

Markets Weigh In on Industry Performance

Trading losses and weaker commission income trimmed industry operating revenue 10% to \$4.2B in the second quarter. Operating Profits stumbled 20% to \$1.2 billion. Unsettled markets presented challenges for traders. Fixed income trading revenue fell 37%, and equity trading plummeted by more than 75%. Equity trading desks at integrated and retail firms endured losses of \$31m and \$7m, respectively. Q2 trading revenue comprised 6% of industry operating revenue, compared to 11% in Q1.

The ongoing European debt crisis and tamed US economic indicators precipitated investors to shy away from equities, and the sentiment contributed to lower commission revenue in Q2. Total commission revenues totaled \$1.4 billion during the quarter, 15% lower than the previous period. Mutual fund commissions, while down only marginally from Q1, totaled \$546 million and represented the second best showing since Q2 of 2007. Market volatility had less impact on fee-based revenue stream which grew another 5% this quarter and set record revenue from fee-based products in recent years. Client cash holdings held steady at \$37B.

Investment banking business booked an impressive \$1.2B in revenue during the period. Q2 marks the third consecutive quarter in which over \$1B in revenue was generated through investment banking. Driving this performance has been increased financing activity. Over \$14B was raised through equity issuance this quarter, and corporate debt issuance stood at \$21B. Falling stock prices also ushered in a flurry of M&A deals this quarter, where mega deals over \$1B were numerous. The biggest deal announced this quarter was Barrick Gold's \$7.3B purchase of Equinox. Corporate advisory fees were up significantly for the industry, with integrated firms showing a 70%-plus rise in profit from last quarter.

Chart 1: TSX Performance



Chart 2: Investment Banking Revenue

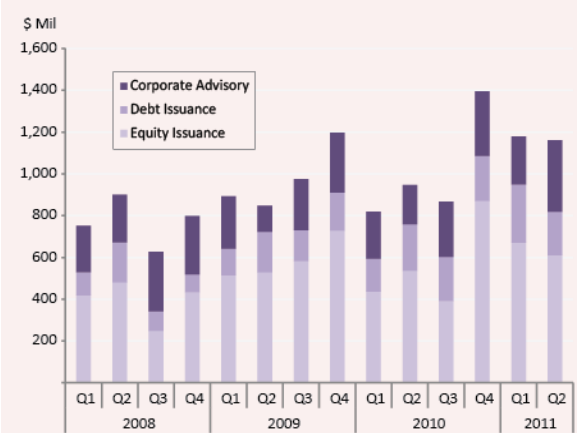
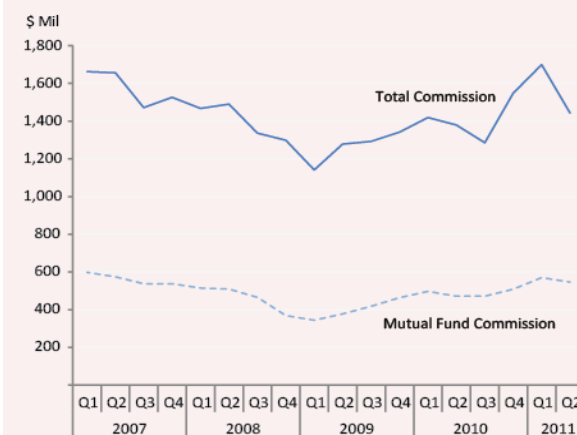


Chart 3: Commission Revenue



INDUSTRY HIGHLIGHTS

(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q2 11	Q1 11	Q2 10	Q2/Q1 11	Q2 11/10	2010	2009	2008	2007	10/09	09/08	08/07
Number of firms	205	202	195	1.5%	5.1%	201	200	202	203	0.5%	-1.0%	-0.5%
Number of employees	40,657	40,082	39,692	1.4%	2.4%	39,917	39,894	40,836	42,329	0.1%	-2.3%	-3.5%
Revenue												
Commissions	1,442	1,699	1,379	-15.1%	4.6%	5,631	5,052	5,592	6,315	11.5%	-9.7%	-11.4%
<i>Mutual fund only commissions</i>	546	570	472	-4.1%	15.8%	1,950	1,605	1,860	2,249	21.5%	-13.7%	-17.3%
Investment banking	1,161	1,181	946	-1.7%	22.7%	4,029	3,915	3,077	4,546	2.9%	27.2%	-32.3%
<i>New issues equity</i>	611	671	537	-8.9%	13.8%	2,234	2,356	1,580	2,589	-5.2%	49.1%	-39.0%
<i>New issues debt</i>	208	280	223	-25.5%	-6.6%	809	653	483	581	23.9%	35.2%	-16.9%
<i>Corporate advisory fees</i>	341	230	186	48.2%	83.6%	986	906	1,014	1,376	8.8%	-10.7%	-26.3%
Fixed income trading	229	364	236	-37.0%	-2.8%	1,173	2,109	1,045	698	-44.4%	101.8%	49.7%
Equity trading	34	136	-34	-75.1%	199.4%	267	459	-11	460	-41.8%	4272.7%	-102.4%
Net interest	355	339	214	4.9%	65.9%	1,054	914	1,894	1,794	15.3%	-51.7%	5.6%
Fees	758	725	647	4.5%	17.1%	2,721	2,385	2,624	2,636	14.1%	-9.1%	-0.5%
Other	185	194	181	-4.4%	2.2%	1,004	1,473	371	674	-31.8%	297.0%	-45.0%
Operating revenue	4,164	4,637	3,568	-10.2%	16.7%	15,878	16,306	14,593	17,123	-2.6%	11.7%	-14.8%
Operating expenses¹	1,813	1,859	1,681	-2.5%	7.8%	6,825	6,555	6,528	6,279	4.1%	0.4%	4.0%
Operating profit	1,200	1,507	891	-20.4%	34.7%	4,789	5,987	3,914	6,382	-20.0%	53.0%	-38.7%
Net profit (loss)	616	745	468	-17.4%	31.5%	2,395	2,869	1,875	2,771	-16.5%	53.0%	-32.3%
Shareholders' equity	15,619	17,375	16,343	-10.1%	-4.4%	16,988	15,225	13,507	12,655	11.6%	12.7%	6.7%
Regulatory capital	31,393	32,959	30,250	-4.8%	3.8%	31,647	29,559	27,461	23,413	7.1%	7.6%	17.3%
Client cash holdings	37,139	38,298	36,209	-3.0%	2.6%	37,952	36,816	33,677	28,500	3.1%	9.3%	18.2%
Client debt margin outstanding	14,469	14,505	12,941	-0.2%	11.8%	13,731	11,048	8,846	14,001	24.3%	24.9%	-36.8%
Productivity (\$ thousands)²	410	463	360	-11.5%	13.9%	398	409	357	405	-2.7%	14.4%	-11.7%
Annual return³ (%)	15.8	17.2	11.5	-1.4%	4.3%	14.1	18.8	13.9	21.9	-4.7%	5.0%	-8.0%

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.

Integrated firms

Firms that are national in scope and have extensive retail and institutional operations; includes dealers of the six major chartered banks.

INTEGRATED FIRMS												
(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q2 11	Q1 11	Q2 10	Q2/Q1 11	Q2 11/10	2010	2009	2008	2007	10/09	09/08	08/07
Number of firms	11	11	11	0.0%	0.0%	11	11	11	11	0.0%	0.0%	0.0%
Number of employees	25,069	24,792	24,818	1.1%	1.0%	24,955	25,131	25,973	26,925	-0.7%	-3.2%	-3.5%
Revenue												
Commissions	966	1,122	921	-13.8%	4.9%	3,767	3,384	3,675	4,145	11.3%	-7.9%	-11.3%
<i>Mutual fund only commissions</i>	415	427	356	-2.9%	16.6%	1,471	1,226	1,414	1,665	20.0%	-13.3%	-15.1%
Investment banking	797	779	597	2.3%	33.6%	2,566	2,598	1,874	2,642	-1.2%	38.6%	-29.1%
<i>New issues equity</i>	382	390	297	-2.1%	28.5%	1,311	1,587	967	1,421	-17.4%	64.1%	-31.9%
<i>New issues debt</i>	171	247	192	-31.1%	-11.2%	682	546	405	461	24.9%	34.8%	-12.1%
<i>Corporate advisory fees</i>	245	142	108	72.6%	127.1%	573	465	502	758	23.2%	-7.4%	-33.8%
Fixed income trading	194	293	190	-33.8%	2.1%	960	1,690	782	514	-43.2%	116.1%	52.1%
Equity trading	-31	79	-51	-138.9%	39.7%	38	332	106	184	-88.6%	213.2%	-42.4%
Net interest	305	290	187	5.2%	63.2%	906	790	1,488	1,399	14.7%	-46.9%	6.4%
Fees	565	531	483	6.5%	17.1%	1,994	1,764	1,877	1,857	13.0%	-6.0%	1.1%
Other	107	132	106	-18.9%	1.3%	415	1,233	-1	436	-66.3%	n.m.	-100.2%
Operating revenue	2,905	3,226	2,434	-9.9%	19.3%	10,645	11,792	9,801	11,177	-9.7%	20.3%	-12.3%
Operating expenses¹	1,186	1,235	1,110	-4.0%	6.8%	4,497	4,300	4,145	4,029	4.6%	3.7%	2.9%
Operating profit	905	1,110	612	-18.5%	47.9%	3,127	4,782	2,722	3,985	-34.6%	75.7%	-31.7%
Net profit (loss)	544	605	353	-10.1%	54.1%	1,610	2,422	1,502	2,006	-33.5%	61.3%	-25.1%
Shareholders' equity	10,718	12,128	11,047	-11.6%	-3.0%	11,585	10,029	8,637	7,761	15.5%	16.1%	11.3%
Regulatory capital	22,316	23,526	21,912	-5.1%	1.8%	22,882	21,372	19,334	15,669	7.1%	10.5%	23.4%
Client cash holdings	30,986	31,817	30,445	-2.6%	1.8%	31,677	31,451	28,157	23,811	0.7%	11.7%	18.3%
Productivity (\$ thousands)²	464	520	392	-10.9%	18.2%	427	469	377	415	-9.1%	24.3%	-9.1%
Annual return³ (%)	20.3	20.0	12.8	0.3%	7.5%	13.9	24.1	17.4	25.8	-10.3%	6.8%	-8.5%

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.

INSTITUTIONAL FIRM HIGHLIGHTS

(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q2 11	Q1 11	Q2 10	Q2/Q1 11	Q2 11/10	2010	2009	2008	2007	10/09	09/08	08/07
Number of firms	79	77	70	2.6%	12.9%	74	72	69	68	2.8%	4.3%	1.5%
Number of employees	3,197	3,103	2,805	3.0%	14.0%	2,793	2,801	2,926	2,988	-0.3%	-4.3%	-2.1%
Revenue												
Commissions	167	208	161	-19.6%	4.0%	655	623	777	783	5.1%	-19.8%	-0.8%
Investment banking	271	294	258	-7.8%	5.1%	1,082	1,052	938	1,425	2.9%	12.2%	-34.2%
<i>New issues equity</i>	159	195	174	-18.3%	-8.5%	634	568	438	767	11.6%	29.7%	-42.9%
<i>New issues debt</i>	18	16	13	11.0%	40.8%	58	51	42	76	13.7%	21.4%	-44.7%
<i>Corporate advisory fees</i>	94	83	71	13.0%	31.8%	390	433	458	581	-9.9%	-5.5%	-21.2%
Fixed income trading	0	37	25	-100.7%	-101.1%	122	249	94	82	-51.0%	164.9%	14.6%
Equity trading	71	27	6	164.2%	1088.8%	145	46	-61	199	215.2%	175.4%	-130.7%
Net interest	7	8	3	-15.6%	118.1%	35	33	212	201	6.1%	-84.4%	5.5%
Fees	29	37	15	-22.5%	90.4%	104	77	79	85	35.1%	-2.5%	-7.1%
Other	28	17	33	63.5%	-14.3%	453	101	174	126	348.5%	-42.0%	38.1%
Operating revenue	573	628	501	-8.8%	14.4%	2,596	2,182	2,214	2,901	19.0%	-1.4%	-23.7%
Operating expenses¹	254	243	220	4.7%	15.5%	899	923	990	889	-2.6%	-6.8%	11.4%
Operating profit	248	301	233	-17.6%	6.4%	1,440	1,025	947	1,790	40.5%	8.2%	-47.1%
Net profit (loss)	59	98	114	-39.9%	-48.5%	752	444	382	660	69.4%	16.2%	-42.1%
Shareholders' equity	3,653	3,965	4,045	-7.9%	-9.7%	4,108	3,972	3,803	3,768	3.4%	4.4%	0.9%
Regulatory capital	6,616	6,955	6,694	-4.9%	-1.2%	7,068	6,607	6,118	5,937	7.0%	8.0%	3.0%
Client cash holdings	1,382	1,641	1,182	-15.8%	16.9%	1,306	768	1,326	1,034	70.1%	-42.1%	28.2%
Productivity (\$ thousands)²	717	810	714	-11.5%	0.3%	929	2,337	757	971	-60.2%	208.9%	-22.1%
Annual return³ (%)	6.4	9.9	11.3	-3.4%	-4.8%	18.3	11.2	10.0	17.5	7.1%	1.1%	-7.5%

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.

RETAIL FIRM HIGHLIGHTS

(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q2 11	Q1 11	Q2 10	Q2/Q1 11	Q2 11/10	2010	2009	2008	2007	10/09	09/08	08/07
Number of firms	115	114	114	0.9%	0.9%	116	117	122	124	-0.9%	-4.1%	-1.6%
Number of employees	12,391	12,187	12,069	1.7%	2.7%	12,169	11,962	11,937	12,416	1.7%	0.2%	-3.9%
Revenue												
Commissions	309	369	296	-16.4%	4.3%	1,208	1,045	1,140	1,387	15.6%	-8.3%	-17.8%
<i>Mutual fund only commissions</i>	132	142	116	-7.0%	14.0%	478	375	440	577	27.5%	-14.8%	-23.7%
Investment banking	92	107	91	-13.8%	1.4%	381	265	265	481	43.8%	0.0%	-44.9%
<i>New issues equity</i>	70	86	66	-18.6%	6.2%	289	201	176	400	43.8%	14.2%	-56.0%
<i>New issues debt</i>	20	16	17	25.1%	15.1%	69	56	36	43	23.2%	55.6%	-16.3%
<i>Corporate advisory fees</i>	3	5	7	-51.0%	-61.8%	23	8	54	36	187.5%	-85.2%	50.0%
Fixed income trading	36	35	20	3.2%	78.6%	91	169	139	88	-46.2%	21.6%	58.0%
Equity trading	-7	30	11	-122.7%	-161.7%	84	81	17	40	3.7%	376.5%	-57.5%
Net interest	43	41	25	6.4%	73.3%	113	91	194	195	24.2%	-53.1%	-0.5%
Fees	164	158	149	3.8%	9.9%	623	544	667	694	14.5%	-18.4%	-3.9%
Other	49	44	41	12.6%	20.1%	137	138	198	111	-0.7%	-30.3%	78.4%
Operating revenue	686	783	633	-12.3%	8.4%	2,637	2,322	2,578	3,045	13.6%	-9.9%	-15.3%
Operating expenses¹	373	381	351	-2.3%	6.2%	1,428	1,332	1,394	1,361	7.2%	-4.4%	2.4%
Operating profit	47	96	46	-50.8%	2.6%	222	180	245	606	23.3%	-26.5%	-59.6%
Net profit (loss)	13	42	1	-69.6%	1190.3%	33	3	-8	104	1000.0%	137.5%	-107.7%
Shareholders' equity	1,248	1,282	1,251	-2.6%	-0.3%	1,295	1,224	1,067	1,126	5.8%	14.7%	-5.2%
Regulatory capital	2,461	2,478	1,644	-0.7%	49.7%	1,697	1,580	1,744	1,807	7.4%	-9.4%	-3.5%
Client cash holdings	4,772	4,840	4,476	-1.4%	6.6%	4,820	4,506	4,194	3,655	7.0%	7.4%	14.7%
Productivity (\$ thousands)²	222	257	210	-13.8%	5.6%	217	194	216	245	11.6%	-10.1%	-11.9%
Annual return³ (%)	4.1	13.3	0.3	-9.1%	3.8%	2.5	0.2	-0.7	9.2	2.3%	1.0%	-10.0%

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.

Domestic institutional

Firms that generate most of their revenues from servicing institutional clients and have their head office located in Canada.

DOMESTIC INSTITUTIONAL FIRM HIGHLIGHTS												
(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q2 11	Q1 11	Q2 10	Q2/Q1 11	Q2 11/10	2010	2009	2008	2007	10/09	09/08	08/07
Number of firms	57	56	50	1.8%	14.0%	54	52	49	48	3.8%	6.1%	2.1%
Number of employees	2,374	2,315	2,025	2.5%	17.2%	2,013	2,090	2,146	2,048	-3.7%	-2.6%	4.8%
Revenue												
Commissions	114	148	108	-22.6%	5.9%	448	439	517	537	2.1%	-15.1%	-3.7%
Investment banking	198	232	211	-14.9%	-6.2%	781	684	635	956	14.2%	7.7%	-33.6%
<i>New issues equity</i>	148	185	165	-20.0%	-10.5%	574	468	389	670	22.6%	20.3%	-42.0%
<i>New issues debt</i>	6	5	5	3.2%	11.6%	17	17	9	12	0.0%	88.9%	-26.6%
<i>Corporate advisory fees</i>	45	42	41	5.3%	8.9%	190	198	237	274	-4.0%	-16.5%	-13.4%
Fixed income trading	3	6	4	-51.6%	-31.1%	17	38	25	6	-55.3%	52.0%	297.3%
Equity trading	-15	8	-10	-287.9%	-50.3%	101	113	-127	25	-10.6%	189.0%	-602.4%
Net interest	8	7	4	9.7%	88.7%	20	19	50	51	5.3%	-62.0%	-2.3%
Fees	25	34	12	-28.3%	104.6%	93	69	64	66	34.8%	7.8%	-3.4%
Other	10	5	13	102.5%	-26.3%	341	25	57	23	1264.0%	-56.1%	146.1%
Operating revenue	342	439	342	-22.3%	-0.1%	1,801	1,388	1,222	1,664	29.8%	13.6%	-26.6%
Operating expenses¹	162	160	137	1.4%	18.1%	554	548	502	428	1.1%	9.2%	17.3%
Operating profit	115	201	161	-42.7%	-28.5%	1,008	635	484	1,000	58.7%	31.2%	-51.6%
Net profit (loss)	39	62	81	-37.1%	-52.0%	536	277	137	386	93.5%	102.2%	-64.5%
Shareholders' equity	1,266	1,561	1,739	-18.9%	-27.2%	1,737	1,685	1,563	1,686	3.1%	7.8%	-7.3%
Regulatory capital	1,861	2,182	2,009	-14.7%	-7.4%	2,325	1,943	1,900	2,008	19.7%	2.3%	-5.4%
Client cash holdings	833	1,123	782	-25.8%	6.5%	618	464	768	490	33.2%	-39.6%	56.7%
Productivity (\$ thousands)²	576	759	676	-24.2%	-14.8%	895	664	569	813	34.7%	16.6%	-29.9%
Annual return³ (%)	12.3	15.8	18.6	-3.6%	-6.3%	30.9	16.4	8.8	22.9	14.4%	7.7%	-14.1%

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.

Foreign institutional

Firms that generate most of their revenues from servicing institutional clients and have their head office located offshore.

FOREIGN INSTITUTIONAL FIRM HIGHLIGHTS												
(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q2 11	Q1 11	Q2 10	Q2/Q1 11	Q2 11/10	2010	2009	2008	2007	10/09	09/08	08/07
Number of firms	22	21	20	4.8%	10.0%	20	20	20	20	0.0%	0.0%	0.0%
Number of employees	823	788	780	4.4%	5.5%	780	711	780	940	9.7%	-8.8%	-17.0%
Revenue												
Commissions	53	60	53	-12.2%	-0.1%	208	183	260	246	13.7%	-29.6%	5.6%
Investment banking	73	62	47	18.6%	55.9%	301	367	303	467	-18.0%	21.1%	-35.1%
<i>New issues equity</i>	12	10	8	13.4%	45.9%	60	99	49	96	-39.4%	102.0%	-49.2%
<i>New issues debt</i>	13	11	9	14.8%	41.4%	41	34	33	64	20.6%	3.0%	-48.1%
<i>Corporate advisory fees</i>	49	40	30	21.0%	62.9%	200	234	220	308	-14.5%	6.4%	-28.5%
Fixed income trading	-3	31	22	-109.8%	-113.7%	106	212	69	76	-50.0%	207.2%	-9.1%
Equity trading	86	20	16	331.8%	439.7%	44	-67	66	173	165.7%	-201.5%	-61.9%
Net interest	-1	1	-2	-214.9%	49.8%	15	14	162	150	7.1%	-91.4%	8.1%
Fees	4	3	3	52.3%	33.9%	11	8	15	19	37.5%	-46.7%	-20.2%
Other	19	13	20	48.8%	-6.5%	111	76	118	103	46.1%	-35.6%	14.4%
Operating revenue	231	189	159	22.4%	45.5%	796	794	992	1,237	0.3%	-20.0%	-19.8%
Operating expenses¹	92	83	83	11.1%	11.1%	345	375	488	463	-8.0%	-23.2%	5.4%
Operating profit	133	100	72	33.1%	84.3%	432	390	463	790	10.8%	-15.8%	-41.4%
Net profit (loss)	20	36	33	-44.8%	-39.9%	215	167	245	274	28.7%	-31.8%	-10.7%
Shareholders' equity	2,386	2,404	2,306	-0.8%	3.5%	2,371	2,287	2,239	2,082	3.7%	2.1%	7.5%
Regulatory capital	4,755	4,773	4,684	-0.4%	1.5%	4,742	4,664	4,218	3,929	1.7%	10.6%	7.4%
Client cash holdings	549	518	400	6.0%	37.3%	688	304	493	334	126.3%	-38.3%	47.6%
Productivity (\$ thousands)²	1,124	959	815	17.2%	37.9%	1,021	3,350	1,272	1,316	-69.5%	163.4%	-3.4%
Annual return³ (%)	3.3	6.0	5.7	-2.7%	-2.4%	9.1	9.7	10.9	13.2	-0.7%	-1.2%	-2.2%

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.

Full service

Firms that generate most of their revenues from servicing retail clients and have their own front and back offices.

FULL SERVICE RETAIL FIRM HIGHLIGHTS												
(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q2 11	Q1 11	Q2 10	Q2/Q1 11	Q2 11/10	2010	2009	2008	2007	10/09	09/08	08/07
Number of firms	34	34	35	0.0%	-2.9%	35	35	34	36	0.0%	2.9%	-5.6%
Number of employees	6,379	6,235	6,131	2.3%	4.0%	6,231	6,072	6,018	6,517	2.6%	0.9%	-7.7%
Revenue												
Commissions	167	208	164	-19.7%	1.6%	675	605	659	810	11.6%	-8.2%	-18.6%
<i>Mutual fund only commissions</i>	77	82	69	-6.5%	11.7%	285	227	268	298	25.6%	-15.3%	-10.1%
Investment banking	62	73	67	-15.8%	-8.0%	271	192	156	334	41.1%	23.1%	-53.3%
<i>New issues equity</i>	44	57	47	-23.5%	-7.0%	195	128	107	249	52.3%	19.6%	-57.0%
<i>New issues debt</i>	17	14	15	22.0%	10.3%	61	48	27	33	27.1%	77.8%	-18.2%
<i>Corporate advisory fees</i>	1	3	4	-45.4%	-65.1%	16	17	22	23	-5.9%	-22.7%	-4.8%
Fixed income trading	28	29	16	-3.0%	75.9%	71	134	136	56	-47.0%	-1.5%	143.1%
Equity trading	-4	8	0	-150.3%	n.m.	40	42	-50	40	-4.8%	184.0%	-226.6%
Net interest	25	23	14	8.1%	78.3%	62	49	104	108	26.5%	-52.9%	-3.4%
Fees	93	87	79	6.8%	17.6%	321	288	292	294	11.5%	-1.4%	-0.5%
Other	28	24	19	14.0%	46.3%	71	57	58	59	24.6%	-1.7%	-2.4%
Operating revenue	398	452	359	-11.9%	10.9%	1,511	1,367	1,356	1,670	10.5%	0.8%	-18.8%
Operating expenses¹	214	219	202	-2.3%	6.1%	819	752	780	778	8.9%	-3.6%	0.2%
Operating profit	24	57	20	-56.9%	22.4%	117	122	29	267	-4.1%	320.7%	-89.1%
Net profit (loss)	5	22	1	-76.1%	417.6%	34	31	-29	80	9.7%	206.9%	-136.4%
Shareholders' equity	849	886	852	-4.2%	-0.3%	900	804	894	899	11.9%	-10.1%	-0.6%
Regulatory capital	1,868	1,904	1,055	-1.9%	77.1%	1,115	987	1,094	1,104	13.0%	-9.8%	-0.9%
Client cash holdings	3,844	3,929	3,540	-2.2%	8.6%	3,890	3,620	2,745	2,608	7.5%	31.9%	5.3%
Productivity (\$ thousands)²	250	290	234	-13.9%	6.6%	242	225	225	256	7.7%	-0.1%	-12.1%
Annual return³ (%)	2.4	9.8	0.5	-7.3%	2.0%	3.8	3.9	-3.2	8.9	-0.1%	7.1%	-12.1%

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 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).

RETAIL INTRODUCER FIRM HIGHLIGHTS												
(\$ millions unless otherwise noted)	Quarter-over-Quarter					Annual Year-over-Year						
	Quarters			% Change		Years				% Change		
	Q2 11	Q1 11	Q2 10	Q2/Q1 11	Q2 11/10	2010	2009	2008	2007	10/09	09/08	08/07
Number of firms	81	80	79	1.3%	2.5%	81	82	88	88	-1.2%	-6.8%	0.0%
Number of employees	6,012	5,952	5,938	1.0%	1.2%	5,938	5,890	5,919	5,899	0.8%	-0.5%	0.3%
Revenue												
Commissions	142	161	133	-12.0%	6.8%	533	440	480	577	21.1%	-8.3%	-16.8%
<i>Mutual fund only commissions</i>	55	60	47	-7.7%	17.5%	192	148	172	251	29.7%	-14.0%	-31.4%
Investment banking	31	34	24	-9.6%	27.7%	110	73	110	175	50.7%	-33.6%	-37.0%
<i>New issues equity</i>	26	29	19	-8.9%	38.7%	94	73	69	151	28.8%	5.8%	-54.2%
<i>New issues debt</i>	3	2	2	45.0%	50.8%	9	8	9	11	12.5%	-11.1%	-19.6%
<i>Corporate advisory fees</i>	1	3	3	-55.9%	-57.5%	7	-8	32	14	187.5%	-125.0%	133.5%
Fixed income trading	8	6	4	29.3%	89.4%	20	35	34	46	-42.9%	2.9%	-26.8%
Equity trading	-3	22	11	-112.6%	-125.1%	43	38	-6	36	13.2%	733.3%	-116.7%
Net interest	18	18	11	4.3%	67.0%	51	42	89	87	21.4%	-52.8%	2.7%
Fees	71	71	70	0.0%	1.1%	302	256	375	401	18.0%	-31.7%	-6.6%
Other	21	19	22	10.8%	-2.4%	66	81	140	51	-18.5%	-42.1%	174.3%
Operating revenue	288	331	274	-13.0%	5.1%	1,125	966	1,222	1,376	16.5%	-20.9%	-11.2%
Operating expenses¹	158	162	149	-2.2%	6.4%	609	580	614	582	5.0%	-5.5%	5.5%
Operating profit	23	39	27	-41.9%	-15.8%	105	57	216	339	84.2%	-73.6%	-36.3%
Net profit (loss)	8	21	0	-62.9%	n.m.	-1	-27	21	23	96.3%	-228.6%	-8.0%
Shareholders' equity	399	396	399	0.8%	-0.1%	395	420	173	227	-6.0%	142.8%	-23.8%
Regulatory capital	592	574	588	3.2%	0.7%	582	593	650	703	-1.9%	-8.8%	-7.5%
Client cash holdings	928	910	936	1.9%	-0.9%	930	886	1,448	1,319	5.0%	-38.8%	9.8%
Productivity (\$ thousands)²	192	222	185	-13.8%	3.8%	189	164	206	233	15.5%	-20.6%	-11.5%
Annual return³ (%)	7.8	21.0	0.1	-13.3%	7.7%	-0.3	-6.4	12.1	10.1	6.2%	-18.6%	2.1%

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.

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 feed back to capitalmarkets@iiac.ca.

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