



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

LETTER FROM THE PRESIDENT vol. 137

Advances on dealer platforms supercharge the investor experience

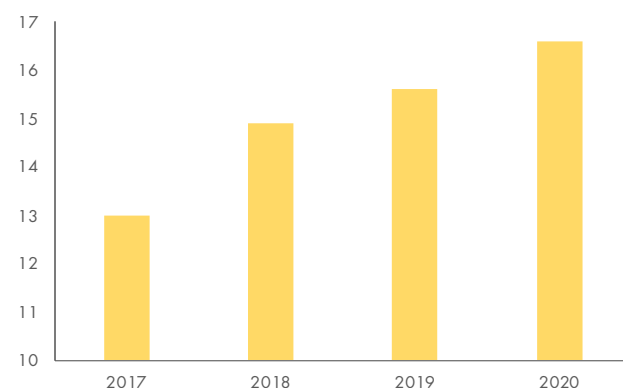
- The strong performance of industry revenue and earnings in the past year 2020 can be traced to the unexpected sustained rebound in equity markets.
- The record results of the wealth business in the past year reflected two key factors:
 - i) Strong equity markets and rising share prices that spurred increased investor participation of new and existing clients of dealers; and
 - ii) Significant advances in dealer platforms that have deepened the client-advisor relationship and client integration into the investment process.

It was unexpected to find the investment industry had emerged from a COVID-damaged economy with stellar financial results, notably with the difficult beginnings early last year. The feature of industry performance was strong earnings results across all categories of dealers—from the large integrated full-service national firms to the smaller specialized retail and institutional dealers. The relentless upward trend in equity markets was the root cause as markets discounted the pandemic impact and looked through to eventual economic recovery. Investors flocked into equity and derivative markets, while large and small companies tapped markets to access attractively priced equity capital for expansion and business acquisition. Forty-three companies went public in 2020, according to CPE Analytics, raising \$4.8 billion in initial public offerings (excluding CPCs and SPACs). Canada's securities industry helped listed Canadian businesses raise \$24.4 billion in equity capital in secondary offerings.

The wealth management business stood out with record-breaking performance. Industry retail revenue rose over 6 percent last year (up 27 percent in the last three years) to a record \$16.6 billion, accounting for 55 percent of

total industry revenue. Retail revenue at the integrated firms increased 5 percent year-over-year. Total operating revenue and operating profit at the independent retail dealers were up a head-turning 17 percent and 50 percent, respectively, in 2020 compared to the previous year. Industry client assets under management (AUM) increased 12 percent in 2020, year-over-year, totaling \$3.4 trillion. Over two consecutive years, client assets held at dealers were up by almost one-third, with client assets growing at a faster pace at the independent dealer franchises.

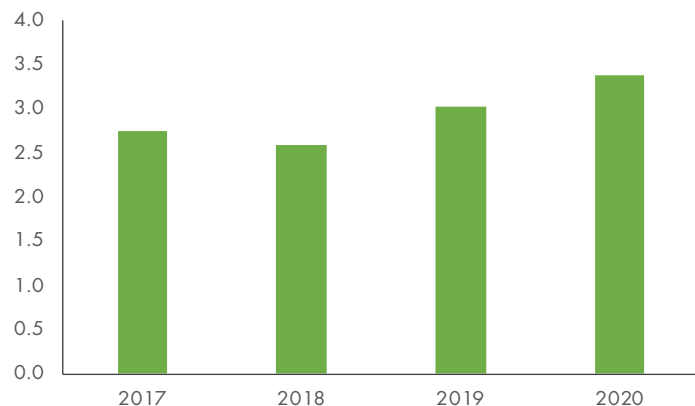
Industry Retail Revenue
(\$ Billions)



Source: IIROC Monthly Financial Reports; IIAC compiled

Industry Client Assets Under Management

(\$ Trillions)



Source: IIROC Monthly Financial Reports; IIAC compiled

The record-smashing wealth business in a COVID-ravaged economy needs explanation. In effect, the conflation of two major developments in the past year in close coincidence in domestic wealth markets can be attributed to the reason.

First, many investors, both new and existing clients of dealers, increased their participation aggressively in equity and derivative markets through dealer platforms in response to steady increases in stock prices. The evidence suggests that new clients shifted investable funds from traditional financial intermediaries like banks and credit unions, and from the online wealth platforms with limited product and advice, to dealers to obtain detailed professional advice and execute financial transactions, especially higher yielding financial assets across a spectrum of sophisticated investments. For many investors, the priority was advice within the context of a detailed long-term financial plan and a broader life-cycle plan extending beyond normal retirement to long-term care and estate planning, for example. All these financial concerns were amplified by the economic and personal impact of the pandemic.

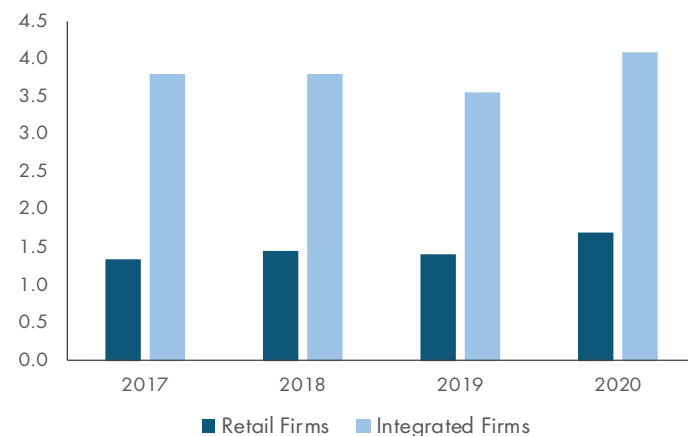
New clients migrating to dealers include increasing numbers of millennials and the growing segment of diversified clients, especially working age and older women, seeking broad sophisticated wealth services. The dealer platforms demonstrated sufficient flexibility of product, services and technology to meet the needs of investors with differing profiles, both high-net-worth clients and middle market investors. Further, the existing clients of dealers shifted increased investable funds to dealer accounts reflecting expanding

investment opportunities in markets, and more accumulated savings from reduced spending through the pandemic.

The second major factor driving performance in the dealer wealth business has been the major advances in the dealer platform that have deepened the client-advisor relationship, and client integration into the investment process, facilitating more active market participation and investment activity. In the past several years, a client-advisor interface has improved through technology advances, such as better stock quotation systems, more effective client order management, discretionary portfolio management platforms for advisors for product access and analytics, and digitalized client access to accounts and information on firm websites. Importantly, the recent widespread and rapid implementation of online interactive communication technologies between client and advisor – Zoom, Teams, etc. – have linked and closely integrated the client with the advisor in virtual real-time to the investment process. This has been a game-changer in the industry, enabling the client and advisor to frequently monitor ongoing market developments: i) to adjust portfolio positions, risk tolerances and short and long-term objectives; and ii) to respond and execute on developing investment opportunities in the context of investment objectives and the overall financial plan. The large gains in commission revenue this year, up 15 percent and 20 percent at the integrated and retail firms, respectively, suggest more frequent client-advisor communication and resulting transactions in more fast-moving markets.

Commission Revenue

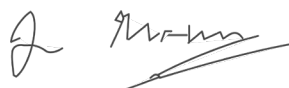
(\$ Billions)



Source: IIROC Monthly Financial Reports; IIAC compiled

Dealers introduced web-based communication technologies in the early stages of the pandemic to accommodate remote-based operations. As these inter-active communication technologies have been adapted and matured as an integrated part of the client-advisor relationship, these technologies have contributed to the efficiencies and productivity of the investing process.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'I. Russell', with a long horizontal flourish extending to the right.

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

Industry

(\$ millions unless otherwise noted)

	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q4 20	Q3 20	Q4 19	Q4/Q3	Q4 20/19	2020	2019	2018	2017	20/19	19/18	18/17
Number of firms	164	164	167	0.0%	-1.8%	164	167	161	166	-1.8%	3.7%	-3.0%
Number of employees	44,529	43,997	43,476	1.2%	2.4%	44,529	43,476	42,296	40,865	2.4%	2.8%	3.5%
Revenue												
Commissions	1,616	1,426	1,306	13.3%	23.7%	6,240	5,356	5,764	5,697	16.5%	-7.1%	1.2%
<i>Mutual fund only commissions</i>	581	554	589	4.7%	-1.4%	2,255	2,328	2,410	2,541	-3.2%	-3.4%	-5.2%
Investment banking	1,066	783	852	36.1%	25.0%	3,541	3,101	3,455	3,610	14.2%	-10.3%	-4.3%
<i>New issues equity</i>	518	343	335	50.8%	54.4%	1,397	1,090	1,387	1,681	28.2%	-21.5%	-17.4%
<i>New issues debt</i>	216	254	217	-15.2%	-0.4%	1,118	879	812	928	27.3%	8.2%	-12.5%
<i>Corporate advisory fees</i>	332	185	300	79.3%	10.6%	1,026	1,132	1,255	1,002	-9.4%	-9.8%	25.3%
Fixed income trading	204	255	378	-20.0%	-46.0%	2,120	2,282	1,298	1,021	-7.1%	75.8%	27.1%
Equity trading	-1,492	-386	-230	-286.1%	-547.7%	174	-2,937	2,369	-331	105.9%	-224.0%	nm
Net interest	373	362	657	3.2%	-43.2%	1,944	2,345	2,222	1,500	-17.1%	5.6%	48.1%
Fees	2,591	2,462	2,388	5.2%	8.5%	9,882	9,104	8,285	7,240	8.5%	9.9%	14.4%
Other	696	534	491	30.2%	41.9%	2,239	1,438	1,545	1,110	55.7%	-6.9%	39.2%
Operating revenue	7,070	6,141	6,303	15.1%	12.2%	25,851	23,632	22,909	21,156	9.4%	3.2%	8.3%
Operating expenses ¹	2,522	2,376	2,461	6.1%	2.5%	9,946	9,535	9,185	8,588	4.3%	3.8%	7.0%
Operating profit ²	2,660	2,085	2,171	27.6%	22.6%	9,042	7,559	7,319	6,479	19.6%	3.3%	13.0%
Net profit (loss)	1,617	1,271	1,326	27.2%	22.0%	5,451	4,380	4,165	3,710	24.4%	5.2%	12.3%
Shareholders' equity	34,366	33,576	30,344	2.4%	13.3%	34,366	30,344	28,329	25,514	13.3%	7.1%	11.0%
Regulatory capital	45,552	44,021	41,002	3.5%	11.1%	45,552	41,002	39,667	37,281	11.1%	3.4%	6.4%
Client cash holdings	85,120	86,693	63,140	-1.8%	34.8%	85,120	63,140	62,225	62,026	34.8%	1.5%	0.3%
Client debt margin outstanding	29,589	25,577	26,183	15.7%	13.0%	29,589	26,183	28,865	26,267	13.0%	-9.3%	9.9%
Productivity ³ (\$ thousands)	635	558	580	13.8%	9.5%	587	549	547	518	7.1%	0.2%	5.7%
Annual return ³ (%)	18.8	15.1	17	24.3%	7.7%	16.5	14.9	15.2	15	10.5%	-1.8%	4.7%

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.

Integrated

(\$ millions unless otherwise noted)

	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q4 20	Q3 20	Q4 19	Q4/Q3	Q4 20/19	2020	2019	2018	2017	20/19	19/18	18/17
Number of firms	10	10	10	0.0%	0.0%	10	10	10	10	0.0%	0.0%	0.0%
Number of employees	27,034	26,904	26,640	0.5%	1.5%	27,034	26,640	26,191	25,391	1.5%	1.7%	3.2%
Revenue												
Commissions	1,052	909	867	15.7%	21.4%	4,081	3,550	3,803	3,810	14.9%	-6.6%	-0.2%
<i>Mutual fund only commissions</i>	397	373	405	-6.3%	-1.9%	1,537	1,608	1,685	1,858	-4.4%	-4.6%	-9.4%
Investment banking	692	522	590	32.5%	17.3%	2,416	2,200	2,390	2,606	9.8%	-7.9%	-8.3%
<i>New issues equity</i>	342	203	263	68.4%	95.9%	899	800	895	1,202	12.3%	-10.6%	-25.5%
<i>New issues debt</i>	169	199	175	-15.2%	-11.0%	879	711	652	760	23.7%	9.1%	-14.3%
<i>Corporate advisory fees</i>	181	120	152	50.3%	19.1%	638	689	843	644	-7.3%	-18.3%	31.0%
Fixed income trading	212	170	341	24.6%	-37.9%	1,816	1,916	1,027	732	-5.2%	86.6%	40.4%
Equity trading	-1,764	-351	-253	-402.4%	-597.3%	705	-3,209	2,202	-676	122.0%	-245.7%	425.5%
Net interest	342	338	550	1.1%	-37.9%	1,748	1,972	1,871	1,311	-11.4%	5.4%	42.7%
Fees	2,005	1,920	1,894	4.4%	5.9%	7,734	7,183	6,462	5,638	7.7%	11.2%	14.6%
Other	528	279	325	89.5%	62.4%	1,294	847	948	690	52.8%	-10.7%	37.5%
Operating revenue	5,166	4,340	4,738	19.0%	9.0%	18,590	17,584	16,795	15,663	5.7%	4.7%	7.2%
Operating expenses ¹	1,707	1,634	1,720	4.5%	-0.8%	6,857	6,646	6,383	5,920	3.2%	4.1%	7.8%
Operating profit ²	2,179	1,566	1,826	39.1%	19.3%	7,030	6,291	5,898	5,322	11.7%	6.7%	10.8%
Net profit (loss)	1,420	983	1,175	44.4%	20.8%	4,428	3,883	3,587	3,302	14.0%	8.2%	8.6%
Shareholders' equity	26,844	26,767	24,126	0.3%	11.3%	26,844	24,126	22,708	19,987	11.3%	6.2%	13.6%
Regulatory capital	33,561	33,419	31,035	0.4%	8.1%	33,561	31,035	30,939	28,733	8.1%	0.3%	7.7%
Client cash holdings	70,439	73,254	53,670	-3.8%	31.2%	70,439	53,670	52,809	52,117	31.2%	1.6%	1.3%
Productivity ³ (\$ thousands)	764	645	711	18.4%	7.4%	692	665	647	617	4.1%	2.7%	4.9%
Annual return ³ (%)	21.2	14.7	19	44.0%	8.6%	16.9	16.7	16.4	17	1.2%	2.1%	-0.9%

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		
	Q4 20	Q3 20	Q4 19	Q4/Q3	Q4 20/19	2020	2019	2018	2017	20/19	19/18	18/17
Number of firms	62	63	64	-1.6%	-3.1%	62	64	60	65	-3.1%	6.7%	-7.7%
Number of employees	2,128	2,180	2,260	-2.4%	-5.8%	2,128	2,260	2,281	2,333	-5.8%	-0.9%	-2.2%
Revenue												
Commissions	111	98	90	13.2%	22.8%	471	398	504	542	18.2%	-21.0%	-7.1%
Investment banking	274	164	191	67.1%	43.2%	788	632	759	720	24.7%	-16.8%	5.4%
<i>New issues equity</i>	106	76	28	38.9%	272.1%	292	132	289	300	121.0%	-54.3%	-3.4%
<i>New issues debt</i>	30	35	24	-14.4%	21.9%	147	102	103	105	44.3%	-0.6%	-2.0%
<i>Corporate advisory fees</i>	138	53	138	161.0%	-0.1%	349	398	367	316	-12.3%	8.3%	16.2%
Fixed income trading	-18	47	42	-139.4%	-143.5%	173	292	188	174	-40.8%	55.5%	7.6%
Equity trading	257	-48	13	631.6%	nm	-562	251	157	310	-323.4%	60.1%	-49.3%
Net interest	-7	-6	8	-14.5%	-182.5%	17	19	31	-12	-8.7%	-38.8%	357.6%
Fees	37	43	36	-13.0%	2.0%	178	167	177	229	6.7%	-5.7%	-22.9%
Other	-1	108	79	-100.6%	-100.8%	313	238	261	179	31.3%	-8.9%	45.8%
Operating revenue	564	548	491	2.9%	14.9%	2,301	1,807	1,955	1,897	27.3%	-7.6%	3.0%
Operating expenses ¹	292	239	281	22.4%	4.0%	1,074	1,052	1,028	1,068	2.2%	2.3%	-3.7%
Operating profit	241	281	190	-14.1%	26.8%	1,090	655	781	656	66.5%	-16.1%	19.1%
Net profit (loss)	83	165	90	-49.5%	-7.8%	547	223	276	170	144.7%	-18.9%	61.8%
Shareholders' equity	4,622	4,141	3,893	11.6%	18.7%	4,622	3,893	3,791	3,861	18.7%	2.7%	-1.8%
Regulatory capital	7,717	7,272	6,995	6.1%	10.3%	7,717	6,995	6,356	6,378	10.3%	10.1%	-0.3%
Client cash holdings	2,068	2,514	1,886	-17.7%	9.7%	2,068	1,886	1,937	2,528	9.7%	-2.6%	-23.4%
Productivity ² (\$ thousands)	1,060	1,006	869	5.4%	22.1%	1,061	792	848	813	33.9%	-6.6%	4.3%
Annual return ³ (%)	7.2	15.9	9	-54.8%	-22.3%	15.7	5.8	7.4	4	170.7%	-21.8%	68.5%

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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		
	Q4 20	Q3 20	Q4 19	Q4/Q3	Q4 20/19	2020	2019	2018	2017	20/19	19/18	18/17
Number of firms	92	91	93	1.1%	-1.1%	92	93	91	91	-1.1%	2.2%	0.0%
Number of employees	15,367	14,913	14,576	3.0%	5.4%	15,367	14,576	13,824	13,141	5.4%	5.4%	5.2%
Revenue												
Commissions	453	419	349	8.1%	29.9%	1,689	1,407	1,457	1,344	20.0%	-3.4%	8.4%
<i>Mutual fund only commissions</i>	182	180	183	1.5%	-0.3%	713	715	720	677	-0.3%	-0.6%	6.4%
Investment banking	100	97	71	3.5%	40.5%	336	269	306	285	25.1%	-12.1%	7.6%
<i>New issues equity</i>	70	64	44	8.8%	59.9%	206	157	203	179	30.8%	-22.5%	13.4%
<i>New issues debt</i>	17	21	18	-16.7%	-0.8%	92	66	58	63	39.5%	13.9%	-8.1%
<i>Corporate advisory fees</i>	13	12	10	10.1%	29.0%	39	46	45	42	-15.7%	1.4%	6.4%
Fixed income trading	11	38	-6	-72.6%	291.5%	131	74	83	115	76.3%	-10.9%	-27.7%
Equity trading	15	13	9	18.5%	62.4%	31	20	11	36	50.8%	93.0%	-70.6%
Net interest	38	30	98	29.4%	-60.9%	178	356	320	201	-49.9%	11.4%	58.8%
Fees	549	500	458	9.8%	19.9%	1,970	1,755	1,646	1,374	12.3%	6.6%	19.9%
Other	168	148	87	13.7%	94.2%	632	354	335	241	78.8%	5.6%	39.1%
Operating revenue	1,334	1,253	1,066	6.5%	25.1%	4,955	4,235	4,153	3,490	17.0%	2.0%	19.0%
Operating expenses ¹	523	504	460	3.8%	13.8%	2,014	1,837	1,773	1,599	9.6%	3.6%	10.9%
Operating profit	240	238	154	0.9%	55.9%	922	615	634	395	49.8%	-3.0%	60.5%
Net profit (loss)	114	123	60	-7.3%	89.7%	477	274	302	237	73.9%	-9.3%	27.4%
Shareholders' equity	2,900	2,668	2,325	8.7%	24.8%	2,900	2,325	1,830	1,666	24.8%	27.0%	9.8%
Regulatory capital	4,273	3,329	2,972	28.3%	43.8%	4,273	2,972	2,371	2,170	43.8%	25.3%	9.3%
Client cash holdings	12,613	10,926	7,584	15.4%	66.3%	12,613	7,584	7,480	7,380	66.3%	1.4%	1.3%
Productivity ² (\$ thousands)	347	336	293	3.4%	18.7%	331	295	305	266	12.0%	-3.2%	14.9%
Annual return ³ (%)	15.7	18.4	10	-14.7%	52.1%	18.2	12.2	17.2	14	49.1%	-29.2%	20.9%

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		
	Q4 20	Q3 20	Q4 19	Q4/Q3	Q4 20/19	2020	2019	2018	2017	20/19	19/18	18/17
Number of firms	37	38	38	-2.6%	-2.6%	37	38	34	37	-2.6%	11.8%	-8.1%
Number of employees	1,145	1,181	1,176	-3.0%	-2.6%	1,145	1,176	1,299	1,360	-2.6%	-9.5%	-4.5%
Revenue												
Commissions	67	62	56	9.1%	20.4%	281	251	323	337	11.7%	-22.1%	-4.2%
Investment banking	111	78	53	41.5%	108.9%	319	229	409	308	39.3%	-44.0%	32.6%
<i>New issues equity</i>	69	43	18	60.0%	284.7%	181	93	233	194	95.5%	-60.2%	20.0%
<i>New issues debt</i>	11	11	5	0.7%	105.2%	42	24	28	24	73.8%	-12.8%	15.6%
<i>Corporate advisory fees</i>	30	24	30	27.1%	2.6%	95	111	148	90	-15.0%	-24.5%	64.3%
Fixed income trading	4	7	3	-47.7%	27.0%	24	12	12	13	95.1%	1.9%	-6.1%
Equity trading	26	7	4	271.6%	607.5%	47	6	-23	14	725.3%	124.7%	-266.1%
Net interest	0	-1	-1	-123.7%	121.8%	-2	-3	24	7	31.6%	-113.5%	273.8%
Fees	11	10	9	8.8%	14.2%	44	38	38	106	15.7%	0.1%	-64.2%
Other	3	92	35	-96.6%	-91.2%	128	82	52	45	55.2%	59.0%	14.3%
Operating revenue	223	256	161	-12.8%	38.7%	844	620	837	830	36.3%	-25.9%	0.8%
Operating expenses ¹	89	89	127	-0.2%	-29.7%	387	437	445	455	-11.5%	-1.8%	-2.0%
Operating profit	114	149	26	-23.4%	337.6%	372	128	285	239	190.4%	-55.0%	19.5%
Net profit (loss)	40	87	5	-53.5%	655.2%	157	-26	62	0	696.2%	-142.7%	nm
Shareholders' equity	636	725	699	-12.2%	-9.0%	636	699	727	713	-9.0%	-3.8%	1.9%
Regulatory capital	971	1,064	1,027	-8.7%	-5.4%	971	1,027	1,014	991	-5.4%	1.3%	2.3%
Client cash holdings	336	1,054	769	-68.1%	-56.3%	336	769	913	1,318	-56.3%	-15.7%	-30.7%
Productivity ² (\$ thousands)	781	868	548	-10.1%	42.5%	721	498	628	610	44.8%	-20.7%	2.8%
Annual return ³ (%)	25.4	48.0	3	-47.1%	730.3%	22.4	-4.1	8.3	0	646.8%	-149.5%	nm

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		
	Q4 20	Q3 20	Q4 19	Q4/Q3	Q4 20/19	2020	2019	2018	2017	20/19	19/18	18/17
Number of firms	25	25	26	0.0%	-3.8%	25	26	26	28	-3.8%	0.0%	-7.1%
Number of employees	983	999	1,084	-1.6%	-9.3%	983	1,084	982	973	-9.3%	10.4%	0.9%
Revenue												
Commissions	44	37	35	20.1%	26.5%	190	147	181	205	29.3%	-19.0%	-11.7%
Investment banking	163	85	138	90.5%	17.9%	469	403	351	412	16.4%	14.9%	-14.9%
<i>New issues equity</i>	36	33	10	11.0%	250.2%	111	39	56	105	181.3%	-30.2%	-46.5%
<i>New issues debt</i>	19	24	19	-21.5%	-2.1%	105	77	75	80	35.0%	3.9%	-7.3%
<i>Corporate advisory fees</i>	108	29	109	271.8%	-0.9%	254	286	220	226	-11.3%	30.3%	-2.9%
Fixed income trading	-22	39	39	-156.3%	-156.5%	149	279	176	162	-46.8%	59.1%	8.7%
Equity trading	230	-55	9	515.7%	nm	-609	246	180	296	-347.7%	36.3%	-39.1%
Net interest	-7	-5	9	-38.7%	-176.2%	20	22	7	-19	-12.1%	235.2%	135.8%
Fees	26	33	27	-19.7%	-2.3%	134	129	139	123	4.1%	-7.3%	12.6%
Other	-4	16	44	-123.2%	-108.4%	185	156	210	134	18.7%	-25.6%	56.5%
Operating revenue	341	292	330	16.7%	3.3%	1,457	1,188	1,118	1,067	22.7%	6.2%	4.8%
Operating expenses ¹	203	149	154	35.8%	31.8%	688	615	583	614	11.9%	5.4%	-4.9%
Operating profit	127	132	164	-3.5%	-22.7%	718	527	496	417	36.4%	6.2%	18.8%
Net profit (loss)	43	78	85	-45.0%	-49.6%	389	250	214	170	55.9%	16.9%	25.9%
Shareholders' equity	3,986	3,416	3,194	16.7%	24.8%	3,986	3,194	3,064	3,148	24.8%	4.2%	-2.7%
Regulatory capital	6,746	6,208	5,968	8.7%	13.0%	6,746	5,968	5,343	5,387	13.0%	11.7%	-0.8%
Client cash holdings	1,732	1,460	1,117	18.6%	55.1%	1,732	1,117	1,024	1,211	55.1%	9.1%	-15.4%
Productivity ² (\$ thousands)	1,386	1,168	1,216	18.6%	13.9%	1,462	1,142	1,148	1,097	28.0%	-0.5%	4.7%
Annual return ³ (%)	4.3	9.1	11	-52.9%	-59.6%	11.5	7.9	7.2	5	45.6%	10.0%	33.3%

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 Full Service

(\$ millions unless otherwise noted)

	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q4 20	Q3 20	Q4 19	Q4/Q3	Q4 20/19	2020	2019	2018	2017	20/19	19/18	18/17
Number of firms	30	30	30	0.0%	0.0%	30	30	30	29	0.0%	0.0%	3.4%
Number of employees	7,091	6,786	6,473	4.5%	9.5%	7,091	6,473	6,305	5,982	9.5%	2.7%	5.4%
Revenue												
Commissions	271	255	188	6.5%	44.0%	1,007	764	793	753	31.9%	-3.8%	5.3%
<i>Mutual fund only commissions</i>	108	108	109	-0.5%	-1.7%	424	424	417	421	0.0%	1.7%	-1.1%
Investment banking	68	69	47	-0.7%	45.5%	243	186	214	204	30.4%	-13.2%	5.2%
<i>New issues equity</i>	45	39	22	14.5%	101.8%	128	90	131	111	42.6%	-31.0%	17.4%
<i>New issues debt</i>	16	19	16	-17.0%	-0.6%	86	61	53	60	42.0%	14.5%	-11.1%
<i>Corporate advisory fees</i>	8	11	9	-28.0%	-13.9%	28	35	31	33	-20.5%	14.6%	-6.8%
Fixed income trading	4	31	-13	-87.4%	130.4%	97	47	58	90	109.2%	-19.7%	-35.3%
Equity trading	7	7	6	-2.5%	18.3%	10	5	2	21	76.6%	207.3%	-91.5%
Net interest	22	13	64	74.8%	-65.6%	93	213	199	124	-56.3%	6.9%	60.4%
Fees	268	251	229	6.7%	16.8%	987	904	880	734	9.2%	2.7%	19.9%
Other	102	91	40	12.1%	157.3%	392	162	118	92	142.1%	36.7%	28.1%
Operating revenue	746	723	569	3.3%	31.3%	2,815	2,286	2,265	2,018	23.1%	0.9%	12.2%
Operating expenses ¹	307	302	258	1.7%	18.9%	1,188	1,031	982	908	15.2%	4.9%	8.2%
Operating profit	159	173	98	-8.2%	63.2%	651	404	435	327	61.0%	-7.0%	33.0%
Net profit (loss)	90	105	51	-14.8%	74.4%	387	219	223	174	76.9%	-1.8%	27.9%
Shareholders' equity	1,948	1,780	1,527	9.4%	27.6%	1,948	1,527	1,088	940	27.6%	40.4%	15.7%
Regulatory capital	3,082	2,235	1,945	37.9%	58.4%	3,082	1,945	1,388	1,213	58.4%	40.1%	14.4%
Client cash holdings	9,290	8,441	5,728	10.1%	62.2%	9,290	5,728	5,335	5,196	62.2%	7.4%	2.7%
Productivity ² (\$ thousands)	421	426	351	-1.2%	19.8%	415	354	364	337	17.3%	-2.8%	8.0%
Annual return ³ (%)	18.4	23.6	13	-22.2%	36.7%	22.2	14.9	21.7	19	49.3%	-31.4%	16.9%

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		
	Q4 20	Q3 20	Q4 19	Q4/Q3	Q4 20/19	2020	2019	2018	2017	20/19	19/18	18/17
Number of firms	62	61	63	1.6%	-1.6%	62	63	61	62	-1.6%	3.3%	-1.6%
Number of employees	8,276	8,127	8,103	1.8%	2.1%	8,276	8,103	7,519	7,159	2.1%	7.8%	5.0%
Revenue												
Commissions	181	164	160	10.7%	13.3%	682	644	664	591	5.9%	-3.0%	12.4%
<i>Mutual fund only commissions</i>	75	71	73	4.6%	1.9%	289	292	303	255	-0.7%	-3.8%	18.6%
Investment banking	32	28	25	13.6%	31.0%	94	83	92	81	13.0%	-9.4%	13.7%
<i>New issues equity</i>	25	25	21	-0.2%	16.2%	78	67	73	68	15.2%	-7.2%	6.7%
<i>New issues debt</i>	2	2	2	-13.6%	-2.4%	6	5	5	3	11.2%	7.5%	46.6%
<i>Corporate advisory fees</i>	6	1	1	280.4%	289.6%	11	11	14	9	0.3%	-26.5%	52.0%
Fixed income trading	7	7	7	-10.5%	-8.8%	34	28	25	26	21.0%	9.2%	-0.9%
Equity trading	9	6	4	41.6%	126.3%	21	15	9	15	41.3%	69.6%	-40.9%
Net interest	16	17	34	-3.9%	-52.1%	85	144	121	77	-40.5%	18.8%	56.3%
Fees	281	249	228	12.9%	23.0%	984	851	767	640	15.6%	11.0%	19.8%
Other	67	57	47	16.3%	41.3%	241	192	217	148	25.5%	-11.4%	46.0%
Operating revenue	594	530	506	12.1%	17.3%	2,146	1,957	1,889	1,472	9.6%	3.6%	28.3%
Operating expenses ¹	216	202	202	6.9%	7.1%	826	806	791	691	2.5%	1.9%	14.4%
Operating profit	81	65	57	25.1%	43.4%	271	211	200	68	28.3%	5.9%	192.7%
Net profit (loss)	24	18	9	37.5%	180.1%	90	55	79	63	62.0%	-30.1%	26.0%
Shareholders' equity	952	888	798	7.2%	19.4%	952	798	742	725	19.4%	7.5%	2.2%
Regulatory capital	1,192	1,094	1,027	8.9%	16.0%	1,192	1,027	983	956	16.0%	4.5%	2.8%
Client cash holdings	3,322	2,484	1,856	33.7%	79.0%	3,322	1,856	2,145	2,184	79.0%	-13.5%	-1.8%
Productivity ² (\$ thousands)	287	261	250	10.1%	14.8%	262	249	256	206	5.4%	-2.8%	24.3%
Annual return ³ (%)	10.2	8.0	4	28.2%	134.7%	10.2	7.1	10.9	9	43.5%	-34.8%	25.4%

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.