

Canadian Brokers Dominate Cash Equities Business

2018 Greenwich Leaders: Canadian Equities

Q3 2018

RBC again leads the competition for the Greenwich Associates 2018 Share and Quality Leaders in Canadian Equities, topping all rivals by a solid margin in both trading share and research/advisory vote share.

Greenwich Share Leaders

“The ‘Big Five’ Canadian brokers have consolidated both their earned research/advisory vote and their realized trading commission share in 2018, with RBC leading the pack by virtue of superior content combined with high-touch and low-touch trading offerings,” says Greenwich Associates Managing Director Jay Bennett.

Greenwich Share Leaders – 2018



Canadian Equity Trading Share*

Broker	Trading Share	Statistical Rank
RBC Capital Markets	16.8%	1
BMO Capital Markets	13.0%	2
Scotiabank	11.4%	3
CIBC	10.2%	4
TD Securities	8.7%	5

Canadian Equity Algo Trading Share

Broker	Trading Share	Statistical Rank
ITG	37.3%	1
RBC Capital Markets	18.8%	2
CIBC	9.7%	3
Scotiabank	6.3%	4

Canadian Equity Research/Advisory Vote Share*

Broker	Vote Share	Statistical Rank
RBC Capital Markets	16.1%	1
Scotiabank	13.7%	2
BMO Capital Markets	12.5%	3
TD Securities	10.6%	4T
CIBC	10.1%	4T

Note: Based on 59 respondents for Canadian Equity Trading Share, 50 for Canadian Equity Research/Advisory Vote Share and 43 for Canadian Equity Algo Trading Share. *Trading Share encompasses high-touch and low-touch commission spend for each respondent and share earned by each broker. Greenwich Associates Research/Advisory Vote Share represents a broker's relative importance to the buy-side institutions based on broker vote earned by each broker within the Greenwich Associates universe.

Source: Greenwich Associates 2018 Canadian Equity Investors Study

In trading, BMO Capital Markets boosted its sales trading and liquidity provision to retain its No. 2 position overall, followed by Scotiabank, CIBC and then TD Securities. On the list of Greenwich Share LeadersSM in Canadian Equity Research/Advisory Vote Share, Scotiabank continued to boost its client offerings and now ranks second over BMO Capital Markets, with TD Securities and CIBC rounding out the group.

In the growing electronic trading space, ITG achieved twice the share of the second place finisher RBC Capital Markets, with CIBC placing third and Scotiabank fourth, in Canadian Equity Algo Trading Share.

Greenwich Quality Leaders

As part of its 2018 Canadian Equity Investors Study, Greenwich Associates interviewed 50 institutional portfolio managers and 59 institutional traders about the brokers they use for Canadian equities. Study participants were asked to rank order the brokers they use for research content and advisory services, agency and block trading execution, and electronic trading. They were also asked to estimate the share of their overall value or commission volume allocated to each firm, and to rate the quality of service they receive from each broker.

BMO Capital Markets and RBC Capital Markets are the 2018 Greenwich Quality LeadersSM in Canadian Equity Sales Trading & Execution Service. In Canadian Equity Research Product & Analyst Service, the 2018 Greenwich Quality Leaders are BMO Capital Markets, RBC Capital Markets and Scotiabank. In Canadian Equity Electronic Trading the 2018 Quality Leader is ITG.

Greenwich Quality Leaders – 2018



Canadian Equity Sales Trading & Execution Service Quality*

Broker

- BMO Capital Markets
- RBC Capital Markets

Canadian Equity Electronic Trading Quality

Broker

- ITG

Canadian Equity Research Product & Analyst Service Quality

Broker

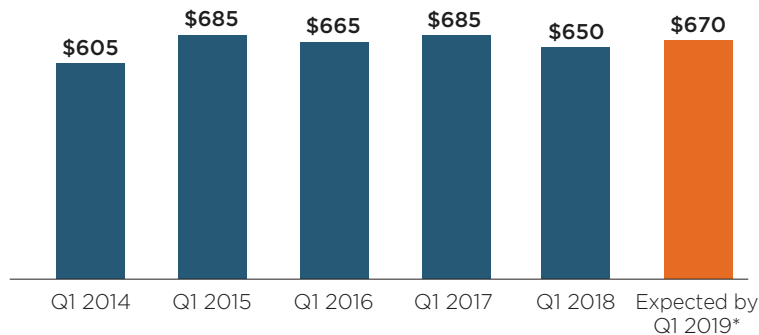
- BMO Capital Markets
- RBC Capital Markets
- Scotiabank

Note: Based on 59 respondents for Equity Sales Trading & Execution Service, 50 for Equity Research Product & Analyst Service, 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 2018 Canadian Equity Investors Study

Pressure on Commissions

The pool of total cash equity commissions available to brokers on trades of Canadian equities within the Greenwich Associates universe of Canadian and some larger U.S. accounts dipped 4% last year to an estimated \$650 million, with buy-side traders forecasting a slight recovery for the balance of 2018.

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 127 accounts increased 3% to an estimated \$670 million.

Source: Greenwich Associates 2018 Canadian Equity Investors Study

“The ongoing shift into lower-cost electronic trading channels, more passive equity allocations that lessen trading volumes, and the continued shift of Canadian pension allocations away from domestic Canadian equities all put pressure on the commission pool,” says Jay Bennett.

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

METHODOLOGY

Between December 2017 and February 2018, Greenwich Associates interviewed 50 Canadian generalist equity portfolio managers and 59 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.

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