Securities Industry Trends & Performance

IIROC FAS Conference
Kelowna, British Columbia
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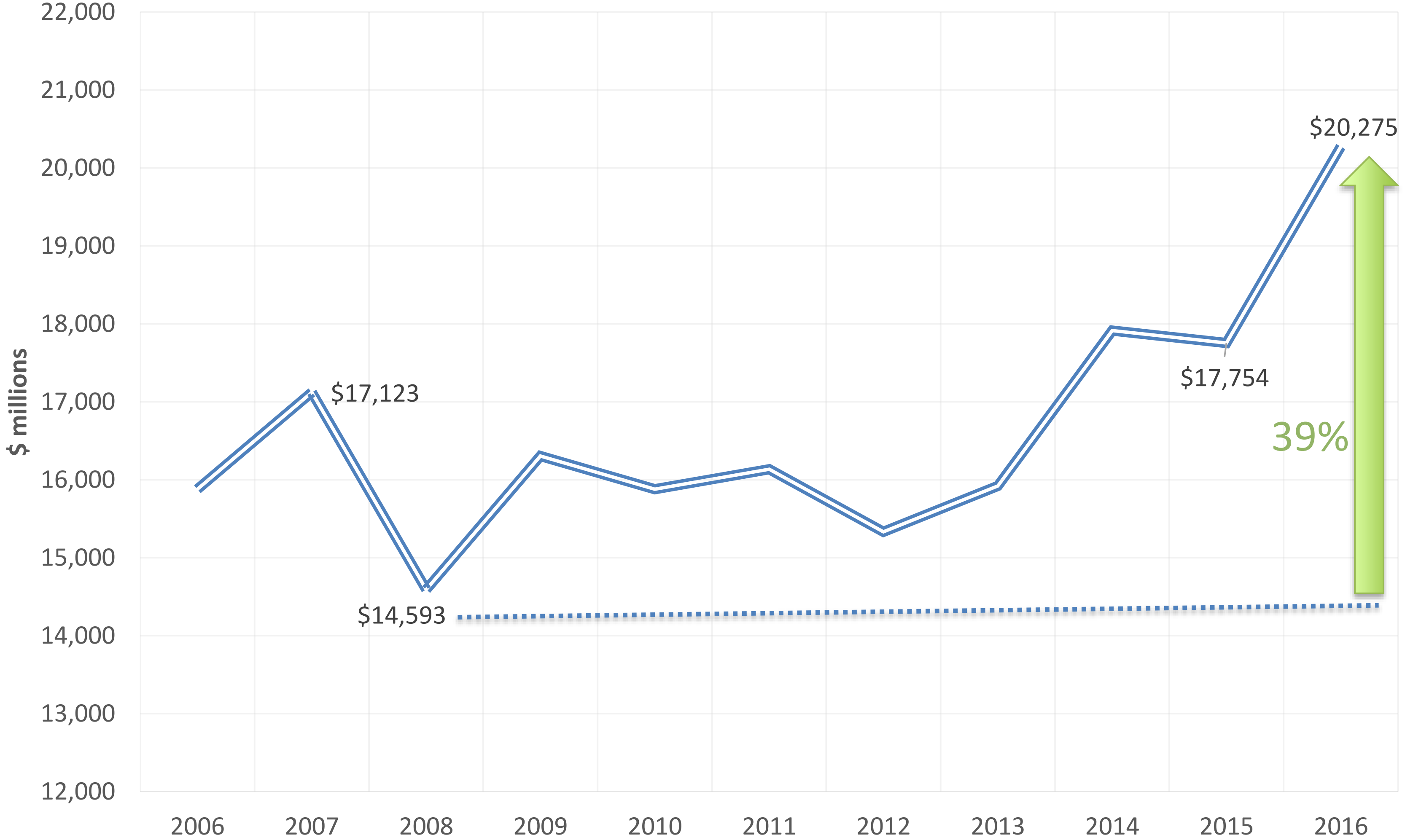
Presented by:
Jack Rando
Investment Industry Association of Canada

INVESTMENT INDUSTRY ASSOCIATION OF CANADA
ASSOCIATION CANADIENNE DU COMMERCE DES VALEURS MOBILIÈRES

2016 Highlights

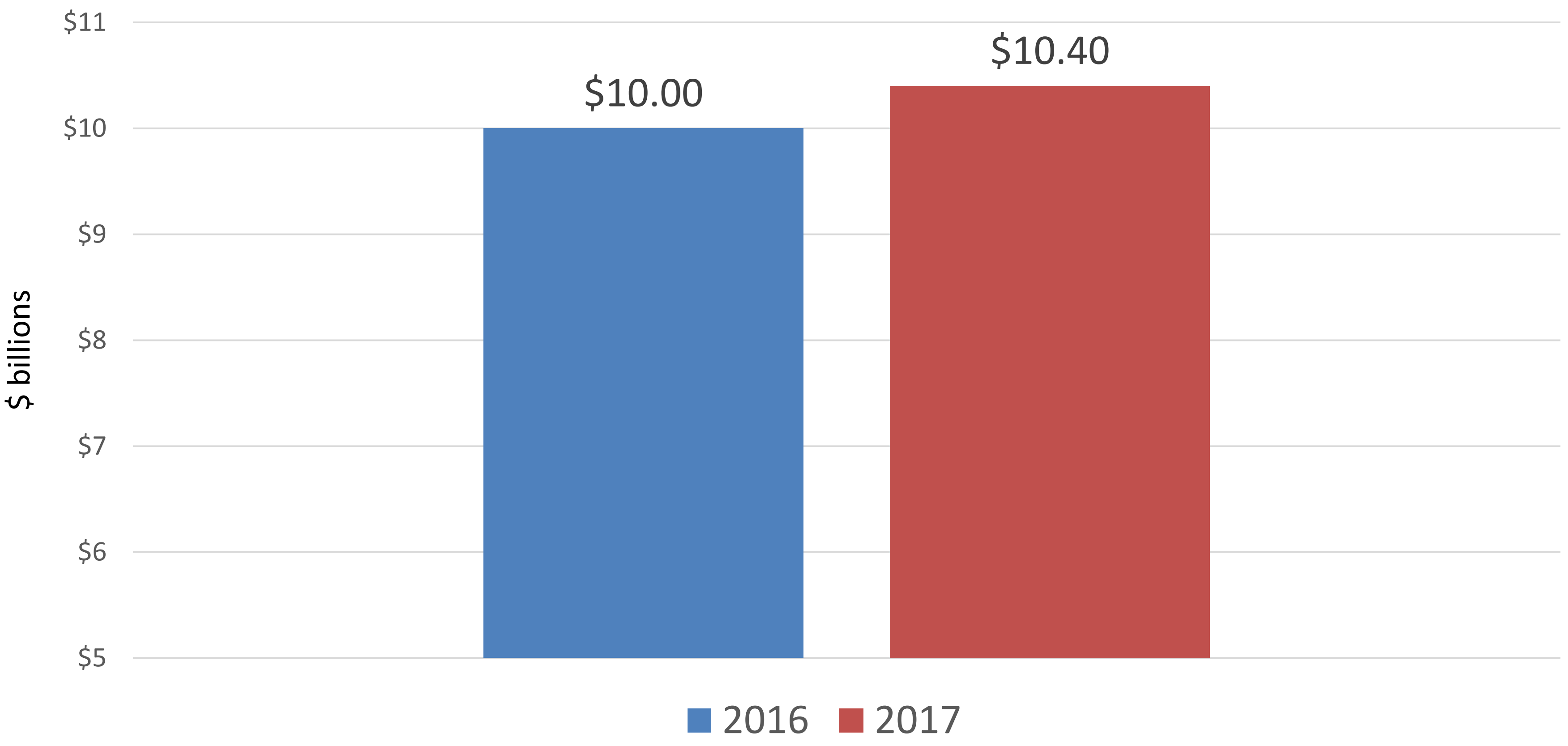
- Record Revenues and near-record Profits for Industry
  - But earnings performance still far from uniform
- Boutiques see 50% increase in YoY revenues
  - But cost pressures continue to weigh
- Nearly a Quarter of All IIROC Dealers Still Lost Money
  - But compares favourably to 2012 when 40% lost money
- Pace of Industry Consolidation Slows
  - But more amalgamations/closures could be on the horizon
- Industry employment at 8-year high
  - But employment composition in flux
- Another record year for fee-based revenues
  - But commission revenue continues to be displaced
- Positive contributions from capital markets business lines
  - But boutiques continue to lose market share

Industry Annual Operating Revenue



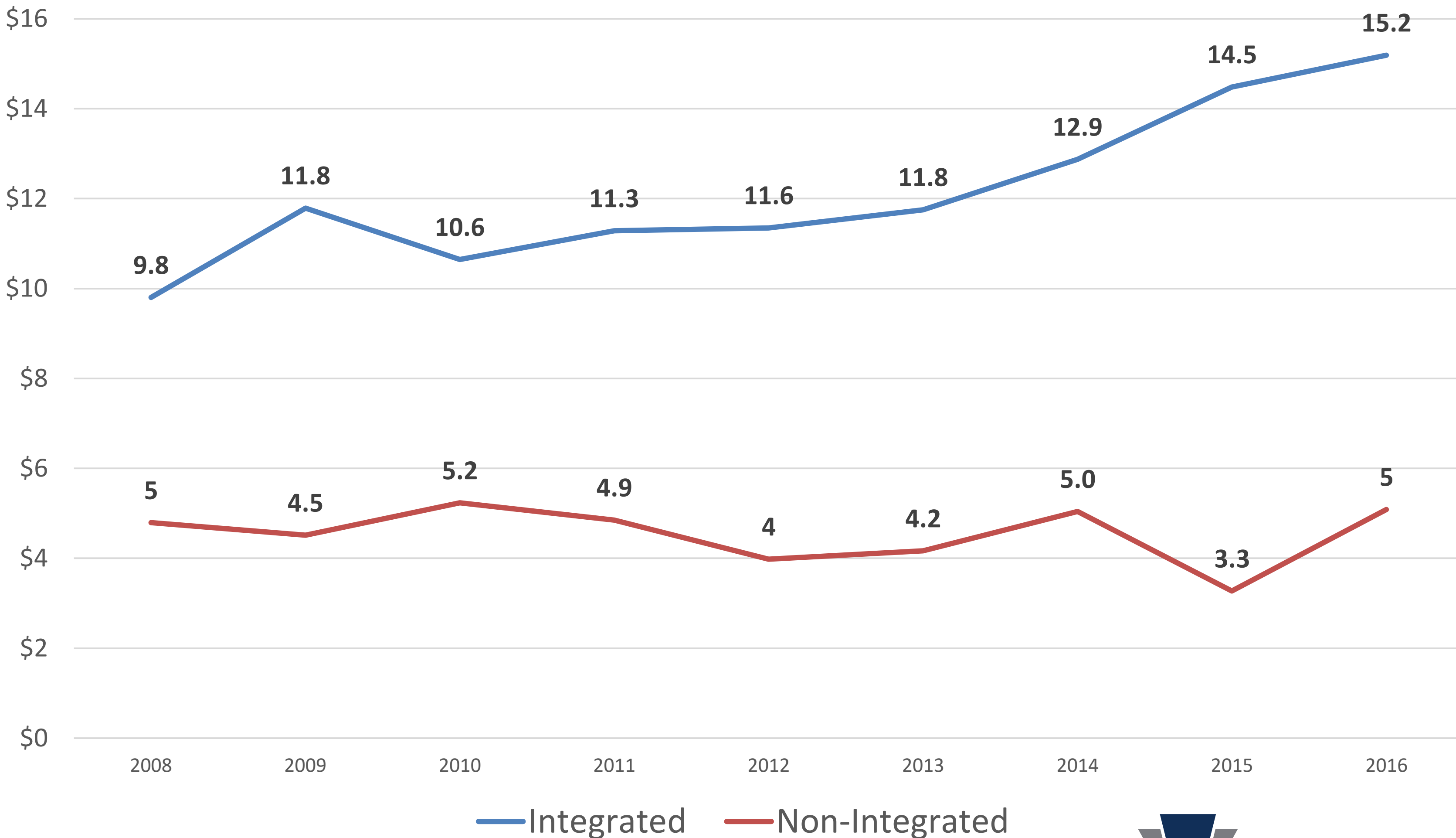
Industry Operating Revenues

First 6 months: 2017 vs 2016

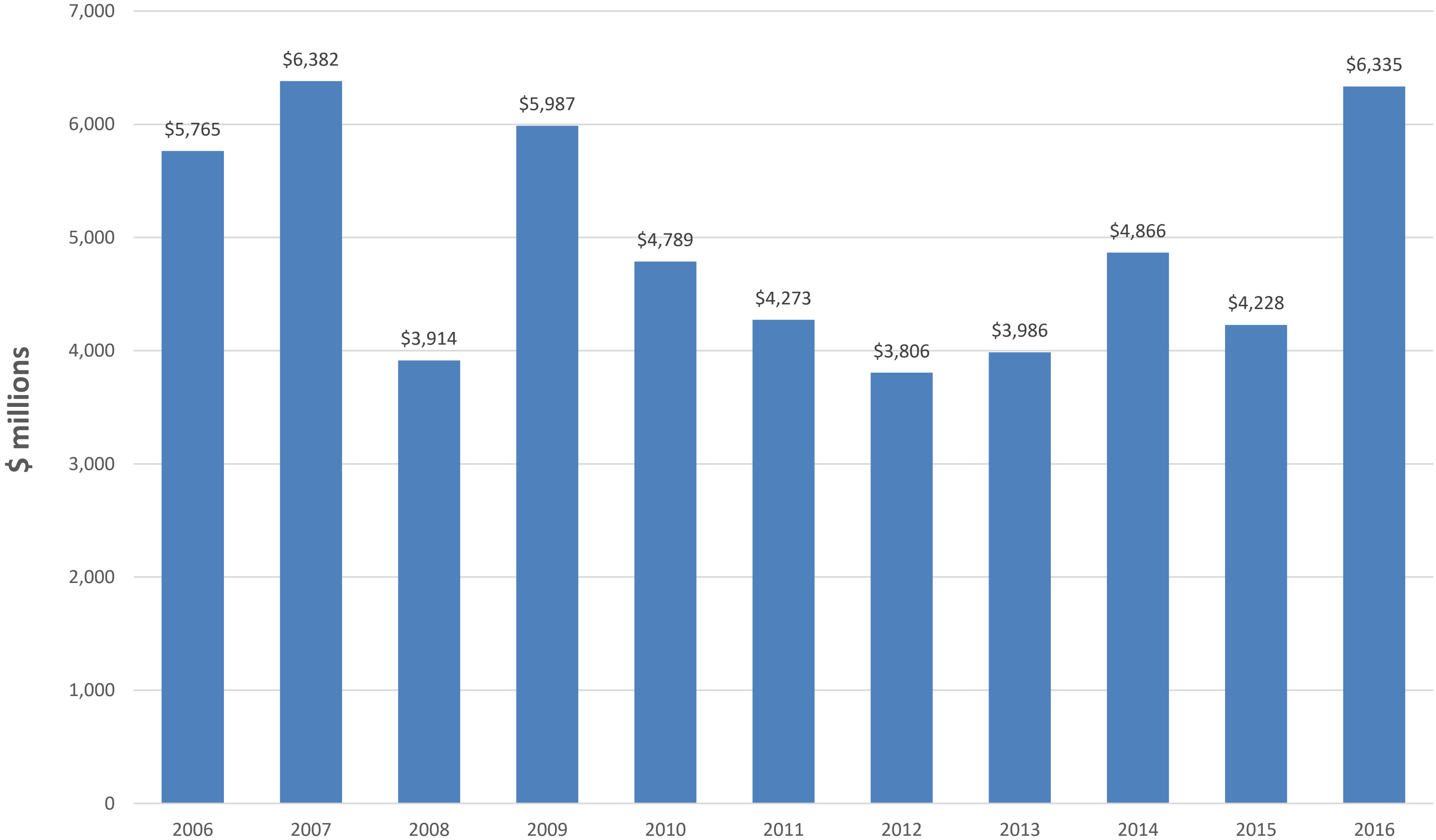


Annual Operating Revenues ($ Billions)

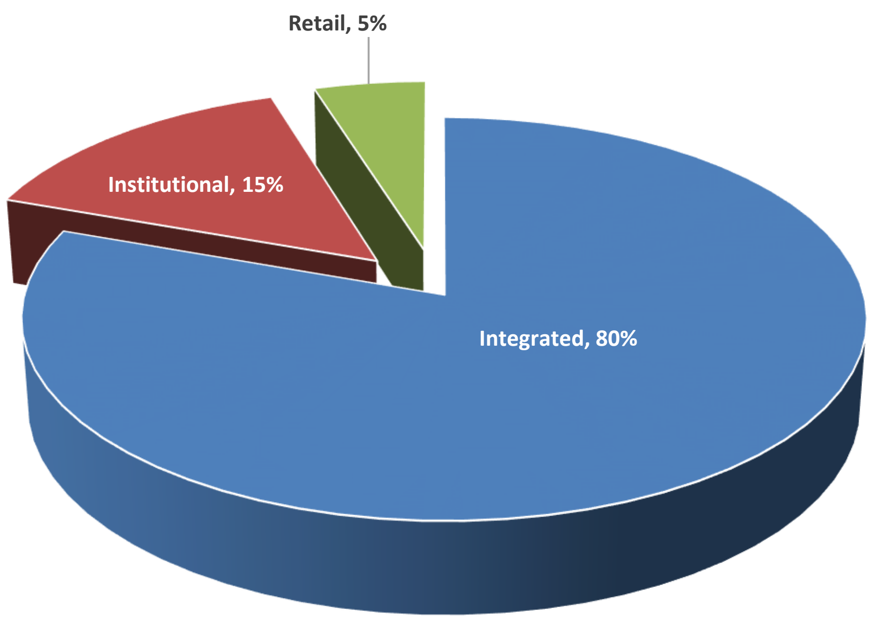
Integrated Dealers vs Non-Integrated Dealers



Annual Industry Operating Profit



Industry Profit Distribution for 2016



	2016	YoY % Change
Integrated	5,241 M	57%
Institutional	957 M	23%
Retail	319 M	51%

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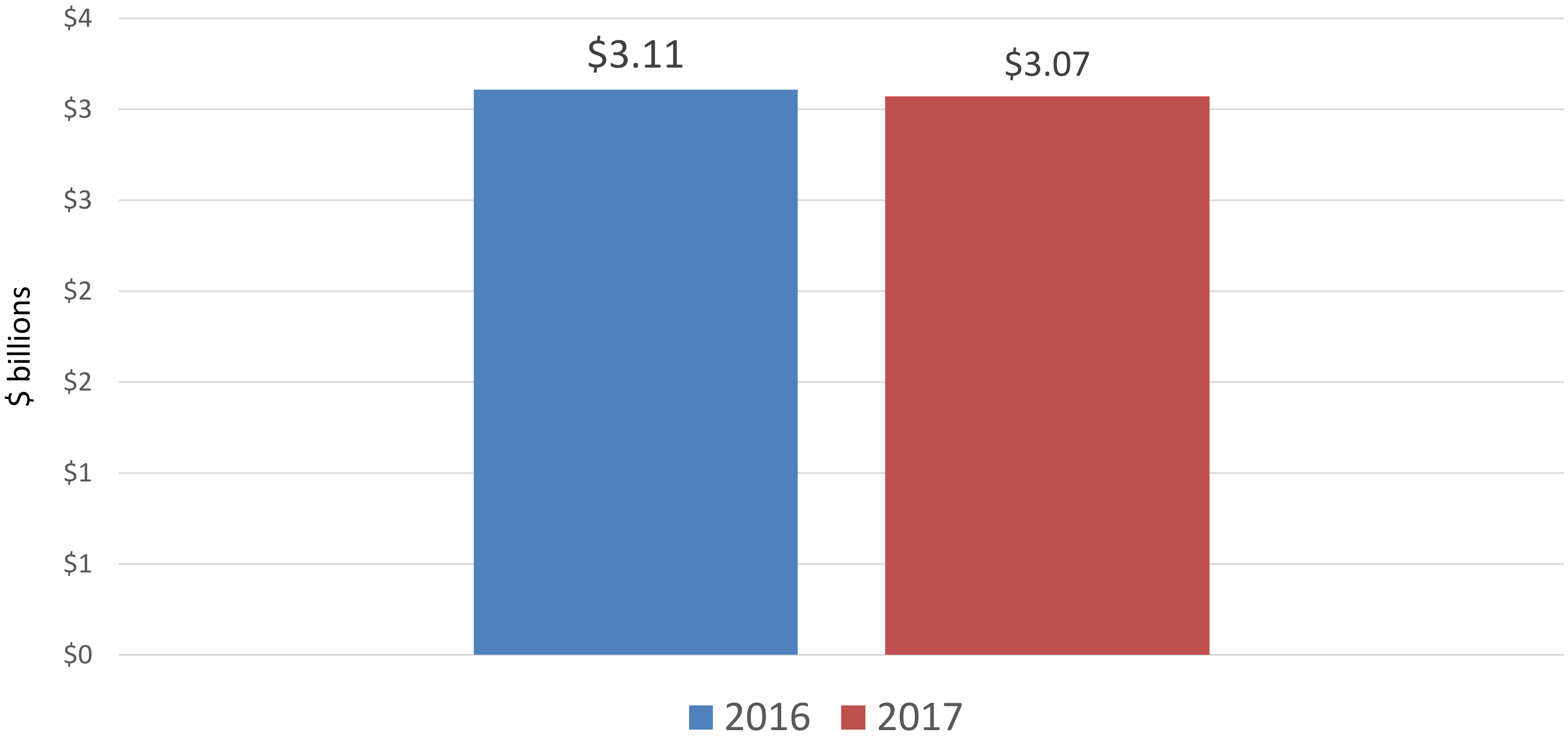
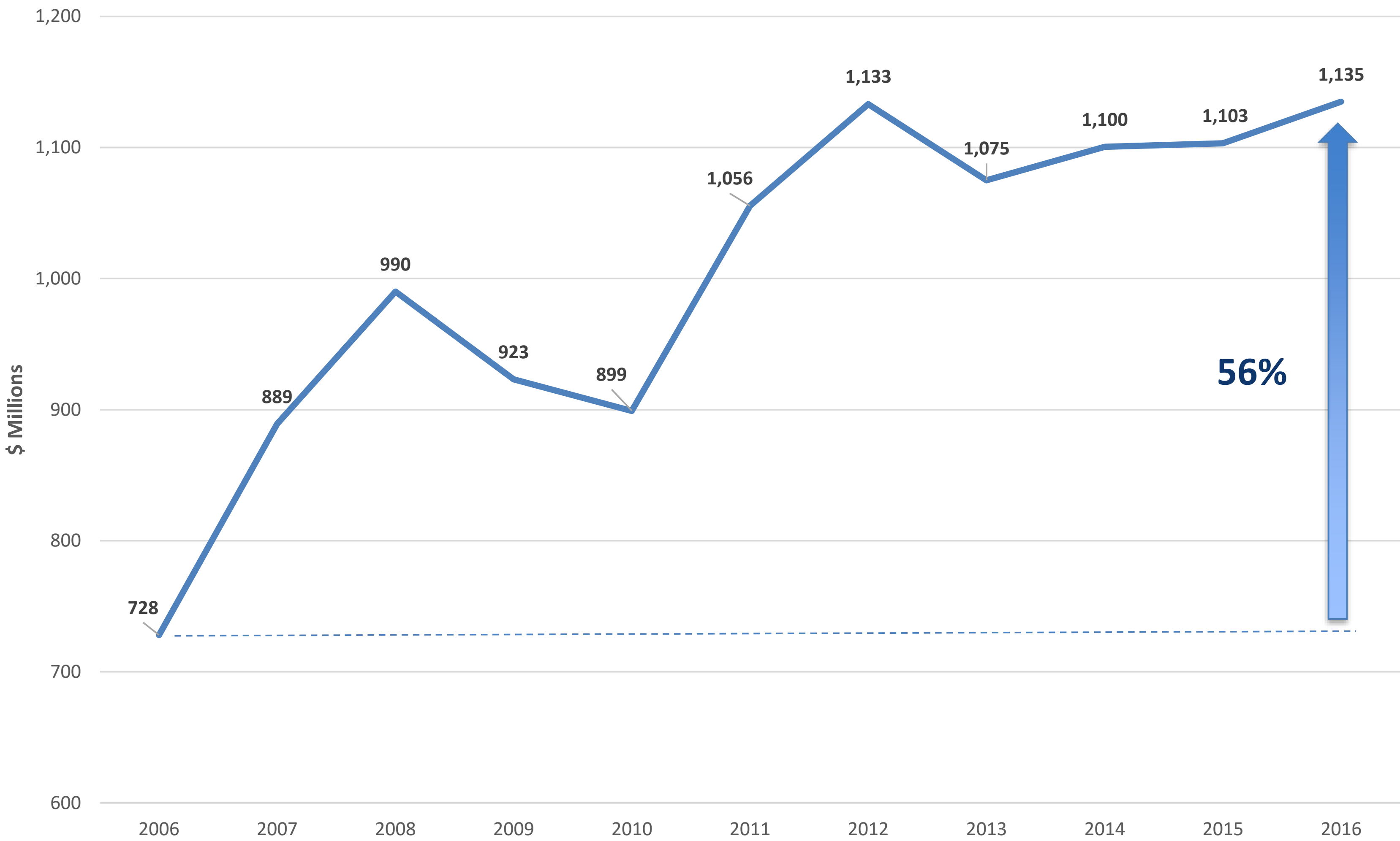
Industry Profits

First 6 months: 2017 vs 2016



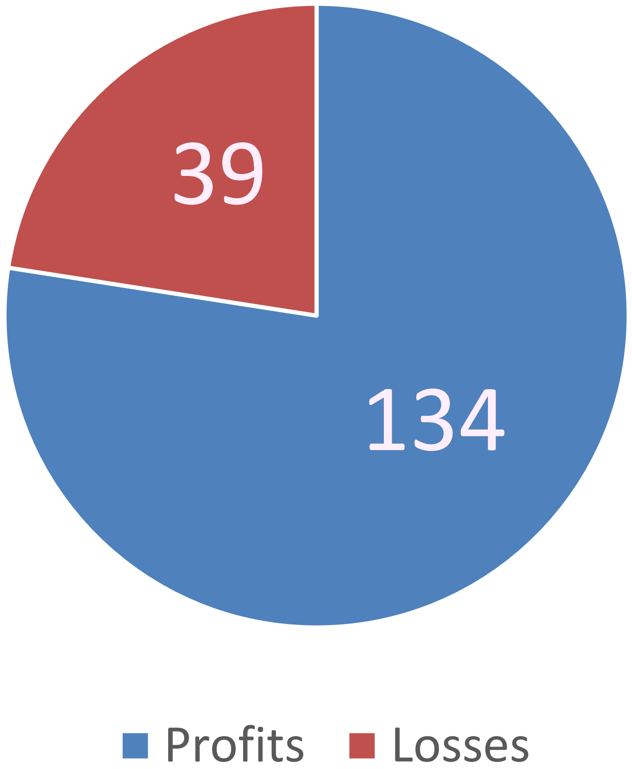
Industry Operating Costs

Operating Costs for Institutional Boutiques



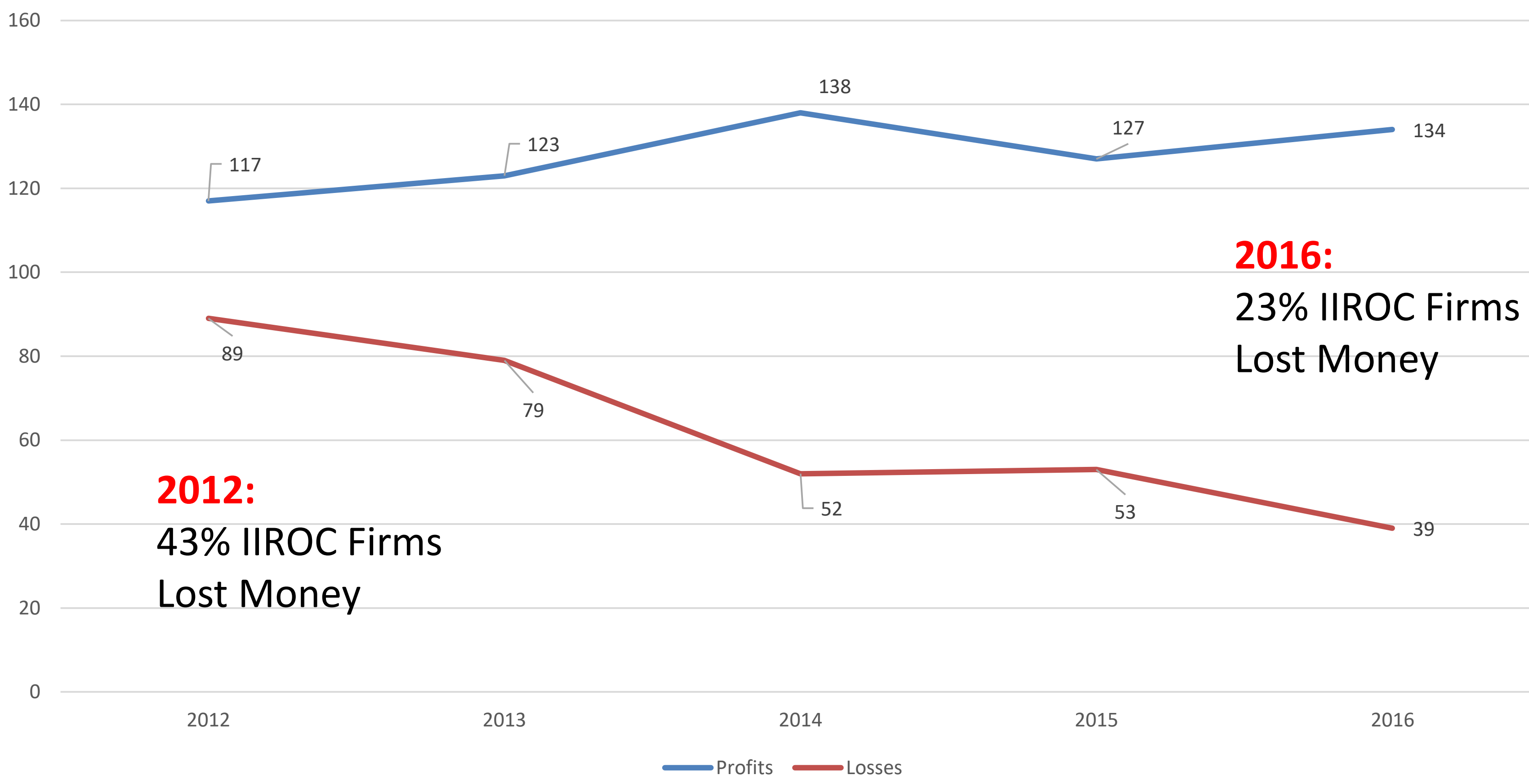
IIROC Firms with Profits and Losses

Year 2016

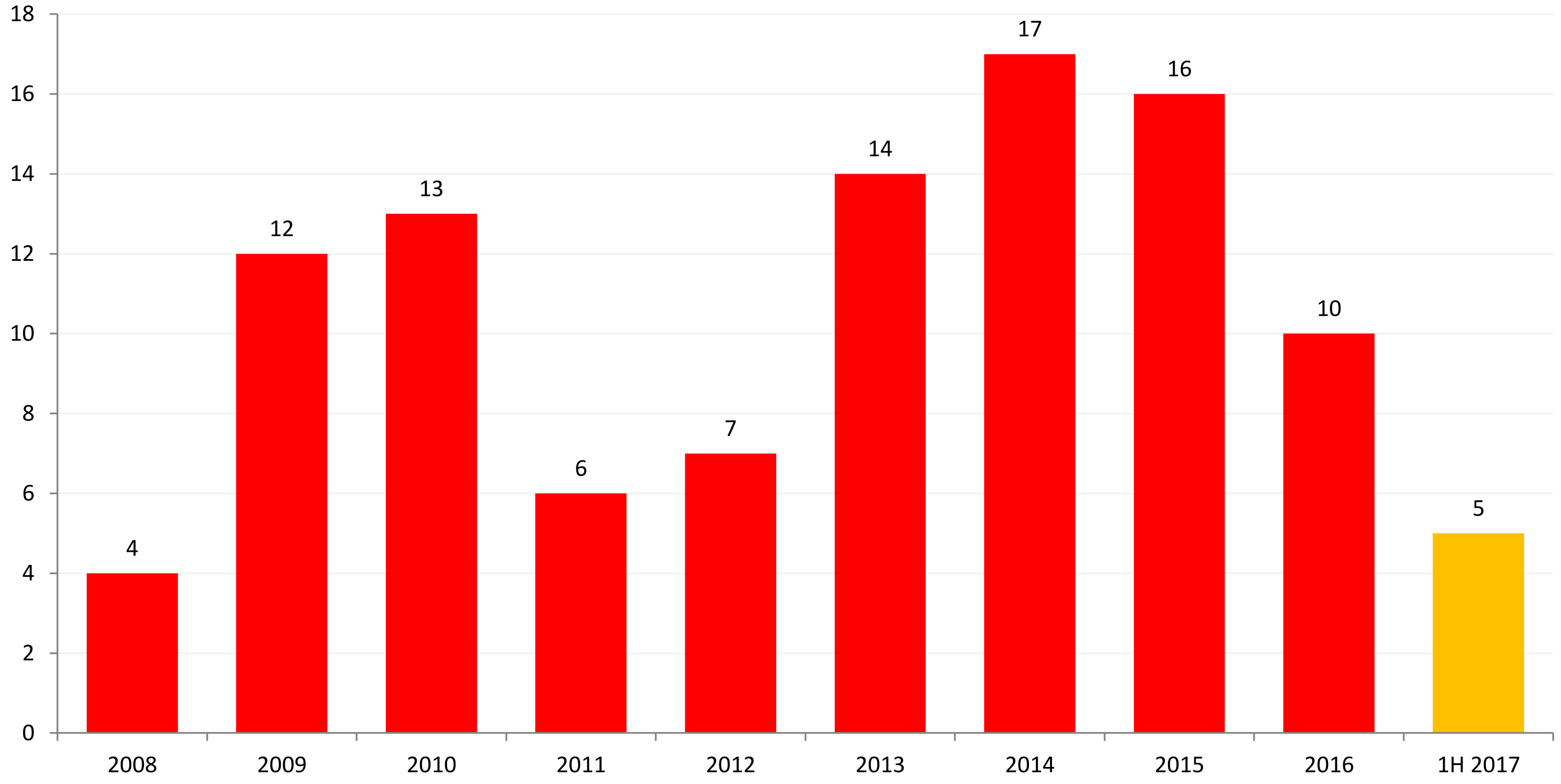


Number of IIROC Firms with Profits and Losses

Annual



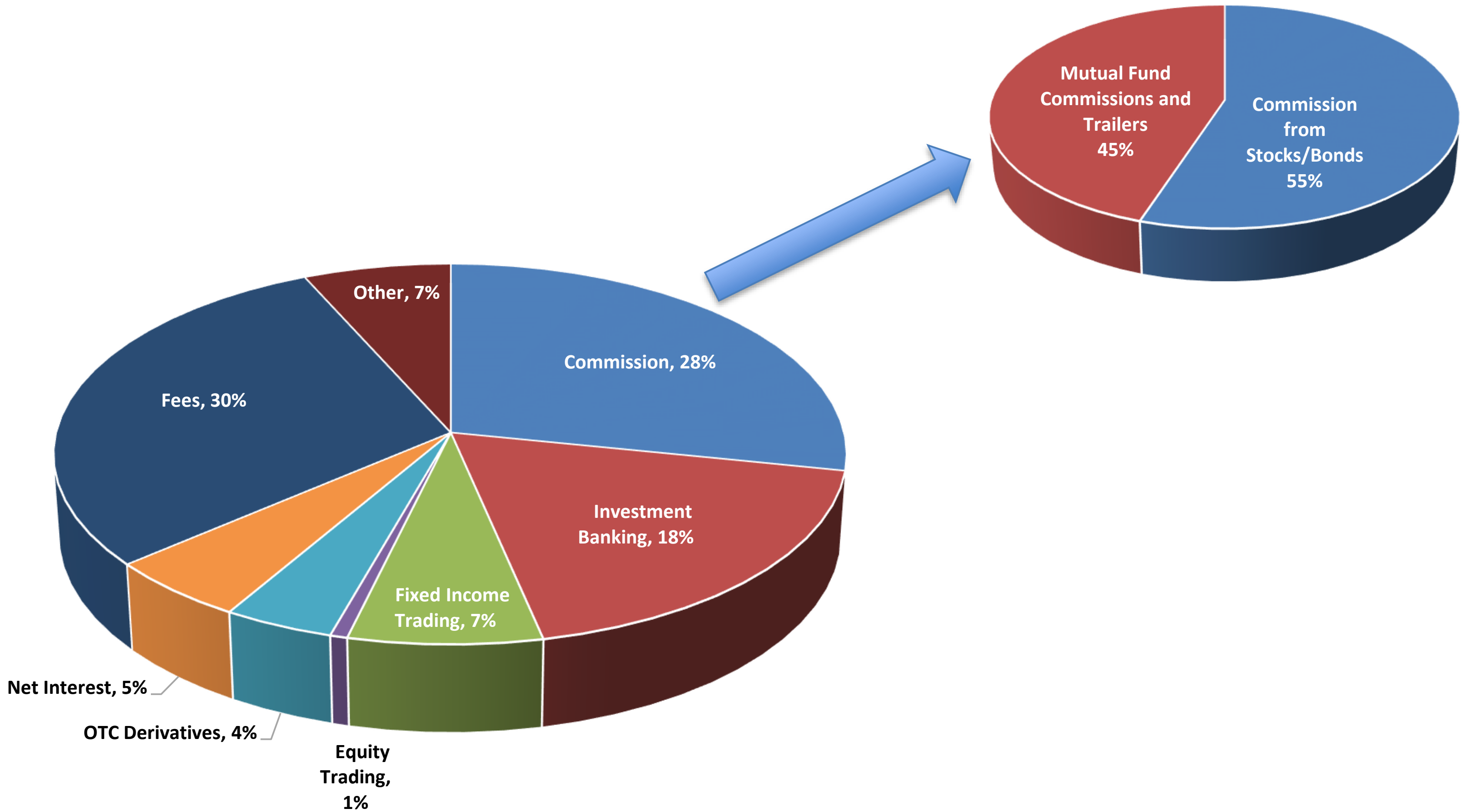
Industry Consolidation: Number of IIROC Resignations*



* Resignations include dealer amalgamations, acquisitions, suspensions and terminations

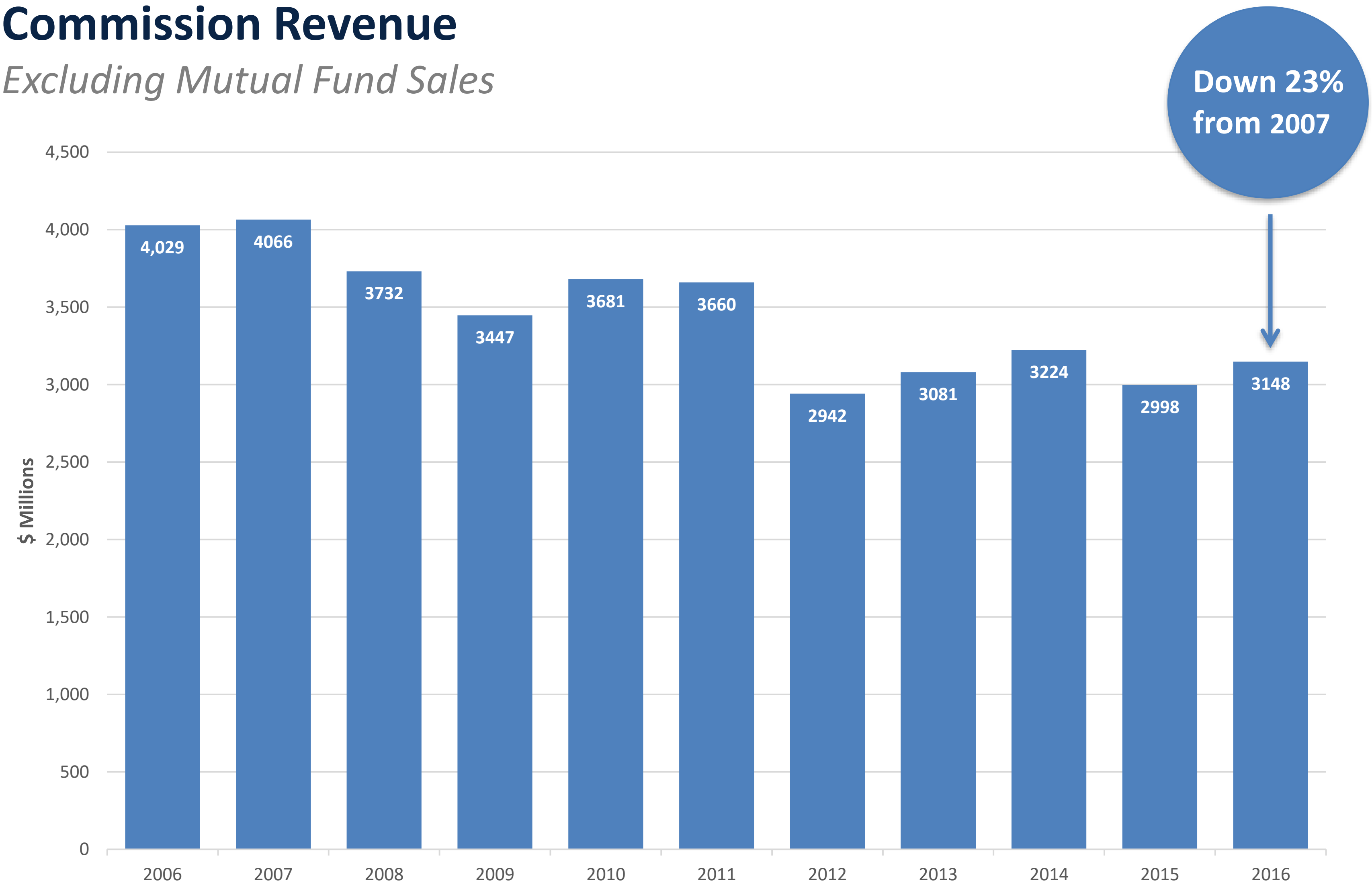
Total Industry Employment

2016 Revenue Breakdown



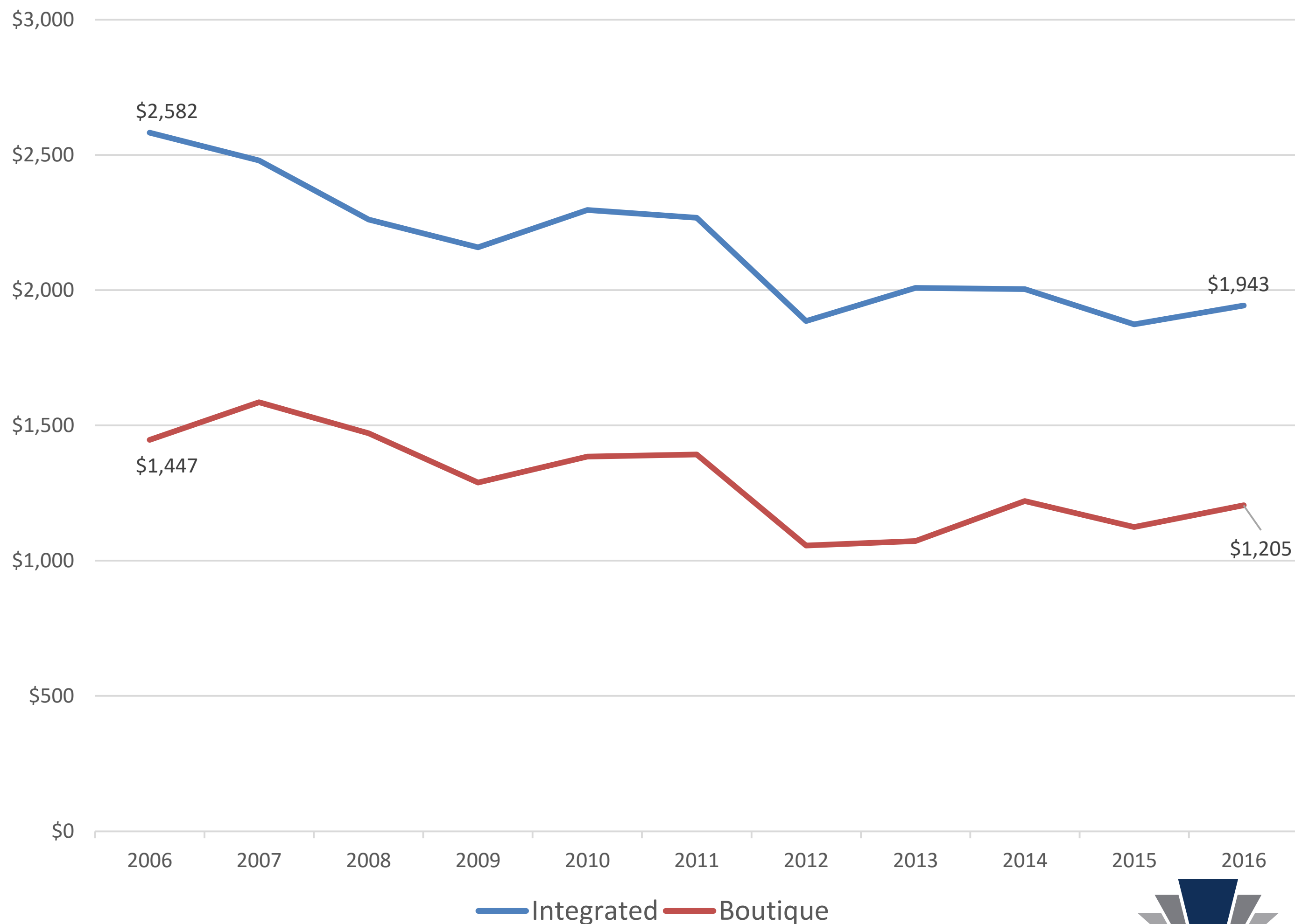
Commission Revenue

Excluding Mutual Fund Sales

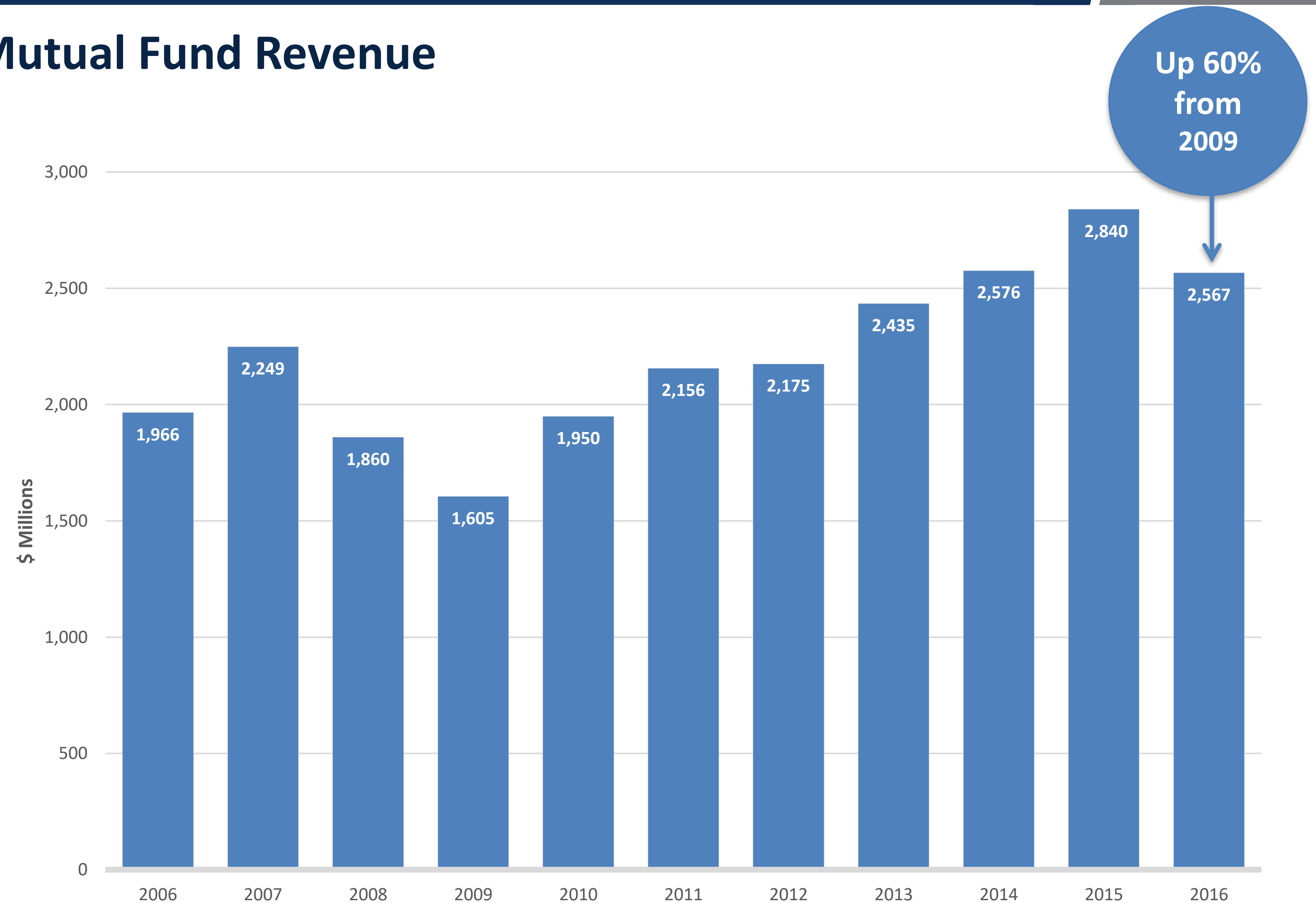


Commission Revenue (Excluding Mutual Funds)

Integrated vs Boutiques



Mutual Fund Revenue



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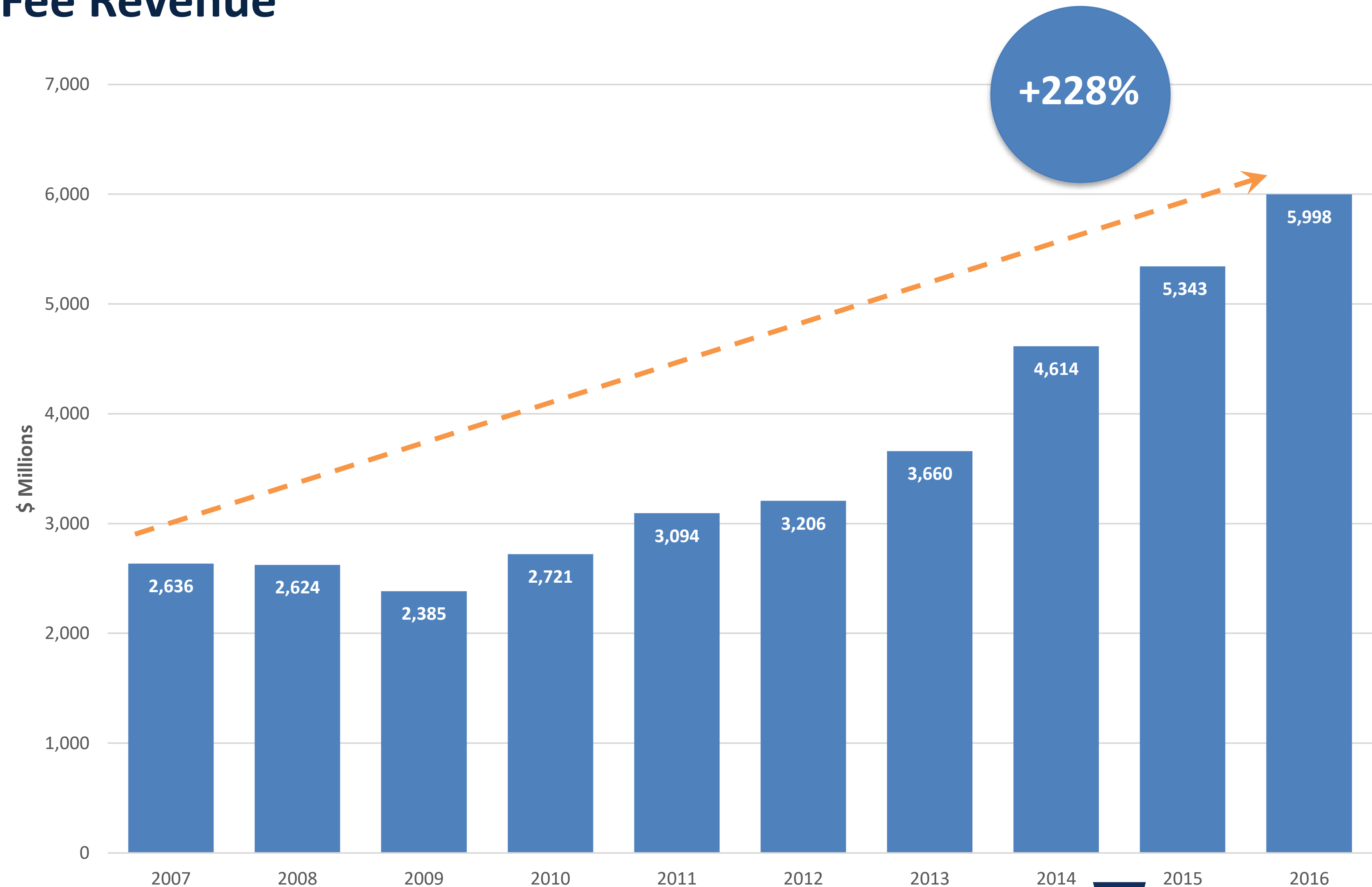
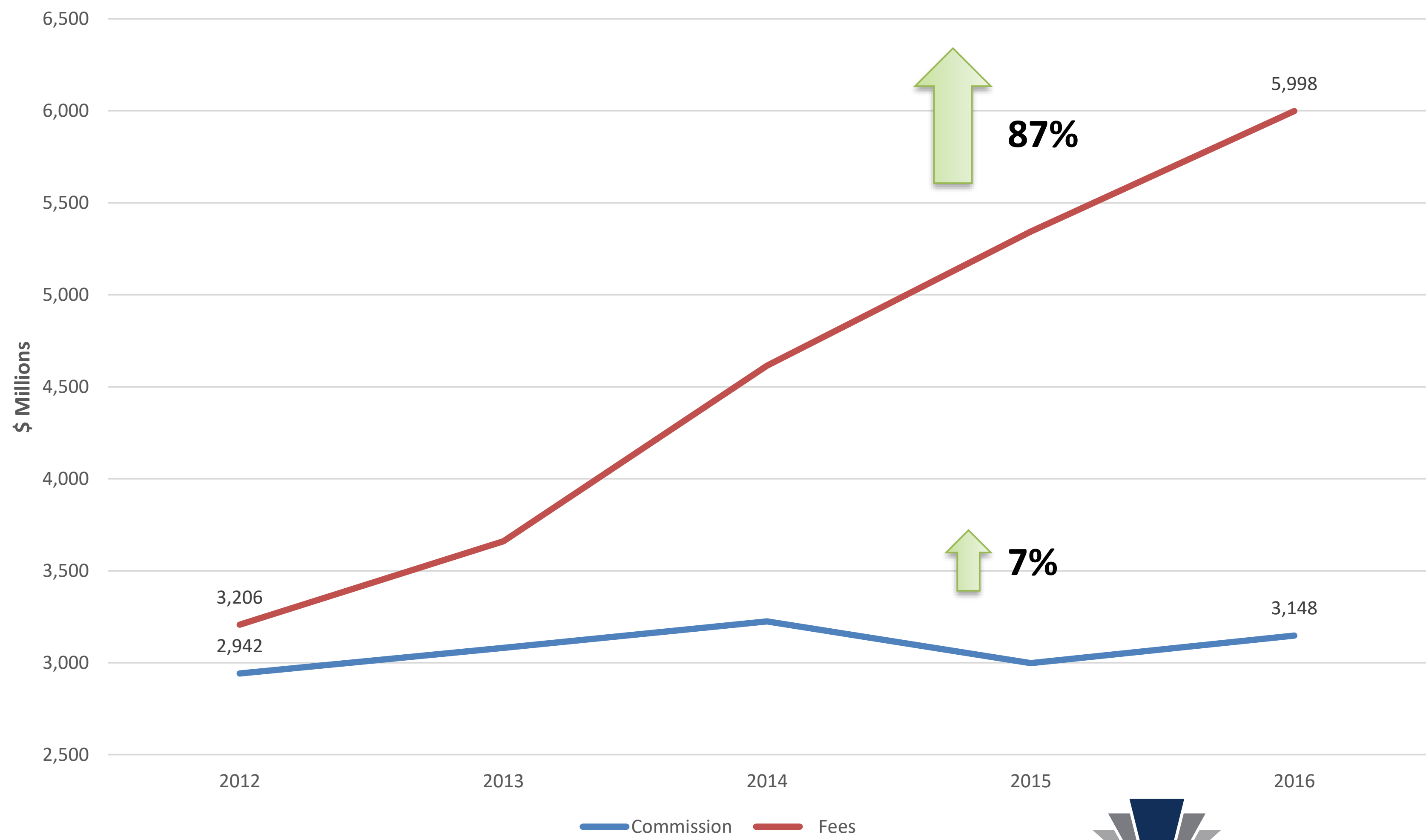
Fee Revenue



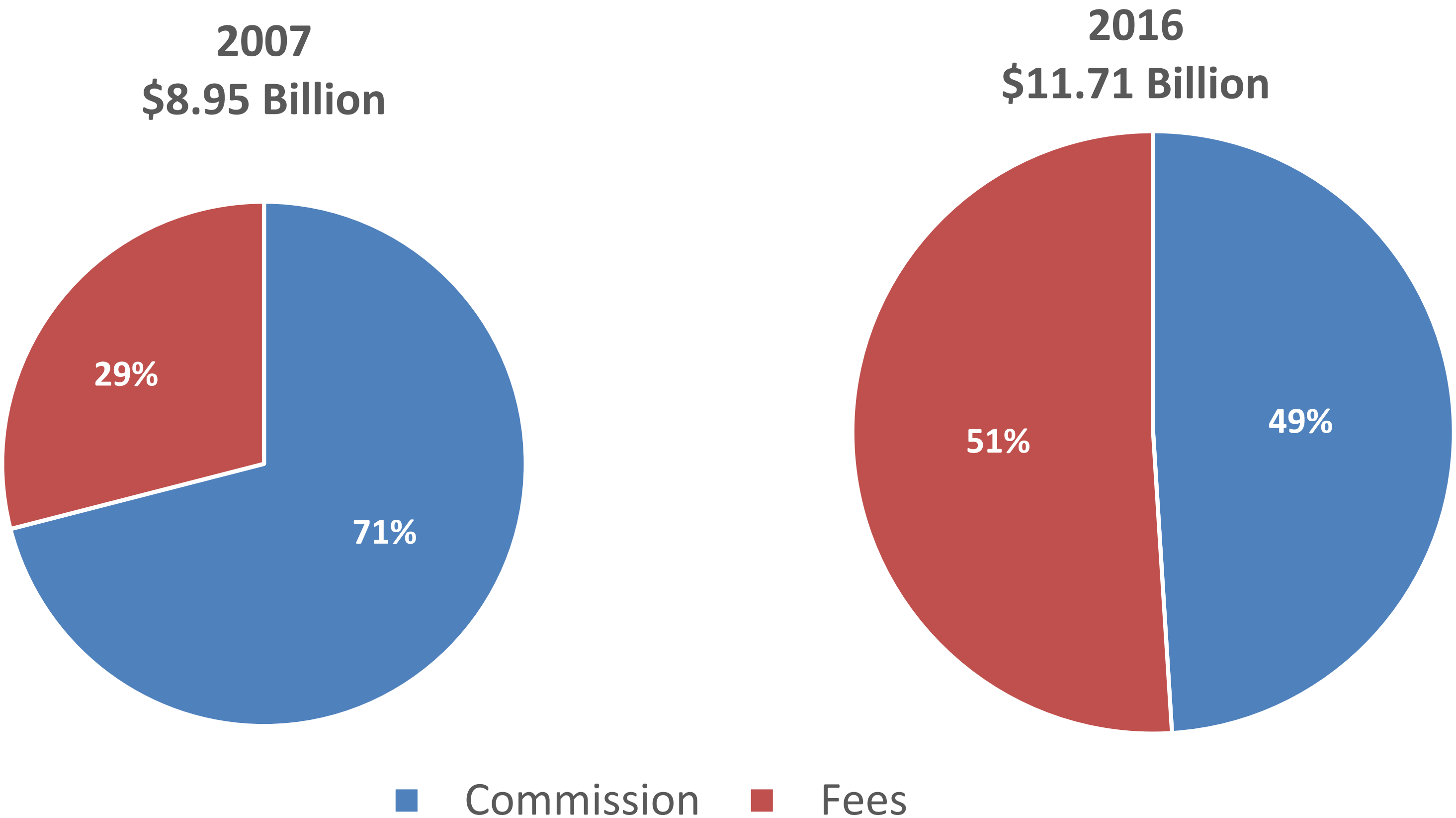
+228%
$ Millions
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
2,636
2,624
2,385
2,721
3,094
3,206
3,660
4,614
5,343
5,998
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016

Industry Fee-Based Revenue vs Commission Revenue

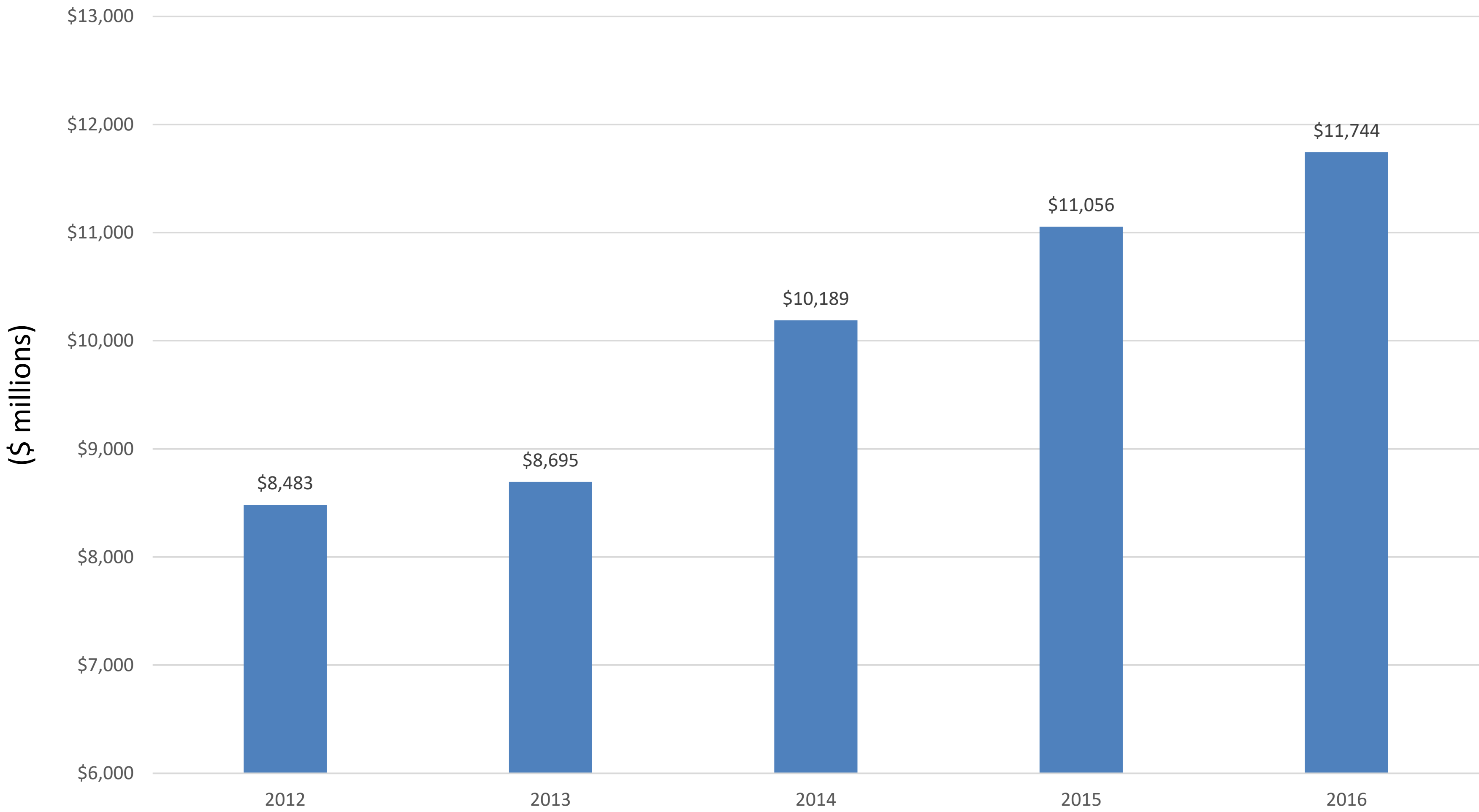
Excluding Mutual Funds



Commissions (including mutual funds) & Fee Revenues



Industry Retail Revenues (est)



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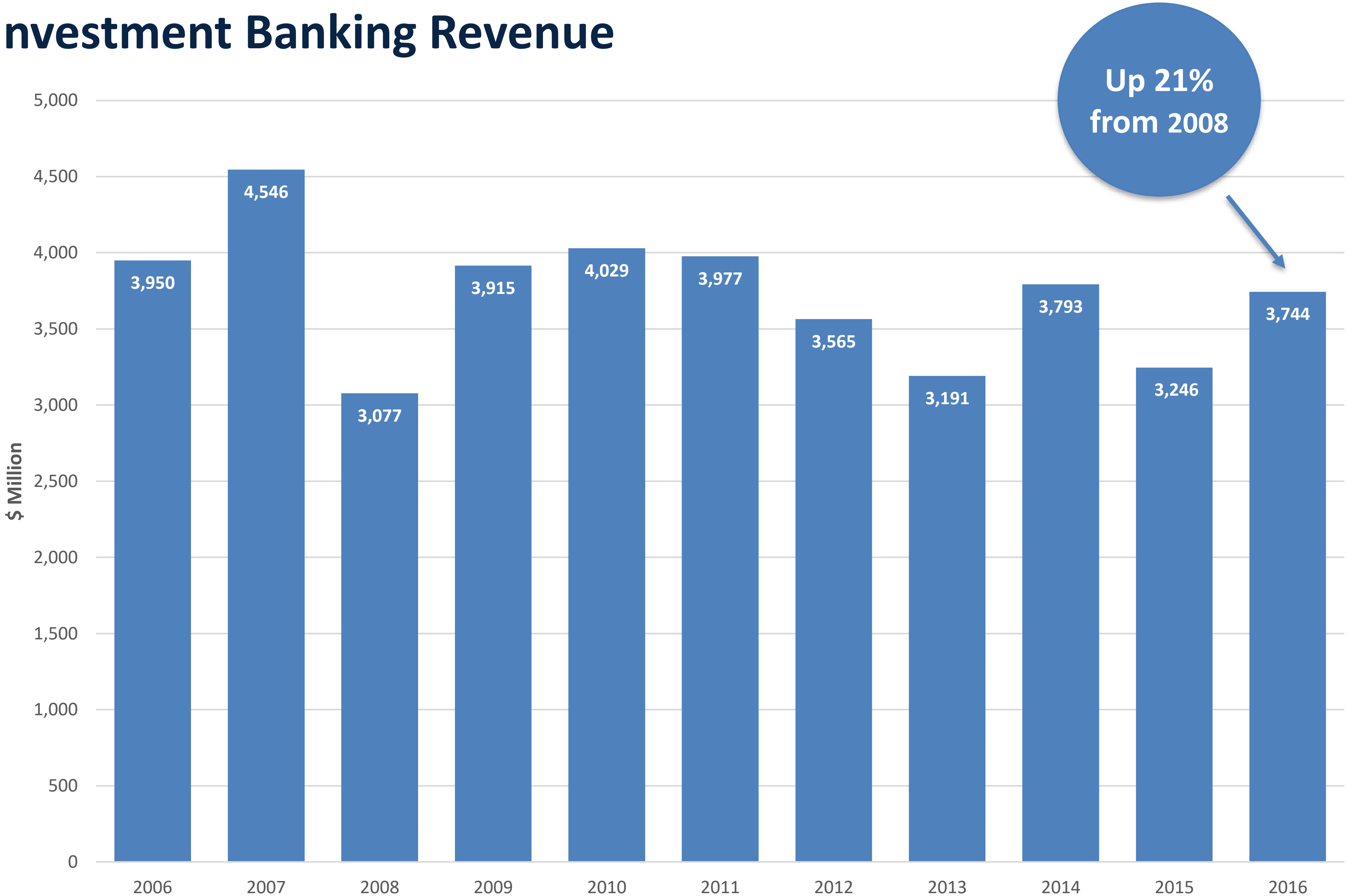
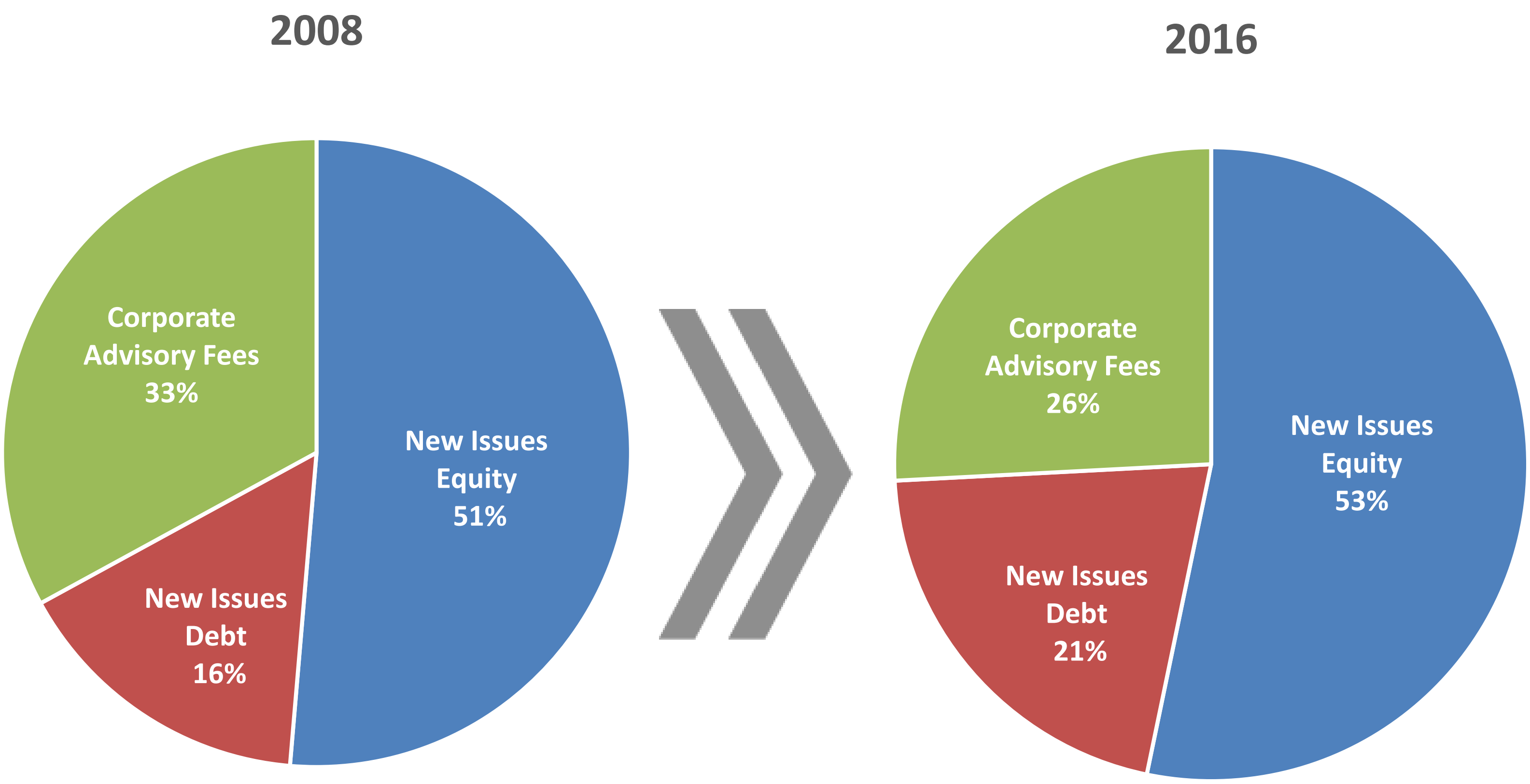
Investment Banking Revenue

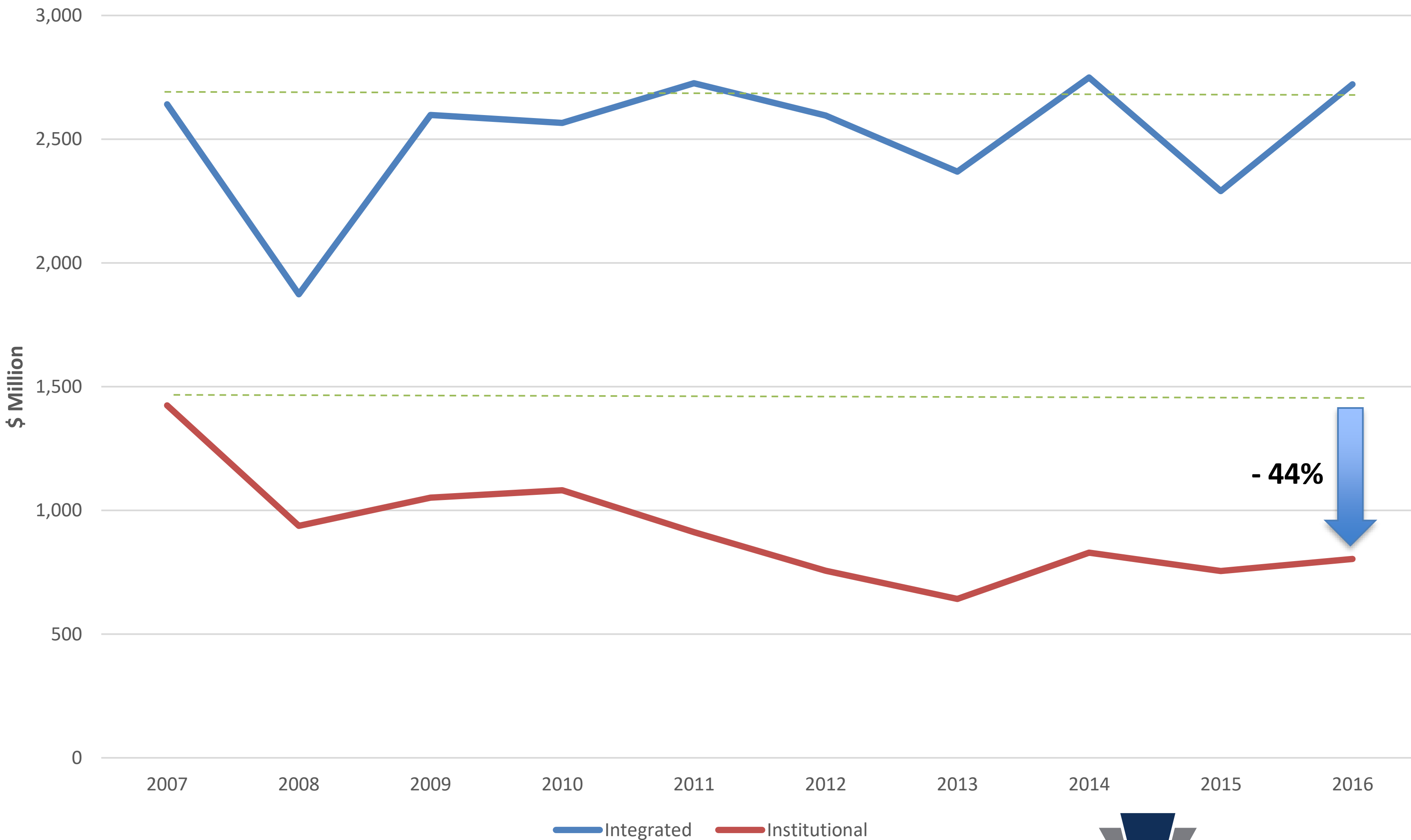


Composition of Investment Banking Revenue



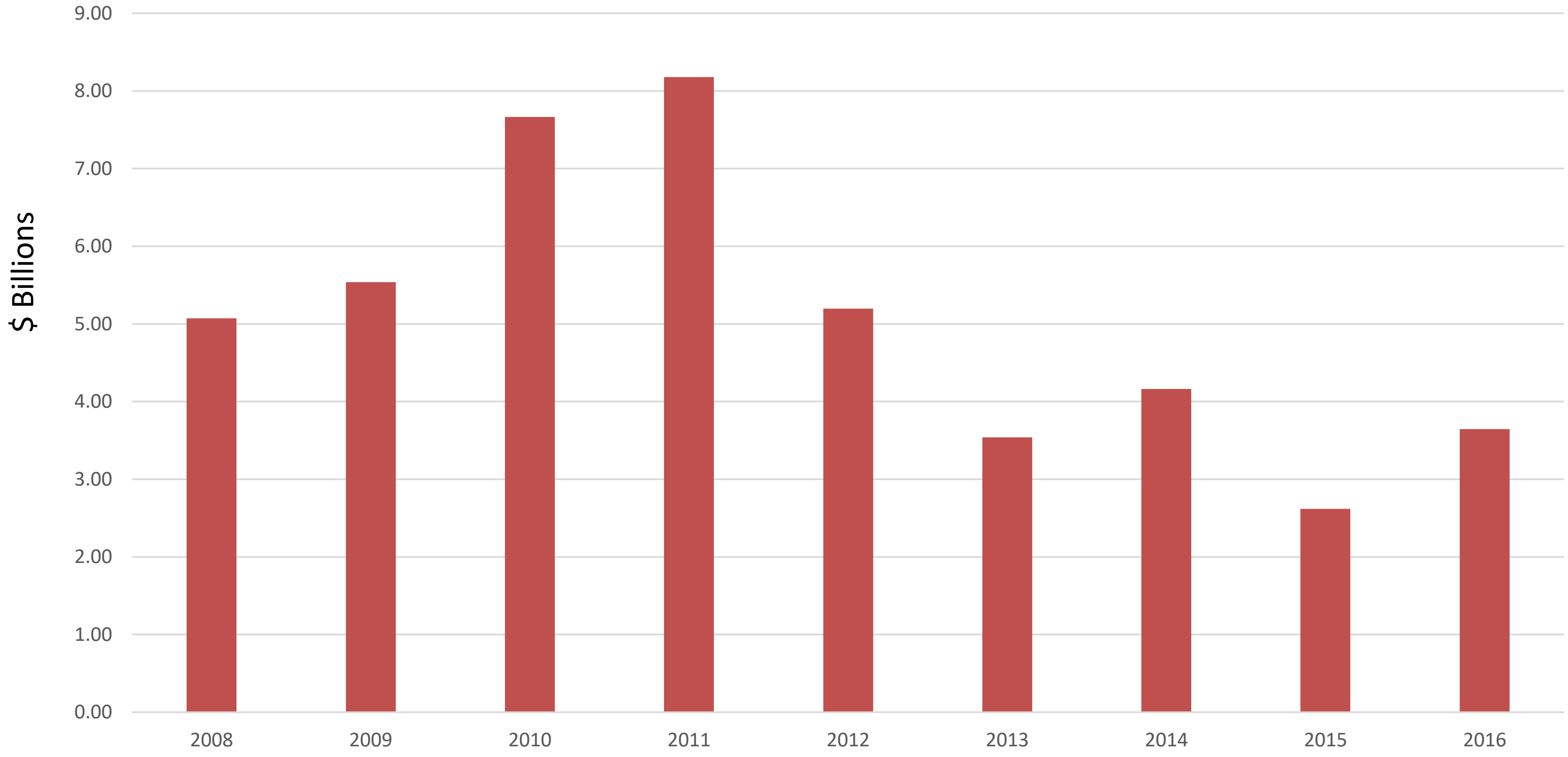
Investment Banking Revenue

Integrated Dealers vs Institutional Boutiques

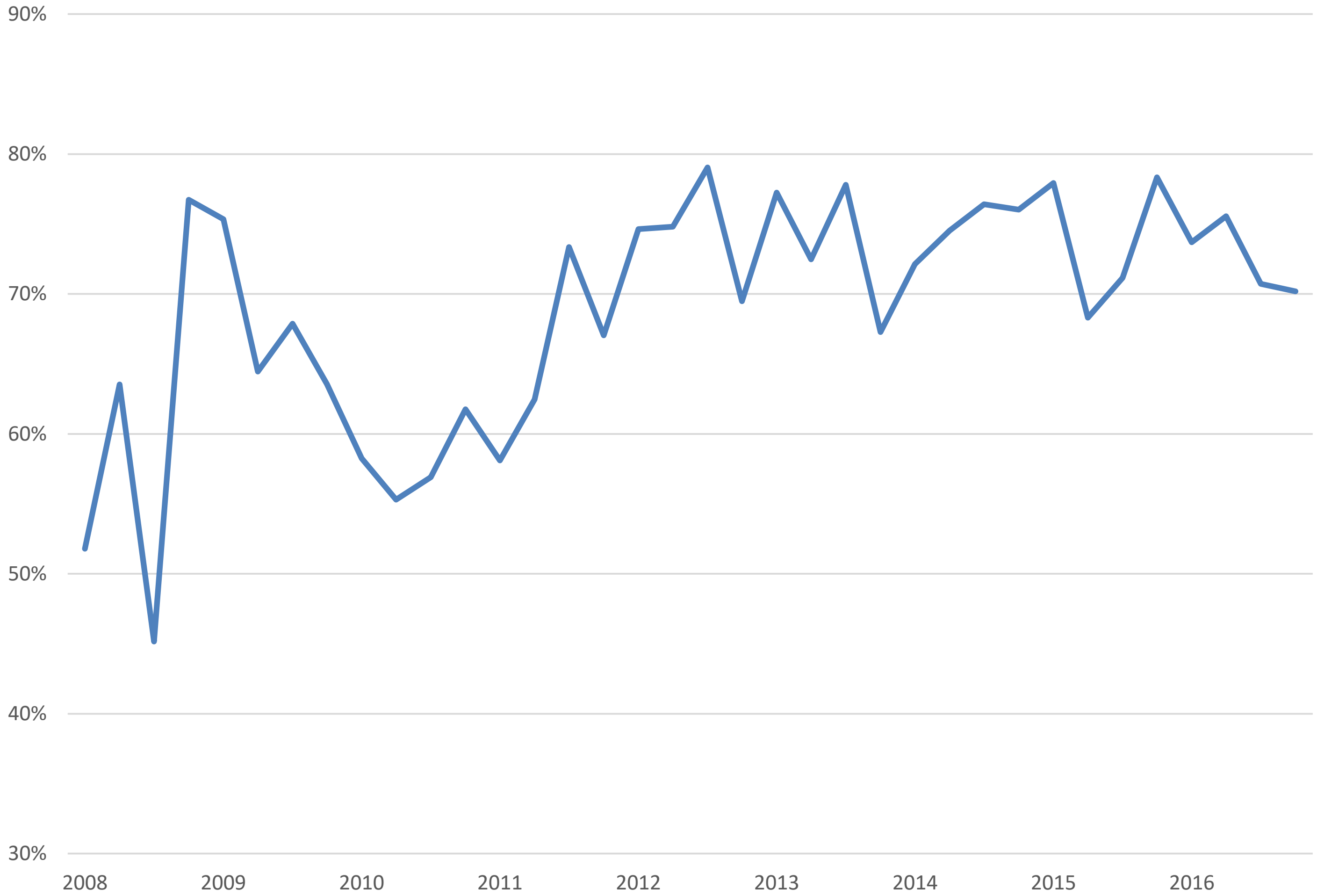


Common Equity Financings

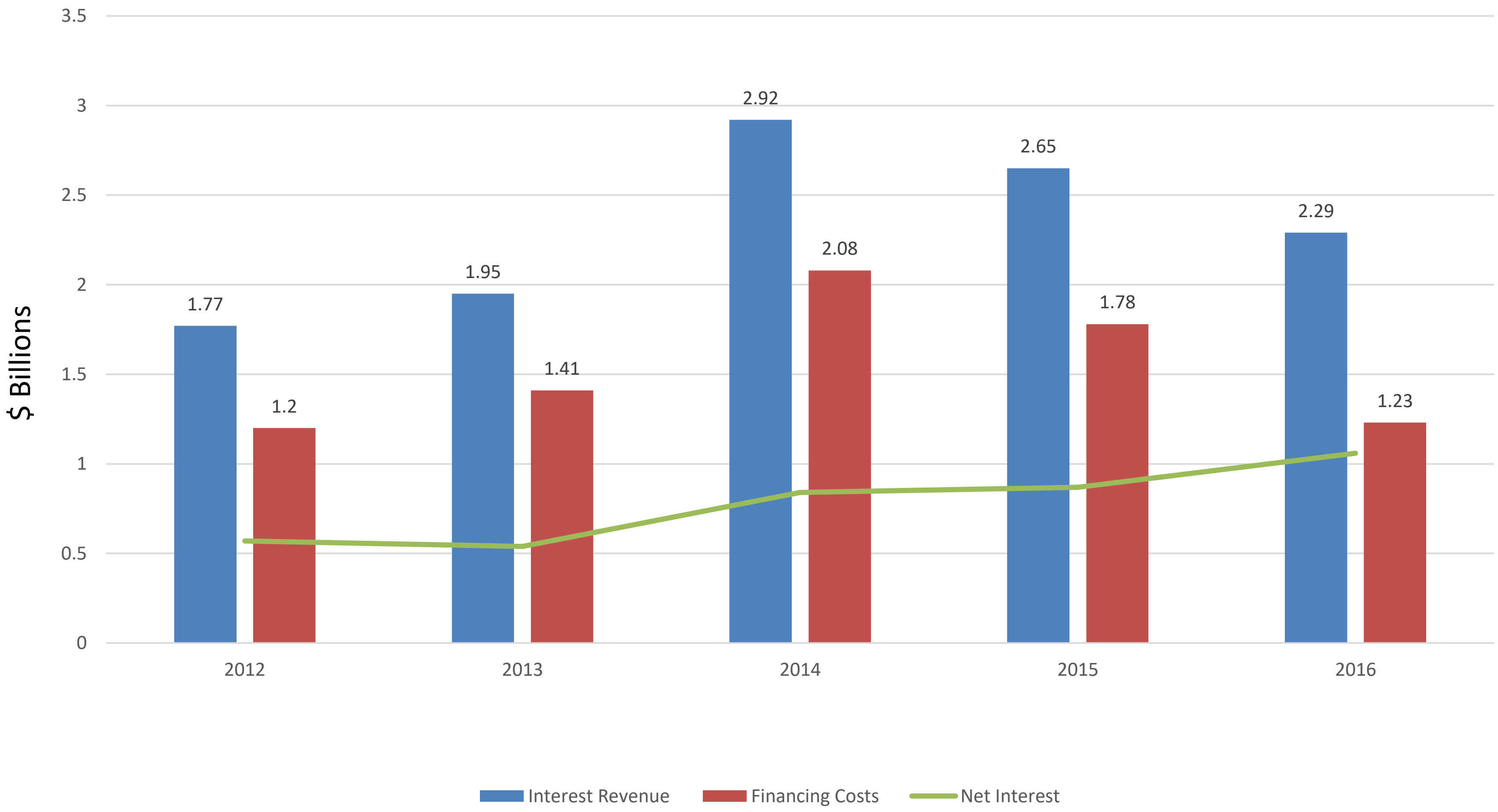
Deals under $25million



Integrated Dealers' Share of Equity New Issue Revenue



Industry Net Interest Revenues



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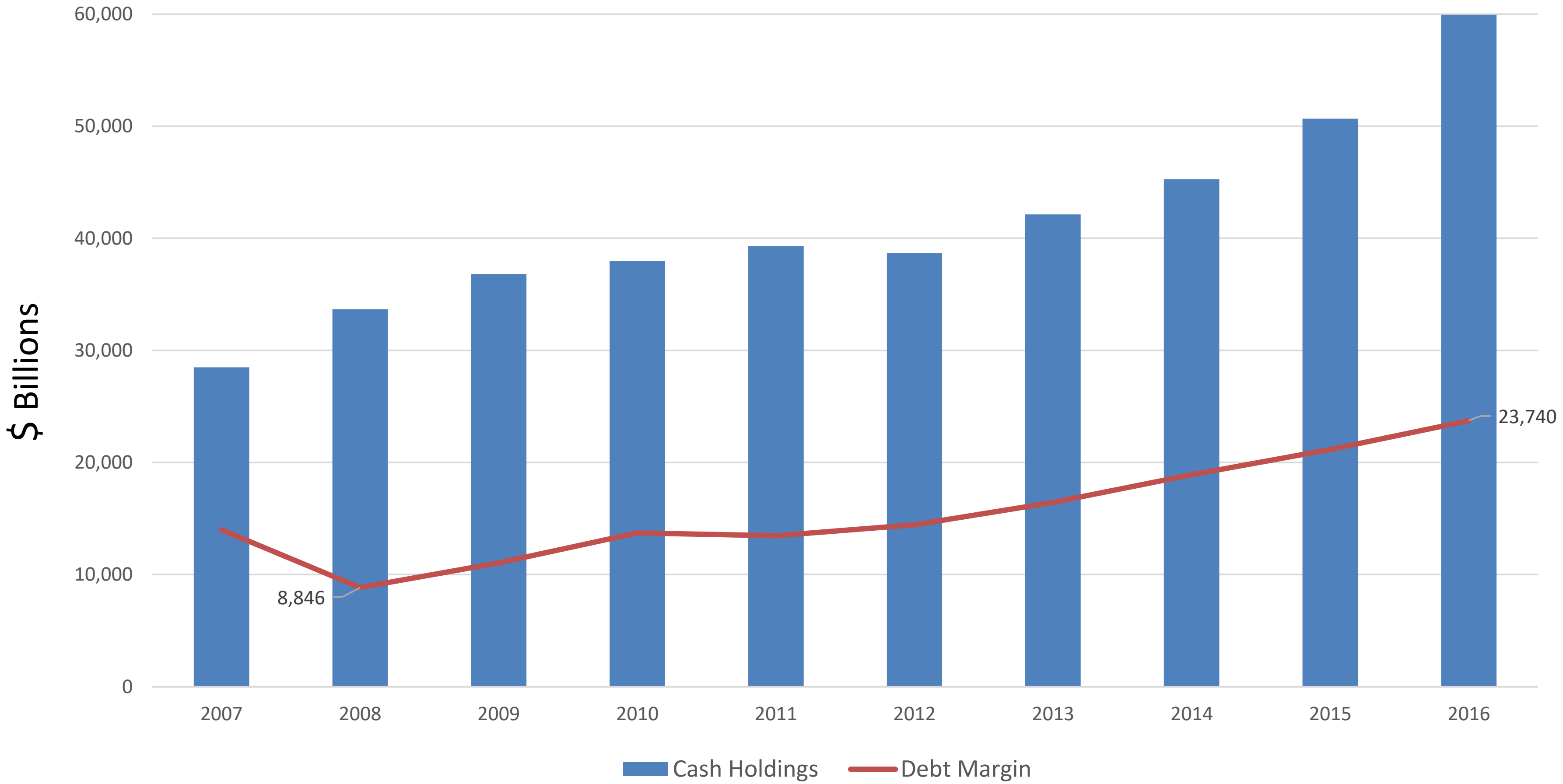
Client Cash Holdings vs Margin Debt



IIAC Activities

- Industry Advocacy
  - “Best Interest” Standard
  - Embedded Commissions
  - CRA Advantage Rules
  - IIROC PLR Project
  - U.S Tax Reporting
- Member Resources: Tools and Templates
  - Small Dealer Compensation Survey
  - Model PM/DM Agreement
  - Cybersecurity resource center
  - 871m Transfer Statement
  - Linked Notes Security Master List
- Member Firm Benefits
  - Cyber Insurance Program
  - Fidelity Bond Program
  - Errors and Omissions
  - Health and Dental
- Industry Profile
  - Hall of Fame Award
  - Top Under 40 Award

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