

Canadian Brokers Face Static Equity Commission Pool

2017 Greenwich Leaders: Canadian Equities

Q2 2017

For the second consecutive year, RBC Capital Markets is widening its lead over the competition in the Canadian equity brokerage business.

RBC heads up the list of Greenwich Associates 2017 Share and Quality Leaders in Canadian Equities, topping all rivals by a wide and expanding margin in both trading share and research/advisory vote share.

“RBC and BMO both increased their share in trading last year, but RBC’s gains again outpaced all other brokers,” says Greenwich Associates Managing Director Jay Bennett.

“Both firms also grew their vote share in Research/Advisory Services, where BMO’s gains have carried the bank to a tie for second place with Scotiabank.”

In trading, BMO Capital Markets retains its No. 2 position behind RBC, followed by Scotiabank, CIBC and TD Securities. On the list of 2017 Greenwich Share LeadersSM in Canadian Equity Research/Advisory Services, BMO Capital Markets and Scotiabank are statistically deadlocked in the second spot behind RBC, which extended its lead over all competitors last year. TD Securities is next, followed by CIBC.

Greenwich Share Leaders — 2017



Canadian Equity Trading Share*

Broker	Trading Share	Statistical Rank
RBC Capital Markets	17.0%	1
BMO Capital Markets	12.4%	2
Scotiabank	10.8%	3
CIBC	9.3%	4
TD Securities	8.5%	5

Canadian Equity Electronic Trading Penetration

Broker	Market Penetration	Statistical Rank
ITG	82%	1
RBC Capital Markets	64%	2
Liquidnet	47%	3
Scotiabank	38%	4T
Credit Suisse	36%	4T

Canadian Equity Research/Advisory Vote Share*

Broker	Vote Share	Statistical Rank
RBC Capital Markets	17.7%	1
BMO Capital Markets	13.0%	2T
Scotiabank	12.5%	2T
TD Securities	9.3%	4
CIBC	8.8%	5

Note: Based on 63 respondents for Canadian Equity Trading Share, 52 for Canadian Equity Research/Advisory Vote Share and 45 for Canadian Equity Electronic Trading Penetration. *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. Share leaders are based on top five brokers including ties. Source: Greenwich Associates 2017 Canadian Equity Investors Study

Greenwich Quality Leaders — 2017



Canadian Equity Sales Trading & Execution Service Quality*

Broker

RBC Capital Markets

Canadian Equity Research Product & Analyst Service Quality

Broker

RBC Capital Markets
Scotiabank

Canadian Equity Sales & Corporate Access Quality

Broker

BMO Capital Markets
RBC Capital Markets

Canadian Equity Electronic Trading Quality

Broker

ITG
RBC Capital Markets

Note: Based on 63 respondents for Equity Sales Trading & Execution Service, 52 for Equity Research Product & Analyst Service and Equity Sales & Corporate Access, and 45 for Equity Electronic Trading. Quality Leaders cited in alphabetical order including ties. *Equity trading encompasses sales trading, execution, sector trading, and electronic and portfolio trading.
Source: Greenwich Associates 2017 Canadian Equity Investors Study

ITG leads the market in penetration in Canadian Equity Electronic Trading, followed by RBC Capital Markets, Liquidnet, Scotiabank, and Credit Suisse.

Access Quality are BMO Capital Markets and RBC Capital Markets. In Canadian Equity Electronic Trading the 2017 Quality Leaders are ITG and RBC.

Greenwich Quality Leaders

As part of its 2017 Canadian Equity Investors Study, Greenwich Associates interviewed 52 institutional portfolio managers and 63 institutional traders about the brokers they use for Canadian equities. Study participants were asked to rank order the brokers they use for research/advisory services, trade execution and other services, to estimate the share of their overall commission volume allocated to each firm, and to rate the quality of service they receive from each broker.

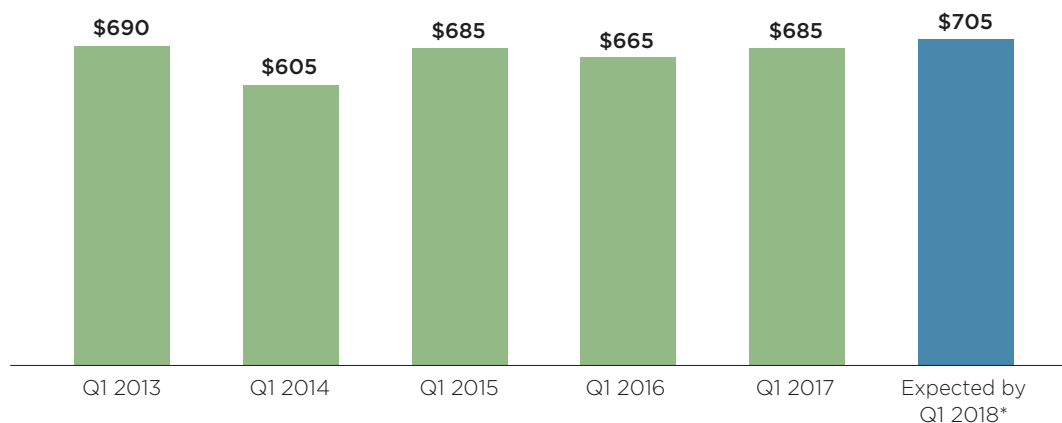
RBC Capital Markets is the 2017 Greenwich Quality LeaderSM in Canadian Equity Sales Trading & Execution Service. In Canadian Equity Research Product & Analyst Service, the 2017 Greenwich Quality Leaders are RBC Capital Markets and Scotiabank. The 2017 Greenwich Quality Leaders in Canadian Equity Sales & Corporate

Trading Commissions Hold Firm

The pool of total cash equity commissions earned by brokers on trades of Canadian equities within the Greenwich Associates universe increased approximately 2% last year to an estimated \$685 million. "Although that increase seems modest, it represents a strong outcome for brokers relative to results for brokers in the United States, where broker commissions on trades of U.S. equities fell 11-12% last year and have dropped some 27% since 2011," says Jay Bennett.

Consultants Jay Bennett and Peter Kane advise on the institutional equity markets globally.

TOTAL ESTIMATED CANADIAN EQUITY COMMISSIONS (in millions)



Note: Based on reported buy-side spend as of 12 months ended early Q1. *Based on projections of large and total accounts on a matched sample basis, total annual spend for the Greenwich Associates universe of 123 accounts increased 2% to an estimated \$685 million.

Source: Greenwich Associates 2017 Canadian Equity Investors Study

METHODOLOGY

Between December 2016 and February 2017, Greenwich Associates interviewed 52 Canadian generalist equity portfolio managers and 63 Canadian equity traders at Canadian and U.S. buy-side institutions. The study participants were asked to evaluate the sales, research and trading services they receive from their equity brokers and to report on important market practices and trends.

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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