

Q4
09

SECURITIES INDUSTRY PERFORMANCE

REPORT FOR THE FOURTH QUARTER

INDUSTRY PERFORMANCE BOLSTERED BY IMPROVED MARKET CONDITIONS

The securities industry ended 2009 on a high note with the fourth quarter being the best performing quarter of the year. Industry operating revenues and operating profits were up 19% and 30% respectively from the prior quarter and up an impressive 45% and 266% from the same period in 2008. Q4 capped an impressive rebound for Canada's securities industry with total industry operating revenues and profits up 12% and 53% respectively for the year (Chart 1). Improved market sentiment was a leading contributor to the turnaround in global equity markets that began in March of 2009 and led to a 53% surge in Canadian equity markets for the March 1st to December 31st period. Credit markets also improved with credit spreads narrowing considerably during the year and borrowers increasingly tapping both debt and equity market for much needed capital.

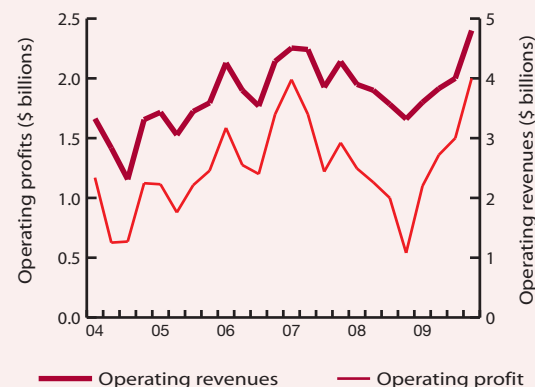
The industry's turnaround in 2009 was largely attributed to the performance of the integrated firms. Integrated firms witnessed a 20% increase in revenues and 76% increase in profits from the prior year and accounted for over 70% of total industry revenues and nearly 80% of total industry operating profits in 2009. However, retail introducer firms and foreign institutional firms continued to face struggles with operating profits plunging 74% and 16% respectively from 2008.

Benefiting most from the resurgence in capital markets were the investment banking and principal trading businesses – two areas especially hard hit the previous year. The industry earned \$3.9 billion from investment banking services in 2009 representing a 27% increase from 2008. Underwriting activity picked up considerably from 2008 with almost \$300 billion of capital raised in 2009, a 50% increase from 2008. As a result, the industry's underwriting revenues were nearly \$1 billion higher than the prior years and in line with the 2006's levels.

Despite tapering off in the final quarter, 2009 was a record setting year for fixed-income trading desks which earned over \$2 billion in revenues – more than double 2008's levels (Chart 2). Equity trading desk, which were plagued by losses in 2008, fared much better in 2009 but still fell well short of their 2006 performance.

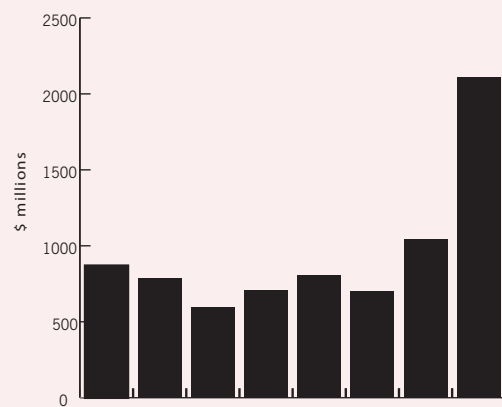
While much of the institutional business flourished, the retail investor appears to have taken a cautious approach to the improved market condition which delayed the recovery of the wealth management business. On the year, commission revenues fell a further 10% from 2008's levels, including a 14% decline in mutual fund commission and trailers. Industry fee based revenues, largely derived from discretionary managed and other fee-based retail accounts, fell 9% in 2009, its largest ever annual decrease. Fee revenue, however, did total \$2.4 billion on the year - its third highest level on record (Chart 3). Additionally, wealth management areas gained momentum in the final months of the year with commission revenues, mutual fund revenues and fee revenues all noticeable higher than prior months.

Chart 1: Operating profits and revenues



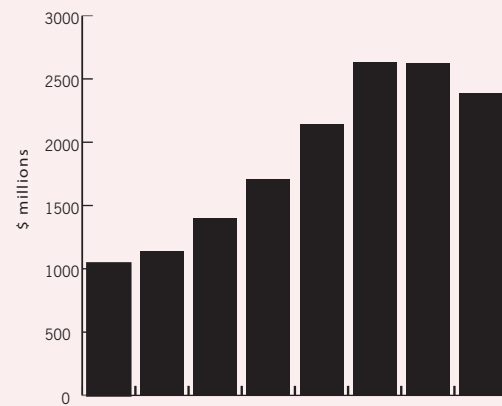
Source: IIAC

Chart 2: Fixed-income trading revenues



Source: IIAC

Chart 3: Fee-based revenues



Source: IIAC

Q4 2009 INDUSTRY HIGHLIGHTS

(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q4 09	Q3 09	Q4 08	Q4/Q3 09	Q4 09/08	2009	2008	2007	2006	09/08	08/07	07/06
Number of firms	200	201	202	-0.5	-1.0	200	202	203	198	-1.0	-0.5	2.5
Number of employees	39,894	40,122	40,836	-0.6	-2.3	39,894	40,836	42,329	40,919	-2.3	-3.5	3.4
Revenue												
Commissions	1,341	1,292	1,298	3.8	3.3	5,052	5,592	6,315	5,995	-9.7	-11.4	5.3
<i>Mutual fund only commissions</i>	464	418	369	11.0	25.7	1,605	1,860	2,249	1,966	-13.7	-17.3	14.4
Investment banking	1,198	976	800	22.7	49.8	3,915	3,077	4,546	3,950	27.2	-32.3	15.1
<i>New issues equity</i>	730	582	434	25.4	68.2	2,356	1,580	2,589	2,224	49.1	-39.0	16.4
<i>New issues debt</i>	181	149	86	21.5	110.5	653	483	581	590	35.2	-16.9	-1.5
<i>Corporate advisory fees</i>	287	245	279	17.1	2.9	906	1,014	1,376	1,136	-10.7	-26.3	21.1
Fixed income trading	363	550	387	-34.0	-6.2	2,109	1,045	698	806	101.8	49.7	-13.4
Equity trading	126	267	51	-52.8	147.1	459	-11	460	811	n.m.	-102.4	-43.3
Net interest	189	213	460	-11.3	-58.9	914	1,894	1,794	1,571	-51.7	5.6	14.2
Fees	691	594	664	16.3	4.1	2,385	2,624	2,636	2,146	-9.1	-0.5	22.8
Other	899	141	-342	537.6	362.9	1,473	371	674	600	297.0	-45.0	12.3
Operating revenue	4,807	4,034	3,317	19.2	44.9	16,306	14,593	17,123	15,879	11.7	-14.8	7.8
Operating expenses¹	1,733	1,579	1,743	9.8	-0.6	6,555	6,528	6,279	5,711	0.4	4.0	9.9
Operating profit	1,989	1,528	544	30.2	265.6	5,987	3,914	6,382	5,765	53.0	-38.7	10.7
Net profit (loss)	795	798	281	-0.4	182.9	2,869	1,875	2,771	2,515	53.0	-32.3	10.2
Shareholders' equity	15,225	14,961	13,507	1.8	12.7	15,225	13,507	12,655	11,103	12.7	6.7	14.0
Regulatory capital	29,559	29,092	27,197	1.6	8.7	29,559	27,461	23,413	19,804	7.6	17.3	18.2
Client cash holdings	36,816	35,977	33,677	2.3	9.3	36,816	33,677	28,500	25,281	9.3	18.2	12.7
Client debt margin outstanding	11,048	10,275	8,846	7.5	24.9	11,048	8,846	14,001	11,710	24.9	-36.8	19.6
Productivity (\$ thousands)²	482	402	325	19.8	48.3	409	357	405	388	14.4	-11.7	4.3
Annual return³ (%)	20.9	21.3	8.3	-0.4	12.6	18.8	13.9	21.9	22.7	5.0	-8.0	-0.8

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.

Q4 2009 INTEGRATED FIRMS												
(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q4 09	Q3 09	Q4 08	Q4/Q3 09	Q4 09/08	2009	2008	2007	2006	09/08	08/07	07/06
Number of firms	11	11	11	0	0.0	11	11	11	11	0.0	0.0	0.0
Number of employees	25,131	25,320	25,973	-0.7	-3.2	25,131	25,973	26,925	26,477	-3.2	-3.5	1.7
Revenue												
Commissions	902	872	871	3.4	3.6	3,384	3,675	4,145	4,036	-7.9	-11.3	2.7
<i>Mutual fund only commissions</i>	353	321	284	10.0	24.3	1,226	1,414	1,665	1,454	-13.3	-15.1	14.5
Investment banking	762	657	559	16.0	36.3	2,598	1,874	2,642	2,425	38.6	-29.1	8.9
<i>New issues equity</i>	464	395	333	17.5	39.3	1,587	967	1,421	1,286	64.1	-31.9	10.5
<i>New issues debt</i>	152	125	71	21.6	114.1	546	405	461	494	34.8	-12.1	-6.7
<i>Corporate advisory fees</i>	147	138	155	6.5	-5.2	465	502	758	644	-7.4	-33.8	17.7
Fixed income trading	299	433	301	-30.9	-0.7	1,690	782	514	586	116.1	52.1	-12.3
Equity trading	80	225	49	-64.4	63.3	332	106	184	387	213.2	-42.4	-52.5
Net interest	170	185	359	-8.1	-52.6	790	1,488	1,399	1,251	-46.9	6.4	11.8
Fees	521	439	481	18.7	8.3	1,764	1,877	1,857	1,529	-6.0	1.1	21.5
Other	824	104	-423	692.3	294.8	1,233	-1	436	311	n.m.	-100.2	40.2
Operating revenue	3,556	2,917	2,196	21.9	61.9	11,792	9,801	11,177	10,525	20.3	-12.3	6.2
Operating expenses¹	1,176	1,053	1,137	11.7	3.4	4,300	4,145	4,029	3,740	3.7	2.9	7.7
Operating profit	1,603	1,195	328	34.1	388.7	4,782	2,722	3,985	3,725	75.7	-31.7	7.0
Net profit (loss)	641	677	182	-5.3	252.2	2,422	1,502	2,006	1,854	61.3	-25.1	8.2
Shareholders' equity	10,029	9,990	8,637	0.4	16.1	10,029	8,637	7,761	6,730	16.1	11.3	15.3
Regulatory capital	21,372	21,183	19,334	0.9	10.5	21,372	19,334	15,669	13,425	10.5	23.4	16.7
Client cash holdings	31,451	30,024	28,157	4.8	11.7	31,451	28,157	23,811	21,322	11.7	18.3	11.7
Productivity (\$ thousands)²	566	461	338	22.8	67.4	469	377	415	398	24.3	-9.1	4.4
Annual return³ (%)	25.6	27.1	8.4	-1.5	17.1	24.1	17.4	25.8	27.5	6.8	-8.5	-1.7

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.

Q4 2009 INSTITUTIONAL FIRM HIGHLIGHTS

(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q4 09	Q3 09	Q4 08	Q4/Q3 09	Q4 09/08	2009	2008	2007	2006	09/08	08/07	07/06
Number of firms	72	71	69	1.4	4.3	72	69	68	65	4.3	1.5	4.6
Number of employees	2,801	2,854	2,926	-1.9	-4.3	2,801	2,926	2,988	2,698	-4.3	-2.1	10.7
Revenue												
Commissions	150	155	180	-3.2	-16.7	623	777	783	652	-19.8	-0.8	20.1
Investment banking	341	256	174	33.2	96.0	1,052	938	1,425	1,108	12.2	-34.2	28.6
<i>New issues equity</i>	197	148	70	33.1	181.4	568	438	767	594	29.7	-42.9	29.1
<i>New issues debt</i>	13	10	9	30.0	44.4	51	42	76	56	21.4	-44.7	35.7
<i>Corporate advisory fees</i>	131	97	95	35.1	37.9	433	458	581	459	-5.5	-21.2	26.6
Fixed income trading	36	71	28	-49.3	28.6	249	94	82	137	164.9	14.6	-40.1
Equity trading	29	21	37	38.1	-21.6	46	-61	199	220	175.4	-130.7	-9.5
Net interest	-1	6	61	-116.7	-101.6	33	212	201	135	-84.4	5.5	48.9
Fees	20	20	16	0.0	25.0	77	79	85	55	-2.5	-7.1	54.5
Other	44	12	37	266.7	18.9	101	174	126	163	-42.0	38.1	-22.7
Operating revenue	617	541	534	14.0	15.5	2,182	2,214	2,901	2,469	-1.4	-23.7	17.5
Operating expenses¹	215	209	273	2.9	-21.2	923	990	889	728	-6.8	11.4	22.1
Operating profit	321	275	192	16.7	67.2	1,025	947	1,790	1,485	8.2	-47.1	20.5
Net profit (loss)	141	112	120	25.9	17.5	444	382	660	527	16.2	-42.1	25.2
Shareholders' equity	3,972	3,918	3,803	1.4	4.4	3,972	3,803	3,768	3,263	4.4	0.9	15.5
Regulatory capital	6,607	6,177	6,118	7.0	8.0	6,607	6,118	5,937	4,867	8.0	3.0	22.0
Client cash holdings	768	740	4,155	3.8	-81.5	768	1,326	1,034	828	-42.1	28.2	24.9
Productivity (\$ thousands)²	881	758	730	16.2	20.7	2,337	757	971	915	208.9	-22.1	6.1
Annual return³ (%)	14.2	11.4	12.6	2.8	1.6	11.2	10.0	17.5	16.2	1.1	-7.5	1.4

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.

Q4 2009 RETAIL FIRM HIGHLIGHTS

(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q4 09	Q3 09	Q4 08	Q4/Q3 09	Q4 09/08	2009	2008	2007	2006	09/08	08/07	07/06
Number of firms	117	119	122	-1.7	-4.1	117	122	124	122	-4.1	-1.6	1.6
Number of employees	11,962	11,948	11,937	0.1	0.2	11,962	11,937	12,416	11,744	0.2	-3.9	5.7
Revenue												
Commissions	290	264	247	9.8	17.4	1,045	1,140	1,387	1,307	-8.3	-17.8	6.1
<i>Mutual fund only commissions</i>	110	95	84	15.8	31.0	375	440	577	509	-14.8	-23.7	13.4
Investment banking	95	63	67	50.8	41.8	265	265	481	417	0.0	-44.9	15.3
<i>New issues equity</i>	69	40	31	72.5	122.6	201	176	400	343	14.2	-56.0	16.6
<i>New issues debt</i>	17	14	7	21.4	142.9	56	36	43	40	55.6	-16.3	7.5
<i>Corporate advisory fees</i>	9	10	29	-10.0	-69.0	8	54	36	33	-85.2	50.0	9.1
Fixed income trading	29	46	28	-37.0	3.6	169	139	88	78	21.6	58.0	12.8
Equity trading	17	21	37	-19.0	-54.1	81	17	40	258	376.5	-57.5	-84.5
Net interest	21	22	40	-4.5	-47.5	91	194	195	185	-53.1	-0.5	5.4
Fees	151	135	166	11.9	-9.0	544	667	694	563	-18.4	-3.9	23.3
Other	32	25	44	28.0	-27.3	138	198	111	127	-30.3	78.4	-12.6
Operating revenue	634	576	587	10.1	8.0	2,322	2,578	3,045	2,832	-9.9	-15.3	7.5
Operating expenses¹	342	317	334	7.9	2.4	1,332	1,394	1,361	1,243	-4.4	2.4	9.5
Operating profit	65	58	24	12.1	170.8	180	245	606	554	-26.5	-59.6	9.4
Net profit (loss)	13	9	-21	44.4	161.9	3	-8	104	134	137.5	-107.7	-22.4
Shareholders' equity	1,224	1,053	1,067	16.2	14.7	1,224	1,067	1,126	1,109	14.7	-5.2	1.5
Regulatory capital	1,580	1,732	1,744	-8.8	-9.4	1,580	1,744	1,807	1,512	-9.4	-3.5	19.5
Client cash holdings	4,506	5,119	4,194	-12.0	7.4	4,506	4,194	3,655	3,105	7.4	14.7	17.7
Productivity (\$ thousands)²	212	193	197	9.9	7.8	194	216	245	241	-10.1	-11.9	1.7
Annual return³ (%)	4.2	3.4	-7.9	0.8	12.1	0.2	-0.7	9.2	12.1	1.0	-10.0	-2.8

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.

Q4 2009 DOMESTIC INSTITUTIONAL FIRM HIGHLIGHTS												
(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q4 09	Q3 09	Q4 08	Q4/Q3 09	Q4 09/08	2009	2008	2007	2006	09/08	08/07	07/06
Number of firms	52	51	49	2.0	6.1	52	49	48	47	6.1	2.1	2.1
Number of employees	2,090	2,132	2,146	-2.0	-2.6	2,090	2,146	2,048	1,869	-2.6	4.8	9.6
Revenue												
Commissions	106	113	112	-6.2	-5.4	439	517	537	415	-15.1	-3.7	29.3
Investment banking	255	162	116	57.4	119.8	684	635	956	746	7.7	-33.6	28.2
<i>New issues equity</i>	171	110	64	55.5	167.2	468	389	670	505	20.3	-42.0	32.7
<i>New issues debt</i>	6	3	1	100.0	500.0	17	9	12	10	88.9	-26.6	22.6
<i>Corporate advisory fees</i>	78	49	50	59.2	56.0	198	237	274	231	-16.5	-13.4	18.5
Fixed income trading	7	11	14	-36.4	-50.0	38	25	6	16	52.0	297.3	-60.7
Equity trading	33	31	-32	6.5	203.1	113	-127	25	53	-189.0	-602.4	-52.3
Net interest	4	5	10	-20.0	-60.0	19	50	51	45	-62.0	-2.3	13.7
Fees	16	18	13	-11.1	23.1	69	64	66	47	7.8	-3.4	40.9
Other	11	5	24	120.0	-54.2	25	57	23	63	-56.1	146.1	-63.2
Operating revenue	432	344	256	25.6	68.8	1,388	1,222	1,664	1,386	13.6	-26.6	20.1
Operating expenses¹	134	139	132	-3.6	1.5	548	502	428	361	9.2	17.3	18.5
Operating profit	220	153	70	43.8	214.3	635	484	1,000	795	31.2	-51.6	25.8
Net profit (loss)	94	55	21	70.9	347.6	277	137	386	316	102.2	-64.5	22.1
Shareholders' equity	1,685	1,643	1,563	2.6	7.8	1,685	1,563	1,686	1,414	7.8	-7.3	19.2
Regulatory capital	1,943	1,922	1,900	1.1	2.3	1,943	1,900	2,008	1,754	2.3	-5.4	14.5
Client cash holdings	464	477	768	-2.7	-39.6	464	768	519	344	-39.6	48.0	50.9
Productivity (\$ thousands)²	827	645	477	28.1	73.3	664	569	813	742	16.6	-29.9	9.6
Annual return³ (%)	22.3	13.4	5.4	8.9	16.9	16.4	8.8	22.9	22.3	7.7	-14.1	0.5

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.

Foreign institutional

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

Q4 2009 FOREIGN INSTITUTIONAL FIRM HIGHLIGHTS												
(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q4 09	Q3 09	Q4 08	Q4/Q3 09	Q4 09/08	2009	2008	2007	2006	09/08	08/07	07/06
Number of firms	20	20	20	0.0	0.0	20	20	20	18	0.0	0.0	11.1
Number of employees	711	722	780	-1.5	-8.8	711	780	940	829	-8.8	-17.0	13.4
Revenue												
Commissions	44	43	68	2.3	-35.3	183	260	246	236	-29.6	5.6	4.3
Investment banking	86	94	59	-8.5	45.8	367	303	467	362	21.1	-35.1	29.0
<i>New issues equity</i>	26	37	6	-29.7	333.3	99	49	96	89	102.0	-49.2	8.3
<i>New issues debt</i>	7	8	8	-12.5	-12.5	34	33	64	46	3.0	-48.1	38.2
<i>Corporate advisory fees</i>	53	49	45	8.2	17.8	234	220	308	228	6.4	-28.5	35.0
Fixed income trading	28	60	13	-53.3	115.4	212	69	76	121	207.2	-9.1	-37.2
Equity trading	-5	-10	69	50.0	-107.2	-67	66	173	167	-201.5	-61.9	3.8
Net interest	-5	1	51	-600.0	-109.8	14	162	150	90	-91.4	8.1	66.5
Fees	3	2	3	50.0	0.0	8	15	19	7	-46.7	-20.2	168.4
Other	33	7	14	371.4	135.7	76	118	103	100	-35.6	14.4	3.1
Operating revenue	184	197	278	-6.6	-33.8	794	992	1,237	1,083	-20.0	-19.8	14.2
Operating expenses¹	81	70	140	15.7	-42.1	375	488	463	367	-23.2	5.4	26.1
Operating profit	101	122	122	-17.2	-17.2	390	463	790	691	-15.8	-41.4	14.4
Net profit (loss)	46	57	99	-19.3	-53.5	167	245	274	211	-31.8	-10.7	30.1
Shareholders' equity	2,287	2,275	2,239	0.5	2.1	2,287	2,239	2,082	1,849	2.1	7.5	12.6
Regulatory capital	4,664	4,255	4,218	9.6	10.6	4,664	4,218	3,929	3,113	10.6	7.4	26.2
Client cash holdings	304	263	493	15.6	-38.3	304	493	334	432	-38.3	47.6	-22.7
Productivity (\$ thousands)²	1,035	1,091	1,426	-5.2	-27.4	3,350	1,272	1,316	1,306	163.4	-3.4	0.7
Annual return³ (%)	8.0	10.0	17.7	-2.0	-9.6	9.7	10.9	13.2	11.4	-1.2	-2.2	1.8

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.

Q4 2009 FULL SERVICE RETAIL FIRM HIGHLIGHTS												
(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q4 09	Q3 09	Q4 08	Q4/Q3 09	Q4 09/08	2009	2008	2007	2006	09/08	08/07	07/06
Number of firms	35	35	34	0.0	2.9	35	34	36	36	2.9	-5.6	0.0
Number of employees	6,072	6,043	6,018	0.5	0.9	6,072	6,018	6,517	6,381	0.9	-7.7	2.1
Revenue												
Commissions	166	151	142	9.9	16.9	605	659	810	763	-8.2	-18.6	6.1
<i>Mutual fund only commissions</i>	67	56	50	19.6	34.0	227	268	298	294	-15.3	-10.1	1.4
Investment banking	66	43	26	53.5	153.8	192	156	334	264	23.1	-53.3	26.6
<i>New issues equity</i>	45	24	17	87.5	164.7	128	107	249	211	19.6	-57.0	17.8
<i>New issues debt</i>	14	12	6	16.7	133.3	48	27	33	30	77.8	-18.2	10.0
<i>Corporate advisory fees</i>	6	7	3	-14.3	100.0	17	22	23	23	-22.7	-4.8	0.5
Fixed income trading	24	36	48	-33.3	-50.0	134	136	56	60	-1.5	143.1	-6.8
Equity trading	9	12	-30	-25.0	130.0	42	-50	40	73	184.0	-226.6	-45.9
Net interest	12	11	23	9.1	-47.8	49	104	108	101	-52.9	-3.4	6.6
Fees	81	76	71	6.6	14.1	288	292	294	247	-1.4	-0.5	18.8
Other	18	14	15	28.6	20.0	57	58	59	57	-1.7	-2.4	4.3
Operating revenue	374	343	295	9.0	26.8	1,367	1,356	1,670	1,565	0.8	-18.8	6.7
Operating expenses¹	198	176	180	12.5	10.0	752	780	778	711	-3.6	0.2	9.4
Operating profit	41	45	-30	-8.9	236.7	122	29	267	211	320.7	-89.1	26.6
Net profit (loss)	14	18	-27	-22.2	151.9	31	-29	80	64	206.9	-136.4	24.3
Shareholders' equity	804	925	894	-13.1	-10.1	804	894	899	747	-10.1	-0.6	20.3
Regulatory capital	987	1,153	1,094	-14.4	-9.8	987	1,094	1,104	910	-9.8	-0.9	21.3
Client cash holdings	3,620	3,497	2,745	3.5	31.9		2,745	2,608	2,190	-100.0	5.3	19.1
Productivity (\$ thousands)²	246	227	196	8.5	25.7	225	225	256	245	-0.1	-12.1	4.5
Annual return³ (%)	7.0	7.8	-12.1	-0.8	19.0	3.9	-3.2	8.9	8.6	7.1	-12.1	0.3

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).

Q4 2009 RETAIL INTRODUCER FIRM HIGHLIGHTS												
(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q4 09	Q3 09	Q4 08	Q4/Q3 09	Q4 09/08	2009	2008	2007	2006	09/08	08/07	07/06
Number of firms	82	84	88	-2.4	-6.8	82	88	88	86	-6.8	0.0	2.3
Number of employees	5,890	5,905	5,919	-0.3	-0.5	5,890	5,919	5,899	5,363	-0.5	0.3	10.0
Revenue												
Commissions	124	113	105	9.7	18.1	440	480	577	544	-8.3	-16.8	6.1
<i>Mutual fund only commissions</i>	43	39	34	10.3	26.5	148	172	251	215	-14.0	-31.4	16.6
Investment banking	29	21	41	38.1	-29.3	73	110	175	153	-33.6	-37.0	14.1
<i>New issues equity</i>	24	16	14	50.0	71.4	73	69	151	133	5.8	-54.2	13.2
<i>New issues debt</i>	3	2	1	50.0	200.0	8	9	11	10	-11.1	-19.6	12.0
<i>Corporate advisory fees</i>	2	3	25	-33.3	-92.0	-8	32	14	10	-125.0	133.5	37.0
Fixed income trading	5	10	10	-50.0	-50.0	35	34	46	23	2.9	-26.8	101.9
Equity trading	8	9	-6	-11.1	233.3	38	-6	36	131	733.3	-116.7	-72.6
Net interest	9	11	17	-18.2	-47.1	42	89	87	83	-52.8	2.7	4.4
Fees	71	59	95	20.3	-25.3	256	375	401	316	-31.7	-6.6	27.0
Other	14	11	29	27.3	-51.7	81	140	51	70	-42.1	174.3	-27.1
Operating revenue	260	233	292	11.6	-11.0	966	1,222	1,376	1,320	-20.9	-11.2	4.2
Operating expenses¹	144	141	154	2.1	-6.5	580	614	582	532	-5.5	5.5	9.4
Operating profit	24	13	54	84.6	-55.6	57	216	339	343	-73.6	-36.3	-1.1
Net profit (loss)	-1	-10	6	90.0	-116.7	-27	21	23	70	-228.6	-8.0	-67.4
Shareholders' equity	420	128	173	228.1	142.8	420	173	227	363	142.8	-23.8	-37.5
Regulatory capital	593	579	650	2.4	-8.8	593	650	703	603	-8.8	-7.5	16.6
Client cash holdings	886	1,622	1,448	-45.4	-38.8	886	1,448	1,319	940	-38.8	9.8	40.3
Productivity (\$ thousands)²	177	158	197	11.9	-10.5	164	206	233	246	-20.6	-11.5	-5.3
Annual return³ (%)	-1.0	-31.3	13.9	30.3	-14.8	-6.4	12.1	10.1	19.3	-18.6	2.1	-9.2

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.

Comments please!

Securities Industry Performance is produced quarterly by the Investment Industry Association of Canada. We want to hear from you. Send suggestions for future editions and feedback to capitalmarkets@iiac.ca.

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