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# SECURITIES INDUSTRY PERFORMANCE

REPORT FOR THE FOURTH QUARTER

## Wealth Management Drives Industry Performance in 2010

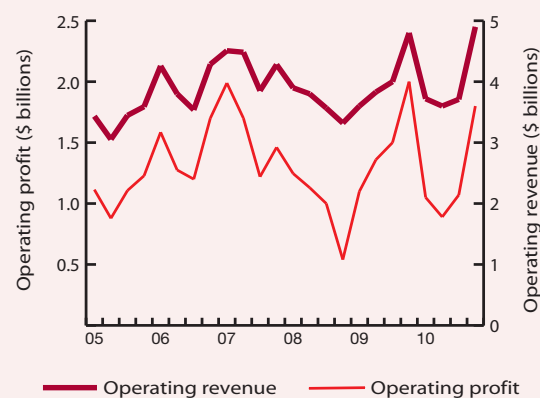
2010 ended on a strong note with Q4 operating revenues surging 31% resulting in \$1.8 billion in operating profits during the period, the most profitable quarter of the year. Investment banking (IB) delivered especially strong results, propelled by a 122% increase in equity underwriting revenue and a 17% hike in corporate advisory business as investor appetite for new offerings returned while M&A activity continued its positive momentum. Wealth management, however, proved to be the key driver in 2010. On the whole, 2010 turned in a respectable showing, despite revenues and profits falling short of 2009's levels. Performance did, however, vary among the major firm groupings. Specifically, performance at integrated firms significantly lagged those of retail and institutional firms, partly as a result of integrated firms' heavier dependency on trading revenues – one of the few business areas that saw significant declines on the year.

The European debt crisis and tighter US regulations contributed to many global investment banks' reporting anemic trading results. Similar themes reverberated throughout Canadian proprietary trading desks. Revenues generated from fixed income trading sustained a major setback, plunging 51% from last quarter and 44% on the year. While equity-trading revenue more than doubled in the final quarter, a tough trading climate dominated throughout the year, leading to poor 2010 results. On the year equity trading revenues were down 42%. In total, annual revenue from debt and equity trading slipped from \$2.6 billion in 2009 to \$1.4 billion in 2010.

Most of the industry's other major business lines did, however, exhibit growth in 2010. Wealth management areas were a particular bright spot, signaling improved sentiment among retail investors. Commission revenues were up nearly 12%, helped in large part by mutual fund sales. The industry earned \$2 billion in mutual fund revenues in 2010, including both trailers and commissions, up 22% from the prior year. Industry fee-based revenues, derived mainly from retail managed account offerings topped \$2.7 billion in 2010, up 14% from the prior year and establishing a new high watermark for the industry. Margin borrowing within the industry spiked 24% in 2010, contributing to industry revenues while also signaling improved investor confidence. The positive showing from wealth management in 2010 was reflected in the 14% and 23% jump in operating revenues and profits, respectively, at retail firms.

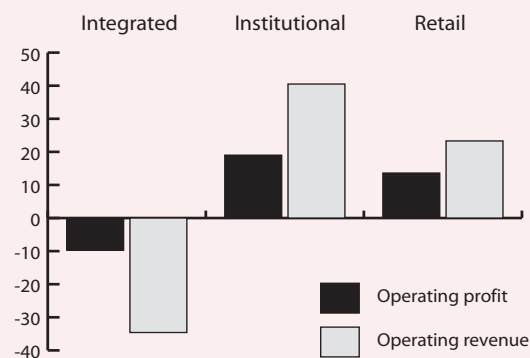
Improved prospects for economic recovery provided a favorable environment for robust investment banking activity. Rising commodity prices spurred a flurry of IPOs and M&A deals, especially in the resource sector. Revenues from underwriting and corporate advisory are up 31% from 2008 but still fall short of the pre-recession peak in 2007.

Chart 1: Operating profit and revenue



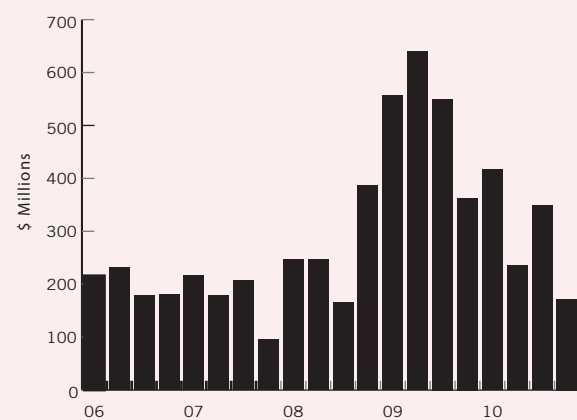
Source: IIAC

Chart 2: Growth of operating revenue and profit



Source: IIAC

Chart 3: Fixed income trading revenue



Source: IIAC

## Q4 2010 INDUSTRY HIGHLIGHTS

(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q4 10	Q3 10	Q4 09	Q4/Q3 10	Q4 10/09	2010	2009	2008	2007	10/09	09/08	08/07
<b>Number of firms</b>	201	197	200	2.0	0.5	201	200	202	203	0.5	-1.0	-0.5
<b>Number of employees</b>	39,917	39,793	39,894	0.3	0.1	39,917	39,894	40,836	42,329	0.1	-2.3	-3.5
<b>Revenue</b>												
<b>Commissions</b>	1,548	1,285	1,341	20.5	15.4	5,631	5,052	5,592	6,315	11.5	-9.7	-11.4
<i>Mutual fund only commissions</i>	509	472	464	7.8	9.7	1,950	1,605	1,860	2,249	21.5	-13.7	-17.3
<b>Investment banking</b>	1,396	867	1,198	61.0	16.5	4,029	3,915	3,077	4,546	2.9	27.2	-32.3
<i>New issues equity</i>	869	392	730	121.9	19.1	2,234	2,356	1,580	2,589	-5.2	49.1	-39.0
<i>New issues debt</i>	216	211	181	2.5	19.5	809	653	483	581	23.9	35.2	-16.9
<i>Corporate advisory fees</i>	310	264	287	17.4	8.0	986	906	1,014	1,376	8.8	-10.7	-26.3
<b>Fixed income trading</b>	172	349	363	-50.7	-52.6	1,173	2,109	1,045	698	-44.4	101.8	49.7
<b>Equity trading</b>	157	77	126	103.9	24.6	267	459	-11	460	-41.8	4272.7	-102.4
<b>Net interest</b>	382	275	189	38.9	102.1	1,054	914	1,894	1,794	15.3	-51.7	5.6
<b>Fees</b>	717	685	691	4.7	3.8	2,721	2,385	2,624	2,636	14.1	-9.1	-0.5
<b>Other</b>	503	175	899	187.4	-44.0	1,004	1,473	371	674	-31.8	297.0	-45.0
<b>Operating revenue</b>	4,875	3,712	4,807	31.3	1.4	15,878	16,306	14,593	17,123	-2.6	11.7	-14.8
<b>Operating expenses<sup>1</sup></b>	1,829	1,669	1,733	9.6	5.5	6,825	6,555	6,528	6,279	4.1	0.4	4.0
<b>Operating profit</b>	1,778	1,067	1,989	66.6	-10.6	4,789	5,987	3,914	6,382	-20.0	53.0	-38.7
<b>Net profit (loss)</b>	1,073	446	795	140.6	35.0	2,395	2,869	1,875	2,771	-16.5	53.0	-32.3
<b>Shareholders' equity</b>	16,988	18,197	15,225	-6.6	11.6	16,988	15,225	13,507	12,655	11.6	12.7	6.7
<b>Regulatory capital</b>	31,647	32,095	29,559	-1.4	7.1	31,647	29,559	27,461	23,413	7.1	7.6	17.3
<b>Client cash holdings</b>	37,952	35,987	36,816	5.5	3.1	37,952	36,816	33,677	28,500	3.1	9.3	18.2
<b>Client debt margin outstanding</b>	13,731	12,838	11,048	7.0	24.3	13,731	11,048	8,846	14,001	24.3	24.9	-36.8
<b>Productivity (\$ thousands)<sup>2</sup></b>	489	373	482	30.9	1.4	398	409	357	405	-2.7	14.4	-11.7
<b>Annual return<sup>3</sup> (%)</b>	25.3	9.8	20.9	15.5	4.4	14.1	18.8	13.9	21.9	-4.7	5.0	-8.0

<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.

Q4 2010 INTEGRATED FIRMS												
(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q4 10	Q3 10	Q4 09	Q4/Q3 10	Q4 10/09	2010	2009	2008	2007	10/09	09/08	08/07
<b>Number of firms</b>	11	11	11	0	0.0	11	11	11	11	0.0	0.0	0.0
<b>Number of employees</b>	24,955	24,851	25,131	0.4	-0.7	24,955	25,131	25,973	26,925	-0.7	-3.2	-3.5
<b>Revenue</b>												
<b>Commissions</b>	1,021	869	902	17.5	13.2	3,767	3,384	3,675	4,145	11.3	-7.9	-11.3
<i>Mutual fund only commissions</i>	384	360	353	6.7	8.8	1,471	1,226	1,414	1,665	20.0	-13.3	-15.1
<b>Investment banking</b>	935	525	762	78.1	22.7	2,566	2,598	1,874	2,642	-1.2	38.6	-29.1
<i>New issues equity</i>	537	223	464	140.8	15.7	1,311	1,587	967	1,421	-17.4	64.1	-31.9
<i>New issues debt</i>	188	170	152	10.6	23.7	682	546	405	461	24.9	34.8	-12.1
<i>Corporate advisory fees</i>	211	133	147	58.6	43.5	573	465	502	758	23.2	-7.4	-33.8
<b>Fixed income trading</b>	151	283	299	-46.6	-49.5	960	1,690	782	514	-43.2	116.1	52.1
<b>Equity trading</b>	46	4	80	1050.0	-42.5	38	332	106	184	-88.6	213.2	-42.4
<b>Net interest</b>	328	234	170	40.2	92.9	906	790	1,488	1,399	14.7	-46.9	6.4
<b>Fees</b>	535	499	521	7.2	2.7	1,994	1,764	1,877	1,857	13.0	-6.0	1.1
<b>Other</b>	97	120	824	-19.2	-88.2	415	1,233	-1	436	-66.3	n.m.	-100.2
<b>Operating revenue</b>	3,113	2,535	3,556	22.8	-12.5	10,645	11,792	9,801	11,177	-9.7	20.3	-12.3
<b>Operating expenses<sup>1</sup></b>	1,195	1,116	1,176	7.1	1.6	4,497	4,300	4,145	4,029	4.6	3.7	2.9
<b>Operating profit</b>	1,027	722	1,603	42.2	-35.9	3,127	4,782	2,722	3,985	-34.6	75.7	-31.7
<b>Net profit (loss)</b>	564	356	641	58.4	-12.0	1,610	2,422	1,502	2,006	-33.5	61.3	-25.1
<b>Shareholders' equity</b>	11,585	11,080	10,029	4.6	15.5	11,585	10,029	8,637	7,761	15.5	16.1	11.3
<b>Regulatory capital</b>	22,882	21,671	21,372	5.6	7.1	22,882	21,372	19,334	15,669	7.1	10.5	23.4
<b>Client cash holdings</b>	31,677	30,311	31,451	4.5	0.7	31,677	31,451	28,157	23,811	0.7	11.7	18.3
<b>Productivity (\$ thousands)<sup>2</sup></b>	499	408	566	22.3	-11.8	427	469	377	415	-9.1	24.3	-9.1
<b>Annual return<sup>3</sup> (%)</b>	19.5	12.9	25.6	6.6	-6.1	13.9	24.1	17.4	25.8	-10.3	6.8	-8.5

<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.

**Q4 2010 INSTITUTIONAL FIRM HIGHLIGHTS**

(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q4 10	Q3 10	Q4 09	Q4/Q3 10	Q4 10/09	2010	2009	2008	2007	10/09	09/08	08/07
<b>Number of firms</b>	74	72	72	2.8	2.8	74	72	69	68	2.8	4.3	1.5
<b>Number of employees</b>	2,793	2,785	2,801	0.3	-0.3	2,793	2,801	2,926	2,988	-0.3	-4.3	-2.1
<b>Revenue</b>												
<b>Commissions</b>	192	146	150	31.5	28.0	192	623	777	783	-69.2	-19.8	-0.8
<b>Investment banking</b>	319	273	341	16.8	-6.5	1,082	1,052	938	1,425	2.9	12.2	-34.2
<i>New issues equity</i>	217	123	197	76.4	10.2	634	568	438	767	11.6	29.7	-42.9
<i>New issues debt</i>	7	23	13	-69.6	-46.2	58	51	42	76	13.7	21.4	-44.7
<i>Corporate advisory fees</i>	95	128	131	-25.8	-27.5	390	433	458	581	-9.9	-5.5	-21.2
<b>Fixed income trading</b>	20	28	36	-28.6	-44.4	122	249	94	82	-51.0	164.9	14.6
<b>Equity trading</b>	77	50	29	54.0	165.5	145	46	-61	199	215.2	175.4	-130.7
<b>Net interest</b>	18	10	-1	80.0	1900.0	35	33	212	201	6.1	-84.4	5.5
<b>Fees</b>	21	15	20	40.0	5.0	104	77	79	85	35.1	-2.5	-7.1
<b>Other</b>	367	29	44	1165.5	734.1	453	101	174	126	348.5	-42.0	38.1
<b>Operating revenue</b>	1,014	552	617	83.7	64.3	2,596	2,182	2,214	2,901	19.0	-1.4	-23.7
<b>Operating expenses<sup>1</sup></b>	249	211	215	18.0	15.8	899	923	990	889	-2.6	-6.8	11.4
<b>Operating profit</b>	677	286	321	136.7	110.9	1,440	1,025	947	1,790	40.5	8.2	-47.1
<b>Net profit (loss)</b>	476	90	141	428.9	237.6	752	444	382	660	69.4	16.2	-42.1
<b>Shareholders' equity</b>	4,108	5,853	3,972	-29.8	3.4	4,108	3,972	3,803	3,768	3.4	4.4	0.9
<b>Regulatory capital</b>	7,068	8,793	6,607	-19.6	7.0	7,068	6,607	6,118	5,937	7.0	8.0	3.0
<b>Client cash holdings</b>	1,306	911	1,261	43.4	3.6	1,306	768	1,326	1,034	70.1	-42.1	28.2
<b>Productivity (\$ thousands)<sup>2</sup></b>	1,452	793	881	83.2	64.8	929	2,337	757	971	-60.2	208.9	-22.1
<b>Annual return<sup>3</sup> (%)</b>	<b>46.3</b>	<b>6.2</b>	<b>14.2</b>	<b>40.2</b>	<b>32.1</b>	<b>18.3</b>	<b>11.2</b>	<b>10.0</b>	<b>17.5</b>	<b>7.1</b>	<b>1.1</b>	<b>-7.5</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.

**Q4 2010 RETAIL FIRM HIGHLIGHTS**

(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q4 10	Q3 10	Q4 09	Q4/Q3 10	Q4 10/09	2010	2009	2008	2007	10/09	09/08	08/07
<b>Number of firms</b>	116	114	117	1.8	-0.9	116	117	122	124	-0.9	-4.1	-1.6
<b>Number of employees</b>	12,169	12,157	11,962	0.1	1.7	12,169	11,962	11,937	12,416	1.7	0.2	-3.9
<b>Revenue</b>												
<b>Commissions</b>	335	270	290	24.1	15.5	1,208	1,045	1,140	1,387	15.6	-8.3	-17.8
<i>Mutual fund only commissions</i>	125	112	110	11.6	13.6	478	375	440	577	27.5	-14.8	-23.7
<b>Investment banking</b>	141	68	95	107.4	48.4	381	265	265	481	43.8	0.0	-44.9
<i>New issues equity</i>	116	46	69	152.2	68.1	289	201	176	400	43.8	14.2	-56.0
<i>New issues debt</i>	21	18	17	16.7	23.5	69	56	36	43	23.2	55.6	-16.3
<i>Corporate advisory fees</i>	4	4	9	0.0	-55.6	23	8	54	36	187.5	-85.2	50.0
<b>Fixed income trading</b>	1	38	29	-97.4	-96.6	91	169	139	88	-46.2	21.6	58.0
<b>Equity trading</b>	34	23	17	47.8	100.0	84	81	17	40	3.7	376.5	-57.5
<b>Net interest</b>	36	31	21	16.1	71.4	113	91	194	195	24.2	-53.1	-0.5
<b>Fees</b>	161	170	151	-5.3	6.6	623	544	667	694	14.5	-18.4	-3.9
<b>Other</b>	39	26	32	50.0	21.9	137	138	198	111	-0.7	-30.3	78.4
<b>Operating revenue</b>	748	625	634	19.7	18.0	2,637	2,322	2,578	3,045	13.6	-9.9	-15.3
<b>Operating expenses<sup>1</sup></b>	385	342	342	12.6	12.6	1,428	1,332	1,394	1,361	7.2	-4.4	2.4
<b>Operating profit</b>	74	58	65	27.6	13.8	222	180	245	606	23.3	-26.5	-59.6
<b>Net profit (loss)</b>	34	0	13	n.m.	161.5	33	3	-8	104	1000.0	137.5	-107.7
<b>Shareholders' equity</b>	1,295	1,264	1,224	2.5	5.8	1,295	1,224	1,067	1,126	5.8	14.7	-5.2
<b>Regulatory capital</b>	1,697	1,631	1,580	4.0	7.4	1,697	1,580	1,744	1,807	7.4	-9.4	-3.5
<b>Client cash holdings</b>	4,820	4,665	4,193	3.3	15.0	4,820	4,506	4,194	3,655	7.0	7.4	14.7
<b>Productivity (\$ thousands)<sup>2</sup></b>	246	206	212	19.6	16.0	217	194	216	245	11.6	-10.1	-11.9
<b>Annual return<sup>3</sup> (%)</b>	10.5	0.3	4.2	10.2	6.3	2.5	0.2	-0.7	9.2	2.3	1.0	-10.0

<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.

Q4 2010 DOMESTIC INSTITUTIONAL FIRM HIGHLIGHTS												
(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q4 10	Q3 10	Q4 09	Q4/Q3 10	Q4 10/09	2010	2009	2008	2007	10/09	09/08	08/07
<b>Number of firms</b>	54	52	52	3.8	3.8	54	52	49	48	3.8	6.1	2.1
<b>Number of employees</b>	2,013	1,989	2,090	1.2	-3.7	2,013	2,090	2,146	2,048	-3.7	-2.6	4.8
<b>Revenue</b>												
<b>Commissions</b>	134	97	106	38.1	26.4	448	439	517	537	2.1	-15.1	-3.7
<b>Investment banking</b>	230	167	255	37.7	-9.8	781	684	635	956	14.2	7.7	-33.6
<i>New issues equity</i>	191	105	171	81.9	11.7	574	468	389	670	22.6	20.3	-42.0
<i>New issues debt</i>	-2	10	6	-120.0	-133.3	17	17	9	12	0.0	88.9	-26.6
<i>Corporate advisory fees</i>	40	53	78	-24.5	-48.7	190	198	237	274	-4.0	-16.5	-13.4
<b>Fixed income trading</b>	2	6	7	-66.7	-71.4	17	38	25	6	-55.3	52.0	297.3
<b>Equity trading</b>	71	26	33	173.1	115.2	101	113	-127	25	-10.6	-189.0	-602.4
<b>Net interest</b>	7	6	4	16.7	75.0	20	19	50	51	5.3	-62.0	-2.3
<b>Fees</b>	18	13	16	38.5	12.5	93	69	64	66	34.8	7.8	-3.4
<b>Other</b>	308	9	11	3322.2	2700.0	341	25	57	23	1,264.0	-56.1	146.1
<b>Operating revenue</b>	770	325	432	136.9	78.2	1,801	1,388	1,222	1,664	29.8	13.6	-26.6
<b>Operating expenses<sup>1</sup></b>	148	127	134	16.5	10.4	554	548	502	428	1.1	9.2	17.3
<b>Operating profit</b>	539	147	220	266.7	145.0	1,008	635	484	1,000	58.7	31.2	-51.6
<b>Net profit (loss)</b>	396	12	94	3200.0	321.3	536	277	137	386	93.5	102.2	-64.5
<b>Shareholders' equity</b>	1,737	1,437	1,685	20.9	3.1	1,737	1,685	1,563	1,686	3.1	7.8	-7.3
<b>Regulatory capital</b>	2,325	2,002	1,943	16.1	19.7	2,325	1,943	1,900	2,008	19.7	2.3	-5.4
<b>Client cash holdings</b>	618	624	464	-1.0	33.2	618	464	768	519	33.2	-39.6	48.0
<b>Productivity (\$ thousands)<sup>2</sup></b>	1,530	654	827	134.1	85.1	895	664	569	813	34.7	16.6	-29.9
<b>Annual return<sup>3</sup> (%)</b>	91.2	3.3	22.3	87.9	68.9	30.9	16.4	8.8	22.9	14.4	7.7	-14.1

<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.

Q4 2010 FOREIGN INSTITUTIONAL FIRM HIGHLIGHTS												
(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q4 10	Q3 10	Q4 09	Q4/Q3 10	Q4 10/09	2010	2009	2008	2007	10/09	09/08	08/07
<b>Number of firms</b>	20	20	20	0.0	0.0	20	20	20	20	0.0	0.0	0.0
<b>Number of employees</b>	780	796	711	-2.0	9.7	780	711	780	940	9.7	-8.8	-17.0
<b>Revenue</b>												
<b>Commissions</b>	58	49	44	18.4	31.8	208	183	260	246	13.7	-29.6	5.6
<b>Investment banking</b>	90	105	86	-14.3	4.7	301	367	303	467	-18.0	21.1	-35.1
<i>New issues equity</i>	26	18	26	44.4	0.0	60	99	49	96	-39.4	102.0	-49.2
<i>New issues debt</i>	9	13	7	-30.8	28.6	41	34	33	64	20.6	3.0	-48.1
<i>Corporate advisory fees</i>	55	75	53	-26.7	3.8	200	234	220	308	-14.5	6.4	-28.5
<b>Fixed income trading</b>	18	23	28	-21.7	-35.7	106	212	69	76	-50.0	207.2	-9.1
<b>Equity trading</b>	6	23	-5	-73.9	220.0	44	-67	66	173	165.7	-201.5	-61.9
<b>Net interest</b>	11	5	-5	120.0	320.0	15	14	162	150	7.1	-91.4	8.1
<b>Fees</b>	3	3	3	0.0	0.0	11	8	15	19	37.5	-46.7	-20.2
<b>Other</b>	59	20	33	195.0	78.8	111	76	118	103	46.1	-35.6	14.4
<b>Operating revenue</b>	244	228	184	7.0	32.6	796	794	992	1,237	0.3	-20.0	-19.8
<b>Operating expenses<sup>1</sup></b>	101	84	81	20.2	24.7	345	375	488	463	-8.0	-23.2	5.4
<b>Operating profit</b>	138	139	101	-0.7	36.6	432	390	463	790	10.8	-15.8	-41.4
<b>Net profit (loss)</b>	79	78	46	1.3	71.7	215	167	245	274	28.7	-31.8	-10.7
<b>Shareholders' equity</b>	2,371	4,416	2,287	-46.3	3.7	2,371	2,287	2,239	2,082	3.7	2.1	7.5
<b>Regulatory capital</b>	4,742	6,791	4,664	-30.2	1.7	4,742	4,664	4,218	3,929	1.7	10.6	7.4
<b>Client cash holdings</b>	688	287	304	139.7	126.3	688	304	493	334	126.3	-38.3	47.6
<b>Productivity (\$ thousands)<sup>2</sup></b>	1,251	1,146	1,035	9.2	20.9	1,021	3,350	1,272	1,316	-69.5	163.4	-3.4
<b>Annual return<sup>3</sup> (%)</b>	13.3	7.1	8.0	6.3	5.3	9.1	9.7	10.9	13.2	-0.7	-1.2	-2.2

<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.

Q4 2010 FULL SERVICE RETAIL FIRM HIGHLIGHTS												
(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q4 10	Q3 10	Q4 09	Q4/Q3 10	Q4 10/09	2010	2009	2008	2007	10/09	09/08	08/07
<b>Number of firms</b>	35	35	35	0.0	0.0	35	35	34	36	0.0	2.9	-5.6
<b>Number of employees</b>	6,231	6,151	6,072	1.3	2.6	6,231	6,072	6,018	6,517	2.6	0.9	-7.7
<b>Revenue</b>												
<b>Commissions</b>	189	153	166	23.5	13.9	675	605	659	810	11.6	-8.2	-18.6
<i>Mutual fund only commissions</i>	75	68	67	10.3	11.9	285	227	268	298	25.6	-15.3	-10.1
<b>Investment banking</b>	97	48	66	102.1	47.0	271	192	156	334	41.1	23.1	-53.3
<i>New issues equity</i>	75	31	45	141.9	66.7	195	128	107	249	52.3	19.6	-57.0
<i>New issues debt</i>	19	15	14	26.7	35.7	61	48	27	33	27.1	77.8	-18.2
<i>Corporate advisory fees</i>	3	2	6	50.0	-50.0	16	17	22	23	-5.9	-22.7	-4.8
<b>Fixed income trading</b>	-3	31	24	-109.7	-112.5	71	134	136	56	-47.0	-1.5	143.1
<b>Equity trading</b>	19	13	9	46.2	111.1	40	42	-50	40	-4.8	184.0	-226.6
<b>Net interest</b>	20	17	12	17.6	66.7	62	49	104	108	26.5	-52.9	-3.4
<b>Fees</b>	88	76	81	15.8	8.6	321	288	292	294	11.5	-1.4	-0.5
<b>Other</b>	20	14	18	42.9	11.1	71	57	58	59	24.6	-1.7	-2.4
<b>Operating revenue</b>	429	352	374	21.9	14.7	1,511	1,367	1,356	1,670	10.5	0.8	-18.8
<b>Operating expenses<sup>1</sup></b>	221	195	198	13.3	11.6	819	752	780	778	8.9	-3.6	0.2
<b>Operating profit</b>	42	27	41	55.6	2.4	117	122	29	267	-4.1	320.7	-89.1
<b>Net profit (loss)</b>	19	7	14	171.4	35.7	34	31	-29	80	9.7	206.9	-136.4
<b>Shareholders' equity</b>	900	874	804	3.0	11.9	900	804	894	899	11.9	-10.1	-0.6
<b>Regulatory capital</b>	1,115	1,053	987	5.9	13.0	1,115	987	1,094	1,104	13.0	-9.8	-0.9
<b>Client cash holdings</b>	3,890	3,726	3,620	4.4	7.5	3,890	3,620	2,745	2,608	7.5	31.9	5.3
<b>Productivity (\$ thousands)<sup>2</sup></b>	275	229	246	20.3	11.8	242	225	225	256	8	0	-12
<b>Annual return<sup>3</sup> (%)</b>	8.4	3.2	7.0	5.2	1.5	3.8	3.9	-3.2	8.9	-0.1	7.1	-12.1

<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).

Q4 2010 RETAIL INTRODUCER FIRM HIGHLIGHTS												
(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q4 10	Q3 10	Q4 09	Q4/Q3 10	Q4 10/09	2010	2009	2008	2007	10/09	09/08	08/07
<b>Number of firms</b>	81	79	82	2.5	-1.2	81	82	88	88	-1.2	-6.8	0.0
<b>Number of employees</b>	5,938	6,006	5,890	-1.1	0.8	5,938	5,890	5,919	5,899	0.8	-0.5	0.3
<b>Revenue</b>												
<b>Commissions</b>	146	116	124	25.9	17.7	533	440	480	577	21.1	-8.3	-16.8
<i>Mutual fund only commissions</i>	50	43	43	16.3	16.3	192	148	172	251	29.7	-14.0	-31.4
<b>Investment banking</b>	45	21	29	114.3	55.2	110	73	110	175	50.7	-33.6	-37.0
<i>New issues equity</i>	40	16	24	150.0	66.7	94	73	69	151	28.8	5.8	-54.2
<i>New issues debt</i>	3	3	3	0.0	0.0	9	8	9	11	12.5	-11.1	-19.6
<i>Corporate advisory fees</i>	1	2	2	-50.0	-50.0	7	-8	32	14	187.5	-125.0	133.5
<b>Fixed income trading</b>	4	7	5	-42.9	-20.0	20	35	34	46	-42.9	2.9	-26.8
<b>Equity trading</b>	16	10	8	60.0	100.0	43	38	-6	36	13.2	733.3	-116.7
<b>Net interest</b>	16	14	9	14.3	77.8	51	42	89	87	21.4	-52.8	2.7
<b>Fees</b>	73	94	71	-22.3	2.8	302	256	375	401	18.0	-31.7	-6.6
<b>Other</b>	19	12	14	58.3	35.7	66	81	140	51	-18.5	-42.1	174.3
<b>Operating revenue</b>	319	273	260	16.8	22.7	1,125	966	1,222	1,376	16.5	-20.9	-11.2
<b>Operating expenses<sup>1</sup></b>	163	148	144	10.1	13.2	609	580	614	582	5.0	-5.5	5.5
<b>Operating profit</b>	33	32	24	3.1	37.5	105	57	216	339	84.2	-73.6	-36.3
<b>Net profit (loss)</b>	15	-7	-1	314.3	1600.0	-1	-27	21	23	96.3	-228.6	-8.0
<b>Shareholders' equity</b>	395	389	420	1.5	-6.0	395	420	173	227	-6.0	142.8	-23.8
<b>Regulatory capital</b>	582	578	593	0.7	-1.9	582	593	650	703	-1.9	-8.8	-7.5
<b>Client cash holdings</b>	930	939	886	-1.0	5.0	930	886	1,448	1,319	5.0	-38.8	9.8
<b>Productivity (\$ thousands)<sup>2</sup></b>	215	182	177	18.2	21.7	189	164	206	233	16	-21	-11
<b>Annual return<sup>3</sup> (%)</b>	15.2	-7.2	-1.0	22.4	16.1	-0.3	-6.4	12.1	10.1	6.2	-18.6	2.1

<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.

## 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).

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