Institutions Rely on Broker Vote in Constrained Environment

July 9, 2014

Executive Summary:

For the first time since 2009, buy-side institutions have reduced the number of firms they use for research and advisory services, and narrowed the number of execution partners as well. Despite this, buy-side institutions still concentrate nearly 50% of their trading volume with their top five brokers.

As commission pools remain constrained and trade volumes low, the sell side has had to restrict access to services to only those clients that generate enough business to pay for them. In this environment, the broker-vote process is a critical tool not only in helping value research advisory and trading services, but also for reconciling the different service needs of portfolio managers and traders with limited commission dollars to spend.

Methodology:

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