



FPL Canadian Electronic Trading Conference 2009

*Toronto Hilton
June 1 and 2, 2009*

Closing Session: Industry Response to Capital Market Business Model Changes





Session Participants

Industry Response to Capital Market Business Model Changes

- Tim Thurman, President, Thurman Consulting (Moderator)
- Suzanne Duncan, Financial Markets Industry Leader, IBM Institute for Business Value
- Scott Atwell, Mgr, FIX Trading, American Century; Co-Chair FPL Global Steering Committee
- Robert Fotheringham, SVP, Trading, TSX Markets
- Tom Brown, Manager Trade Support & Settlements, RBC Asset Management
- Martin Pizzel, Head of Alternative Trading Services, CIBC World Markets

We surveyed over 2,750 industry participants and conducted secondary research to determine how firms must prepare for the future

- Which forces will disrupt the industry landscape?
- What will clients pay for?
- How will the bases for competition change?
- What steps must firms take today to win?

IBM Institute for Business Value



CFA Institute



Economist Intelligence Unit

The Economist

Scope

- Our analysis focused on selected financial markets industry participants¹:
 - Buy side
 - Sell side
 - Processors
 - Others: academics, think tanks, industry associations, regulatory bodies

Approach

- We surveyed 2,754 industry participants²:
 - Qualitative interviews of 185 executives and government officials
 - Survey of 1,493 executives and government officials
 - Survey of 1,076 individual investors
 - 33% Americas, 35% EMEA³ and 32% Asia
- We conducted secondary research and developed quantitative models

Note: ¹Buy side includes institutional and retail asset management inclusive of private banking, hedge funds and the end institutional investor (sovereign wealth funds, retirement plans, endowments & foundations) and individual investors, Sell side includes investment banking and capital markets, Processors include custodians, exchanges, ATs and clearing firms; ²Primary research was conducted between April 1st, 2008 through April 1st, 2009, 85% of business leaders are Board or C-level, EVP or divisional head with the remainder Director, SVP or VP level; ³EMEA is Europe, Middle East, Africa

Historically firms have benefited from pockets of opacity; returns of the past are over and firms must concentrate on delivering *sustainable* results

Summary of Findings

- Sophistication has outstripped our ability to handle it
- Together government and industry must balance stability and innovation
- Daily realities must deliver on brand promises
- To thrive, the industry must solve its identity crisis



The industry will unbundle into more specialized organizations that are better equipped to monetize client needs.