

Q3  
09

# SECURITIES INDUSTRY PERFORMANCE

REPORT FOR THE THIRD QUARTER

## EQUITY MARKET RALLY BOLSTER'S SECURITY INDUSTRY PERFORMANCE

The recovery in global equity markets that began late in the first quarter and continued through Q3 contributed to a 5% increase in industry operating revenues and 12% increase in operating profits for the quarter (Chart 1). Compared to the similar three month period in 2008, revenues and profits are up 13% and 53% respectively. Through the first nine months of 2009, industry revenues are up only marginally from 2008's level but profits are up an impressive 19% as a result of strong 2nd and 3rd quarter performance and continued cost containment efforts within the industry.

A strengthening global economy combined with buoyant commodity prices and improved investor sentiment contributed to equity market performance in Q3. During the three month period, the S&P/TSX climbed over 1000 points or 10% bringing its rally to 30% through the first three quarters of the year and over 50% from the index low hit in early March.

Industry revenues from mutual funds increased 10% during the quarter as investor appetite for long-term mutual funds increased. However, investors demonstrated a conservative approach by flocking to bond and balanced funds as opposed to pure equity funds. Rising portfolio valuations also impacted fees on discretionary managed accounts and wrap programs and contributed to an 8% increase in industry fee based revenue during the quarter.

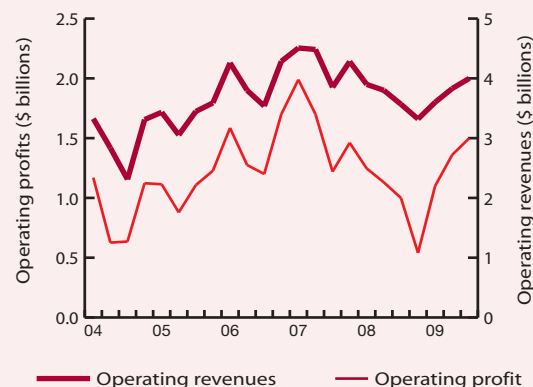
Investment banking revenue increased by \$129 million or 15% during the quarter including a 10% increase from equity underwriting revenues and a doubling of revenues earned from corporate advisory services. A revitalized market for initial public offerings (IPOs) helped bolster equity underwriting activity with \$1.5 billion in IPOs recorded for the quarter – its largest quarterly issuance since Q4 2007 (Chart 2). The private placement market for common equity offerings was also strong, up 26% from the previous quarter. Demand for corporate advisory services benefited from an increase in corporate merger and acquisitions. According to data compiled from the Financial Post Crosbie, 221 transactions were announced in Q3, up from 198 in Q2.

Equity trading desks seized opportunities presented by the market rally and earned \$267 million for the quarter, their highest level since Q1 2007.

While the industry's equity business lines flourished during the quarter the fixed income businesses could not keep up the momentum that they built in the first two prior quarters. Debt underwriting revenues were down 24% on the quarter while fixed income trading revenues fell 14%.

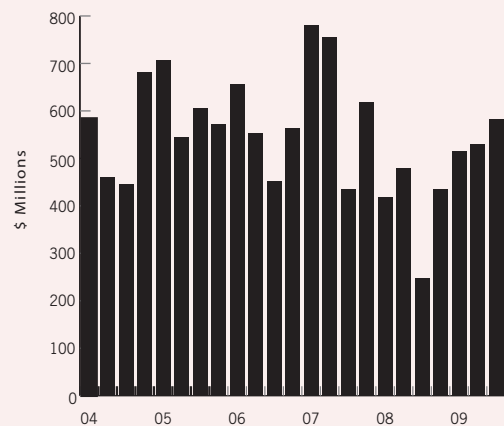
Integrated firms continue to outperform both the institutional and retail boutiques reflecting their dominant positioning in the strong performing underwriting and trading businesses. On a year to date basis, operating profits at integrated firms are up 33% compared to declines of 7% at the institutional dealers and 48% at the retail dealers.

Chart 1: Operating profits and revenues



Source: IIAC

Chart 2: Equity underwriting revenues



Source: IIAC

**Q3 2009 INDUSTRY HIGHLIGHTS**

	Quarter-over-Quarter				Cumulative Year-over-Year				Annual Year-over-Year				
	Quarters		% Change		Year to Date		% Change		Years		% Change		
	Q3 09	Q2 09	Q3 08	Q3/Q2 09	Q3 09/08	2009	2008	2007	2008	2007	2006	2006	07/06
(\$ millions unless otherwise noted)													
<b>Number of firms</b>	201	203	201	-1.0%	0.0%	201	201	201	0.0%	203	198	198	2.5%
<b>Number of employees</b>	40,122	40,124	41,397	0.0%	-3.1%	40,122	41,397	41,985	-3.1%	42,329	40,919	40,919	3.4%
<b>Revenue</b>	1,292	1,278	1,336	1.1%	-3.3%	3,711	4,294	4,789	-13.6%	6,315	5,995	5,995	5.3%
<i>Commissions</i>	418	378	466	10.6%	-10.3%	1,141	1,491	1,711	-23.5%	2,249	1,966	1,966	14.4%
<i>Mutual fund only commissions</i>													
<b>Investment banking</b>	976	847	626	15.2%	55.9%	2,717	2,277	3,416	19.3%	4,546	3,950	3,950	15.1%
<i>New issues equity</i>	582	529	248	10.0%	134.7%	1,626	1,146	1,971	41.9%	2,589	2,224	2,224	16.4%
<i>New issues debt</i>	149	195	94	-23.6%	58.5%	471	397	437	18.6%	581	590	590	-1.5%
<i>Corporate advisory fees</i>	245	123	285	99.2%	-14.0%	619	735	1,008	-15.8%	1,376	1,136	1,136	21.1%
<b>Fixed income trading</b>	550	640	166	-14.1%	231.3%	1,746	659	603	164.9%	698	806	806	-13.4%
<i>Equity trading</i>	267	-29	55	n.m.	385.5%	333	-62	423	637.1%	460	811	811	-43.3%
<b>Net interest</b>	213	215	508	-0.9%	-58.1%	725	1,435	1,331	-49.5%	1,794	1,571	1,571	14.2%
<b>Fees</b>	594	548	614	8.4%	-3.3%	1,694	1,960	1,849	-13.6%	2,636	2,146	2,146	22.8%
<b>Other</b>	141	333	260	-57.7%	-45.8%	573	713	431	-19.6%	674	600	600	12.3%
<b>Operating revenue</b>	4,034	3,831	3,566	5.3%	13.1%	11,499	11,276	12,842	2.0%	17,123	15,879	15,879	7.8%
<b>Operating expenses<sup>1</sup></b>	1,579	1,574	1,600	0.3%	-1.3%	4,822	4,785	4,616	0.8%	6,279	5,711	5,711	9.9%
<b>Operating profit</b>	1,528	1,359	1,000	12.4%	52.8%	3,998	3,370	4,921	18.6%	3,914	5,765	5,765	10.7%
<b>Net profit (loss)</b>	798	730	580	9.3%	37.6%	2,075	1,594	2,207	30.2%	2,771	2,515	2,515	10.2%
<b>Shareholders' equity</b>	14,961	14,513	13,357	3.1%	12.0%	14,961	13,357	12,919	12.0%	12,655	11,103	11,103	14.0%
<b>Regulatory capital</b>	29,092	28,512	29,561	2.0%	-1.6%	29,092	29,561	23,762	-1.6%	23,413	19,804	19,804	18.2%
<b>Client cash holdings</b>	35,977	35,008	29,995	2.8%	19.9%	35,977	29,995	26,113	19.9%	28,500	25,281	25,281	12.7%
<b>Client debt margin outstanding</b>	10,275	10,450	14,374	-1.7%	-28.5%	10,275	14,374	14,247	-28.5%	8,846	11,710	11,710	19.6%
<b>Productivity (\$ thousands)<sup>2</sup></b>	402	382	345	5.3%	16.7%	860	817	918	5.2%	405	388	388	4.3%
<b>Annual return<sup>3</sup> (%)</b>	21.3%	20.1%	17.4%	1.2%	4.0%	18.5%	15.9%	22.8%	2.6%	21.9%	22.7%	22.7%	-0.8%

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

<sup>2</sup> Annual revenue per employee.

<sup>3</sup> 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.

### Q3 2009 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				
	Q3 09	Q2 09	Q3 08	Q3/Q2 09	Q3 09/08	2009	2008	2007	09/08	08/07	2008	2007	2006	08/07	07/06
<b>Number of firms</b>	11	11	11	0.0%	0.0%	11	11	11	0.0%	0.0%	11	11	11	0.0%	0.0%
<b>Number of employees</b>	25,320	25,486	26,233	-0.7%	-3.5%	25,320	26,233	26,798	-3.5%	-2.1%	25,973	26,925	26,477	-3.5%	1.7%
<b>Revenue</b>	872	850	881	2.6%	-1.0%	2,483	2,804	3,149	-11.4%	-11.0%	3,675	4,145	4,036	-11.3%	2.7%
<b>Commissions</b> <i>Mutual fund only commissions</i>	321	289	358	11.1%	-10.3%	873	1,131	1,265	-22.8%	-10.6%	1,414	1,665	1,454	-15.1%	14.5%
<b>Investment banking</b>	657	577	334	13.9%	96.7%	1,836	1,315	1,997	39.6%	-34.2%	1,874	2,642	2,425	-29.1%	8.9%
<i>New issues equity</i>	395	341	112	15.8%	252.7%	1,123	634	1,090	77.1%	-41.8%	967	1,421	1,286	-31.9%	10.5%
<i>New issues debt</i>	125	161	80	-22.4%	56.3%	394	335	344	17.6%	-2.6%	405	461	494	-12.1%	-6.7%
<i>Corporate advisory fees</i>	138	75	142	84.0%	-2.8%	318	347	562	-8.4%	-38.3%	502	758	644	-33.8%	17.7%
<b>Fixed income trading</b>	433	487	117	-11.1%	270.1%	1,392	481	448	189.4%	7.4%	782	514	586	52.1%	-12.3%
<b>Equity trading</b>	225	-66	246	440.9%	-8.5%	252	56	139	350.0%	-59.7%	106	184	387	-42.4%	-52.5%
<b>Net interest</b>	185	185	417	0.0%	-55.6%	621	1,129	1,038	-45.0%	8.8%	1,488	1,399	1,251	6.4%	11.8%
<b>Fees</b>	439	408	436	7.6%	0.7%	1,243	1,396	1,346	-11.0%	3.7%	1,877	1,857	1,529	1.1%	21.5%
<b>Other</b>	104	299	184	-65.2%	-43.5%	410	422	272	-2.8%	55.1%	-1	436	311	-100.2%	40.2%
<b>Operating revenue</b>	2,917	2,740	2,614	6.5%	11.6%	8,236	7,605	8,389	8.3%	-9.3%	9,801	11,177	10,525	-12.3%	6.2%
<b>Operating expenses<sup>1</sup></b>	1,053	1,028	1,022	2.4%	3.0%	3,124	3,008	2,963	3.9%	1.5%	4,145	4,029	3,740	2.9%	7.7%
<b>Operating profit</b>	1,195	1,065	890	12.2%	34.3%	3,180	2,394	3,062	32.8%	-21.8%	2,722	3,985	3,725	-31.7%	7.0%
<b>Net profit (loss)</b>	677	620	645	9.2%	5.0%	1,781	1,319	1,526	35.0%	-13.6%	1,502	2,006	1,854	-25.1%	8.2%
<b>Shareholders' equity</b>	9,990	9,711	8,486	2.9%	17.7%	9,990	8,486	7,853	17.7%	8.1%	8,637	7,761	6,730	11.3%	15.3%
<b>Regulatory capital</b>	21,183	20,767	20,975	2.0%	1.0%	21,183	20,975	15,661	1.0%	33.9%	19,334	15,669	13,425	23.4%	16.7%
<b>Client cash holdings</b>	30,024	29,186	24,948	2.9%	20.3%	30,024	24,948	21,442	20.3%	16.4%	28,157	23,811	21,322	18.3%	11.7%
<b>Productivity (\$ thousands)<sup>2</sup></b>	461	430	399	7.2%	15.6%	976	870	939	12.2%	-7.4%	377	415	398	-9.1%	4.4%
<b>Annual return<sup>3</sup> (%)</b>	27.1%	25.5%	30.4%	1.6%	-3.3%	23.8%	20.7%	25.9%	3.0%	-5.2%	17.4%	25.8%	27.5%	-8.5%	-1.7%

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

<sup>2</sup> Annual revenue per employee.

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

**Q3 2009 INSTITUTIONAL FIRM HIGHLIGHTS**

	Quarter-over-Quarter				Cumulative Year-over-Year				Annual Year-over-Year						
	Quarters		% Change		Year to Date		% Change		Years		% Change				
	Q3 09	Q2 09	Q3 08	Q3/Q2 09	Q3 09/08	2009	2008	2007	2008	2007	2006	2007	2006	08/07	07/06
(\$ millions unless otherwise noted)															
<b>Number of firms</b>	71	71	67	0.0%	6.0%	71	67	67	6.0%	6.0%	65	68	65	1.5%	4.6%
<b>Number of employees</b>	2,854	2,858	3,024	-0.1%	-5.6%	2,854	3,024	2,910	-5.6%	3.9%	2,698	2,988	2,698	-2.1%	10.7%
<b>Revenue</b>	155	166	188	-6.6%	-17.6%	473	597	587	-20.8%	1.7%	652	783	652	-0.8%	20.1%
<b>Commissions</b>	256	198	240	29.3%	6.7%	710	764	1,041	-7.1%	-26.6%	1,108	1,425	1,108	-34.2%	28.6%
<i>Investment banking revenues</i>	148	136	99	8.8%	49.5%	371	368	561	0.8%	-34.4%	594	767	594	-42.9%	29.1%
<i>New issues equity</i>	10	18	6	-44.4%	66.7%	38	33	61	15.2%	-45.9%	56	76	56	-44.7%	35.7%
<i>New issues debt</i>	97	44	135	120.5%	-28.1%	302	363	418	-16.8%	-13.2%	459	581	459	-21.2%	26.6%
<i>Corporate advisory fees</i>	71	105	7	-32.4%	n.m.	214	66	75	224.2%	-12.0%	137	82	137	14.6%	-40.1%
<b>Fixed income trading</b>	21	15	-143	40.0%	114.7%	18	-98	221	118.4%	-144.3%	220	199	220	-130.7%	-9.5%
<b>Equity trading</b>	6	9	41	-33.3%	-85.4%	34	151	149	-77.5%	1.3%	135	201	135	5.5%	48.9%
<b>Net interest</b>	20	13	20	53.8%	0.0%	58	63	61	-7.9%	3.3%	55	85	55	-7.1%	54.5%
<b>Fees</b>	12	10	45	20.0%	-73.3%	58	137	86	-57.7%	59.3%	163	126	163	38.1%	-22.7%
<b>Other</b>	541	516	398	4.8%	35.9%	1,564	1,680	2,220	-6.9%	-24.3%	2,469	2,901	2,469	-23.7%	17.5%
<b>Operating revenue</b>	209	214	234	-2.3%	-10.7%	708	717	642	-1.3%	11.7%	728	889	728	11.4%	22.1%
<b>Operating expenses<sup>1</sup></b>	275	254	105	8.3%	161.9%	704	755	1,450	-6.8%	-47.9%	1,485	1,790	1,485	-47.1%	20.5%
<b>Operating profit</b>	112	110	-25	1.8%	548.0%	303	262	574	15.6%	-54.4%	527	660	527	-42.1%	25.2%
<b>Net profit (loss)</b>	3,918	3,805	3,965	3.0%	-1.2%	3,918	3,805	3,965	3.0%	-4.0%	3,263	3,768	3,263	0.9%	15.5%
<b>Shareholders' equity</b>	6,177	6,075	6,331	1.7%	-2.4%	6,177	6,075	6,331	1.7%	-4.0%	4,867	5,937	4,867	3.0%	22.0%
<b>Regulatory capital</b>	740	776	1,022	-4.6%	-27.6%	740	776	1,022	-4.6%	-24.1%	828	1,034	828	28.2%	24.9%
<b>Client cash holdings</b>	758	722	882	5.0%	-14.1%	1,644	1,667	2,289	-1.4%	-27.2%	915	971	915	-22.1%	6.1%
<b>Productivity (\$ thousands)<sup>2</sup></b>	11.4%	11.6%	9.3%	-0.1%	2.2%	10.3%	8.8%	19.3%	1.5%	-10.5%	16.2%	17.5%	16.2%	-7.5%	1.4%
<b>Annual return<sup>3</sup> (%)</b>															

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

<sup>2</sup> Annual revenue per employee.

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

**Q3 2009 RETAIL FIRM HIGHLIGHTS**

	Quarter-over-Quarter				Cumulative Year-over-Year				Annual Year-over-Year						
	Quarters		% Change		Year to Date		% Change		Years		% Change				
	Q3 09	Q2 09	Q3 08	Q3/Q2 09	Q3 09/08	2009	2008	2007	09/08	08/07	2008	2007	2006	08/07	07/06
(\$ millions unless otherwise noted)															
<b>Number of firms</b>	119	122	123	-2.5%	-3.3%	119	123	123	-3.3%	0.0%	122	124	122	-1.6%	1.6%
<b>Number of employees</b>	11,948	11,780	12,140	1.4%	-1.6%	11,948	12,140	12,277	-1.6%	-1.1%	11,937	12,416	11,744	-3.9%	5.7%
<b>Revenue</b>															
<b>Commissions</b>	264	262	268	0.8%	-1.5%	755	893	1,053	-1.5%	-15.2%	1,140	1,387	1,307	-17.8%	6.1%
<i>Mutual fund only commissions</i>	95	88	106	8.0%	-10.4%	264	356	441	-10.4%	-19.3%	440	577	509	-23.7%	13.4%
<b>Investment banking</b>	63	72	53	-12.5%	18.9%	170	199	379	18.9%	-47.5%	265	481	417	-44.9%	15.3%
<i>New issues equity</i>	40	52	36	-23.1%	11.1%	132	144	319	11.1%	-54.9%	176	400	343	-56.0%	16.6%
<i>New issues debt</i>	14	15	8	-6.7%	75.0%	39	29	31	75.0%	-6.5%	36	43	40	-16.3%	7.5%
<i>Corporate advisory fees</i>	10	4	8	150.0%	25.0%	-524	25	27	25.0%	n.m.	54	36	33	50.0%	9.1%
<b>Fixed income trading</b>	46	48	42	-4.2%	9.5%	140	111	81	-4.2%	37.0%	139	88	78	58.0%	12.8%
<b>Equity trading</b>	21	22	-48	-4.5%	143.8%	63	-20	62	-4.5%	-132.3%	17	40	258	-57.5%	-84.5%
<b>Net interest</b>	22	22	50	0.0%	-56.0%	70	154	145	0.0%	6.2%	194	195	185	-0.5%	5.4%
<b>Fees</b>	135	126	158	7.1%	-14.6%	393	501	442	7.1%	13.3%	667	694	563	-3.9%	23.3%
<b>Other</b>	25	24	31	4.2%	-19.4%	106	154	73	4.2%	111.0%	198	111	127	78.4%	-12.6%
<b>Operating revenue</b>	576	575	554	0.2%	4.0%	1,699	1,991	2,233	0.2%	-14.7%	2,578	3,045	2,832	-15.3%	7.5%
<b>Operating expenses<sup>1</sup></b>	317	332	344	-4.5%	-7.8%	990	1,060	1,010	-4.5%	5.0%	1,394	1,361	1,243	2.4%	9.5%
<b>Operating profit</b>	58	40	6	45.0%	n.m.	115	221	408	45.0%	-45.8%	245	606	554	-59.6%	9.4%
<b>Net profit (loss)</b>	9	0	-41	n.m.	122.0%	-10	13	107	n.m.	-87.9%	-8	104	134	-107.7%	-22.4%
<b>Shareholders' equity</b>	1,053	997	1,066	5.6%	-1.2%	1,053	1,066	1,100	5.6%	-3.1%	1,067	1,126	1,109	-5.2%	1.5%
<b>Regulatory capital</b>	1,732	1,670	1,734	3.7%	-0.1%	1,732	1,734	1,770	3.7%	-2.0%	1,744	1,807	1,512	-3.5%	19.5%
<b>Client cash holdings</b>	5,119	4,976	3,995	2.9%	28.1%	5,119	3,995	3,649	28.1%	9.5%	4,194	3,655	3,105	14.7%	17.7%
<b>Productivity (\$ thousands)<sup>2</sup></b>	193	195	183	-1.2%	5.6%	427	492	546	-1.2%	-9.8%	216	245	241	-11.9%	1.7%
<b>Annual return<sup>3</sup> (%)</b>	<b>3.4%</b>	<b>0.0%</b>	<b>-15.4%</b>	<b>3.4%</b>	<b>18.8%</b>	<b>-1.3%</b>	<b>1.6%</b>	<b>13.0%</b>	<b>-2.9%</b>	<b>-11.3%</b>	<b>-0.7%</b>	<b>9.2%</b>	<b>12.1%</b>	<b>-10.0%</b>	<b>-2.8%</b>

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

<sup>2</sup> Annual revenue per employee.

<sup>3</sup> 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.

### Q3 2009 DOMESTIC INSTITUTIONAL FIRM HIGHLIGHTS

	Quarter-over-Quarter				Cumulative Year-over-Year				Annual Year-over-Year					
	Quarters		% Change		Year to Date		% Change		Years		% Change			
	Q3 09	Q2 09	Q3 08	Q3/Q2 09	Q3 09/08	2009	2008	2007	2007	2008	2007	2006	08/07	07/06
(\$ millions unless otherwise noted)														
<b>Number of Firms</b>	51	51	47	0.0%	8.5%	51	47	47	47	47	48	47	2.1%	2.1%
<b>Number of Employees</b>	2,132	2,134	2,206	-0.1%	-3.4%	2,132	2,206	1,997	1,997	2,146	2,048	1,869	4.8%	9.6%
<b>Revenue</b>														
<b>Commission</b>	113	118	124	-4.2%	-8.9%	334	405	400	400	517	537	415	-3.7%	29.3%
<b>Investment banking</b>														
<i>New issues equity</i>	162	157	171	3.2%	-5.3%	429	520	731	731	635	956	746	-33.6%	28.2%
<i>New issues debt</i>	110	117	97	-6.0%	13.4%	297	325	503	503	389	670	505	-42.0%	32.7%
<i>Corporate advisory fees</i>	3	6	2	-50.0%	50.0%	11	8	8	8	9	12	10	-26.6%	22.6%
	49	33	72	48.5%	-31.9%	120	187	220	220	237	274	231	-13.4%	18.5%
<b>Fixed income trading</b>														
<b>Equity trading</b>	11	11	-1	0.0%	n.m.	31	10	4	4	25	6	16	297.3%	-60.7%
<b>Net interest</b>	31	27	-60	14.8%	151.7%	80	-94	15	15	-127	25	53	-602.4%	-52.3%
<b>Fees</b>	5	4	13	25.0%	-61.5%	15	13	37	37	50	51	45	-2.3%	13.7%
<b>Other</b>	18	11	16	63.6%	12.5%	53	51	52	52	64	66	47	-3.4%	40.9%
	5	-4	14	n.m.	-64.3%	15	33	8	8	57	23	63	146.1%	-63.2%
<b>Operating revenue</b>	344	324	277	6.2%	24.2%	955	966	1,247	1,247	1,222	1,664	1,386	-26.6%	20.1%
<b>Operating expenses<sup>1</sup></b>	139	138	132	0.7%	5.3%	414	370	314	314	502	428	361	17.3%	18.5%
<b>Operating profit</b>	153	146	93	4.8%	64.5%	415	414	780	780	484	1,000	795	-51.6%	25.8%
<b>Net profit (loss)</b>	55	67	-16	-17.9%	443.8%	183	117	311	311	137	386	316	-64.5%	22.1%
<b>Shareholders' Equity</b>	1,643	1,576	1,596	4.3%	2.9%	1,643	1,596	1,894	1,894	1,563	1,686	1,414	-7.3%	19.2%
<b>Regulatory Capital</b>	1,922	1,862	1,931	3.2%	-0.5%	1,922	1,931	2,261	2,261	1,900	2,008	1,754	-5.4%	14.5%
<b>Client cash holdings</b>	477	470	712	1.5%	-33.0%	477	712	328	328	768	519	344	48.0%	50.9%
<b>Productivity (\$ thousands)<sup>2</sup></b>	645	607	502	6.3%	28.5%	1,344	1,314	1,874	1,874	569	813	742	-29.9%	9.6%
<b>Annual return<sup>3</sup> (%)</b>	<b>13.4%</b>	<b>17.0%</b>	<b>-4.0%</b>	<b>-3.6%</b>	<b>17.4%</b>	<b>14.9%</b>	<b>9.8%</b>	<b>21.9%</b>	<b>21.9%</b>	<b>8.8%</b>	<b>22.9%</b>	<b>22.3%</b>	<b>-14.1%</b>	<b>0.5%</b>

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

<sup>2</sup> Annual revenue per employee.

<sup>3</sup> 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.

	Q3 2009 FOREIGN INSTITUTIONAL FIRM HIGHLIGHTS														
	Quarter-over-Quarter				Cumulative Year-over-Year				Annual Year-over-Year						
	Quarters		% Change		Year to Date		% Change		Years		% Change				
	Q3 09	Q2 09	Q3 08	Q3/Q2 09	Q3 09/08	2009	2008	2007	09/08	08/07	2008	2007	2006	08/07	07/06
(\$ millions unless otherwise noted)															
<b>Number of firms</b>	20	20	20	0.0%	0.0%	20	20	20	0.0%	0.0%	20	20	18	0.0%	11.1%
<b>Number of employees</b>	722	724	818	-0.3%	-11.7%	722	818	913	-11.7%	-10.4%	780	940	829	-17.0%	13.4%
<b>Revenue</b>															
<b>Commissions</b>	43	48	63	-10.4%	-31.7%	139	192	187	-27.6%	2.6%	260	246	236	5.6%	4.3%
<b>Investment banking</b>															
<i>New issues equity</i>	94	42	68	123.8%	38.2%	282	244	309	15.6%	-21.0%	303	467	362	-35.1%	29.0%
<i>New issues debt</i>	37	19	2	94.7%	n.m.	74	43	58	72.1%	-26.4%	49	96	89	-49.2%	8.3%
<i>Corporate advisory fees</i>	8	11	3	-27.3%	166.7%	27	25	53	8.0%	-52.4%	33	64	46	-48.1%	38.2%
	49	11	63	345.5%	-22.2%	181	175	199	3.4%	-12.0%	220	308	228	-28.5%	35.0%
<b>Fixed income trading</b>															
<b>Equity trading</b>	60	94	9	-36.2%	566.7%	183	56	71	226.8%	-21.1%	69	76	121	-9.1%	-37.2%
<b>Net interest</b>	-10	-12	-83	16.7%	88.0%	-62	-4	205	n.m.	-101.9%	66	173	167	-61.9%	3.8%
<b>Fees</b>	1	4	28	-75.0%	-96.4%	19	111	112	-82.9%	-0.8%	162	150	90	8.1%	66.5%
<b>Other</b>	2	2	4	0.0%	-50.0%	5	11	9	-54.5%	25.2%	15	19	7	-20.2%	168.4%
	7	15	31	-53.3%	-77.4%	43	104	78	-58.7%	33.1%	118	103	100	14.4%	3.1%
<b>Operating revenue</b>	197	191	121	3.1%	62.8%	609	714	973	-14.7%	-26.6%	992	1,237	1,083	-19.8%	14.2%
<b>Operating expenses<sup>1</sup></b>	70	76	103	-7.9%	-32.0%	294	347	330	-15.3%	5.2%	488	463	367	5.4%	26.1%
<b>Operating profit</b>	122	108	11	13.0%	n.m.	289	341	670	-15.2%	-49.1%	463	790	691	-41.4%	14.4%
<b>Net profit (loss)</b>	57	43	-9	32.6%	733.3%	120	146	263	-17.8%	-44.6%	245	274	211	-10.7%	30.1%
<b>Shareholders' equity</b>	2,275	2,229	2,209	2.1%	3.0%	2,275	2,209	2,071	3.0%	6.7%	2,239	2,082	1,849	7.5%	12.6%
<b>Regulatory capital</b>	4,255	4,214	4,920	1.0%	-13.5%	4,255	4,920	4,070	-13.5%	20.9%	4,218	3,929	3,113	7.4%	26.2%
<b>Client cash holdings</b>	263	306	275	-14.1%	-4.4%	263	275	648	-4.4%	-57.6%	493	334	432	47.6%	-22.7%
<b>Productivity (\$ thousands)<sup>2</sup></b>	1,091	1,055	592	3.4%	84.5%	2,530	2,619	3,197	-3.4%	-18.1%	1,272	1,316	1,306	-3.4%	0.7%
<b>Annual return<sup>3</sup> (%)</b>	10.0%	7.7%	-1.6%	2.3%	11.7%	7.0%	8.8%	17.0%	-1.8%	-8.1%	10.9%	13.2%	11.4%	-2.2%	1.8%

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

<sup>2</sup> Annual revenue per employee.

<sup>3</sup> 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.

### Q3 2009 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		
	Q3 09	Q2 09	Q3 08	Q3/Q2 09	Q3 09/08	2009	2008	2007	2008	2007	2006	2007	2006
<b>Number of firms</b>	35	34	34	2.9%	2.9%	35	34	36	5.6%	36	36	36	0.0%
<b>Number of employees</b>	6,043	5,909	6,156	2.3%	-1.8%	6,043	6,156	6,481	-5.0%	6,517	6,381	6,517	-7.7%
<b>Revenue</b>	151	152	153	-0.7%	-1.3%	439	518	615	-15.3%	810	763	810	-18.6%
<b>Commissions</b>	56	52	65	7.7%	-13.8%	159	218	257	-27.1%	298	294	298	-10.1%
<i>Mutual fund only commissions</i>													
<b>Investment banking</b>	43	50	33	-14.0%	30.3%	126	130	237	-3.1%	334	264	334	-53.3%
<i>New issues equity</i>	24	34	24	-29.4%	0.0%	83	90	204	-7.8%	249	211	249	-57.0%
<i>New issues debt</i>	12	13	5	-7.7%	140.0%	34	21	23	-8.7%	33	30	33	-18.2%
<i>Corporate advisory fees</i>	7	2	5	250.0%	40.0%	10	19	18	-47.4%	23	23	23	-4.8%
<b>Fixed income trading</b>	36	38	35	-5.3%	2.9%	110	88	46	25.0%	56	60	56	143.1%
<b>Equity trading</b>	12	11	-31	9.1%	138.7%	34	-20	38	270.0%	40	73	40	-226.6%
<b>Net interest</b>	11	12	27	-8.3%	-59.3%	37	82	81	-54.9%	108	101	108	-3.4%
<b>Fees</b>	76	67	73	13.4%	4.1%	208	221	216	-5.9%	294	247	294	-0.5%
<b>Other</b>	14	14	11	0.0%	27.3%	39	43	43	-9.3%	59	57	59	-2.4%
<b>Operating revenue</b>	343	343	301	0.0%	14.0%	993	1,061	1,282	-6.4%	1,670	1,565	1,670	-18.8%
<b>Operating expenses<sup>1</sup></b>	176	187	192	-5.9%	-8.3%	554	600	578	-7.7%	778	711	778	0.2%
<b>Operating profit</b>	45	34	-3	32.4%	n.m.	82	59	228	39.0%	267	211	267	-89.1%
<b>Net profit (loss)</b>	18	7	-12	157.1%	250.0%	16	-2	71	900.0%	80	64	80	-136.4%
<b>Shareholders' equity</b>	925	886	900	4.4%	2.8%	925	900	854	2.8%	899	747	899	-0.6%
<b>Regulatory capital</b>	1,153	1,097	1,115	5.1%	3.4%	1,153	1,115	1,060	3.4%	1,104	910	1,104	-0.9%
<b>Client cash holdings</b>	3,497	3,229	2,659	8.3%	31.5%	3,497	2,659	2,390	31.5%	2,608	2,190	2,608	5.3%
<b>Productivity (\$ thousands)<sup>2</sup></b>	227	232	196	-2.2%	16.1%	493	517	594	-4.7%	256	245	256	-12.1%
<b>Annual return<sup>3</sup> (%)</b>	<b>7.8%</b>	<b>3.2%</b>	<b>-5.3%</b>	<b>4.6%</b>	<b>13.1%</b>	<b>2.3%</b>	<b>-0.3%</b>	<b>11.0%</b>	<b>2.6%</b>	<b>8.9%</b>	<b>8.6%</b>	<b>8.9%</b>	<b>-12.1%</b>

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

<sup>2</sup> Annual revenue per employee.

<sup>3</sup> 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).

(\$ millions unless otherwise noted)	Q3 2009 RETAIL INTRODUCER FIRM HIGHLIGHTS														
	Quarter-over-Quarter				Cumulative Year-over-Year				Annual Year-over-Year						
	Quarters		% Change		Year to Date		% Change		Years		% Change				
	Q3 09	Q2 09	Q3 08	Q3/Q2 09	Q3 09/08	2009	2008	2007	09/08	08/07	2008	2007	2006	08/07	07/06
<b>Number of firms</b>	84	87	89	-3.4%	-5.6%	84	89	87	-5.6%	2.3%	88	88	86	0.0%	2.3%
<b>Number of employees</b>	5,905	5,871	5,984	0.6%	-1.3%	5,905	5,984	5,796	-1.3%	3.2%	5,919	5,899	5,363	0.3%	10.0%
<b>Revenue</b>	113	111	115	1.8%	-1.7%	316	375	438	-15.7%	-14.4%	480	577	544	-16.8%	6.1%
<b>Commissions</b> <i>Mutual fund only commissions</i>	39	35	41	11.4%	-4.9%	105	138	192	-23.9%	-28.0%	172	251	215	-31.4%	16.6%
<b>Investment banking</b>	21	22	20	-4.5%	5.0%	44	69	134	-36.2%	-48.3%	110	175	153	-37.0%	14.1%
<i>New issues equity</i>	16	18	13	-11.1%	23.1%	49	55	116	-10.9%	-52.4%	69	151	133	-54.2%	13.2%
<i>New issues debt</i>	2	2	4	0.0%	-50.0%	5	8	9	-37.5%	-13.0%	9	11	10	-19.6%	12.0%
<i>Corporate advisory fees</i>	3	2	3	50.0%	0.0%	-11	6	10	-283.3%	-38.2%	32	14	10	133.5%	37.0%
<b>Fixed income trading</b>	10	10	6	0.0%	66.7%	30	24	34	25.0%	-30.3%	34	46	23	-26.8%	101.9%
<b>Equity trading</b>	9	11	-16	-18.2%	156.3%	30	0	24	n.m.	-99.6%	-6	36	131	-116.7%	-72.6%
<b>Net interest</b>	11	10	24	10.0%	-54.2%	33	72	64	-54.2%	13.1%	89	87	83	2.7%	4.4%
<b>Fees</b>	59	59	85	0.0%	-30.6%	185	280	227	-33.9%	23.1%	375	401	316	-6.6%	27.0%
<b>Other</b>	11	10	20	10.0%	-45.0%	67	110	29	-39.1%	278.7%	140	51	70	174.3%	-27.1%
<b>Operating revenue</b>	233	232	254	0.4%	-8.3%	705	930	951	-24.2%	-2.2%	1,222	1,376	1,320	-11.2%	4.2%
<b>Operating expenses<sup>1</sup></b>	141	145	245	-2.8%	-42.4%	436	460	432	-5.2%	6.5%	614	582	532	5.5%	9.4%
<b>Operating profit</b>	13	5	8	160.0%	62.5%	33	163	180	-79.8%	-9.5%	216	339	343	-36.3%	-1.1%
<b>Net profit (loss)</b>	-10	-7	-29	-42.9%	65.5%	-26	15	35	-273.3%	-56.9%	21	23	70	-8.0%	-67.4%
<b>Shareholders' equity</b>	128	111	166	15.3%	-22.9%	128	166	246	-22.9%	-32.5%	173	227	363	-23.8%	-37.5%
<b>Regulatory capital</b>	579	572	619	1.2%	-6.5%	579	619	711	-6.5%	-12.9%	650	703	603	-7.5%	16.6%
<b>Client cash holdings</b>	1,622	1,747	1,336	-7.2%	21.4%	1,622	1,336	1,259	21.4%	6.1%	1,448	1,319	940	9.8%	40.3%
<b>Productivity (\$ thousands)<sup>2</sup></b>	158	158	170	-0.1%	-7.0%	358	466	492	-23.2%	-5.2%	206	233	246	-11.5%	-5.3%
<b>Annual return<sup>3</sup> (%)</b>	<b>-31.3%</b>	<b>-25.2%</b>	<b>-69.9%</b>	<b>-6.0%</b>	<b>38.6%</b>	<b>-27.1%</b>	<b>12.0%</b>	<b>18.9%</b>	<b>-39.1%</b>	<b>-6.8%</b>	<b>12.1%</b>	<b>10.1%</b>	<b>19.3%</b>	<b>2.1%</b>	<b>-9.2%</b>

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

<sup>2</sup> Annual revenue per employee.

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

*The information contained in this document is for educational and general information purposes only and does not constitute advice. You should not act or rely on the information without seeking professional counsel. While we believe the information to be reliable at the time of issue, we make no representations or warranties of any kind, express or implied, about its completeness, accuracy, reliability, timeliness, suitability or availability.*

## 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](mailto:capitalmarkets@iiac.ca).

**Jack Rando,**  
*Director – Capital Markets*  
[jrando@iiac.ca](mailto:jrando@iiac.ca)  
Tel: (416) 687-5477

**TJ Jeyandran,**  
*Financial Analyst – Capital Markets*  
[tjeyandran@iiac.ca](mailto:tjeyandran@iiac.ca)  
Tel: (416) 687-5480

## Addresses

### Toronto (Head Office)

11 King St West,  
Suite 1600  
Toronto, ON M5H 4C7  
Tel: (416) 364-2754  
Fax: (416) 364-4861

### Vancouver

888 Dunsmuir Street,  
Suite 1230  
Vancouver, BC V6C 3K4  
Tel: (604) 482-1790  
Fax: (604) 633-1574

### Montreal

2112-1800 McGill  
College Ave  
Montreal, QC H3A 3J6  
Tel: (514) 843-8380  
Fax: (514) 843-9763

