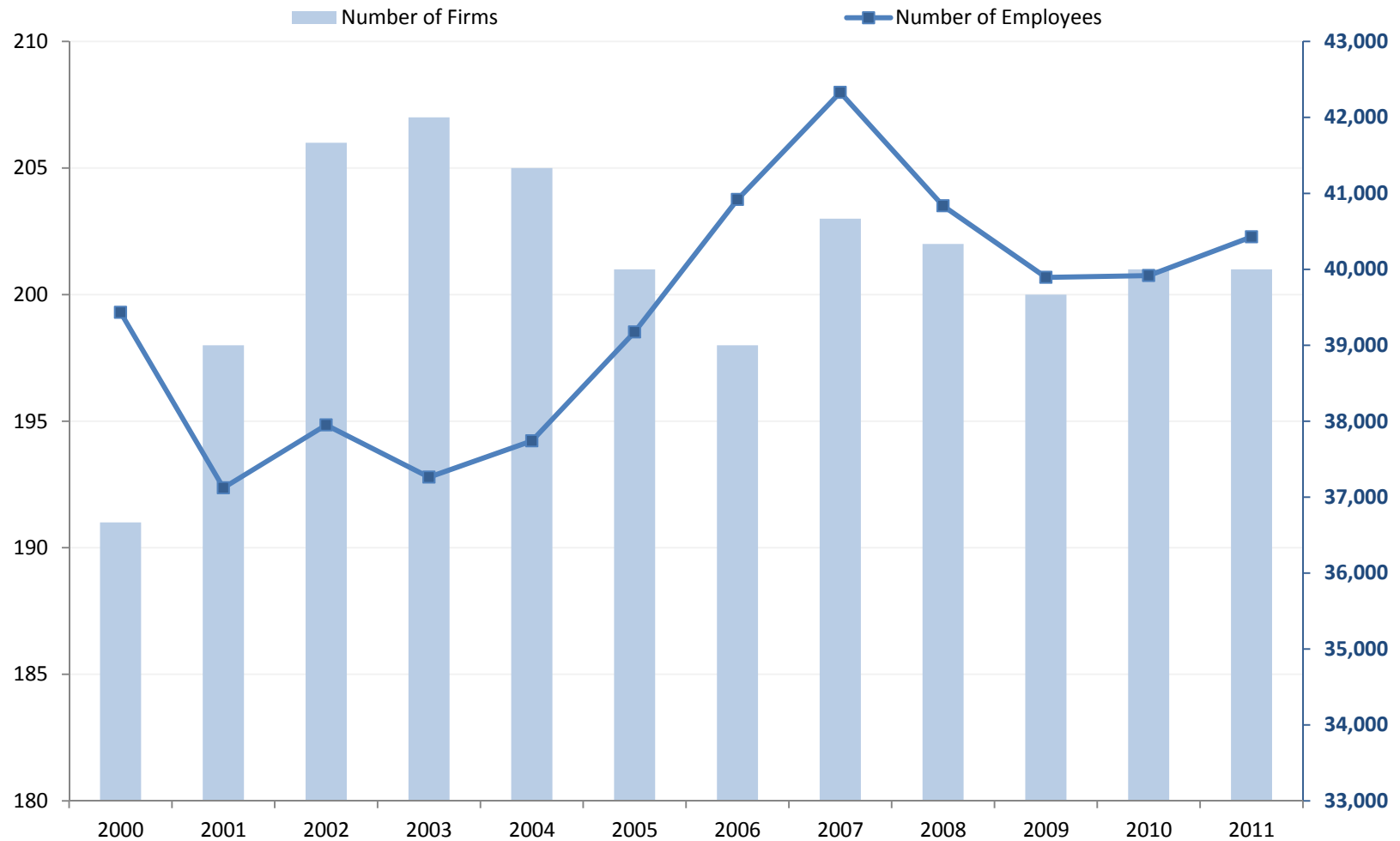
Small Dealer Challenges

Institutional Firms

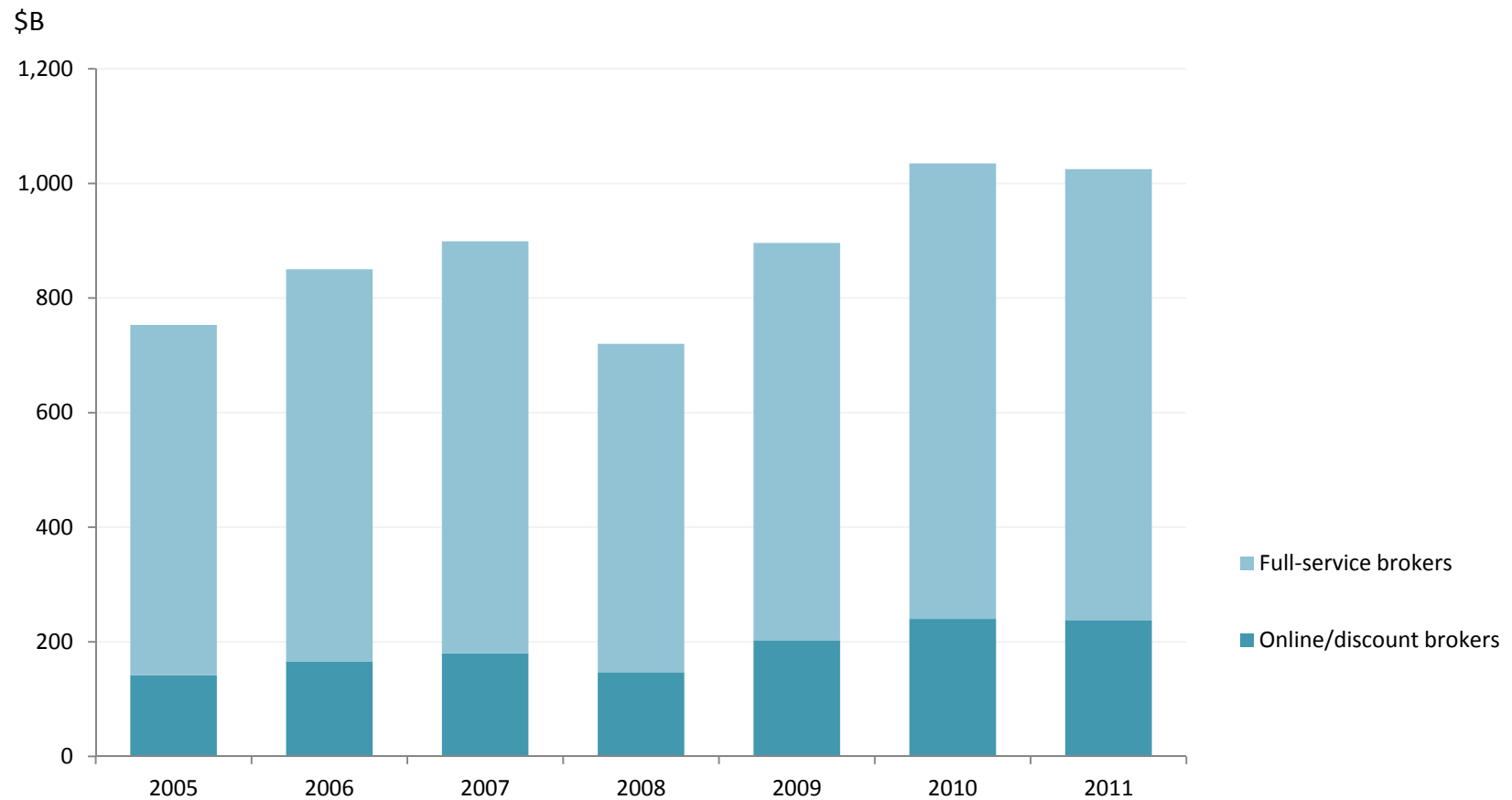
- **Poor Operating Performance**
 - 2011 Operating Profits were 40% lower than 2010
 - More than 64% lower than 2007 levels



Industry Employment

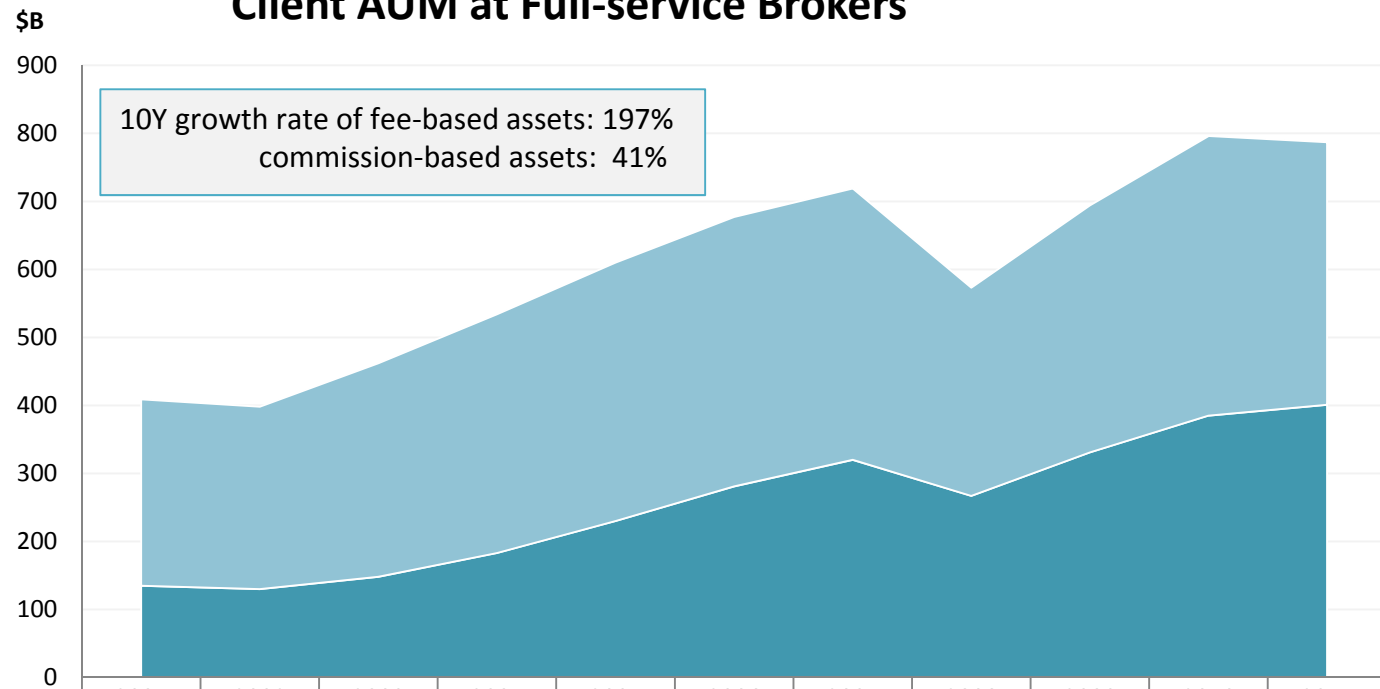


Retail Brokerage Assets



Recomposition of Client Assets

Client AUM at Full-service Brokers

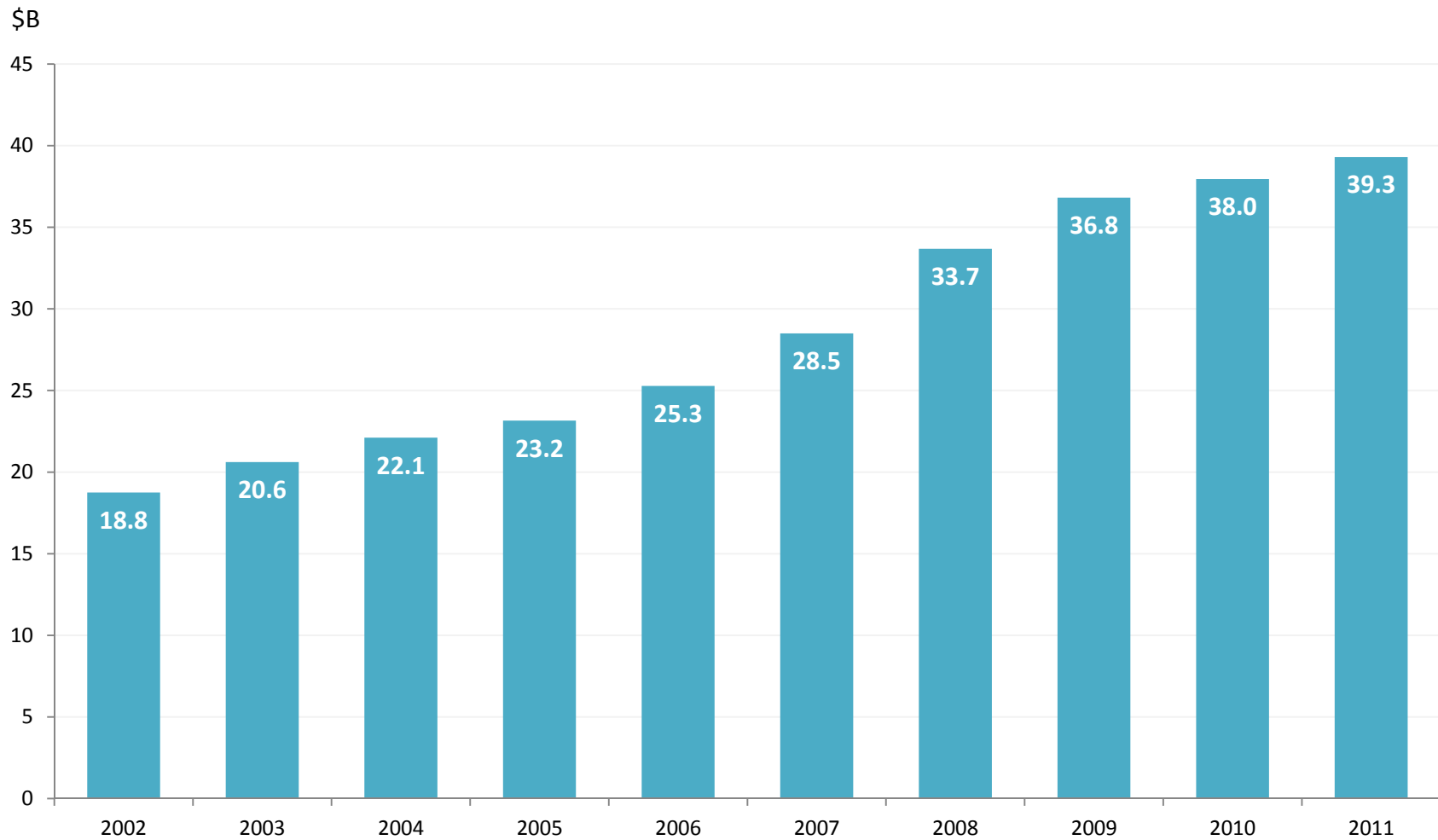


	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
■ Commission-based assets	274	268	314	351	380	396	399	306	363	411	386
■ Fee-based assets	135	130	148	183	230	281	320	267	331	385	401

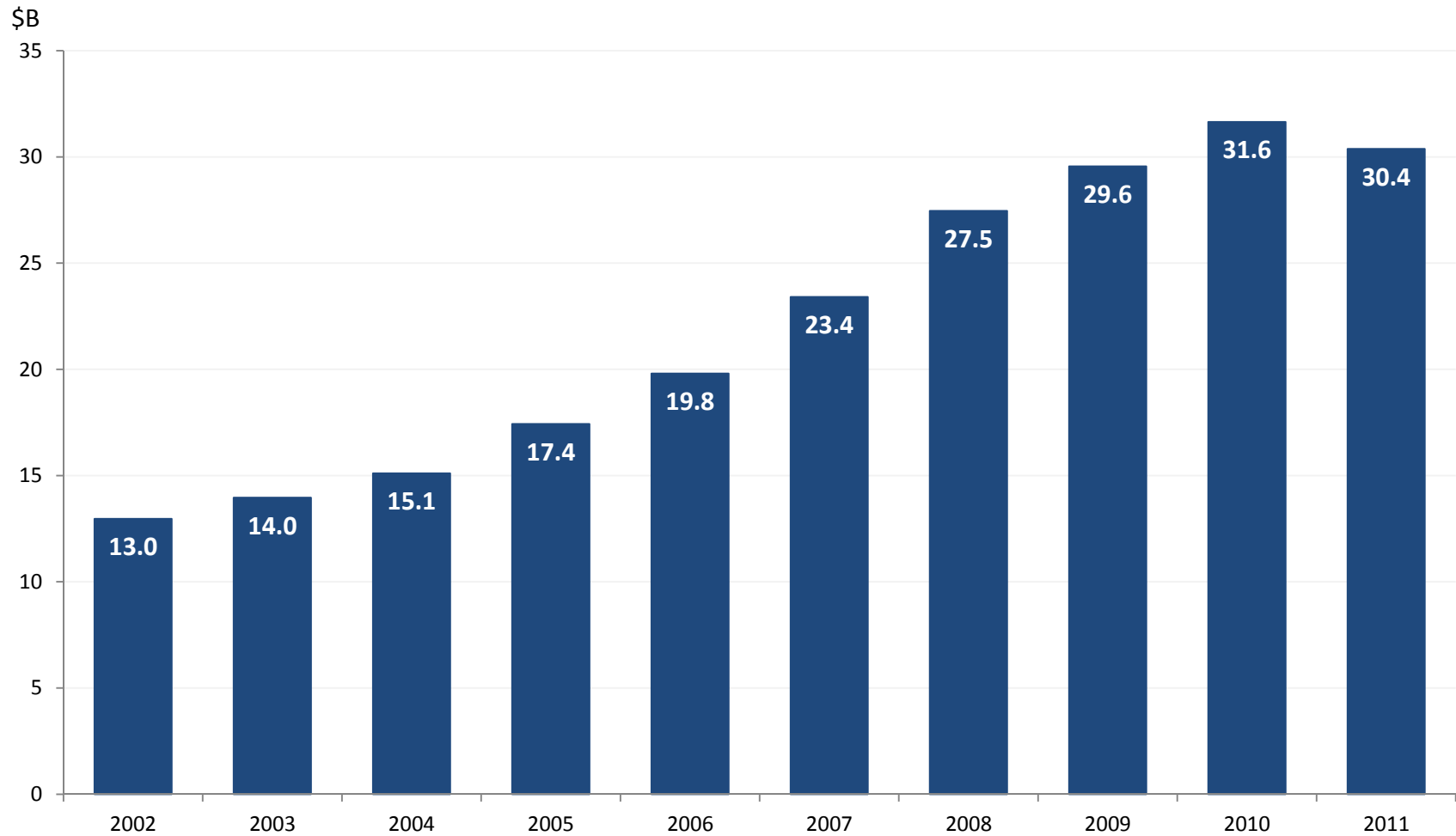
Source: Investor Economics



Client Cash Holdings

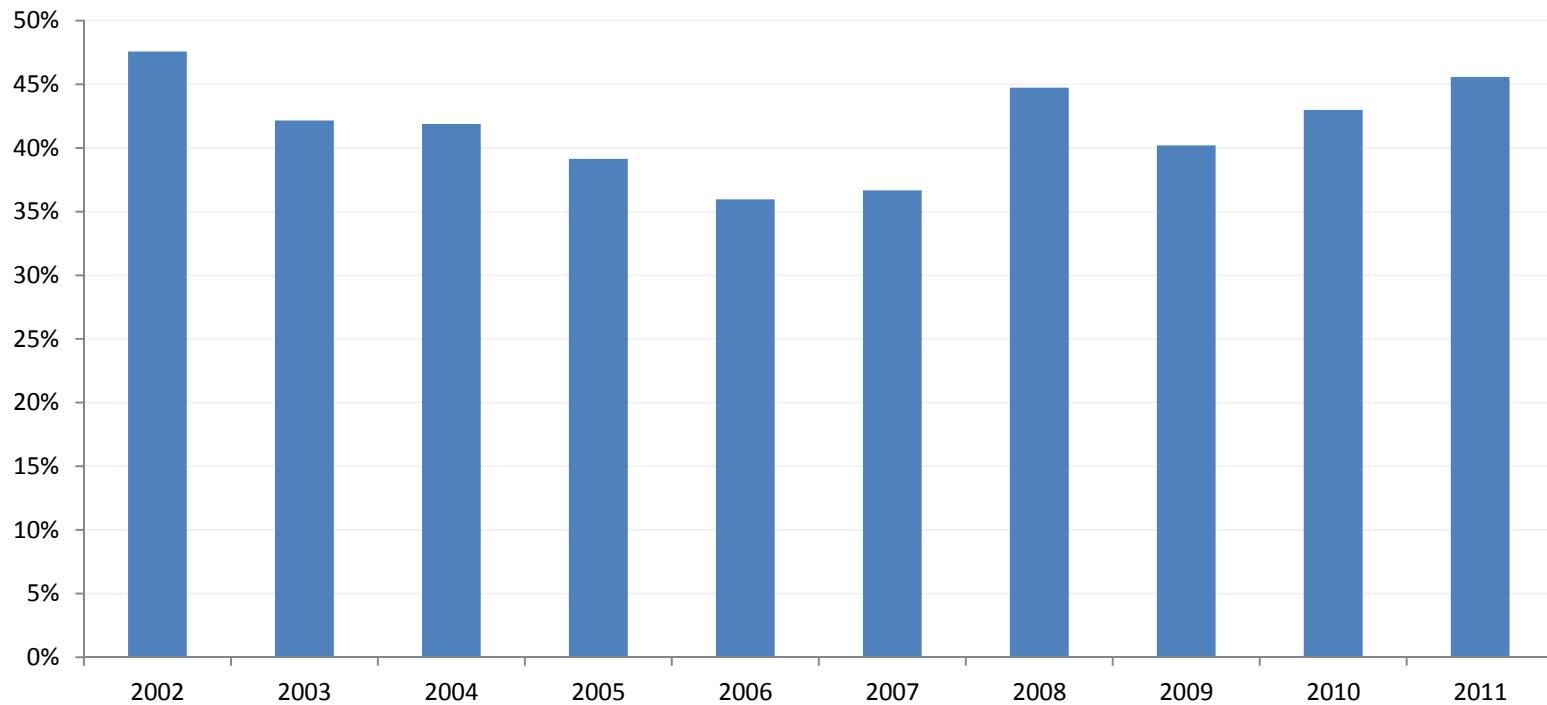


Regulatory Capital

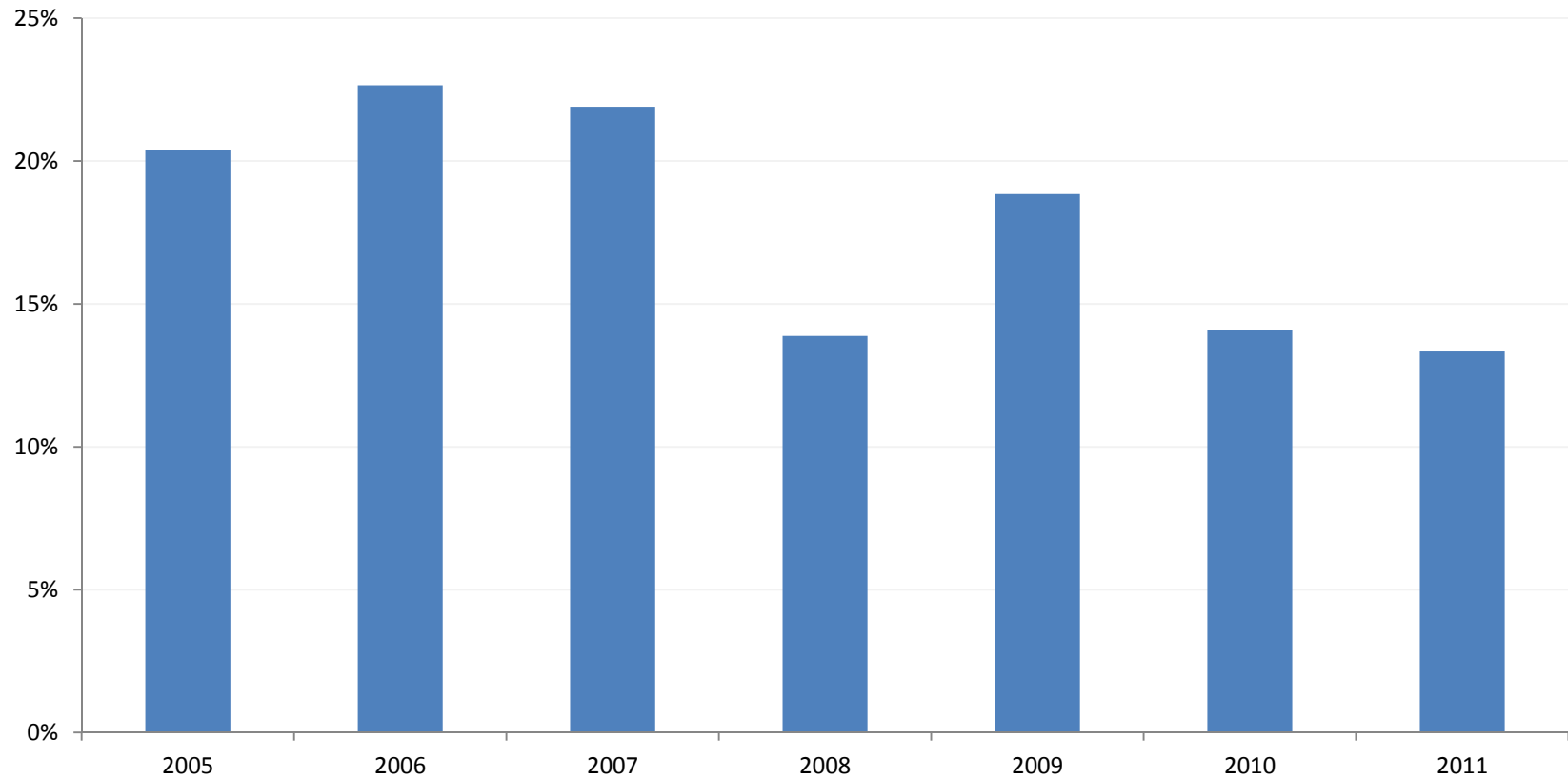


Cost Containment

Operating Expenses as % of Operating Revenue



Return on Equity



IIAC Advocacy and Member Support Initiatives



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- Jack Rando
Director of Capital Markets, IIAC
(416) 865-5477
jrando@iiac.ca