

NEWS RELEASE

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For Immediate Release

IIAC Survey of Investment Industry CEOs Reveals Overall Positive Outlook for 2013

*Two-thirds anticipate stronger profitability for their firms;
A majority have plans to hire next year*

Toronto, December 18, 2012 – Despite an ongoing decline in investor confidence, market volatility and regulatory challenges in 2012, Canada’s investment industry CEOs are, overall, optimistic about the outlook for the coming year, according to survey results released today by the Investment Industry Association of Canada (IIAC).

According to *IIAC 2013 Capital Markets Outlook: A Survey of Canada's Investment Industry CEOs*, 67 per cent of CEO respondents say they are anticipating improved profitability for their firms next year. This compares to 25 per cent who say their revenues will be more or less the same as 2012 while less than one in 10 (nine per cent) feel conditions will worsen.

Ian Russell, IIAC President and CEO, says the industry – including Canadian investors – should be encouraged by these findings.

“The fact that a majority of dealer firms anticipate stronger profits despite the considerable challenges they’ve faced in recent years is further proof of the underlying strength and resiliency of Canada’s investment industry,” Russell said.

When asked whether they anticipate any changes in their firms’ headcount, a majority of CEOs (57 per cent) say they plan to hire next year while one-third (34 per cent) will keep a similar staff complement and just 9 per cent expect to downsize.

“This is yet another encouraging finding that seems to indicate the industry is poised to rebound, at least to a degree, in 2013 after years of fighting an uphill battle,” Russell said.

The IIAC survey also asked CEOs to rank the most onerous additional costs firms will incur in 2013. Point of sale disclosure for mutual funds topped the list, followed by: IIROC’s fixed income fair pricing rule and disclosure; the U.S. Foreign Account Tax Compliance Act (FATCA); and mandatory regulatory fees (IIROC, the MFDA, provincial securities commissions, CIPF, CDS, etc.).

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As for the state of global capital markets, Canada's investment industry CEOs are more or less divided as to whether there will be an improvement, with slightly more – 48 per cent – predicting conditions will be the same in 2013. This compares to 43 per cent who are forecasting an improvement in the state of global markets. Only 9 per cent feel conditions will worsen.

“It is interesting that although almost half of CEOs are predicting little change in market performance, a strong majority are still optimistic that profitability and staffing will increase,” Russell says. “This is a result of firms learning to cope with the realities of the current environment and running more efficient shops.”

As a result, according to Russell, even if revenues remain flat, firms' margins should be improved as a result of these efficiencies, translating to increased profit.

The IIAC issued the survey in early December 2012 to its 175 member firm CEOs. The response rate was 25 per cent and included input from every region of the country. The largest number of CEO respondents are based in Ontario (86 per cent), followed by Alberta (25 per cent), British Columbia/Territories (23 per cent) and Quebec (21 per cent). Response rates for the other provinces and regions can be found in the accompanying tables.

CEOs responding to the survey represent: small retail dealers (39 per cent); institutional dealers (25 per cent); integrated dealers, including bank-owned (21 per cent); medium dealers (11 per cent); and large, non-bank owned retail dealers (5 per cent).

Specific breakdowns based on region and/or business model are available.

This is the first survey of its kind in Canada and the IIAC will re-issue the survey on an annual basis in order to track and compare year-over-year results.

The Investment Industry Association of Canada

The Investment Industry Association of Canada (IIAC) is the national association representing the investment industry's position on securities regulation, public policy and industry issues on behalf of our 175 investment dealer member firms in the Canadian securities industry. These dealer firms are the key intermediaries in Canadian capital markets, accounting for the vast majority of financial advisory services, securities trading and underwriting in public and private markets for governments and corporations. The IIAC provides leadership for the Canadian securities industry with a commitment to a vibrant, prosperous investment industry driven by strong and efficient capital markets. For more information, please visit www.iiac.ca.

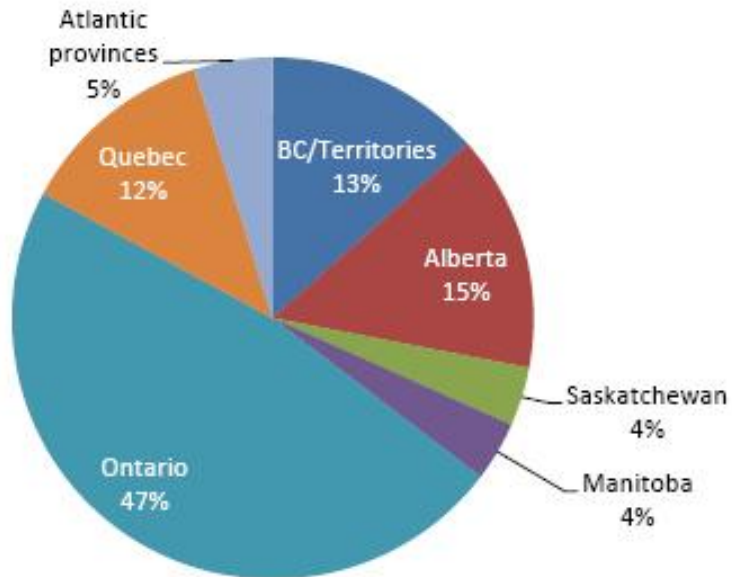
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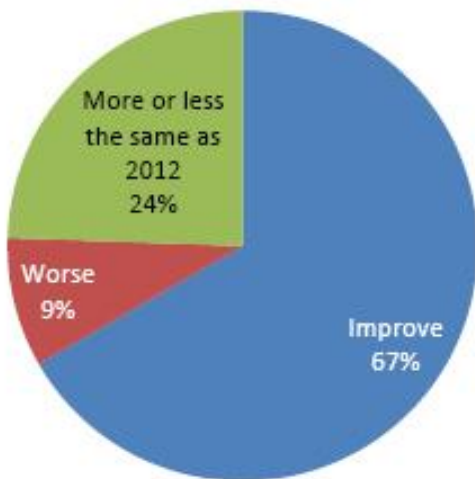
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- In which province(s) do you conduct the majority of your business?



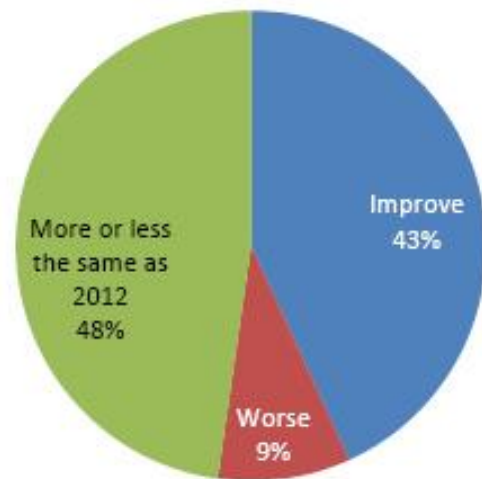
Source: IIAC 2013 Capital Markets Outlook Survey

- Profitability in 2013



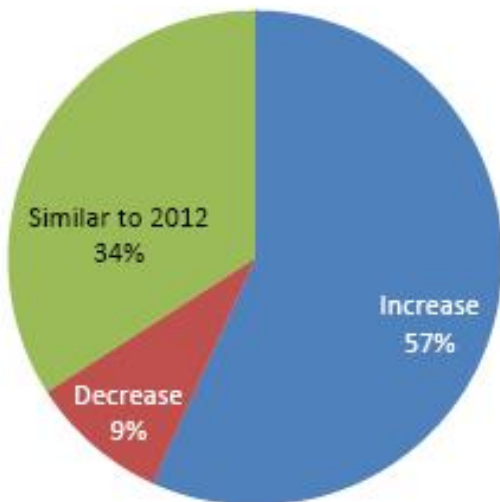
Source: IIAC 2013 Capital Markets Outlook Survey

- State of global capital markets in 2013

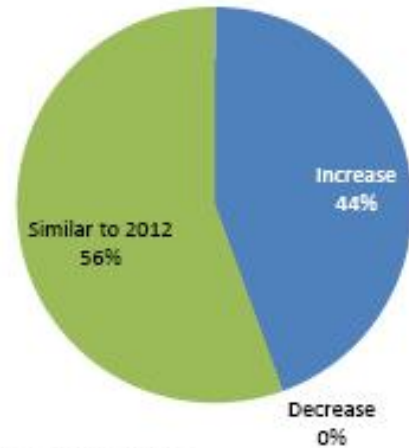


Source: IIAC 2013 Capital Markets Outlook Survey

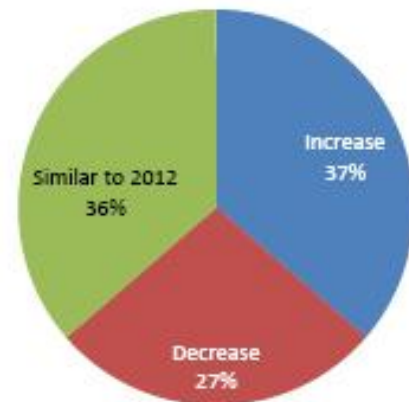
• Headcount in 2013 - All Firms



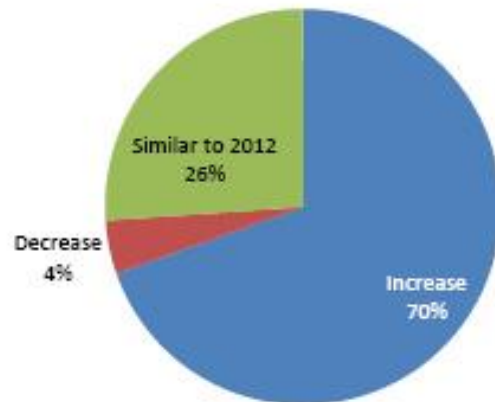
• Integrated Firms



• Institutional Firms



• Retail Firms



Source: IIAC 2013 Capital Markets Outlook Survey