

## 2013 Greenwich Leaders: European Equities

Q3 2013

### Brokers Stabilizing Amid Reduced Expectations

Financial service firms have adjusted their strategies and their business structures to better fit an era in which equity trading activity has plummeted, leading to a drop in institutional trading commissions and a painful contraction in brokerage revenues. The result has been reduction in the overall amount of capital devoted to the business by brokers, mergers, desk consolidation and headcount reductions.

In this challenging environment, UBS and Credit Suisse captured the largest trading shares in European equities while UBS and Deutsche Bank are effectively tied for the top spot in providing research/advisory services.

“Many institutional investors have had to endure disruptions in their sell-side coverage as a result of this process,” says Greenwich Associates consultant John Colon. “Turnover represents a particular issue for investors. Many old and trusted relationships have been displaced due to sell-side cost reductions, and many trusted equity professionals have been replaced by younger, less experienced analysts, research sales professionals, and sales traders.”

### Greenwich Share Leaders

Brokers that best maintained their levels of coverage and minimized turnover and other service issues largely managed to hold their ground. UBS and Credit Suisse tied for the top spot in European equity trading volume with trading shares of 9.6-10.5%. Tying for the runner-up position were Bank of America Merrill Lynch, Morgan Stanley and Deutsche Bank, all with trading shares between 8.5% and 8.9%. In European equity research/advisory vote, UBS and Deutsche Bank tie for the top spot with vote shares of 9.1-9.3%, followed by Bank of America Merrill Lynch at 8.1% and a tie between Morgan Stanley and J.P. Morgan with vote shares between 7.0% and 7.1%. These firms are the 2013 Greenwich Share Leaders in European Equity Trading and European Equity Research/Advisory.

The trading performance of both UBS and Credit Suisse can be attributed in part to their strength in algorithmic and/or smart-order routing trades. UBS ranks first in those trades with a market penetration of 65% of institutional investors, followed by Credit Suisse at 60%. Behind these firms are Morgan Stanley, with a market penetration of 46%, Deutsche Bank at 38% and Bank of America Merrill Lynch at 35%. The market positions of

### Greenwich Share Leaders — 2013



#### European Equity Research/Advisory Vote Share<sup>1</sup>

Broker	Vote Share	Statistical Rank
UBS	9.3%	1T
Deutsche Bank	9.1%	1T
Bank of America Merrill Lynch	8.1%	3
Morgan Stanley	7.3%	4T
J.P. Morgan	7.0%	4T

#### European Equity Trading Share<sup>1</sup>

Broker	Trading Share	Statistical Rank
UBS	10.5%	1T
Credit Suisse	9.6%	1T
Bank of America Merrill Lynch	8.9%	3T
Morgan Stanley	8.6%	3T
Deutsche Bank	8.5%	3T

#### European Equity Algorithmic Trading<sup>2</sup>

Broker	Market Penetration	Statistical Rank
UBS	65%	1
Credit Suisse	60%	2
Morgan Stanley	46%	3
Deutsche Bank	38%	4
Bank of America Merrill Lynch	35%	5

#### European Equity Portfolio Trading<sup>3</sup>

Broker	Market Penetration	Statistical Rank
UBS	52%	1
Credit Suisse	48%	2
Morgan Stanley	44%	3
Deutsche Bank	37%	4T
J.P. Morgan	37%	4T

Note: <sup>1</sup>Based on responses from 226 European respondents at buy-side institutions for Equity Research/Advisory Vote Share and 194 for European Equity Trading Share, both weighted by commission spend of accounts. Greenwich Associates Research/Advisory Vote Share and Trading Share represent a broker's relative importance to the buy-side institutions within the Greenwich Associates universe. Scores are based upon the amount of business conducted with each respondent and the size of each responding institution based on commission spend with the sell-side community. <sup>2</sup>Based on 130 respondents. Important algorithmic or smart-order-routing trading provider includes those cited as a top 10 provider in order of commission volume for algo trading (including dark pool sourcing algos) or SMO routing trades, or as distinctive on any algorithmic factor. <sup>3</sup>Based on 145 respondents. Includes top 5 for agency and risk portfolio trading or distinctive on any portfolio trading factor. Top five leading brokers are cited including ties. Source: Greenwich Associates 2013 European Equity Investors Study

UBS and Credit Suisse also get a lift from their strength in portfolio trading, where UBS ranks first with a penetration score of 52%, followed by Credit Suisse at 48% and Morgan Stanley at 44%. Behind these firms are Deutsche Bank and J.P. Morgan jointly at 37%. These firms are the 2013 Greenwich Share Leaders in European Equity Algorithmic Trading, and European Equity Portfolio Trading.

### Greenwich Quality Leaders

Greenwich Quality Leaders are firms whose institutional clients award with quality ratings that top those of competitors by a statistically significant margin. "Perceptions of quality take on added importance at a time of industry retrenchment and the resulting disruptions," says Greenwich Associates consultant Jay Bennett.

The 2013 Greenwich Quality Leader in European Equity Trading is UBS. Morgan Stanley and UBS share the title of 2013 Greenwich Quality Leaders in European Equity Research and Analyst Service. UBS takes the title of 2013 Greenwich Quality Leader in Electronic Trading, and the 2013 Greenwich Quality Leaders in Portfolio Trading are UBS, J.P. Morgan and Credit Suisse. The 2013 Greenwich Quality Leaders in European Equity Sales are UBS, Deutsche Bank and Exane BNP Paribas.

*Consultants Jay Bennett, John Colon and John Feng advise on the institutional equity markets globally.*

### Methodology

*From January to March 2013, Greenwich Associates interviewed 226 portfolio managers and 194 traders at European institutions about the research, sales, and trading services they receive from their brokers. These portfolio managers and traders were also asked about current market practices, trends and compensation.*

*The findings reported in this document reflect solely the views reported to Greenwich Associates by the research participants. They do not represent opinions or endorsements by Greenwich Associates or its staff. Interviewees may be asked about their use of and demand for financial products and services and about investment practices in relevant financial markets. Greenwich Associates compiles the data received, conducts statistical analysis and reviews for presentation purposes in order to produce the final results.*

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The Greenwich Quality Leader<sup>SM</sup> and Greenwich Share Leader<sup>SM</sup> designations are determined entirely by the results of the interviews described above and do not represent opinions or endorsements by Greenwich Associates or its staff. Such designations are a product of numerical scores in Greenwich Associates' proprietary studies that are generated from the study interviews and are based on a statistical significance confidence level of at least 80%. No advertising, promotional or other commercial use can be made of any name, mark or logo of Greenwich Associates without the express prior written consent of Greenwich Associates.

## Greenwich Quality Leaders — 2013



### European Equity Sales Quality

**Broker**

Deutsche Bank  
EXANE (BNP Paribas)  
UBS

### European Equity Research and Analyst Service Quality

**Broker**

Morgan Stanley  
UBS

### European Equity Trading Quality

**Broker**

UBS

### European Equity Portfolio Trading Quality

**Broker**

Credit Suisse  
J.P. Morgan  
UBS

### European Equity Electronic Trading Quality

**Broker**

Morgan Stanley  
UBS

Note: Based on 226 respondents for Sales Quality and Research and Analyst Service Quality, 194 for Trading Quality and 145 for Portfolio Trading Quality. Leading brokers are displayed in alphabetical order. Source: Greenwich Associates 2013 European Equity Investors Study



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