

# Navigating Winds of Change in the Canadian Securities Industry

IIAC Small Dealer Symposium:  
Strategies for Success in the New Financial World  
September 2011



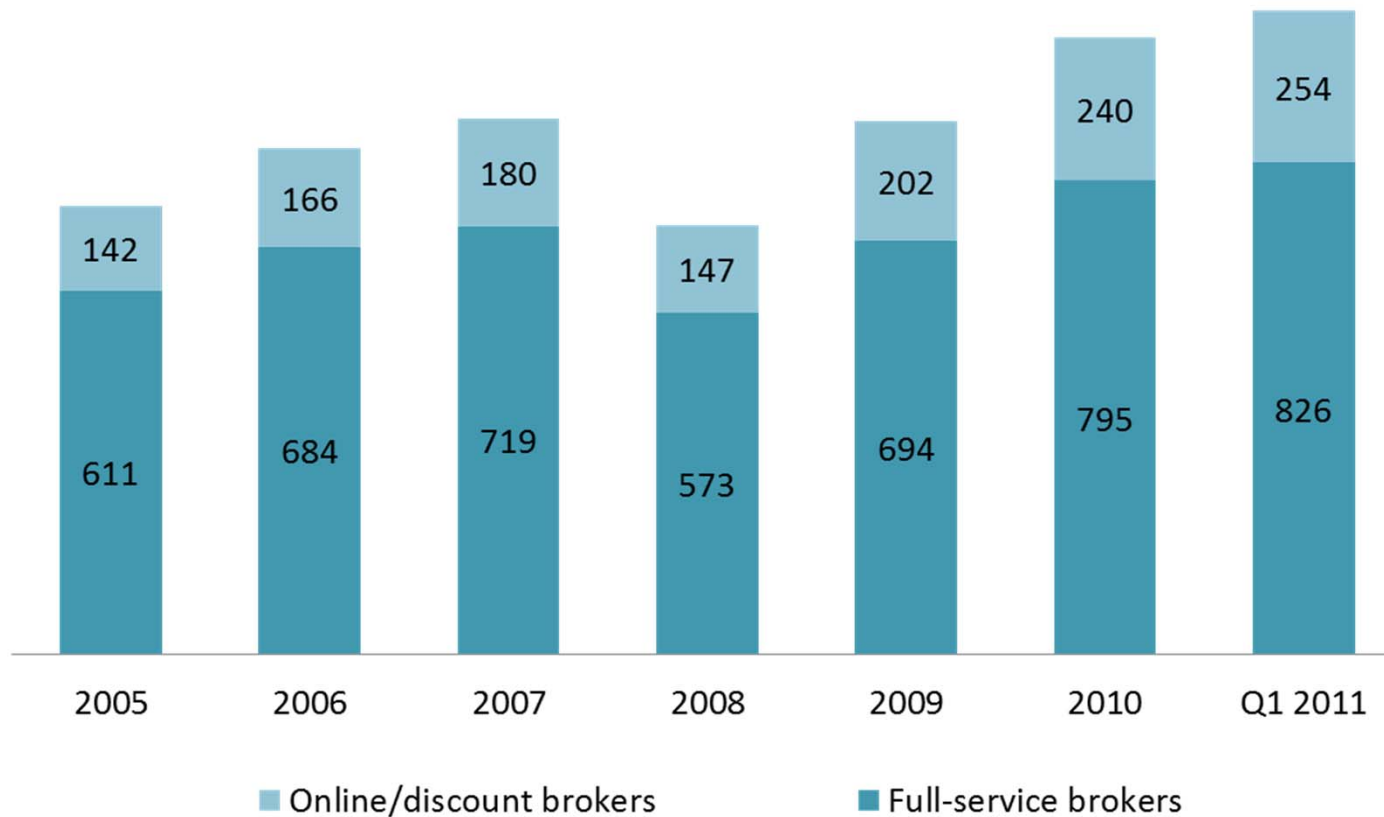
# STRENGTH

- **Stable and Well-Distributed Assets Under Management**
  - Client AUM surpasses \$1 trillion
  - Relative Stability in Dealer Holdings
  - Good Proportional Distribution Across Industry



# Client Assets Under Management

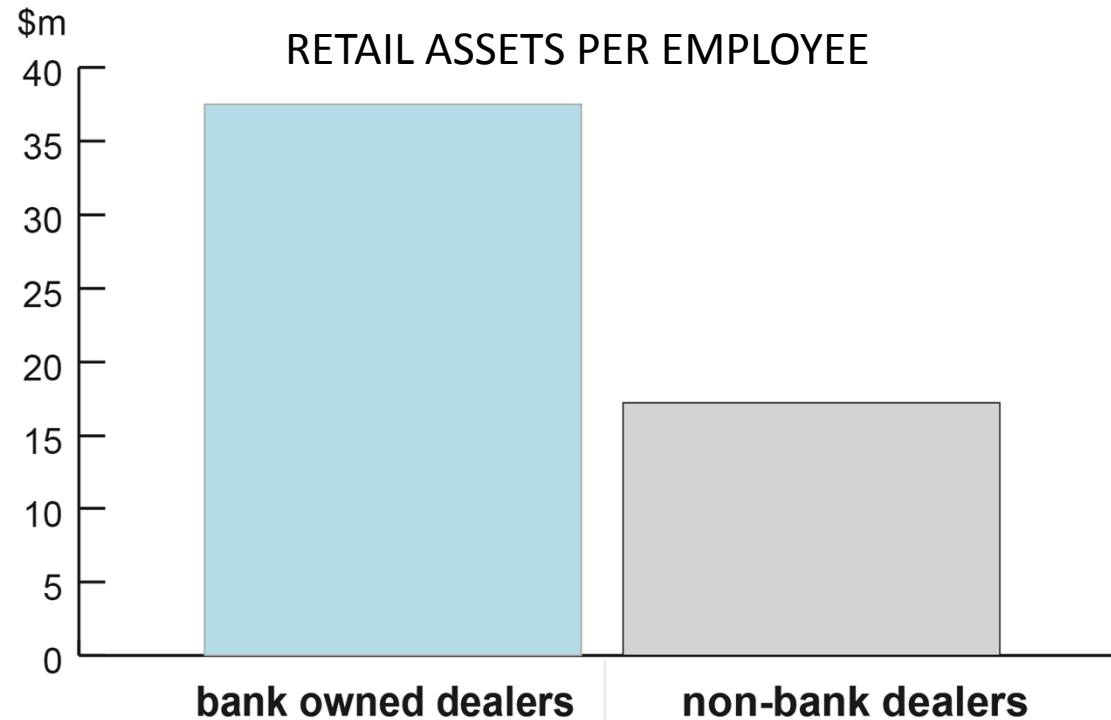
## Retail Assets (\$ billions)



Source: Investor Economics



# Distribution of Client Assets



#firms	9	116
#employees	21,842	15,137
total retail asset (\$b)	819	261
retail asset per employee (\$m)	37.50	17.24

Source: Investor Economics, IIAC



# STRENGTH

- **Vibrant Capital Markets with Stable Economic Underpinning**



# STRENGTHS

- **Experienced and Confident Investing Public**
  - Competitive and Diversified Institutional Framework
  - High Regulatory Standard
  - Minimal Incidence of Scandals

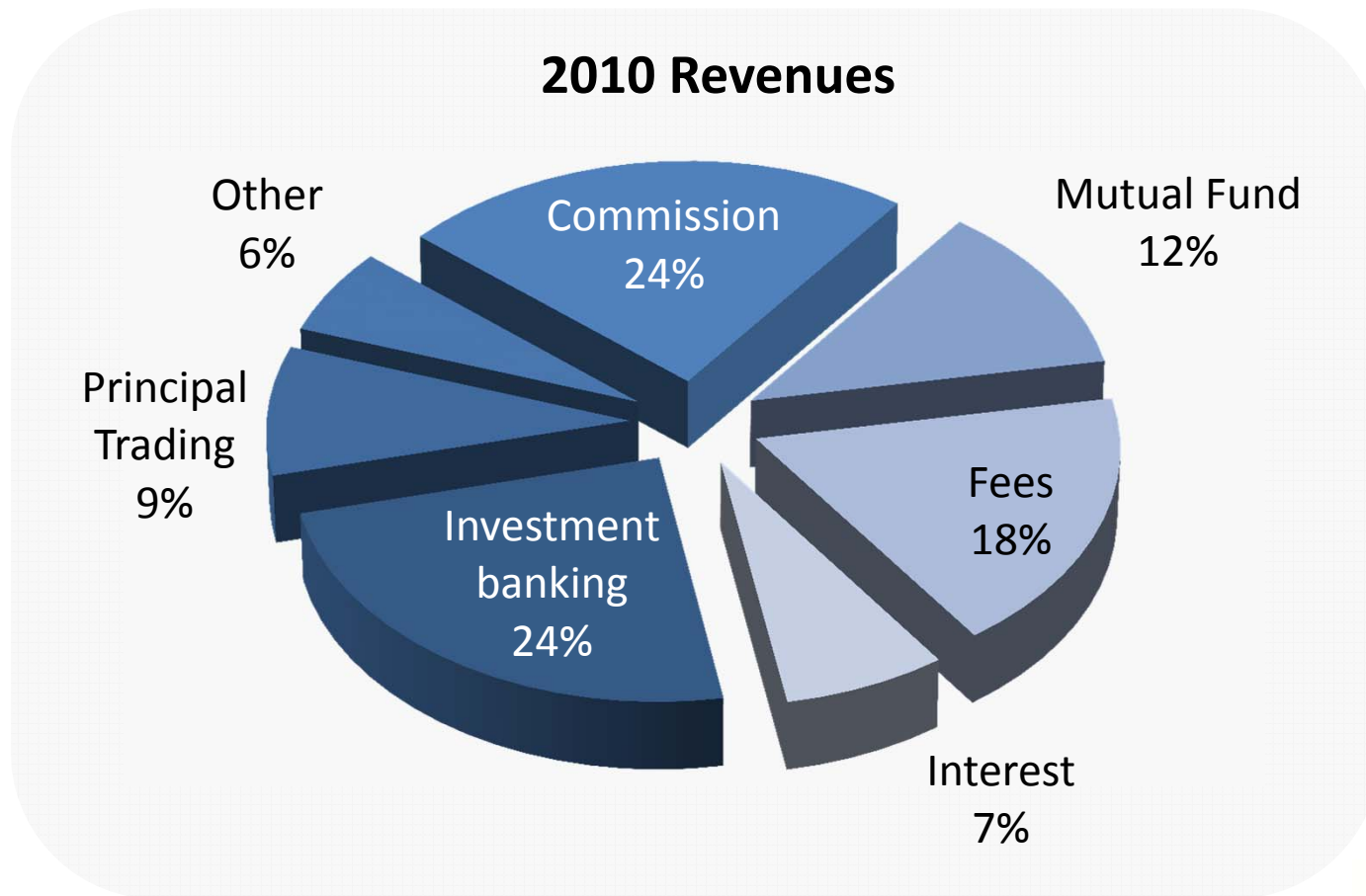
# STRENGTH

## COMPETITIVE AND DIVERSIFIED SECURITIES INDUSTRY

Profit Distributions



# STRENGTH





# STRENGTHS

- **Capital Markets-Oriented Corporate Sector**
  - Active Debt and Equity Capital-Raising by Large Corporate Canada
  - Vibrant Primary and Secondary Equity Markets for Small Business in the Industrial Countries
  - Boutiques have higher percentage of Investment Banking Revenue than integrated firms

# WEAKNESSES

- **Low Investment Returns**
  - Poor Performing Stock Market
  - Low Interest Rates
  - Dampened Portfolio Values
- **Increased Market Volatility**

# OPPORTUNITIES

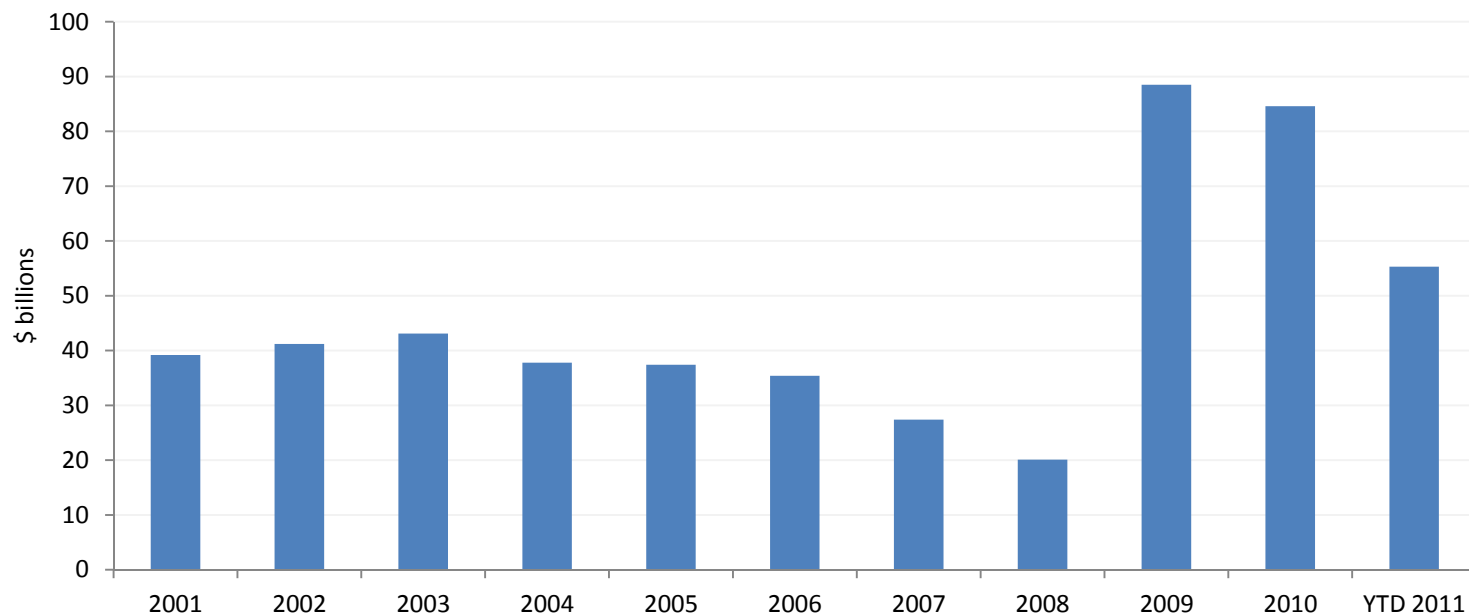
- **Demographic Trends**

- Shifting From Asset Accumulation to Asset Distribution
- Large Scale Portfolio Adjustment
- New Pre-Retirement/Retirement Products and Services
  - TFSA's \$13billion AUM
- Financial Advice
  - Estate/Tax Planning
    - Over 60% of Advisors licenced to sell insurance

# OPPORTUNITIES

- **Government Deficits**
  - Debt Financing/Distribution Opportunities

**Federal Government Debt Issuance**



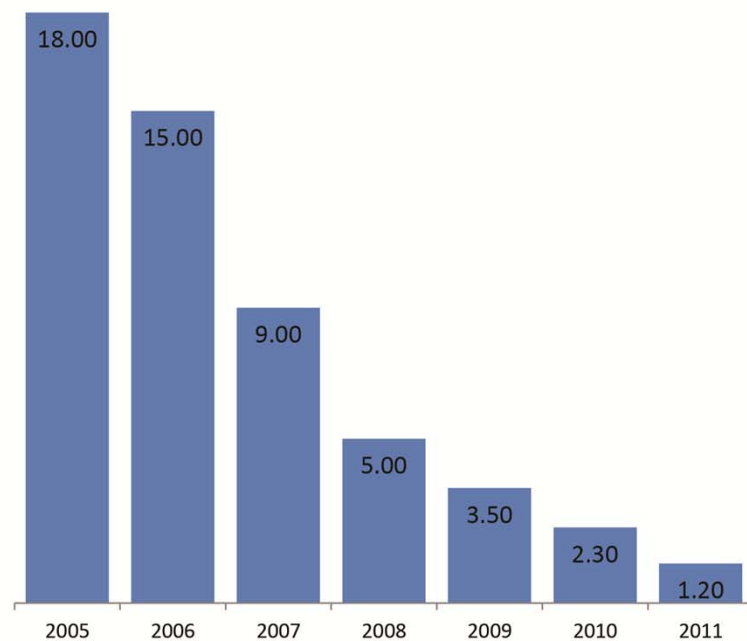
# OPPORTUNITIES

- **Technology**
  - More User-Friendly Client/Dealer Interface
  - Improved Portfolio/Reporting and Advisor Interaction
  - Better Access to New Products and Services
  - More Cost-Effective Carrying Broker Platforms
  - More Efficient Execution and Settlement

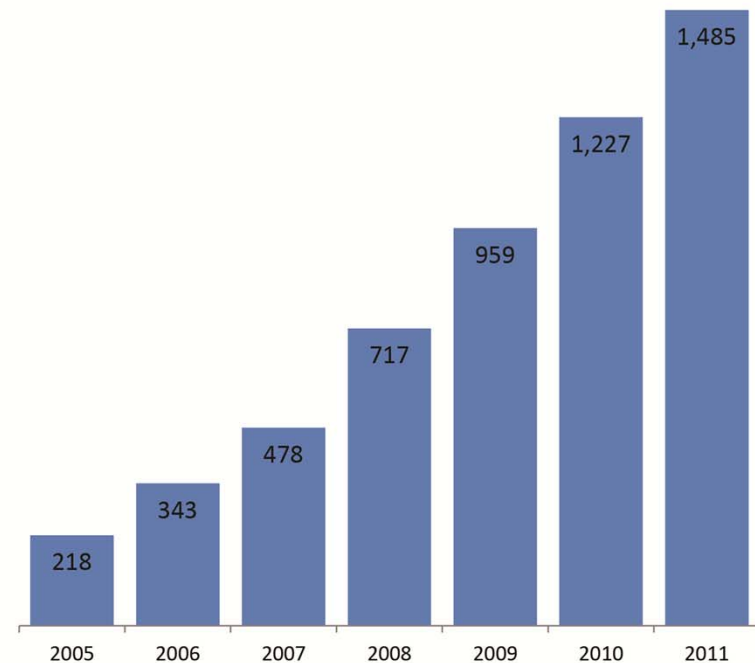
# OPPORTUNITIES

## EFFICIENT CLEARING AND SETTLEMENT

**Equity exchange trade clearing fees  
(listed prices in ¢)**



**Daily average exchange trades  
(in 000s)**



Source: CDS



# THREATS & CHALLENGES

- **THREAT: Capital Market and Economic Shocks**
  - Volatile Markets
  - Globally Integrated Markets
  - Serious Economic, Fiscal and Geo-Political Threats in the Global Economy
- **THREAT: Stock Exchange Consolidation**
  - Industry Vulnerability to Price Increases and Access to Exchange Trading, Market Data and Clearing

# THREATS & CHALLENGES

- **CHALLENGE:** Escalating Regulatory Burden
  - CRM
    - KYC and Suitability Reforms
    - Portfolio Performance Reporting
  - U.S Tax-Reporting Obligations
  - Anti-Money Laundering
  - Multiple Equity Market Obligations and Costs