

TRADING ACTIVITY DAMPENS INDUSTRY PERFORMANCE IN THE SECOND QUARTER

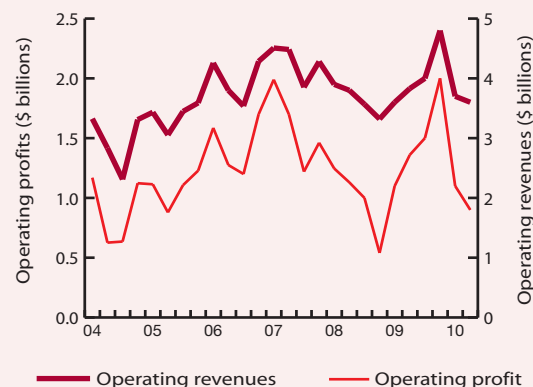
Volatile equity markets and continued concerns over the pace of the global economic recovery continued to hamper industry performance during the second quarter. Total operating revenues and profits for the quarter declined by 4% and 15% respectively. (Chart 1) Revenues from trading activity were most heavily impacted, with commissions, and proprietary debt and equity trading revenues all slipping from the prior quarter. Through the first half of 2010, industry operating profits are down 21% when compared to 2009. Industry performance has been weighted down by the poor showing from integrated firms. 2010's tougher trading climate has taken a toll on the substantial trading business of the integrated firms, contributing to a 31% drop in the group profitability compared to the first half of 2009. Other member categories have fared considerably better with retail firms witnessing a 53% increase in operating profits compared to the first six months of last year. Performance from institutional members gained 11% from 2009.

Unsettled equity markets and rising interest rates caused proprietary trading figures to drop considerably during the period. Total proprietary trading in the second quarter fell 58% from Q1 and 67% from a year ago. Europe's sovereign debt worries continued to plague bond traders with fixed income trading revenues falling 43% in Q2 (Chart 2). Equity traders fared worse with equity trading declining over 150% for the quarter.

Investment banking activity was one of the few bright spots for the industry during the quarter, posting a 15% increase in revenues and keeping pace with the first six months of 2009. The main driver was the underwriting business, with equity and debt underwriting revenues up 23% and 41% respectively for the quarter (Chart 3).

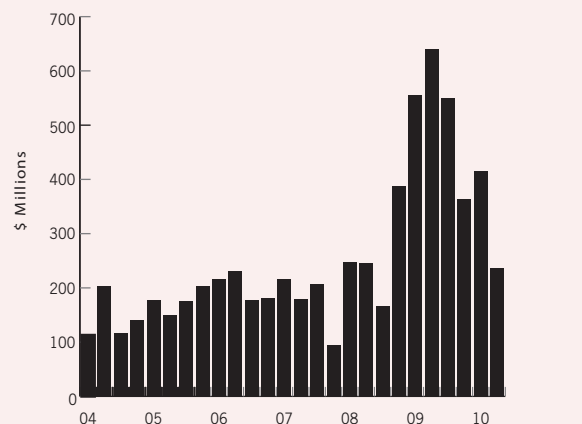
On the wealth management side, commission revenues and mutual fund revenues experienced minor pull backs in Q2. However, through the first six months of the year, commission revenues are still 16% higher than 2009 and mutual fund revenues are 34% higher. Similarly, industry fee-based revenues posted a small decline for the quarter but are still 20% higher in comparison to the first six months of 2009.

Chart 1: Operating profits and revenues



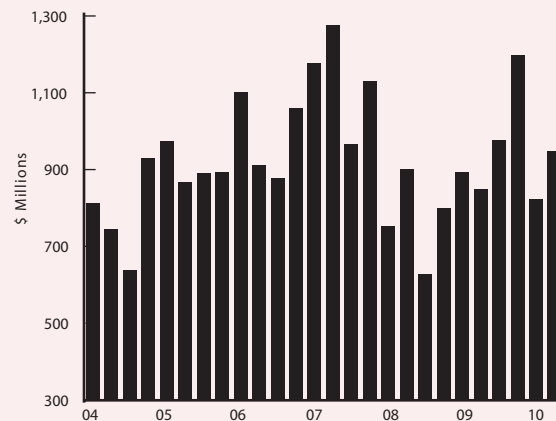
Source: IIAC

Chart 2: Fixed income trading revenues



Source: IIAC

Chart 3: Investment banking revenues



Source: IIAC

Q2 2010 INDUSTRY HIGHLIGHTS

	Quarter-over-Quarter				Cumulative Year-over-Year				Annual Year-over-Year						
	Quarters		% Change		Year to Date		% Change		Years		% Change				
	Q2 10	Q1 10	Q2 09	Q2/Q1 10	Q2 10/09	2010	2009	2008	10/09	09/08	2009	2008	2007	09/08	08/07
(\$ millions unless otherwise noted)															
Number of firms	195	197	203	-1.0	-3.9	195	203	203	-3.9	0.0	200	202	203	-1.0	-0.5
Number of employees	39,692	39,419	40,124	0.7	-1.1	39,692	40,124	41,907	-1.1	-4.3	39,894	40,836	42,329	-2.3	-3.5
Revenue															
Commissions	1,379	1,419	1,278	-2.8	7.9	2,798	2,419	2,957	15.7	-18.2	5,052	5,592	6,315	-9.7	-11.4
<i>Mutual fund only commissions</i>	472	497	378	-5.0	24.9	969	723	1,025	34.0	-29.5	1,605	1,860	2,249	-13.7	-17.3
Investment banking	946	821	847	15.2	11.7	1,767	1,740	1,651	1.6	5.4	3,915	3,077	4,546	27.2	-32.3
<i>New issues equity</i>	537	436	529	23.2	1.5	973	1,044	899	-6.8	16.1	2,356	1,580	2,589	49.1	-39.0
<i>New issues debt</i>	223	158	195	41.1	14.4	381	322	303	18.3	6.3	653	483	581	35.2	-16.9
<i>Corporate advisory fees</i>	186	226	123	-17.7	51.2	412	374	450	10.2	-16.9	906	1,014	1,376	-10.7	-26.3
Fixed income trading	236	416	640	-43.3	-63.1	652	1,196	493	-45.5	142.6	2,109	1,045	698	101.8	49.7
Equity trading	-34	67	-29	-150.7	-17.2	33	67	-117	-50.7	157.3	459	-11	460	n.m	-102.4
Net interest	214	182	215	17.6	-0.5	396	511	927	-22.5	-44.9	914	1,894	1,794	-51.7	5.6
Fees	647	672	548	-3.7	18.1	1,319	1,101	1,347	19.8	-18.3	2,385	2,624	2,636	-9.1	-0.5
Other	181	145	333	24.8	-45.6	326	432	452	-24.5	-4.4	1,473	371	674	297.0	-45.0
Operating revenue	3,568	3,723	3,831	-4.2	-6.9	7,291	7,466	7,710	-2.3	-3.2	16,306	14,593	17,123	11.7	-14.8
Operating expenses¹	1,681	1,647	1,574	2.1	6.8	3,328	3,243	3,184	2.6	1.9	6,555	6,528	6,279	0.4	4.0
Operating profit	891	1,053	1,359	-15.4	-34.4	1,944	2,471	2,371	-21.3	4.2	5,987	3,914	6,382	53.0	-38.7
Net profit (loss)	468	408	730	14.7	-35.9	876	1,277	1,015	-31.4	25.8	2,869	1,875	2,771	53.0	-32.3
Shareholders' equity	16,343	15,640	14,513	4.5	12.6	16,343	14,513	13,182	12.6	10.1	15,225	13,507	12,655	12.7	6.7
Regulatory capital	30,250	29,607	28,512	2.2	6.1	30,250	28,512	24,462	6.1	16.6	29,559	27,461	23,413	7.6	17.3
Client cash holdings	36,209	35,362	35,008	2.4	3.4	36,209	35,008	29,373	3.4	19.2	36,816	33,677	28,500	9.3	18.2
Client debt margin outstanding	12,941	12,027	10,450	7.6	23.8	12,941	10,450	15,897	23.8	-34.3	11,048	8,846	14,001	24.9	-36.8
Productivity (\$ thousands)²	360	378	382	-4.8	-5.9	367	372	368	-1.3	1.1	409	357	405	14.4	-11.7
Annual return³ (%)	11.5	10.4	20.1	1.0	-8.7	10.7	17.6	15.4	-6.9	2.2	18.8	13.9	21.9	5.0	-8.0

¹ Operating expenses reflect the underlying cost of running the securities firm and exclude commissions, bonuses and other compensation to brokers.

² Annual revenue per employee.

³ Annual return is calculated as net profit/shareholder's equity.

Integrated firms

Firms that are national in scope and have extensive retail and institutional operations; includes dealers of the six major chartered banks.

Q2 2010 INTEGRATED FIRM HIGHLIGHTS

(\$ millions unless otherwise noted)	Quarter-over-Quarter				Cumulative Year-over-Year				Annual Year-over-Year						
	Quarters		% Change		Year to Date		% Change		Years		% Change				
	Q2 10	Q1 10	Q2 09	Q2/Q1 10	Q2 10/09	2010	2009	2008	10/09	09/08	2009	2008	2007	09/08	08/07
Number of firms	11	11	11	0.0	0.0	11	11	11	0.0	0.0	11	11	11	0.0	0.0
Number of employees	24,818	24,641	25,486	0.7	-2.6	24,818	25,486	26,420	-2.6	-3.5	25,131	25,973	26,925	-3.2	-3.5
Revenue	921	956	850	-3.7	8.4	1,877	1,611	1,924	16.5	-16.3	3,384	3,675	4,145	-7.9	-11.3
<i>Mutual fund only commissions</i>	356	372	289	-4.3	23.2	728	552	772	31.9	-28.5	1,226	1,414	1,665	-13.3	-15.1
Investment banking	597	509	577	17.3	3.5	1,106	1,179	982	-6.2	20.1	2,598	1,874	2,642	38.6	-29.1
<i>New issues equity</i>	297	254	341	16.9	-12.9	551	729	522	-24.4	39.7	1,587	967	1,421	64.1	-31.9
<i>New issues debt</i>	192	132	161	45.5	19.3	324	269	254	20.4	5.9	546	405	461	34.8	-12.1
<i>Corporate advisory fees</i>	108	123	75	-12.2	44.0	231	181	205	27.6	-11.7	465	502	758	-7.4	-33.8
Fixed income trading	190	335	487	-43.3	-61.0	525	958	364	-45.2	163.2	1,690	782	514	116.1	52.1
Equity trading	-51	39	-66	-230.8	22.7	-12	27	-190	-144.4	114.2	332	106	184	213.2	-42.4
Net interest	187	156	185	19.9	1.1	343	436	712	-21.3	-38.8	790	1,488	1,399	-46.9	6.4
Fees	483	477	408	1.3	18.4	960	803	961	19.6	-16.4	1,764	1,877	1,857	-6.0	1.1
Other	106	92	299	15.2	-64.5	198	305	238	-35.1	28.2	1,233	-1	436	n.m.	-100.2
Operating revenue	2,434	2,563	2,740	-5.0	-11.2	4,997	5,319	4,990	-6.1	6.6	11,792	9,801	11,177	20.3	-12.3
Operating expenses¹	1,110	1,077	1,028	3.1	8.0	2,187	2,071	1,986	5.6	4.3	4,300	4,145	4,029	3.7	2.9
Operating profit	612	765	1,065	-20.0	-42.5	1,377	1,984	1,504	-30.6	31.9	4,782	2,722	3,985	75.7	-31.7
Net profit (loss)	353	337	620	4.7	-43.1	690	1,104	674	-37.5	63.8	2,422	1,502	2,006	61.3	-25.1
Shareholders' equity	11,047	10,364	9,711	6.6	13.8	11,047	9,711	8,179	13.8	18.7	10,029	8,637	7,761	16.1	11.3
Regulatory capital	21,912	21,306	20,767	2.8	5.5	21,912	20,767	16,326	5.5	27.2	21,372	19,334	15,669	10.5	23.4
Client cash holdings	30,445	29,860	29,186	2.0	4.3	30,445	29,186	24,523	4.3	19.0	31,451	28,157	23,811	11.7	18.3
Productivity (\$ thousands)²	392	416	430	-5.7	-8.8	403	417	378	-3.5	10.5	469	377	415	24.3	-9.1
Annual return³ (%)	12.8	13.0	25.5	-0.2	-12.8	12.5	22.7	16.5	-10.2	6.3	24.1	17.4	25.8	6.8	-8.5

¹ Operating expenses reflect the underlying cost of running the securities firm and exclude commissions, bonuses and other compensation to brokers.

² Annual revenue per employee.

³ Annual return is calculated as net profit/shareholder's equity.

Q2 2010 INSTITUTIONAL FIRM HIGHLIGHTS

(\$ millions unless otherwise noted)	Quarter-over-Quarter				Cumulative Year-over-Year				Annual Year-over-Year						
	Quarters		% Change		Year to Date		% Change		Years		% Change				
	Q2 10	Q1 10	Q2 09	Q2/Q1 10	Q2 10/09	2010	2009	2008	10/09	09/08	2009	2008	2007	09/08	08/07
Number of firms	70	71	71	-1.4	-1.4	70	71	68	-1.4	4.4	72	69	68	4.3	1.5
Number of employees	2,805	2,830	2,858	-0.9	-1.9	2,805	2,858	3,062	-1.9	-6.7	2,801	2,926	2,988	-4.3	-2.1
Revenue	161	156	166	3.2	-3.0	317	318	410	-0.3	-22.4	623	777	783	-19.8	-0.8
Commissions	258	232	198	11.2	30.3	490	455	524	7.7	-13.2	1,052	938	1,425	12.2	-34.2
Investment banking revenues	174	121	136	43.8	27.9	295	223	269	32.3	-17.1	568	438	767	29.7	-42.9
<i>New issues equity</i>	13	14	18	-7.1	-27.8	27	28	27	-3.6	3.7	51	42	76	21.4	-44.7
<i>New issues debt</i>	71	96	44	-26.0	61.4	167	204	227	-18.1	-10.1	433	458	581	-5.5	-21.2
<i>Corporate advisory fees</i>	25	49	105	-49.0	-76.2	74	143	58	-48.3	146.6	249	94	82	164.9	14.6
Fixed income trading	6	13	15	-53.8	-60.0	19	-3	46	733.3	-106.5	46	-61	199	175.4	-130.7
Equity trading	3	4	9	-25.0	-66.7	7	28	110	-75.0	-74.5	33	212	201	-84.4	5.5
Net interest	15	53	13	-71.7	15.4	68	38	43	78.9	-11.6	77	79	85	-2.5	-7.1
Fees	33	23	10	43.5	230.0	56	45	92	24.4	-51.1	101	174	126	-42.0	38.1
Other	501	530	516	-5.5	-2.9	1,031	1,024	1,282	0.7	-20.1	2,182	2,214	2,901	-1.4	-23.7
Operating revenue	220	220	214	0.0	2.8	440	499	483	-11.8	3.3	923	990	889	-6.8	11.4
Operating expenses¹	233	244	254	-4.5	-8.3	477	429	650	11.2	-34.0	1,025	947	1,790	8.2	-47.1
Operating profit	114	72	110	58.3	3.6	186	192	287	-3.1	-33.1	444	382	660	16.2	-42.1
Net profit (loss)	4,045	4,053	3,805	-0.2	6.3	4,045	3,805	3,889	6.3	-2.2	3,972	3,803	3,768	4.4	0.9
Shareholders' equity	6,694	6,688	6,075	0.1	10.2	6,694	6,075	6,365	10.2	-4.6	6,607	6,118	5,937	8.0	3.0
Regulatory capital	1,182	1,028	776	15.0	52.3	1,182	776	924	52.3	-16.0	768	1,326	1,034	-42.1	28.2
Client cash holdings	714	749	722	-4.6	-1.1	735	717	837	2.6	-14.4	2,337	757	971	208.9	-22.1
Productivity (\$ thousands)²	11.3	7.1	11.6	4.2	-0.3	9.2	10.1	14.8	-0.9	-4.7	11.2	10.0	17.5	1.1	-7.5
Annual return³ (%)															

¹ Operating expenses reflect the underlying cost of running the securities firm and exclude commissions, bonuses and other compensation to brokers.

² Annual revenue per employee.

³ Annual return is calculated as net profit/shareholder's equity.

Q2 2010 RETAIL FIRM HIGHLIGHTS

(\$ millions unless otherwise noted)	Quarter-over-Quarter				Cumulative Year-over-Year				Annual Year-over-Year						
	Quarters		% Change		Year to Date		% Change		Years		% Change				
	Q2 10	Q1 10	Q2 09	Q2/Q1 10	Q2 10/09	2010	2009	2008	10/09	09/08	2009	2008	2007	09/08	08/07
Number of firms	114	115	122	-0.9	-6.6	114	122	124	-6.6	-1.6	117	122	124	-4.1	-1.6
Number of employees	12,069	11,948	11,780	1.0	2.5	12,069	11,780	12,425	2.5	-5.2	11,962	11,937	12,416	0.2	-3.9
Revenue	296	307	262	-3.6	13.0	603	491	625	22.8	-21.4	1,045	1,140	1,387	-8.3	-17.8
<i>Commissions</i>	116	125	88	-7.2	31.8	241	169	250	42.6	-32.4	375	440	577	-14.8	-23.7
<i>Investment banking</i>	91	80	72	13.8	26.4	171	107	145	59.8	-26.2	265	265	481	0.0	44.9
<i>New issues equity</i>	66	60	52	10.0	26.9	126	92	107	37.0	-14.0	201	176	400	14.2	-56.0
<i>New issues debt</i>	17	12	15	41.7	13.3	29	25	22	16.0	13.6	56	36	43	55.6	-16.3
<i>Corporate advisory fees</i>	7	8	4	-12.5	75.0	15	-10	18	250.0	-155.6	8	54	36	-85.2	50.0
Fixed income trading	20	32	48	-37.5	-58.3	52	94	70	-44.7	34.3	169	139	88	21.6	58.0
Equity trading	11	16	22	-31.3	-50.0	27	43	27	-37.2	59.3	81	17	40	376.5	-57.5
Net interest	25	21	22	19.0	13.6	46	48	104	-4.2	-53.8	91	194	195	-53.1	-0.5
Fees	149	143	126	4.2	18.3	292	258	344	13.2	-25.0	544	667	694	-18.4	-3.9
Other	41	31	24	32.3	70.8	72	82	123	-12.2	-33.3	138	198	111	-30.3	78.4
Operating revenue	633	631	575	0.3	10.1	1,264	1,122	1,437	12.7	-21.9	2,322	2,578	3,045	-9.9	-15.3
Operating expenses¹	351	350	332	0.3	5.7	701	673	716	4.2	-6.0	1,332	1,394	1,361	-4.4	2.4
Operating profit	46	43	40	7.0	15.0	89	58	216	53.4	-73.1	180	245	606	-26.5	-59.6
Net profit (loss)	1	-1	0	200.0	n/a	0	-18	54	100.0	-133.3	3	-8	104	137.5	-107.7
Shareholders' equity	1,251	1,224	997	2.2	25.5	1,251	997	1,114	25.5	-10.5	1,224	1,067	1,126	14.7	-5.2
Regulatory capital	1,644	1,613	1,670	1.9	-1.6	1,644	1,670	1,771	-1.6	-5.7	1,580	1,744	1,807	-9.4	-3.5
Client cash holdings	4,476	4,371	4,976	2.4	-10.0	4,476	4,976	3,927	-10.0	26.7	4,506	4,194	3,655	7.4	14.7
Productivity (\$ thousands)²	210	211	195	-0.7	7.5	209	190	463	10.0	-58.8	194	216	245	-10.1	-11.9
Annual return³ (%)	0.3	-0.3	0.0	0.6	0.3	0.0	-3.6	9.7	3.6	-13.3	0.2	-0.7	9.2	1.0	-10.0

¹ Operating expenses reflect the underlying cost of running the securities firm and exclude commissions, bonuses and other compensation to brokers.

² Annual revenue per employee.

³ Annual return is calculated as net profit/shareholder's equity.

Domestic institutional

Firms that generate most of their revenues from servicing institutional clients and have their head office located in Canada.

	Q2 2010 DOMESTIC INSTITUTIONAL FIRM HIGHLIGHTS														
	Quarter-over-Quarter				Cumulative Year-over-Year				Annual Year-over-Year						
	Quarters		% Change		Year to Date		% Change		Years		% Change				
	Q2 10	Q1 10	Q2 09	Q2/Q1 10	Q2 10/09	2010	2009	2008	10/09	09/08	2009	2008	2007	09/08	08/07
(\$ millions unless otherwise noted)															
Number of Firms	50	51	51	-2.0	-2.0	50	51	48	-2.0	6.3	52	49	48	6.1	2.1
Number of Employees	2,025	2,112	2,134	-4.1	-5.1	2,025	2,134	2,211	-5.1	-3.5	2,090	2,146	2,048	-2.6	4.8
Revenue															
Commission	108	108	118	0.0	-8.5	216	221	281	-2.3	-21.4	439	517	537	-15.1	-3.7
Investment banking															
<i>New issues equity</i>	211	173	157	22.0	34.4	384	267	349	43.8	-23.5	684	635	956	7.7	-33.6
<i>New issues debt</i>	165	113	117	46.0	41.0	278	187	227	48.7	-17.6	468	389	670	20.3	-42.0
<i>Corporate advisory fees</i>	5	4	6	25.0	-16.7	9	8	6	12.5	33.3	17	9	12	88.9	-26.6
Fixed income trading	4	5	11	-20.0	-63.6	9	20	12	-55.0	66.7	38	25	6	52.0	297.3
Equity trading	-10	13	27	-176.9	-137.0	3	49	-34	-93.9	244.1	113	-127	25	-189.0	-602.4
Net interest	4	3	4	33.3	0.0	7	9	27	-22.2	-66.7	19	50	51	-62.0	-2.3
Fees	12	50	11	-76.0	9.1	62	35	36	77.1	-2.8	69	64	66	7.8	-3.4
Other	13	11	-4	18.2	425.0	24	10	19	140.0	-47.4	25	57	23	-56.1	146.1
Operating revenue	342	365	324	-6.3	5.6	707	612	689	15.5	-11.2	1,388	1,222	1,664	13.6	-26.6
Operating expenses¹	137	143	138	-4.2	-0.7	280	275	239	1.8	15.1	548	502	428	9.2	17.3
Operating profit	161	161	146	0.0	10.3	322	262	321	22.9	-18.4	635	484	1,000	31.2	-51.6
Net profit (loss)	81	47	67	72.3	20.9	128	128	133	0.0	-3.8	277	137	386	102.2	-64.5
Shareholders' Equity	1,739	1,746	1,576	-0.4	10.3	1,739	1,576	1,671	10.3	-5.7	1,685	1,563	1,686	7.8	-7.3
Regulatory Capital	2,009	2,007	1,862	0.1	7.9	2,009	1,862	2,007	7.9	-7.2	1,943	1,900	2,008	2.3	-5.4
Client cash holdings	782	685	470	14.2	66.4	782	470	519	66.4	-9.4	464	768	519	-39.6	48.0
Productivity (\$ thousands)²	676	691	607	-2.3	11.2	698	574	623	21.7	-8.0	664	569	813	16.6	-29.9
Annual return³ (%)	18.6	10.8	17.0	7.9	1.6	14.7	16.2	15.9	-1.5	0.3	16.4	8.8	22.9	7.7	-14.1

¹ Operating expenses reflect the underlying cost of running the securities firm and exclude commissions, bonuses and other compensation to brokers.

² Annual revenue per employee.

³ Annual return is calculated as net profit/shareholder's equity.

Foreign institutional

Firms that generate most of their revenues from servicing institutional clients and have their head office located offshore.

	Q2 2010 FOREIGN INSTITUTIONAL FIRM HIGHLIGHTS														
	Quarter-over-Quarter				Cumulative Year-over-Year				Annual Year-over-Year						
	Quarters		% Change		Year to Date		% Change		Years		% Change				
	Q2 10	Q1 10	Q2 09	Q2/Q1 10	Q2 10/09	2010	2009	2008	10/09	09/08	2009	2008	2007	09/08	08/07
(\$ millions unless otherwise noted)															
Number of firms	20	20	20	0.0	0.0	20	20	20	0.0	0.0	20	20	20	0.0	0.0
Number of employees	780	718	724	8.6	7.7	780	724	851	7.7	-14.9	711	780	940	-8.8	-17.0
Revenue															
Commissions	53	48	48	10.4	10.4	101	97	128	4.1	-24.2	183	260	246	-29.6	5.6
Investment banking															
<i>New issues equity</i>	47	59	42	-20.3	11.9	106	188	175	-43.6	7.4	367	303	467	21.1	-35.1
<i>New issues debt</i>	8	9	19	-11.1	-57.9	17	36	41	-52.8	-12.2	99	49	96	102.0	-49.2
<i>Corporate advisory fees</i>	9	10	11	-10.0	-18.2	19	18	21	5.6	-14.3	34	33	64	3.0	-48.1
	30	40	11	-25.0	172.7	70	133	112	-47.4	18.8	234	220	308	6.4	-28.5
Fixed income trading															
Equity trading	22	43	94	-48.8	-76.6	65	123	48	-47.2	156.3	212	69	76	207.2	-9.1
Net interest	16	-1	-12	1700.0	233.3	15	-52	79	128.8	-165.8	-67	66	173	-201.5	-61.9
Fees	-2	1	4	-300.0	-150.0	-1	18	83	-105.6	-78.3	14	162	150	-91.4	8.1
Other	3	3	2	0.0	50.0	6	12	7	-50.0	71.4	8	15	19	-46.7	-20.2
	20	12	15	66.7	33.3	32	36	73	-11.1	-50.7	76	118	103	-35.6	14.4
Operating revenue	159	165	191	-3.6	-16.8	324	412	583	-21.4	-30.5	794	992	1,237	-20.0	-19.8
Operating expenses¹	83	77	76	7.8	9.2	160	224	244	-28.6	-8.2	375	488	463	-23.2	5.4
Operating profit	72	84	108	-14.3	-33.3	156	167	330	-6.6	-49.4	390	463	790	-15.8	-41.4
Net profit (loss)	33	25	43	32.0	-23.3	58	64	155	-9.4	-58.7	167	245	274	-31.8	-10.7
Shareholders' equity	2,306	2,307	2,229	0.0	3.5	2,306	2,229	2,218	3.5	0.5	2,287	2,239	2,082	2.1	7.5
Regulatory capital	4,684	4,682	4,214	0.0	11.2	4,684	4,214	4,368	11.2	-3.3	4,664	4,218	3,929	10.6	7.4
Client cash holdings	400	343	306	16.6	30.7	400	306	334	30.7	-8.4	304	493	334	-38.3	47.6
Productivity (\$ thousands)²	815	919	1,055	-11.3	-22.7	831	1,138	1,394	-27.0	-18.3	3,350	1,272	1,316	163.4	-3.4
Annual return³ (%)	5.7	4.3	7.7	1.4	-2.0	5.0	5.7	14.0	-0.7	-8.2	9.7	10.9	13.2	-1.2	-2.2

¹ Operating expenses reflect the underlying cost of running the securities firm and exclude commissions, bonuses and other compensation to brokers.

² Annual revenue per employee.

³ Annual return is calculated as net profit/shareholder's equity.

Full service

Firms that generate most of their revenues from servicing retail clients and have their own front and back offices.

Q2 2010 FULL SERVICE RETAIL FIRM HIGHLIGHTS

(\$ millions unless otherwise noted)	Quarter-over-Quarter				Cumulative Year-over-Year				Annual Year-over-Year					
	Quarters		% Change		Year to Date		% Change		Years		% Change			
	Q2 10	Q1 10	Q2 09	Q2/Q1 10	Q2 10/09	% Change	2010	2009	2008	2007	2008	2007	09/08	08/07
Number of firms	35	35	34	0.0	2.9	2.9	35	34	34	36	34	36	2.9	-5.6
Number of employees	6,131	6,080	5,909	0.8	3.8	3.8	6,131	5,909	6,491	6,491	6,018	6,517	0.9	-7.7
Revenue	164	169	152	-3.0	7.9	15.6	333	288	365	365	659	810	-8.2	-18.6
<i>Commissions</i>	69	73	52	-5.5	32.7	37.9	142	103	153	153	268	298	-15.3	-10.1
Investment banking	67	60	50	11.7	34.0	51.2	127	84	96	96	156	334	23.1	-53.3
<i>New issues equity</i>	47	42	34	11.9	38.2	53.4	89	58	66	66	107	249	19.6	-57.0
<i>New issues debt</i>	15	11	13	36.4	15.4	18.2	26	22	16	16	27	33	77.8	-18.2
<i>Corporate advisory fees</i>	4	7	2	-42.9	100.0	266.7	11	3	14	14	22	23	-22.7	-4.8
Fixed income trading	16	27	38	-40.7	-57.9	-41.9	43	74	52	52	136	56	-1.5	143.1
<i>Equity trading</i>	0	9	11	-100.0	-100.0	-59.1	9	22	11	11	-50	40	184.0	-226.6
Net interest	14	12	12	16.7	16.7	0.0	26	26	55	55	104	108	-52.9	-3.4
Fees	79	77	67	2.6	17.9	18.2	156	132	148	148	292	294	-1.4	-0.5
Other	19	17	14	11.8	35.7	44.0	36	25	32	32	58	59	-1.7	-2.4
Operating revenue	359	371	343	-3.2	4.7	12.1	730	651	761	761	1,356	1,670	0.8	-18.8
Operating expenses¹	202	201	187	0.5	8.0	6.6	403	378	408	408	780	778	-3.6	0.2
Operating profit	20	29	34	-31.0	-41.2	36.1	49	36	61	61	29	267	320.7	-89.1
Net profit (loss)	1	8	7	-87.5	-85.7	550.0	9	-2	10	10	-29	80	206.9	-136.4
Shareholders' equity	852	819	886	4.0	-3.8	-3.8	852	886	932	932	894	899	-10.1	-0.6
Regulatory capital	1,055	1,023	1,097	3.1	-3.8	-3.8	1,055	1,097	1,146	1,146	1,094	1,104	-9.8	-0.9
Client cash holdings	3,540	3,510	3,229	0.9	9.6	9.6	3,540	3,229	2,608	2,608	2,745	2,608	31.9	5.3
Productivity (\$ thousands)²	234	244	232	-4.0	0.9	8.1	238	220	234	234	225	256	0	-12
Annual return³ (%)	0.5	3.9	3.2	-3.4	-2.7	2.6	2.1	-0.5	2.1	2.1	-3.2	8.9	7.1	-12.1

¹ Operating expenses reflect the underlying cost of running the securities firm and exclude commissions, bonuses and other compensation to brokers.

² Annual revenue per employee.

³ Annual return is calculated as net profit/shareholder's equity.

Retail introducers

Firms that generate most of their revenues from servicing retail clients and typically do not have back offices (use a “carrier” firm to manage their back office).

Q2 2010 RETAIL INTRODUCER FIRM HIGHLIGHTS															
(\$ millions unless otherwise noted)	Quarter-over-Quarter				Cumulative Year-over-Year				Annual Year-over-Year						
	Quarters		% Change		Year to Date		% Change		Years		% Change				
	Q2 10	Q1 10	Q2 09	Q2/Q1 10	Q2 10/09	2010	2009	2008	10/09	09/08	2009	2008	2007	09/08	08/07
Number of firms	79	80	87	-1.3	-9.2	79	87	87	-9.2	0.0	82	88	88	-6.8	0.0
Number of employees	5,938	5,868	5,871	1.2	1.1	5,938	5,871	5,934	1.1	-1.1	5,890	5,919	5,899	-0.5	0.3
Revenue	133	138	111	-3.6	19.8	271	204	260	32.8	-21.5	440	480	577	-8.3	-16.8
Commissions <i>Mutual fund only commissions</i>	47	52	35	-9.6	34.3	99	66	96	50.0	-31.3	148	172	251	-14.0	-31.4
Investment banking	24	21	22	14.3	9.1	45	24	49	87.5	-51.0	73	110	175	-33.6	-37.0
<i>New issues equity</i>	19	18	18	5.6	5.6	37	34	41	8.8	-17.1	73	69	151	5.8	-54.2
<i>New issues debt</i>	2	1	2	100.0	0.0	3	3	4	0.0	-25.0	8	9	11	-11.1	-19.6
<i>Corporate advisory fees</i>	3	1	2	200.0	50.0	4	-13	4	130.8	-425.0	-8	32	14	-125.0	133.5
Fixed income trading	4	5	10	-20.0	-60.0	9	20	17	-55.0	17.6	35	34	46	2.9	-26.8
Equity trading	11	7	11	57.1	0.0	18	21	17	-14.3	23.5	38	-6	36	733.3	-116.7
Net interest	11	10	10	10.0	10.0	21	22	48	-4.5	-54.2	42	89	87	-52.8	2.7
Fees	70	66	59	6.1	18.6	136	126	195	7.9	-35.4	256	375	401	-31.7	-6.6
Other	22	14	10	57.1	120.0	36	56	90	-35.7	-37.8	81	140	51	-42.1	174.3
Operating revenue	274	260	232	5.4	18.1	534	472	676	13.1	-30.2	966	1,222	1,376	-20.9	-11.2
Operating expenses¹	149	149	145	0.0	2.8	298	295	308	1.0	-4.2	580	614	582	-5.5	5.5
Operating profit	27	15	5	80.0	440.0	42	20	155	110.0	-87.1	57	216	339	-73.6	-36.3
Net profit (loss)	0	-9	-7	100.0	100.0	-9	-17	44	47.1	-138.6	-27	21	23	-228.6	-8.0
Shareholders' equity	399	404	111	-1.2	259.5	399	111	182	259.5	-39.0	420	173	227	142.8	-23.8
Regulatory capital	588	590	572	-0.3	2.8	588	572	624	2.8	-8.3	593	650	703	-8.8	-7.5
Client cash holdings	936	861	1,747	8.7	-46.4	936	1,747	1,319	-46.4	32.4	886	1,448	1,319	-38.8	9.8
Productivity (\$ thousands)²	185	177	158	4.1	16.8	180	161	228	11.9	-29.4	164	206	233	-21	-11
Annual return³ (%)	0.0	-8.9	-25.2	8.9	25.2	-4.5	-30.6	48.4	26.1	-79.0	-6.4	12.1	10.1	-18.6	2.1

¹ Operating expenses reflect the underlying cost of running the securities firm and exclude commissions, bonuses and other compensation to brokers.

² Annual revenue per employee.

³ Annual return is calculated as net profit/shareholder's equity.

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