



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

LETTER FROM THE PRESIDENT

Vol. 136

2020 performance indicates the investment industry is well-positioned for the post-COVID recovery

HIGHLIGHTS:

The investment industry successfully overcame unprecedented business challenges at the outset of the pandemic - plunging markets, economic lock-downs and widespread uncertainties - to re-configure remote operations to engage with clients and keep capital markets open. Investors stayed resilient and corporate and government borrowers accessed needed liquidity, helping to stabilize markets and the economy by mid-year.

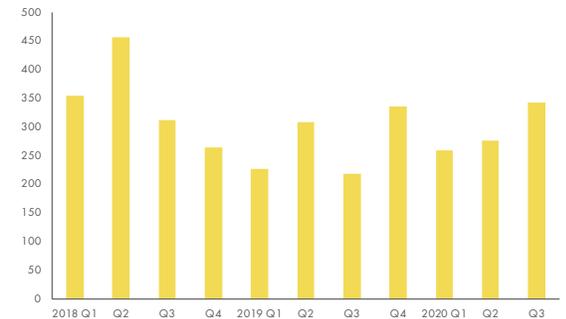
The investment industry notched up an estimated \$8.5 billion in operating profit in 2020, up 12 percent year-over-year, one of its best years ever. The gratifying outcome is that the mid-sized and small dealers matched the performance of the integrated firms in terms of revenue and profit.

The widespread adaption of technology for greater efficiencies, flexible remote operations, wider business scope and better risk-control leaves large and small dealers well-positioned to complete effectively for clientele. Dealers have learned important lessons from the crisis to adjust and navigate through future unanticipated economic and market shocks.

Many firms in the Canadian investment industry have confronted the intense strains of the COVID-19 pandemic alongside their employees, clients, and communities. Despite significant obstacles, both large and small dealers quickly transitioned most of their employees to work remotely, keeping capital markets open and running in crisis conditions, while working with regulators to ensure continued compliance in a remote environment.

Across the board, Canada's investment industry stepped up and contributed to the solutions required to mitigate the financial challenges facing businesses, governments, and individuals—helping to raise capital and working diligently to safeguard the portfolios of Canadians during uncertain and volatile times. Canadian debt capital markets issuance (excluding self-funded deals) totaled \$211.7 billion in the first nine months of 2020, according to Refinitiv, making it the strongest year on record as governments and businesses bulked up liquidity to weather the crisis. Government and Agency debt accounted for almost two-thirds of total issuance. Corporations largely used the proceeds for debt repayment and refinancing, and for general corporate purposes, notes Statistics Canada. The rush for liquidity in the face of pandemic-induced lockdowns also played out in the equity capital markets. Refinitiv data shows that Canadian equity and equity-related issuance (excluding self-led issuance) totaled \$26.5 billion in the first three quarters of 2020, a 20 percent increase year-over-year, led by the high-tech sector. With both debt and equity issuance up significantly, Canadian underwriters had a strong 2020.

Securities Industry Equity Underwriting Revenue (\$ Millions)

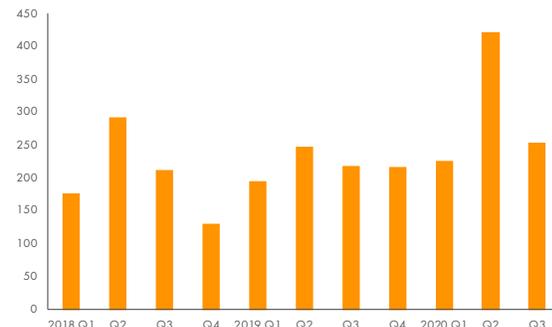


Source: IIROC Monthly Financial Reports, IIAC Compiled

M&A activity was weak in the second quarter of 2020, as would be expected, given the significant disruptions to markets, business shutdowns and cross-border travel restrictions. According to data from Crosbie & Company, 600 transactions were announced in the quarter, primarily smaller acquisitions in sectors less impacted by the economic effects of the pandemic—namely precious metals, mining, healthcare, and information technology. These 600 announced deals had an aggregate value of \$14.2 billion. To put this in perspective, an average of 806 transactions per quarter were announced in the four quarters (Q2 2019 to Q1 2020) that preceded the pandemic shutdowns, with an average quarterly deal value of \$73.5 billion. In the third quarter, however, M&A activity rebounded with 804 announced transactions with a total value of \$17.5 billion. Cross-border deals represented 46 percent of total activity. Twelve mega-deals (deals over \$1 billion) were announced in the first nine months of 2020, compared to 35 over the same period the previous year.

In the retail side of the business, early year momentum in the wealth management business was stifled by staggeringly high client redemptions and lower sales as concerns about the economic impacts of the pandemic created shock waves in financial markets in March, resulting in lower assets under management and assets under advisement. Clients have been understandably feeling nervous and anxious about their portfolios, reaching out to advisors more frequently for advice and knowledge to navigate market volatility and pandemic related uncertainties. Demand has increased for more personalized products and services, especially

Securities Industry Debt Underwriting Revenue (\$ Millions)

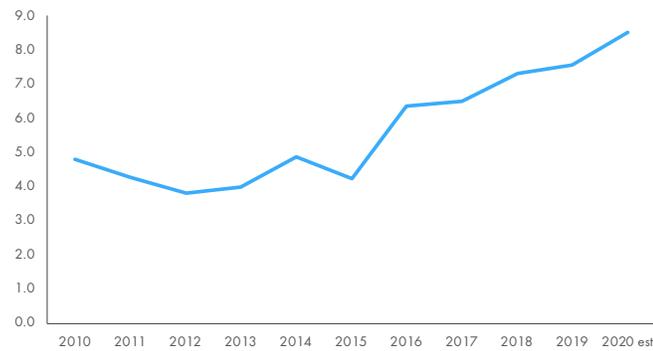


Source: IIROC Monthly Financial Reports, IIAC Compiled

estate planning and insurance planning, and clients have been reconfiguring retirement plans. Thankfully, asset values clawed back, with the S&P/TSX Composite Index ending the year up 55 percent from its March 2020 bottom, as clients saw a golden opportunity to invest, and central bank intervention improved liquidity and functioning in fixed income markets.

During these unprecedented times, the investment industry recorded one of its best years on record. With nine months of data in, we estimate 2020 securities industry operating profits to come in at \$8.5 billion, a 12 percent increase from the previous record of \$7.6 billion set in 2019. The more gratifying outcome is the solid profit rebound at the independent dealers, matching the performance of the larger firms, signifying a broad dealer response to client demands for financial services.

Industry Operating Profits
(\$ Millions)



Source: IIROC Monthly Financial Reports, IIAC Compiled

The 38 domestic institutional firms saw operating profits more than double in the first three quarters of 2020 from 2019 to reach \$258 million. Institutional independent dealers impressively cut operating expenses steadily over the past five years benefiting significantly from operating efficiencies from increased digitization. As well, institutional firms benefitted from stepped up mid-cap financing in 2020, notably in the technology sector. Recent efforts to widen corporate client reach through increased research capability, wider distribution, and greater business focus on small cap private equity merchant banking also paid off. The biggest challenge facing these firms is attracting enough regulatory capital to give greater maneuverability and range to compete effectively for mid-cap equity offerings and gain syndicate positions in large corporate underwritings. This will become even more important as small and mid-cap business demand for external capital escalates as the economic recovery gets underway.

Integrated firms saw operating profits jump 9 percent in the first three quarters of 2020 compared to the same period the previous year, reflecting strong performance in the debt and equity underwriting business. There have been steady, widespread efforts among the integrated firms to aggressively strengthen efficiencies and adopt technology to capture clients.

The wealth management or retail business turned in another strong performance in 2020, benefitting from sustained demand for wealth services and the strong tailwinds of resurgent equity markets and active investing clients. Operating revenue in the broadly based retail business, based on nine months of data, rose 14 percent year-over-year and is on track to reach a record \$4.8 billion in 2020.

Similar to the institutional marketplace, the small and mid-sized retail dealers matched the earnings performance of the integrated firms. Operating profit at the retail firms, including both full-service and introducer firms, rose 48 percent in the first three quarter of 2020 compared to the same period in 2019 despite the earnings drag from lower net interest margins. The significant 10 percent gain in fee revenue gave a solid boost to overall retail revenues (accounting for nearly 40 percent of total retail revenue) and signals smaller firms have adapted aggressively to the widening client shelf of products and services to support a holistic approach to life cycle financial planning. Smaller firms are also aggressively adapting technology, and so are their carrying brokers, to build scale and enhance operating efficiencies.

The impressive performance of the investment dealer industry—both small and large dealers—in a year of unprecedented change leaves the industry well-positioned to serve clients in the coming year. Many firms have enhanced operating efficiencies and business scope through the adoption of a wide range of technology options and systems to leverage advisory and planning services and improve mid and back-office operations. Importantly, the independent dealers have managed to keep needed professional staff and have more robust risk control policies in place for employee work-from-home arrangements, cybersecurity, and vendor management.

Dealers also learned important lessons during the COVID-19 crisis that position them well for the future—how to retain operational resilience when confronted with future pandemics and crises; how to adjust operating models quickly and effectively; how to take advantage of opportunities to deliver services solely through digital channels; and how to demonstrate flexibility in work arrangements and respond to employees' unique situations. These lessons should provide confidence the industry can successfully navigate future economic and market shocks.

Further, continued efforts by security regulators to reduce the regulatory burden and likely successful efforts at SRO consolidation should yield further operating efficiencies and cost savings. Finally, investment dealers and their clients can look forward to increased business opportunities and continued momentum in equity markets as the economy rebounds—a real possibility with a steady and smooth roll-out of the COVID-19 vaccines, incredibly supportive fiscal and monetary policies, and significant pent-up demand.

Yours sincerely,

Ian C. W. Russell, FCSI
President & CEO, IIAC
January 2021

Industry

(\$ millions unless otherwise noted)

	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q3 20	Q2 20	Q3 19	Q3/Q2	Q3 20/19	2019	2018	2017	2016	19/18	18/17	17/16
Number of firms	164	165	164	-0.6%	0.0%	167	161	166	163	3.7%	-3.0%	1.8%
Number of employees	43,997	43,909	43,236	0.2%	1.8%	43,476	42,296	40,865	40,130	2.8%	3.5%	1.8%
Revenue												
Commissions	1,426	1,570	1,304	-9.2%	9.4%	5,356	5,764	5,697	5,715	-7.1%	1.2%	-0.3%
<i>Mutual fund only commissions</i>	554	532	580	4.1%	-4.5%	2,328	2,410	2,541	2,567	-3.4%	-5.2%	-1.0%
Investment banking	783	897	665	-12.7%	17.7%	3,101	3,455	3,610	3,744	-10.3%	-4.3%	-3.6%
<i>New issues equity</i>	343	276	219	24.5%	56.5%	1,090	1,387	1,681	1,994	-21.5%	-17.4%	-15.7%
<i>New issues debt</i>	254	422	218	-39.8%	16.6%	879	812	928	783	8.2%	-12.5%	18.5%
<i>Corporate advisory fees</i>	185	199	228	-7.0%	-18.6%	1,132	1,255	1,002	967	-9.8%	25.3%	3.6%
Fixed income trading	255	1,204	470	-78.8%	-45.8%	2,282	1,298	1,021	1,439	75.8%	27.1%	-29.0%
Equity trading	-386	-875	-547	55.8%	29.4%	-2,937	2,369	-331	129	-224.0%	nm	nm
Net interest	362	565	567	-36.0%	-36.2%	2,345	2,222	1,500	1,070	5.6%	48.1%	40.2%
Fees	2,462	2,430	2,287	1.4%	7.7%	9,104	8,285	7,240	5,998	9.9%	14.4%	20.7%
Other	534	462	311	15.7%	71.7%	1,438	1,545	1,110	1,356	-6.9%	39.2%	-18.2%
Operating revenue	6,141	6,786	5,618	-9.5%	9.3%	23,632	22,909	21,156	20,275	3.2%	8.3%	4.3%
Operating expenses¹	2,376	2,460	2,292	-3.4%	3.7%	9,535	9,185	8,588	8,405	3.8%	7.0%	2.2%
Operating profit²	2,085	2,702	1,712	-22.8%	21.8%	7,559	7,319	6,479	6,335	3.3%	13.0%	2.3%
Net profit (loss)	1,271	1,672	953	-24.0%	33.3%	4,380	4,165	3,710	3,504	5.2%	12.3%	5.9%
Shareholders' equity	33,576	32,569	29,688	3.1%	13.1%	30,344	28,329	25,514	23,117	7.1%	11.0%	10.4%
Regulatory capital	44,021	44,279	40,993	-0.6%	7.4%	41,002	39,667	37,281	39,009	3.4%	6.4%	-4.4%
Client cash holdings	86,693	82,786	60,301	4.7%	43.8%	63,140	62,225	62,026	59,944	1.5%	0.3%	3.5%
Client debt margin outstanding	25,577	24,027	27,089	6.5%	-5.6%	26,183	28,865	26,267	23,740	-9.3%	9.9%	10.6%
Productivity³ (\$ thousands)	558	618	520	-9.7%	7.4%	549	547	518	505	0.2%	5.7%	2.5%
Annual return³ (%)	15.1	20.5	13	-26.3%	17.9%	14.9	15.2	15	15	-1.8%	4.7%	-4.1%

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.

Integrated

(\$ millions unless otherwise noted)

	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q3 20	Q2 20	Q3 19	Q3/Q2	Q3 20/19	2019	2018	2017	2016	19/18	18/17	17/16
Number of firms	10	10	10	0.0%	0.0%	10	10	10	10	0.0%	0.0%	0.0%
Number of employees	26,904	26,893	26,432	0.0%	1.8%	26,640	26,191	25,391	25,886	1.7%	3.2%	-1.9%
Revenue												
Commissions	909	1,036	860	-12.2%	5.8%	3,550	3,803	3,810	3,871	-6.6%	-0.2%	-1.6%
<i>Mutual fund only commissions</i>	373	366	400	2.2%	-6.6%	1,608	1,685	1,858	1,928	-4.6%	-9.4%	-3.6%
Investment banking	522	601	493	-13.1%	5.9%	2,200	2,390	2,606	2,722	-7.9%	-8.3%	-4.3%
<i>New issues equity</i>	203	158	149	28.6%	12.8%	800	895	1,202	1,448	-10.6%	-25.5%	-17.0%
<i>New issues debt</i>	199	331	180	-40.1%	21.3%	711	652	760	634	9.1%	-14.3%	19.9%
<i>Corporate advisory fees</i>	120	111	164	8.3%	-26.5%	689	843	644	640	-18.3%	31.0%	0.6%
Fixed income trading	170	1,078	410	-84.2%	-58.6%	1,916	1,027	732	1,162	86.6%	40.4%	-37.0%
Equity trading	-351	-1,070	-605	67.2%	42.0%	-3,209	2,202	-676	-183	-245.7%	425.5%	-269.7%
Net interest	338	519	484	-34.9%	-30.1%	1,972	1,871	1,311	954	5.4%	42.7%	37.4%
Fees	1,920	1,920	1,807	0.0%	6.3%	7,183	6,462	5,638	4,691	11.2%	14.6%	20.2%
Other	279	280	147	-0.4%	89.3%	847	948	690	967	-10.7%	37.5%	-28.7%
Operating revenue	4,340	4,921	4,207	-11.8%	3.2%	17,584	16,795	15,663	15,188	4.7%	7.2%	3.1%
Operating expenses¹	1,634	1,698	1,587	-3.8%	3.0%	6,646	6,383	5,920	5,808	4.1%	7.8%	1.9%
Operating profit²	1,566	2,102	1,464	-25.5%	7.0%	6,291	5,898	5,322	5,241	6.7%	10.8%	1.6%
Net profit (loss)	983	1,332	871	-26.2%	12.9%	3,883	3,587	3,302	3,099	8.2%	8.6%	6.6%
Shareholders' equity	26,767	25,925	23,598	3.2%	13.4%	24,126	22,708	19,987	17,973	6.2%	13.6%	11.2%
Regulatory capital	33,419	33,848	31,666	-1.3%	5.5%	31,035	30,939	28,733	30,896	0.3%	7.7%	-7.0%
Client cash holdings	73,254	69,593	51,329	5.3%	42.7%	53,670	52,809	52,117	51,281	1.6%	1.3%	1.6%
Productivity³ (\$ thousands)	645	732	637	-11.8%	1.4%	665	647	617	587	2.7%	4.9%	5.1%
Annual return³ (%)	14.7	20.6	15	-28.5%	-0.5%	16.7	16.4	17	17	2.1%	-0.9%	-4.2%

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.

Institutional

(\$ millions unless otherwise noted)

	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q3 20	Q2 20	Q3 19	Q3/Q2	Q3 20/19	2019	2018	2017	2016	19/18	18/17	17/16
Number of firms	63	64	62	-1.6%	1.6%	64	60	65	66	6.7%	-7.7%	-1.5%
Number of employees	2,180	2,197	2,286	-0.8%	-4.6%	2,260	2,281	2,333	2,384	-0.9%	-2.2%	-2.1%
Revenue												
Commissions	98	129	95	-23.9%	3.4%	398	504	542	598	-21.0%	-7.1%	-9.3%
Investment banking	164	215	117	-23.7%	40.1%	632	759	720	804	-16.8%	5.4%	-10.4%
<i>New issues equity</i>	76	77	33	-1.0%	130.0%	132	289	300	408	-54.3%	-3.4%	-26.6%
<i>New issues debt</i>	35	57	24	-39.0%	47.0%	102	103	105	88	-0.6%	-2.0%	18.9%
<i>Corporate advisory fees</i>	53	81	60	-34.5%	-12.0%	398	367	316	307	8.3%	16.2%	2.9%
Fixed income trading	47	65	63	-28.8%	-26.2%	292	188	174	159	55.5%	7.6%	9.7%
Equity trading	-48	183	56	-126.4%	-185.6%	251	157	310	288	60.1%	-49.3%	7.6%
Net interest	-6	10	-6	-162.0%	0.1%	19	31	-12	-20	-38.8%	357.6%	39.7%
Fees	43	54	37	-20.6%	14.4%	167	177	229	260	-5.7%	-22.9%	-11.9%
Other	108	51	62	109.0%	74.6%	238	261	179	176	-8.9%	45.8%	1.8%
Operating revenue	548	672	376	-18.5%	45.6%	1,807	1,955	1,897	2,265	-7.6%	3.0%	-16.2%
Operating expenses¹	239	278	251	-14.2%	-4.8%	1,052	1,028	1,068	1,135	2.3%	-3.7%	-5.9%
Operating profit	281	354	104	-20.6%	169.9%	655	781	656	957	-16.1%	19.1%	-31.5%
Net profit (loss)	165	200	12	-17.6%	nm	223	276	170	286	-18.9%	61.8%	-40.5%
Shareholders' equity	4,141	4,090	3,808	1.3%	8.7%	3,893	3,791	3,861	3,825	2.7%	-1.8%	0.9%
Regulatory capital	7,272	7,214	6,367	0.8%	14.2%	6,995	6,356	6,378	6,310	10.1%	-0.3%	1.1%
Client cash holdings	2,514	2,783	1,841	-9.7%	36.6%	1,886	1,937	2,528	2,512	-2.6%	-23.4%	0.7%
Productivity² (\$ thousands)	1,006	1,224	658	-17.9%	52.7%	792	848	813	950	-6.6%	4.3%	-14.4%
Annual return³ (%)	15.9	19.5	1	-18.6%	nm	5.8	7.4	4	7	-21.8%	68.5%	-37.0%

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.

Retail

(\$ millions unless otherwise noted)

	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q3 20	Q2 20	Q3 19	Q3/Q2	Q3 20/19	2019	2018	2017	2016	19/18	18/17	17/16
Number of firms	91	91	92	0.0%	-1.1%	93	91	91	87	2.2%	0.0%	4.6%
Number of employees	14,913	14,819	14,518	0.6%	2.7%	14,576	13,824	13,141	11,860	5.4%	5.2%	10.8%
Revenue												
Commissions	419	405	349	3.4%	19.9%	1,407	1,457	1,344	1,246	-3.4%	8.4%	7.9%
<i>Mutual fund only commissions</i>	180	166	180	8.4%	-0.2%	715	720	677	632	-0.6%	6.4%	7.0%
Investment banking	97	82	55	18.4%	75.2%	269	306	285	218	-12.1%	7.6%	30.5%
<i>New issues equity</i>	64	41	37	57.2%	72.3%	157	203	179	138	-22.5%	13.4%	29.9%
<i>New issues debt</i>	21	34	14	-38.3%	44.4%	66	58	63	60	13.9%	-8.1%	4.8%
<i>Corporate advisory fees</i>	12	7	4	65.7%	222.9%	46	45	42	20	1.4%	6.4%	112.1%
Fixed income trading	38	61	-3	-37.0%	nm	74	83	115	118	-10.9%	-27.7%	-2.3%
Equity trading	13	13	1	0.0%	nm	20	11	36	24	93.0%	-70.6%	48.9%
Net interest	30	36	89	-18.4%	-66.6%	356	320	201	136	11.4%	58.8%	48.1%
Fees	500	456	443	9.5%	12.8%	1,755	1,646	1,374	1,047	6.6%	19.9%	31.2%
Other	148	130	102	13.5%	44.6%	354	335	241	213	5.6%	39.1%	13.0%
Operating revenue	1,253	1,192	1,035	5.1%	21.0%	4,235	4,153	3,490	3,002	2.0%	19.0%	16.2%
Operating expenses¹	504	484	455	4.1%	10.8%	1,837	1,773	1,599	1,462	3.6%	10.9%	9.4%
Operating profit	238	246	145	-3.2%	64.8%	615	634	395	319	-3.0%	60.5%	23.9%
Net profit (loss)	123	140	70	-12.2%	75.9%	274	302	237	119	-9.3%	27.4%	99.2%
Shareholders' equity	2,668	2,554	2,282	4.4%	16.9%	2,325	1,830	1,666	1,319	27.0%	9.8%	26.3%
Regulatory capital	3,329	3,217	2,960	3.5%	12.5%	2,972	2,371	2,170	1,802	25.3%	9.3%	20.4%
Client cash holdings	10,926	10,409	7,132	5.0%	53.2%	7,584	7,480	7,380	6,151	1.4%	1.3%	20.0%
Productivity² (\$ thousands)	336	322	285	4.4%	17.8%	295	305	266	253	-3.2%	14.9%	5.0%
Annual return³ (%)	18.4	21.9	12	-15.9%	50.4%	12.2	17.2	14	9	-29.2%	20.9%	58.1%

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.

Domestic Institutional

(\$ millions unless otherwise noted)

	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q3 20	Q2 20	Q3 19	Q3/Q2	Q3 20/19	2019	2018	2017	2016	19/18	18/17	17/16
Number of firms	38	39	36	-2.6%	5.6%	38	34	37	41	11.8%	-8.1%	-9.8%
Number of employees	1,181	1,180	1,219	0.1%	-3.1%	1,176	1,299	1,360	1,481	-9.5%	-4.5%	-8.2%
Revenue												
Commissions	62	72	59	-14.8%	3.4%	251	323	337	384	-22.1%	-4.2%	-12.3%
Investment banking	78	81	44	-3.3%	79.3%	229	409	308	412	-44.0%	32.6%	-25.2%
<i>New issues equity</i>	43	51	18	-15.4%	147.1%	93	233	194	245	-60.2%	20.0%	-20.7%
<i>New issues debt</i>	11	13	5	-16.4%	113.1%	24	28	24	24	-12.8%	15.6%	0.9%
<i>Corporate advisory fees</i>	24	17	21	44.6%	14.2%	111	148	90	143	-24.5%	64.3%	-37.2%
Fixed income trading	7	7	3	7.2%	107.9%	12	12	13	15	1.9%	-6.1%	-14.9%
Equity trading	7	21	-14	-66.9%	149.1%	6	-23	14	27	124.7%	-266.1%	-48.3%
Net interest	-1	-1	-3	-1.6%	-63.9%	-3	24	7	3	-113.5%	273.8%	117.7%
Fees	10	11	9	-11.0%	9.0%	38	38	106	154	0.1%	-64.2%	-31.3%
Other	92	13	18	nm	410.8%	82	52	45	69	59.0%	14.3%	-34.3%
Operating revenue	256	205	118	24.9%	117.4%	620	837	830	1,064	-25.9%	0.8%	-22.0%
Operating expenses¹	89	93	96	-4.0%	-6.9%	437	445	455	560	-1.8%	-2.0%	-18.8%
Operating profit	149	84	13	78.6%	nm	128	285	239	365	-55.0%	19.5%	-34.6%
Net profit (loss)	87	38	-20	131.5%	nm	-26	62	0	99	-142.7%	nm	-99.5%
Shareholders' equity	725	733	642	-1.1%	12.9%	699	727	713	822	-3.8%	1.9%	-13.2%
Regulatory capital	1,064	1,064	927	0.1%	14.9%	1,027	1,014	991	1,078	1.3%	2.3%	-8.1%
Client cash holdings	1,054	1,121	761	-6.0%	38.5%	769	913	1,318	1,269	-15.7%	-30.7%	3.8%
Productivity² (\$ thousands)	868	695	387	24.8%	124.4%	498	628	610	719	-20.7%	2.8%	-15.1%
Annual return³ (%)	48.0	20.5	-12	134.1%	-486.0%	-4.1	8.3	0	12	-149.5%	nm	-99.5%

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

(\$ millions unless otherwise noted)

	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q3 20	Q2 20	Q3 19	Q3/Q2	Q3 20/19	2019	2018	2017	2016	19/18	18/17	17/16
Number of firms	25	25	26	0.0%	-3.8%	26	26	28	25	0.0%	-7.1%	12.0%
Number of employees	999	1,017	1,067	-1.8%	-6.4%	1,084	982	973	903	10.4%	0.9%	7.8%
Revenue												
Commissions	37	57	35	-35.5%	3.4%	147	181	205	214	-19.0%	-11.7%	-4.0%
Investment banking	85	134	73	-36.1%	16.7%	403	351	412	392	14.9%	-14.9%	5.1%
<i>New issues equity</i>	33	26	16	27.7%	110.7%	39	56	105	164	-30.2%	-46.5%	-35.7%
<i>New issues debt</i>	24	44	18	-45.9%	28.3%	77	75	80	64	3.9%	-7.3%	25.6%
<i>Corporate advisory fees</i>	29	64	39	-54.9%	-26.1%	286	220	226	164	30.3%	-2.9%	37.9%
Fixed income trading	39	59	60	-33.0%	-34.0%	279	176	162	144	59.1%	8.7%	12.2%
Equity trading	-55	161	71	-134.4%	-178.2%	246	180	296	260	36.3%	-39.1%	13.8%
Net interest	-5	11	-4	-148.2%	-45.1%	22	7	-19	-22	235.2%	135.8%	15.5%
Fees	33	43	28	-23.1%	16.2%	129	139	123	106	-7.3%	12.6%	16.3%
Other	16	38	44	-58.7%	-63.7%	156	210	134	107	-25.6%	56.5%	25.2%
Operating revenue	292	467	258	-37.6%	12.9%	1,188	1,118	1,067	1,201	6.2%	4.8%	-11.1%
Operating expenses¹	149	185	155	-19.4%	-3.6%	615	583	614	575	5.4%	-4.9%	6.7%
Operating profit	132	270	91	-51.3%	43.9%	527	496	417	591	6.2%	18.8%	-29.4%
Net profit (loss)	78	162	32	-52.1%	140.1%	250	214	170	187	16.9%	25.9%	-9.2%
Shareholders' equity	3,416	3,357	3,165	1.8%	7.9%	3,194	3,064	3,148	3,003	4.2%	-2.7%	4.8%
Regulatory capital	6,208	6,151	5,440	0.9%	14.1%	5,968	5,343	5,387	5,232	11.7%	-0.8%	3.0%
Client cash holdings	1,460	1,662	1,080	-12.1%	35.2%	1,117	1,024	1,211	1,244	9.1%	-15.4%	-2.7%
Productivity² (\$ thousands)	1,168	1,838	969	-36.4%	20.6%	1,142	1,148	1,097	1,330	-0.5%	4.7%	-17.5%
Annual return³ (%)	9.1	19.3	4	-53.0%	122.5%	7.9	7.2	5	6	10.0%	33.3%	-10.1%

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 Full Service

(\$ millions unless otherwise noted)

	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q3 20	Q2 20	Q3 19	Q3/Q2	Q3 20/19	2019	2018	2017	2016	19/18	18/17	17/16
Number of firms	30	30	30	0.0%	0.0%	30	30	29	27	0.0%	3.4%	7.4%
Number of employees	6,786	6,670	6,509	1.7%	4.3%	6,473	6,305	5,982	5,893	2.7%	5.4%	1.5%
Revenue												
Commissions	255	247	191	3.2%	33.6%	764	793	753	719	-3.8%	5.3%	4.8%
<i>Mutual fund only commissions</i>	108	99	107	9.3%	0.9%	424	417	421	408	1.7%	-1.1%	3.2%
Investment banking	69	65	36	5.4%	88.2%	186	214	204	149	-13.2%	5.2%	36.8%
<i>New issues equity</i>	39	27	22	46.8%	80.9%	90	131	111	77	-31.0%	17.4%	44.5%
<i>New issues debt</i>	19	33	13	-42.9%	42.5%	61	53	60	57	14.5%	-11.1%	4.5%
<i>Corporate advisory fees</i>	11	5	2	96.8%	nm	35	31	33	15	14.6%	-6.8%	119.6%
Fixed income trading	31	51	-9	-38.7%	433.2%	47	58	90	89	-19.7%	-35.3%	0.7%
<i>Equity trading</i>	7	5	-1	29.2%	780.6%	5	2	21	12	207.3%	-91.5%	74.9%
Net interest	13	18	55	-31.6%	-77.0%	213	199	124	78	6.9%	60.4%	59.1%
Fees	251	230	227	8.9%	10.5%	904	880	734	560	2.7%	19.9%	31.0%
Other	91	81	49	11.3%	84.0%	162	118	92	85	36.7%	28.1%	8.7%
Operating revenue	723	704	546	2.6%	32.4%	2,286	2,265	2,018	1,692	0.9%	12.2%	19.3%
Operating expenses¹	302	288	256	5.0%	17.9%	1,031	982	908	846	4.9%	8.2%	7.3%
Operating profit	173	193	88	-10.1%	97.5%	404	435	327	176	-7.0%	33.0%	85.8%
Net profit (loss)	105	122	51	-13.5%	107.9%	219	223	174	70	-1.8%	27.9%	148.8%
Shareholders' equity	1,780	1,683	1,485	5.7%	19.9%	1,527	1,088	940	793	40.4%	15.7%	18.6%
Regulatory capital	2,235	2,143	1,928	4.3%	15.9%	1,945	1,388	1,213	1,076	40.1%	14.4%	12.8%
Client cash holdings	8,441	8,019	5,327	5.3%	58.5%	5,728	5,335	5,196	4,711	7.4%	2.7%	10.3%
Productivity² (\$ thousands)	426	422	336	0.9%	27.0%	354	364	337	287	-2.8%	8.0%	17.5%
Annual return³ (%)	23.6	28.9	14	-18.2%	73.4%	14.9	21.7	19	9	-31.4%	16.9%	105.8%

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.

Retail Introducers

(\$ millions unless otherwise noted)

	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q3 20	Q2 20	Q3 19	Q3/Q2	Q3 20/19	2019	2018	2017	2016	19/18	18/17	17/16
Number of firms	61	61	62	0.0%	-1.6%	63	61	62	60	3.3%	-1.6%	3.3%
Number of employees	8,127	8,149	8,009	-0.3%	1.5%	8,103	7,519	7,159	5,967	7.8%	5.0%	20.0%
Revenue												
Commissions	164	158	159	3.7%	3.4%	644	664	591	527	-3.0%	12.4%	12.1%
<i>Mutual fund only commissions</i>	71	67	73	7.1%	-1.8%	292	303	255	224	-3.8%	18.6%	14.0%
Investment banking	28	17	19	68.5%	50.0%	83	92	81	68	-9.4%	13.7%	18.7%
<i>New issues equity</i>	25	14	15	76.9%	60.1%	67	73	68	60	-7.2%	6.7%	13.3%
<i>New issues debt</i>	2	1	1	130.1%	64.3%	5	5	3	3	7.5%	46.6%	10.2%
<i>Corporate advisory fees</i>	1	2	2	-22.0%	-30.9%	11	14	9	5	-26.5%	52.0%	89.5%
Fixed income trading	7	11	6	-29.2%	19.9%	28	25	26	29	9.2%	-0.9%	-11.7%
<i>Equity trading</i>	6	8	2	-19.9%	233.8%	15	9	15	12	69.6%	-40.9%	23.0%
Net interest	17	18	34	-5.0%	-50.1%	144	121	77	58	18.8%	56.3%	33.4%
Fees	249	226	216	10.2%	15.2%	851	767	640	487	11.0%	19.8%	31.4%
Other	57	49	53	17.1%	8.0%	192	217	148	128	-11.4%	46.0%	15.9%
Operating revenue	530	488	489	8.6%	8.4%	1,957	1,889	1,472	1,309	3.6%	28.3%	12.5%
Operating expenses¹	202	197	199	2.8%	1.7%	806	791	691	617	1.9%	14.4%	12.1%
Operating profit	65	53	57	21.6%	14.3%	211	200	68	143	5.9%	192.7%	-52.3%
Net profit (loss)	18	18	19	-3.1%	-8.1%	55	79	63	50	-30.1%	26.0%	25.8%
Shareholders' equity	888	871	797	1.9%	11.3%	798	742	725	526	7.5%	2.2%	37.9%
Regulatory capital	1,094	1,075	1,032	1.8%	6.0%	1,027	983	956	726	4.5%	2.8%	31.7%
Client cash holdings	2,484	2,390	1,805	4.0%	37.6%	1,856	2,145	2,184	1,440	-13.5%	-1.8%	51.7%
Productivity² (\$ thousands)	261	239	244	8.9%	6.8%	249	256	206	219	-2.8%	24.3%	-6.1%
Annual return³ (%)	8.0	8.4	10	-4.9%	-17.5%	7.1	10.9	9	10	-34.8%	25.4%	-13.3%

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.