RESEARCH REPORTS

Vol. II, No. 8 September 30, 2001

A MESSAGE TO NEW YORK
from Tennyson's Ulysses

Though much is taken, much abides, and though
We are not now that strength which in old days
Moved earth and heaven, that which we are, we are –
One equal temper of heroic hearts,
Made weak by time and fate, but strong in will
To strive, to seek, to find, and not to yield.

THE ECONOMIC IMPACT OF SEPTEMBER ELEVENTH ON THE SECURITIES INDUSTRY

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Grace Toto

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THE ECONOMIC IMPACT OF SEPTEMBER ELEVENTH ON THE SECURITIES INDUSTRY

The securities industry sustained a severe blow, but recovery began immediately, mitigating, more than originally thought possible, secondary effects of the terrorist attacks on September 11th (9/11). The attack itself resulted in a tremendous loss of life and property. To this direct impact must be added the secondary "interruption of business activity of many entities, business losses and the overall disruption of the US economy."[1] Much of the direct impact was to the securities industry and disproportionately borne by our member firms located in New York's financial district. The most severe damage was the loss of talent. Securities industry employees at all levels representing a large number of firms are missing and presumed dead. These losses are incalculable and their ongoing impact enduring. The SIA Research Staff extends our deepest sympathy and condolences to those who lost family, friends, and colleagues as a result of the terrorist attacks on New York and Washington. At SIA we have the privilege of working with men and women from every part of the securities industry. There are no words that can express the grief we all share for the loss of so many members of our community.

The Impracticality of Estimates

The following is a preliminary assessment of the impact of the tragic events of September 11th on the US securities industry. The focus is on estimates of the net operating results of the domestic operations of NYSE reporting firms (as opposed to the broader global holding company reporting basis) and, separately, extraordinary losses and liabilities incurred. Estimating the impact on operating results, while difficult, is now possible and a discussion of the estimates of the evolution of principal revenue and expenditure items is set forth immediately below. However, estimating the impact of 9/11 on what are normally considered to be "below-the-line" items, e.g. extraordinary losses and liabilities, is substantially more difficult and not wholly practical at this time. Therefore, only a brief discussion of the principal types of extraordinary losses is provided here.

Although the assessment reflects all information received through September 28th, it should be noted that:

- losses and liabilities cannot yet be measured with sufficient reliability;
- information not yet available or not yet verifiable about losses and liabilities are capable of making a difference in both financial, accounting and policy decisions;
- this, in turn, makes it impracticable at this time to determine precisely when some of these losses will be realized, and;
- the impact on continuing operations remains indeterminate, in part due to factors listed above and decisions not yet made, but appears to be less than initially thought due to the speed and effort in initial recovery efforts in late September.

[1] "Accounting for the Impact of the Terrorist Attacks of September 11, 2001," September 20 and 28, 2001, FASB's Emerging Issues Task Force (EITF) Meeting Minutes. See www.fasb.org.

Compounding these difficulties are the severe disruption to information and telecommunications systems and the loss of many whom we would normally turn to when assessing the state of the securities industry. Also adding to the difficulty in producing this assessment was the decision on October 1 by a FASB Task Force to reverse their earlier tentative conclusions on the accounting treatment of the impact of 9/11. "Specifically, the Task Force decided against the use of an extraordinary item treatment for losses incurred in connection with the recent terrorist attacks." The assessment below does not reflect this change of view, since it was prepared using the Task Force guidelines posted on their website on September 28th. Finally, any slight variation in revenue or expense estimates has a very highly leveraged or larger impact on the bottom line.

Preliminary Estimates of Domestic Net Operating Results of the US Securities Industry

Summary of Revised Projections

Just prior to the tragic events of September 11, SIA Research had updated projections of securities industry performance for 3Q '01. At that time, net operating profits (pre-tax) were expected to continue a pattern of sequential quarterly declines, but remain positive. Industry performance had peaked in 1Q '00 ($8.2 billion) and by the first quarter of this year, net operating profits had slid to $4.14 billion, before dropping further to $2.82 billion in 2Q '01. Activity in 3Q '01 prior to 9/11 was slightly weaker-than-expected and net operating profits were projected to decline to $1.0-$1.4 billion. The terrorist attack dramatically reduced industry prospects in the near term.

The US securities industry is now expected to record a quarterly loss during 3Q' 01. Net operating losses (pre-tax) are expected to be $200 million, reflecting an $8.3 billion or 16% decline in gross revenues (to $42.5 billion from $50.8 billion in 2Q'01) and a $5.3 billion or 11% decline in total expenses (to $42.7 billion from $48.0 billion in 2Q'01). Adding in the losses on property and other direct extraordinary expenses that occurred in September (as the FASB Task Force has most recently recommended) would of course produce a significantly greater loss, which would prove both largely transferable and temporary. The overwhelming majority of securities firms are fully insured against both property losses and business interruption losses and insurance recoveries expected to be realized in 4Q'01 and beyond will inflate ordinary revenues during that period and offset most of the losses reported for 3Q'01. This is expected to ensure a return to profitability in 4Q'01 and a profitable year for the industry for 2001 as a whole.

Even with these extraordinary losses treated as ordinary items and included in net operational results, the losses are well within levels that the industry can support. The previous record worst quarter was 4Q'87 when a $2.3 billion loss was recorded. The impact of the losses in the current quarter, even if eventually higher in nominal terms than in 1987 (which we do not anticipate), is comparable in real terms when one considers inflation and the dramatic growth of the industry in the past 14 years. The industry is well capitalized, indeed overcapitalized, and able to bear these losses, although dislocations at some individual firms may occur. The impact is disproportionately shared among NYC firms, underwriters, some specialists and those located in close proximity to "ground zero."

Mitigating Circumstances

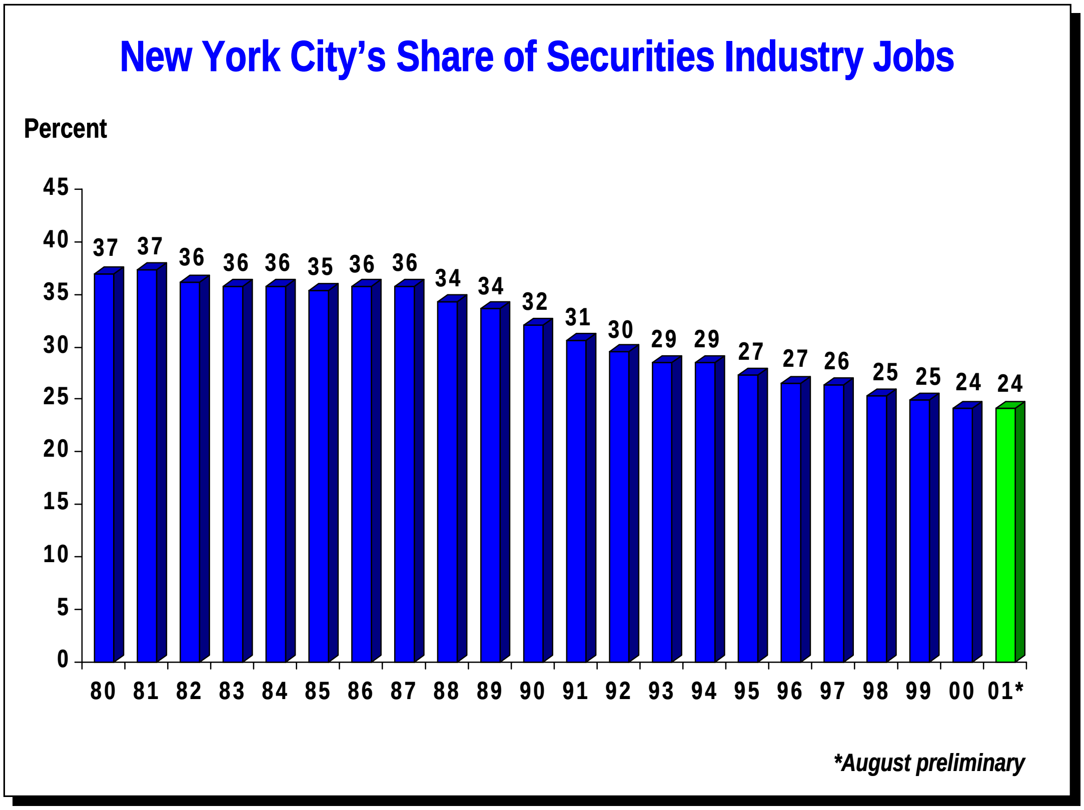
A number of factors have significantly mitigated the impact of 9/11 and reduced potential losses in the aftermath of the attack, and contributed to downward revisions in cost estimates in recent days. Specifically:

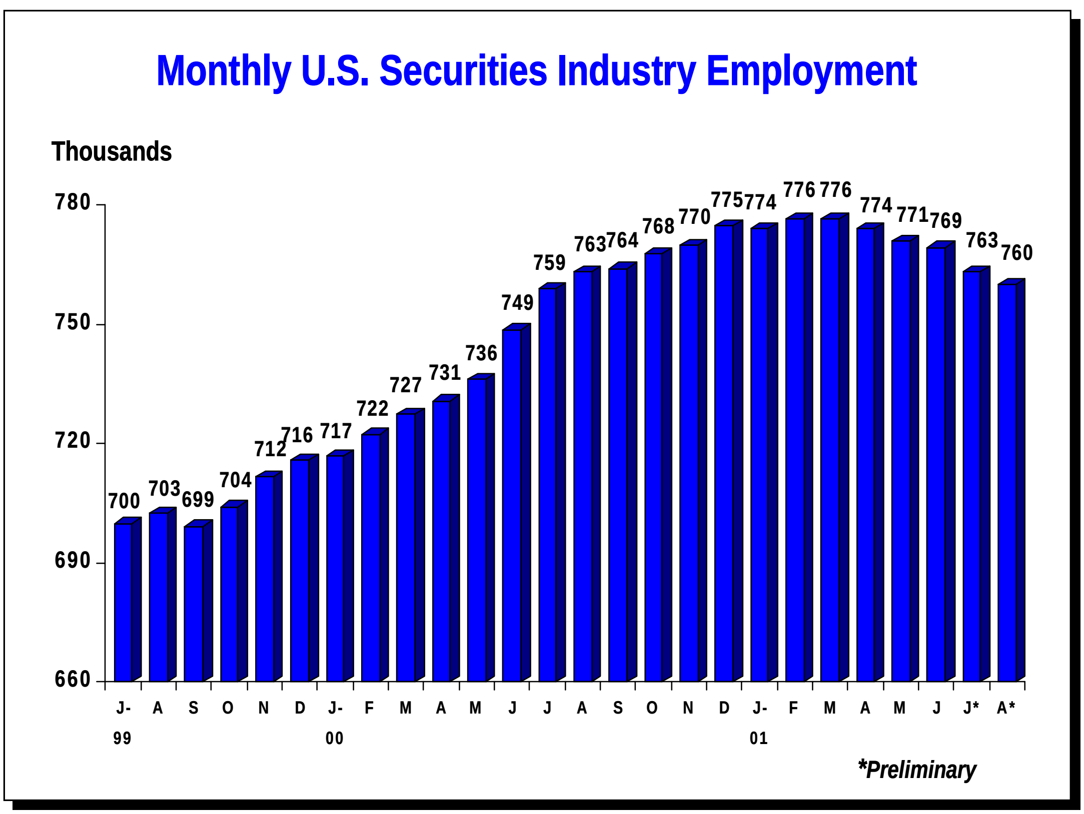
- **contingency planning paid off.** Redundant sites and procedures for backing up data saved incalculable time and effort, and very little data was lost. This helped maintain the public's trust and confidence in markets. These contingency plans were also critical in enabling fixed income trading activity to resume on September 14 and equity markets to reopen on September 17;

- **the rapid reopening of markets**, which was due in no small part to herculean efforts by security industry employees, as well as some telecommunications providers. That markets functioned as smoothly as they did in the face of record trading volume during the week of September 17 after a rupturing of system connectivity is a testament to the efforts of operations personnel at markets, utilities and member firms who were responsible for the restoration efforts. Market participants moved quickly to reestablish connections lost with the destruction of telecommunications facilities at 140 West Street and elsewhere. Member firms established connections to temporary locations or routed systems around impacted telecommunications connections. Problems that have occurred in clearing and settlement systems, by and large, have been and should continue to be resolved without significant further disruption;

- **quick, effective action by government officials at local, state and federal levels**. The promise of federal support for affected areas and of substantial fiscal stimulus helped boost investor sentiment. The Federal Reserves actions, which include record infusions of liquidity and cuts in short term interest rates to 40 year lows mitigated credit and liquidity risk concerns, and helped widen significantly net interest margins for the industry at a critical point. The SEC (and to a lesser extent, Treasury) promptly granted emergency regulatory relief to the industry, acting swiftly and adroitly to address regulatory concerns and ease impediments to a rapid recovery. Little more can be said of the heroic efforts of local and state government employees that has not been said already. Without their tireless, selfless efforts none of these other mitigation efforts could have succeeded;

- **Investors, by and large, remained calm.** Our thanks must also be extended to our customers. Despite steep, initial drops in equity prices when markets reopened, indications are that individual investors took a wait-and-see attitude and were net buyers of equity securities. This offset some strong net selling by foreign portfolio investors and some forced selling by domestic institutional investors, such as insurance companies who needed liquidity to meet looming claims and money market funds facing redemptions.


New York City's Share of Securities Industry Jobs
Percent
45
40
35
30
25
20
15
10
5
0
37 37 36 36 36 35 36 36 34 34 32 31 30 29 29 27 27 26 25 25 24 24
80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 00 01*
*August preliminary


Monthly U.S. Securities Industry Employment
Thousands
780
750
720
690
660
700 703 699 704 712 716 717 722 727 731 736 749 759 763 764 768 770 775 774 776 776 774 771 769 763 760
J-99 A S O N D J-00 F M A M J J A S O N D J-01 F M A M J J* A*
*Preliminary

Background

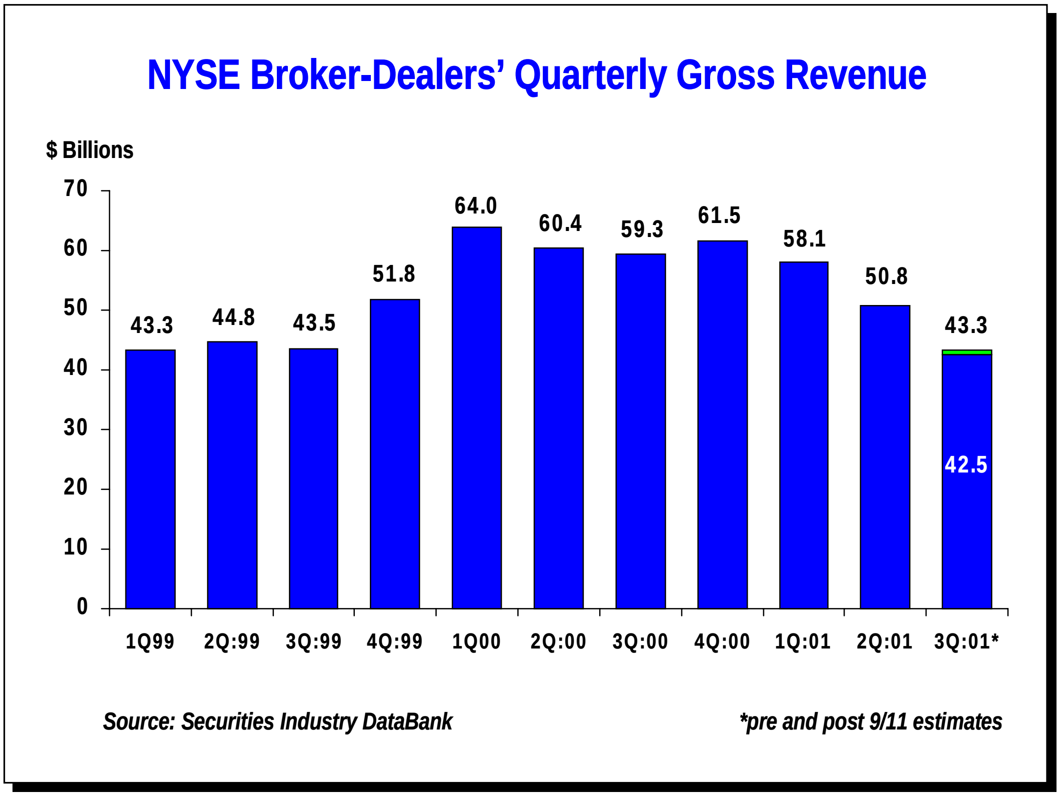
The securities industry is heavily concentrated in New York City. One quarter of all jobs in the industry are located in Manhattan. There were 31 main offices and an additional 30 branch offices of broker-dealers located in the World Trade Center (WTC) itself, not counting the predominantly securities industry owned/leased presence in the entire World Financial Center (WFC) complex on Hudson River landfill just west of the WTC. Although over 350 additional broker-dealers had offices affected in areas south of 14th Street in Manhattan on September 11,[2] the impact is heavily concentrated in the destroyed WTC complex and the damaged, immediately adjacent buildings and operations.

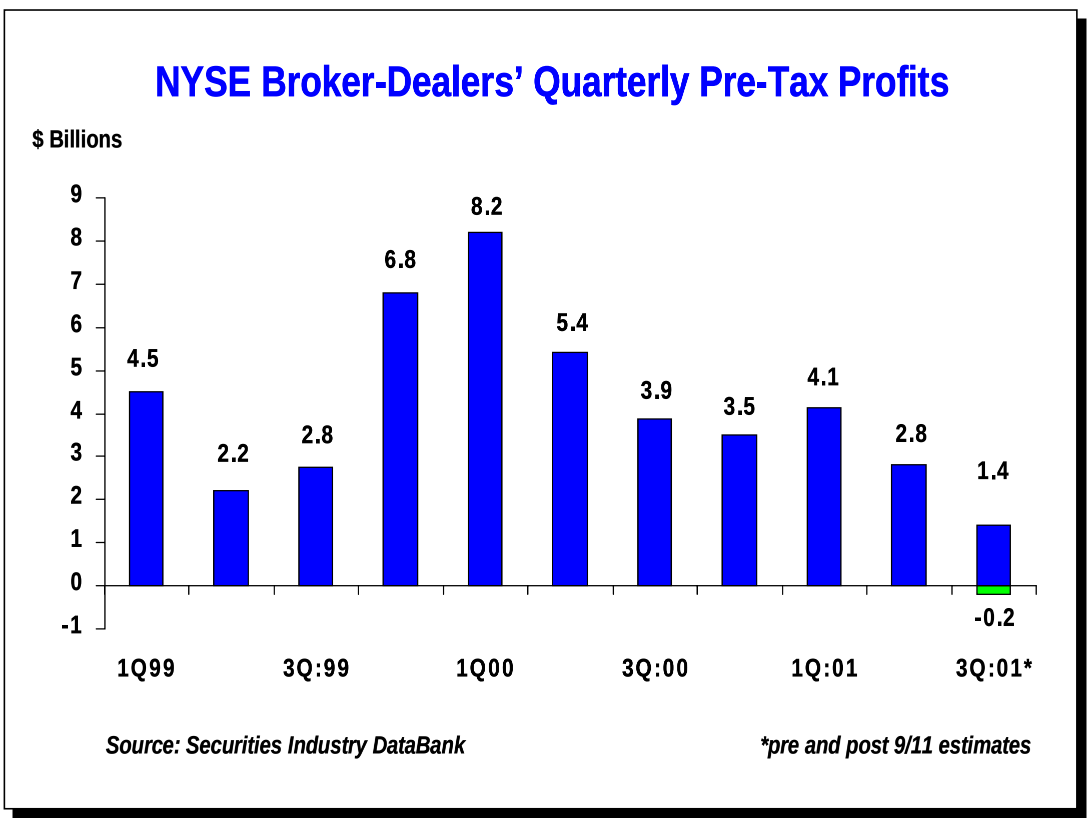
The broader financial services industry (which includes the banking, insurance and securities sectors) accounted for over half of total employment around the WTC and accounted for over 82% of wages in this vicinity. The securities industry alone accounted for over one-third of total employment and over three-fifths of total wages in the WTC vicinity last year. And this vicinity is defined as only that portion of lower Manhattan south of Chambers Street and West of Broadway, which, for the securities industry, is basically just the "new" section of Wall Street built since the WTC, not the traditional section east of Broadway encompassing the New York Stock Exchange and those firms and utilities spiraling out from the nexus of Broad and Wall Streets.

The direct financial ramifications of the disaster (physical plant/equipment, occupancy and employee costs) are mainly concentrated in those firms that were located in the WTC, WFC complexes and immediately adjacent buildings. Indirect effects, e.g. the shuttering of U.S. markets and the steep price declines upon their reopening, were of course felt throughout the industry and in global markets but were, relative to the immense tragedy in human costs, surprisingly minimal to overall operating results, even before business insurance reimbursements.

Moreover, due to the concentration of the securities industry, where the 10 largest firms comprise half of the revenues and capital of the entire industry, the aggregate **direct** effects on the industry are almost entirely concentrated in a handful of the industry's largest firms which not only have multiple Manhattan physical locations but massive global operations. The human toll, by contrast, appears to have been borne most heavily by a relatively few, smaller specialist firms. For these firms, as for all firms, the **indirect** effects of the disaster will also be reflected in their third quarter financial statements, or fiscal quarters encompassing September. Again, these indirect impacts were minimal compared to the overall aggregate results of the entire industry and we estimate these to be relatively minor, particularly compared to the immense human tragedy that was incurred. This is primarily due to the fact that these effects were limited to the few closing weeks of an already very weak quarter and were concentrated in depressed equity values, temporary relocation expenses, further reductions in already historically low interest rates, and other business line operating revenue and expenses.

[2] Economic News Report, New York State Assembly, October 1, 2001.


NYSE Broker-Dealers' Quarterly Gross Revenue
$ Billions
70
60
50
40
30
20
10
0
43.3
44.8
43.5
51.8
64.0
60.4
59.3
61.5
58.1
50.8
43.3
42.5
1Q99
2Q:99
3Q:99
4Q:99
1Q00
2Q:00
3Q:00
4Q:00
1Q:01
2Q:01
3Q:01*
Source: Securities Industry DataBank
*pre and post 9/11 estimates


NYSE Broker-Dealers' Quarterly Pre-Tax Profits
$ Billions
9
8
7
6
5
4
3
2
1
0
-1
4.5
2.2
2.8
6.8
8.2
5.4
3.9
3.5
4.1
2.8
1.4
-0.2
1Q99
3Q:99
1Q00
3Q:00
1Q:01
3Q:01*
Source: Securities Industry DataBank
*pre and post 9/11 estimates

The following analysis encompasses the indirect effects on third quarter financials **but the major direct effects, i.e. property damage, relocation expenses, additional communications or other temporary additional charges, unusual additional employee costs, and the net effect of insurance reimbursements, are undeterminable and are not addressed in the assessment of 3Q'01 operating results.**

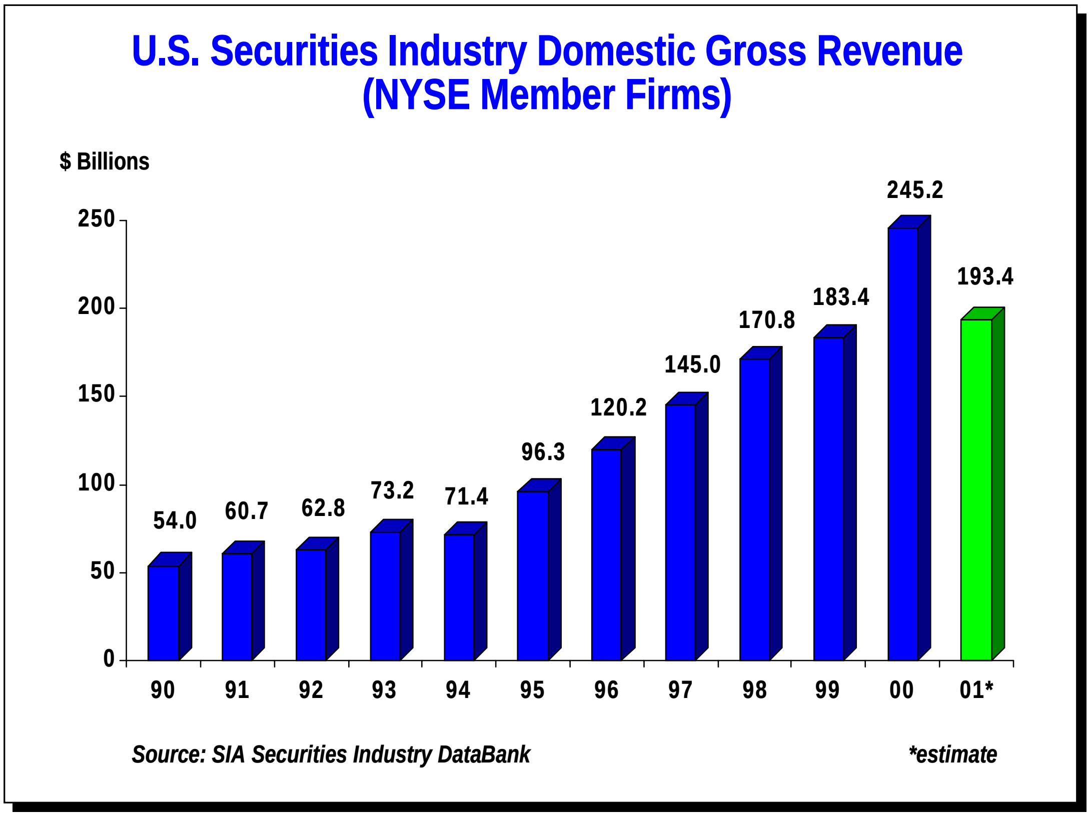
Profits Were Down 22% Before September

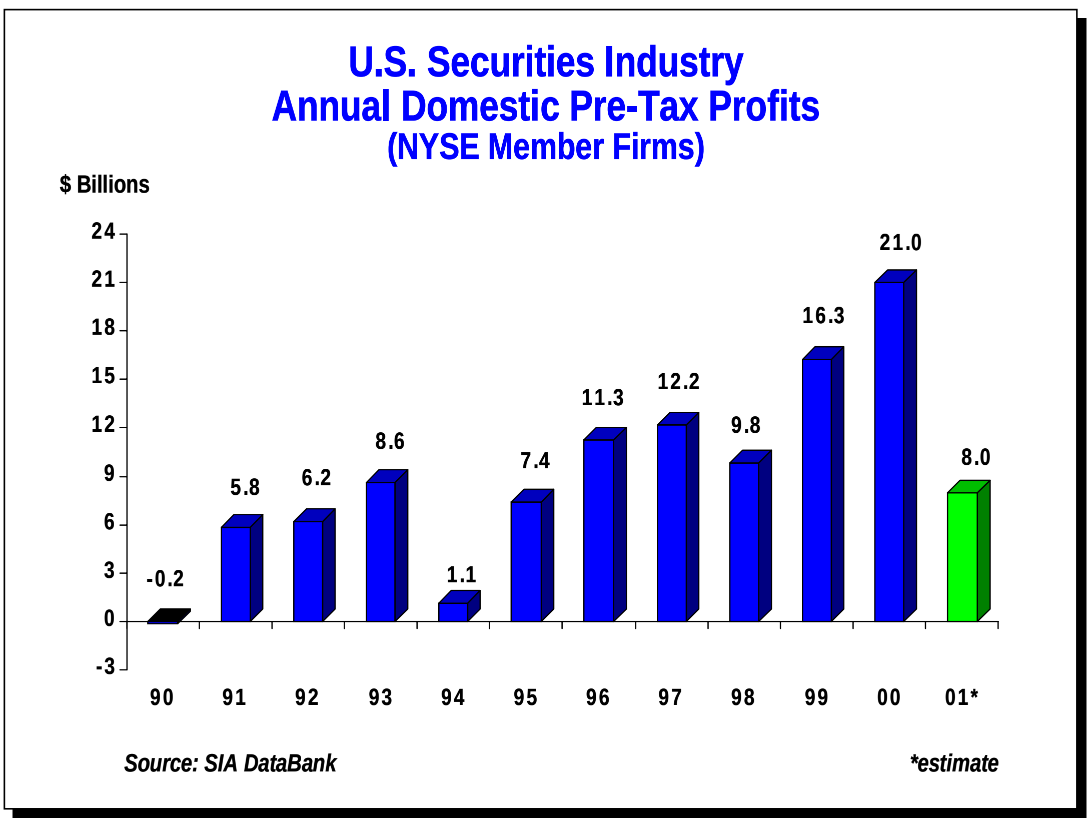
Towards September's close, five major firms with fiscal quarters ending August 2001 reported sharply lower results. All showed declines in both gross and net revenue. Gross revenues were down from 12% to 20% in Q3'01 compared to Q2'01 for these firms. Commissions, principal transactions, interest and dividend revenue all were down. All five firms also had declines in their total expenses, as well as in both of the two major components of total expenses, interest costs and compensation. Total expenses for these firms fell, on average, 14%, reflecting a drop of 18% in interest expense and a 12% drop in compensation.

The decline in compensation expense came despite slight increases in overall employment across the board for these firms, and mainly reflected reduced production payouts and much lower bonus accruals during the last quarter. Thus, there was a reduction in pre-tax profits in fiscal third quarter for August reporting firms ranging from 12.4% to 30.4% from fiscal second quarter levels and the aggregate drop was 22%. Commissions, principal transactions, interest and dividend revenue all were down.

While receipt of this information was critical for estimating 3Q'01 results for the entire industry, substantial adjustments need to be made. Obviously, actual June results need to be replaced by estimated September outcomes. In addition, the August reporting firms' results are from their worldwide, holding company operations, which should prove to be better than the subset of their domestic broker-dealers' operations for the calendar quarter, which will not be known for over a month. Other factors which make the industrywide estimates extremely tentative is how other constituencies we have not heard from fared for the quarter – regionals, discounters, specialists, market makers, and bank-owned firms.

While all had their toughest operating environment in quite some time even before the September 11 tragedy, individual experiences vary widely. For some firms, such as regional firms distant from New York, the only immediately measurable impact was the loss of four days worth of commissions and fees.


U.S. Securities Industry Domestic Gross Revenue
(NYSE Member Firms)
$ Billions
250
200
150
100
50
0
54.0
60.7
62.8
73.2
71.4
96.3
120.2
145.0
170.8
183.4
245.2
193.4
90
91
92
93
94
95
96
97
98
99
00
01*
Source: SIA Securities Industry DataBank
*estimate


U.S. Securities Industry
Annual Domestic Pre-Tax Profits
(NYSE Member Firms)
$ Billions
24
21
18
15
12
9
6
3
0
-3
-0.2
5.8
6.2
8.6
1.1
7.4
11.3
12.2
9.8
16.3
21.0
8.0
90
91
92
93
94
95
96
97
98
99
00
01*
Source: SIA DataBank
*estimate

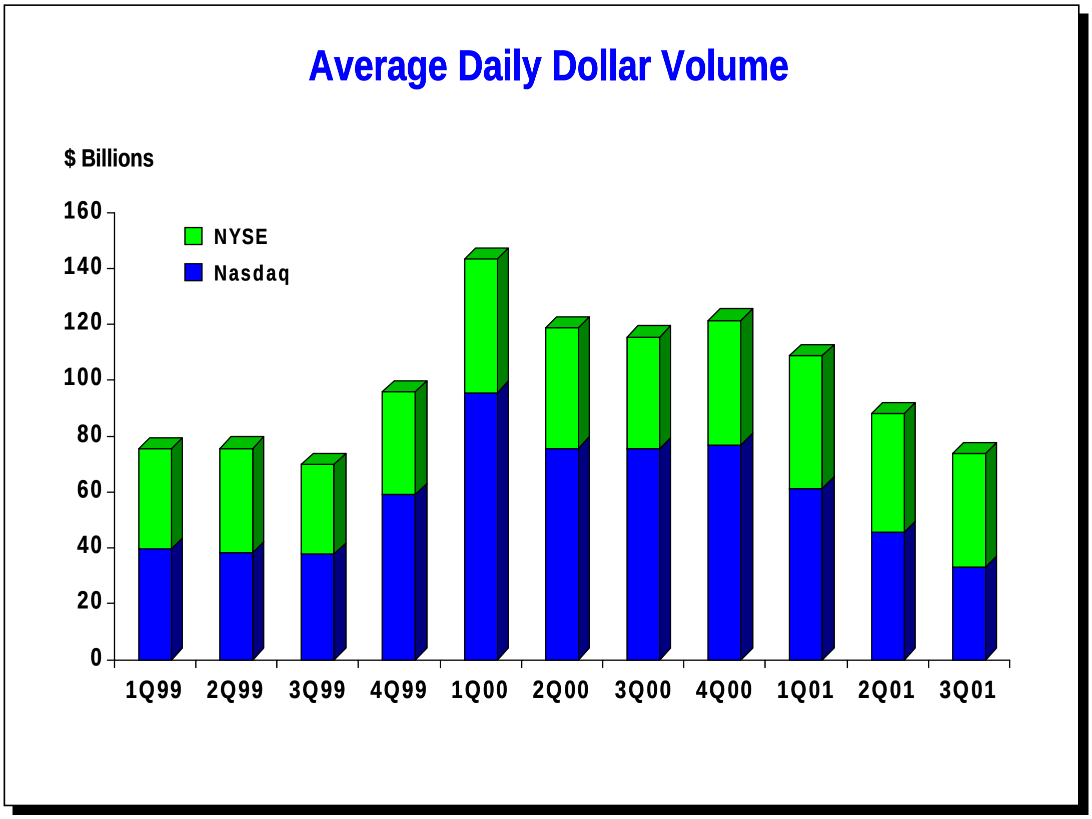
Break-Even Second Half

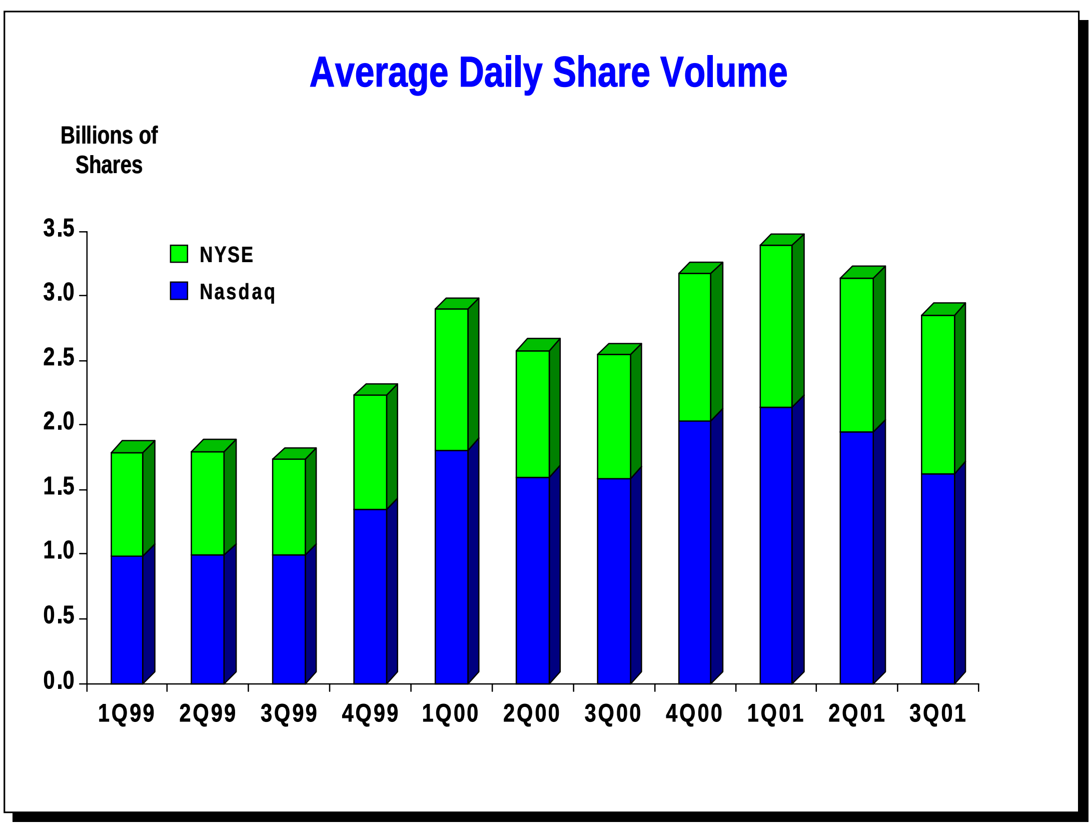
Just prior to September 11 we anticipated a 15%, or $7.5 billion, decline in gross revenue (from $50.8 billion in 2Q'01 to $43.3 billion in 3Q'01) and a 50% decline, or $1.4 billion drop, in pre-tax profits (from $2.8 billion in 2Q'01 to $1.4 billion in 3Q'01). Again this was just for the domestic broker-dealer operations of all New York Stock Exchange member firms doing a public business, our proxy for overall domestic operations of broker-dealers. Estimates of results at the global holding company level will be addressed somewhat later.

Subsequently, the immediate impact of September 11, along with the market disruptions that followed, have led to downward revisions in these expectations. The US securities industry is now expected to record a quarterly loss during 3Q' 01. Net operating losses (pre-tax) are expected to be $200 million, reflecting an $8.3 billion or 16% decline in gross revenues (to $42.5 billion from $50.8 billion in 2Q'01) and a $5.3 billion or 11% decline in total expenses (to $42.7 billion from $48.0 billion in 2Q'01).

The projected $200 million loss in 3Q'01 is the first quarterly loss in three years and the seventh quarterly loss since 1990. Even were we to include even more unreliable estimates of the costs of the destruction of property, business interruption losses, etc. (net of expected insurance recoveries expected to be realized in subsequent quarters) the loss is not expected to exceed the industry's record quarterly loss of $2.3 billion registered in 4Q'87. While this assumption is perhaps tenuous in nominal terms, it is certainly true in real terms (once one accounts for inflation and the dramatic growth in the industry in the past 14 years) and relative to the industry's capital. However, the ongoing impact on future performance is more in question and hinges on a number of factors not yet known and decisions not yet made.

Still, the industry's overall profit trend line remains positive although still weakening. While the third quarter profit estimate is still subject to many as yet unknowns, and the fourth quarter's picture is unclear other than that it will also be weak, we expect the industry to return to profitability in 4Q'01 and register a profit of as much as $8 billion for the full year of 2001. Although this result would be 62% below the record annual profits of $21 billion recorded in 2000, it still represents the eleventh consecutive year of profits recorded by the industry and our seventh best annual outcome historically.


Average Daily Dollar Volume
$ Billions
160
140
120
100
80
60
40
20
0
NYSE
Nasdaq
1Q99
2Q99
3Q99
4Q99
1Q00
2Q00
3Q00
4Q00
1Q01
2Q01
3Q01


Average Daily Share Volume
Billions of Shares
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
NYSE
Nasdaq
1Q99
2Q99
3Q99
4Q99
1Q00
2Q00
3Q00
4Q00
1Q01
2Q01
3Q01

Declining Domestic Revenue Sources:
Commission Revenue

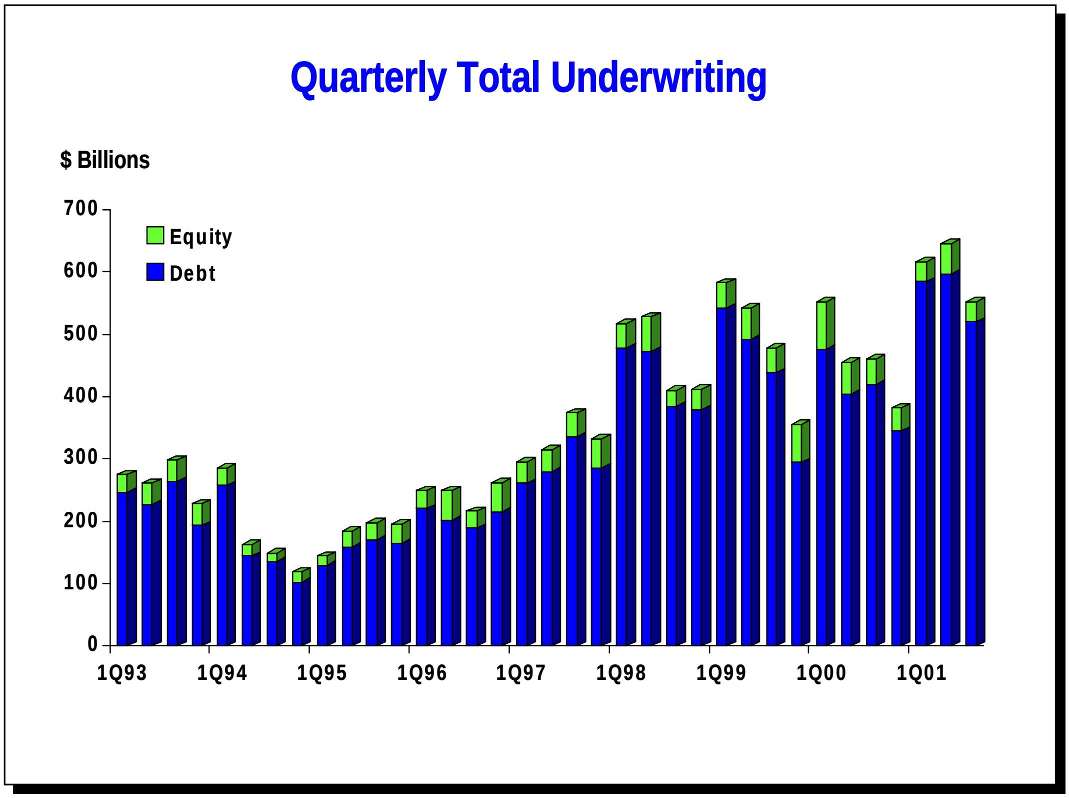
Commission revenue for NYSE broker-dealers had peaked at $10.6 billion in the first quarter of last year. This had steadily fallen each quarter ever since and was down a cumulative 37% by the second quarter of this year to $6.7 billion. Third quarter dollar volume of trading on the NYSE and Nasdaq fell 16% in 3Q'01 compared to 2Q'01 and commission totals will be down a similar 16% in the third quarter just ended to $5.6 billion, mainly from the anemic trading activity in July and August. This was tempered somewhat by increased volume in September, both prior to the 11th and particularly since markets reopened the following week, with record trading activity on the day and the week of September 17. To contrast the before/after volumes – August's average daily trading on the NYSE was 1.0 billion shares per day, the lowest since last August; September's shortened trading month hit an all time record of 1.7 billion shares per day, exceeding the previous record of 1.3 billion set this January. (See our Monthly Statistical Review attached to this report for details of September and 3Q'01 industry and market activity indicators).

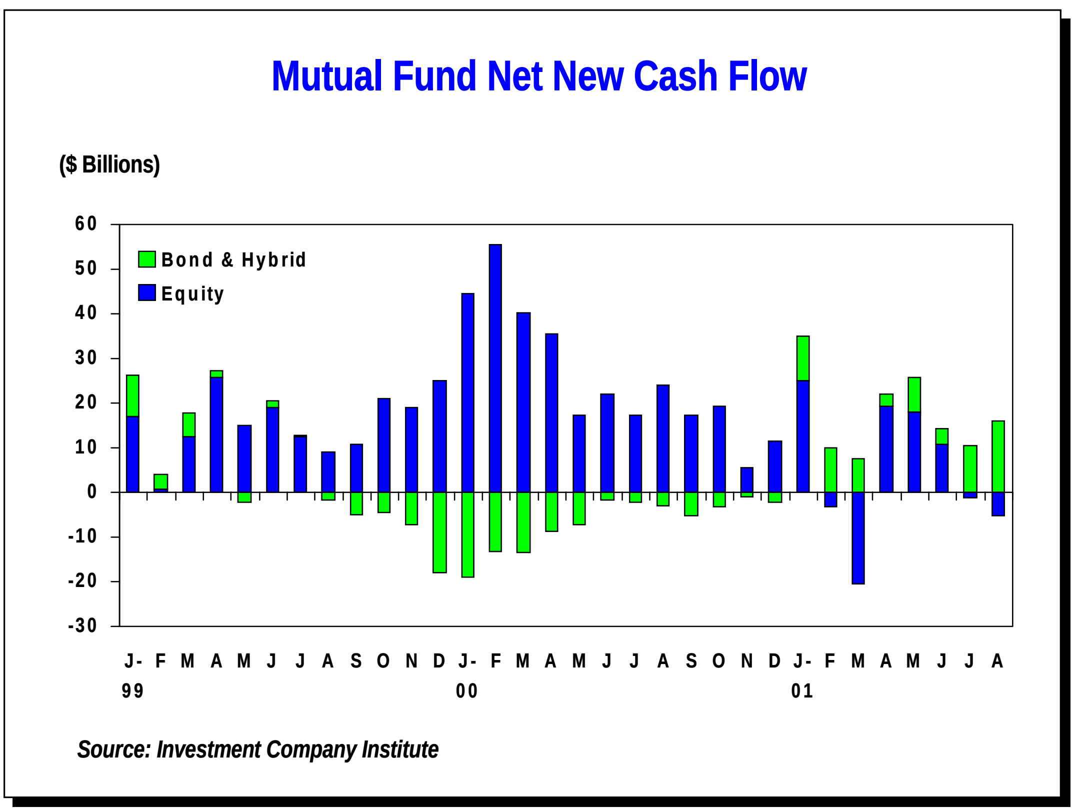
Still, during the month of September the industry processed 6% fewer trades than in August, extending a declining trend from the record monthly total in January of this year. However, this was accomplished with only 15 full trading days as opposed to 23 in August, and hence on an average daily basis, September set a record for trade processing volume. Unfortunately, the lost commissions and fees for the missing trading days were not fully offset by the increased volume when markets were open. The decline brings quarterly commission revenue back to late 1997 and early 1998 levels.

As of this writing, it appears many firms will receive insurance compensation for lost commissions over the four mandatory shut down days for lost business, some receiving daily average commissions calculated on past two-year averages which would have been much higher than pre-September 11 averages. How firms treat this reimbursement and when it will be realized remains to be seen.

Principal Transactions

Principal transactions, which are largely composed of trading gains (mainly from fixed income and OTC equity market making) and firms' own investment accounts, had already been slashed in half from the record $14.1 billion recorded in the first quarter of last year to $7.1 billion in the first quarter of this year. Although this bounced back to $9.0 billion in 2Q'01, the improvement was entirely due to strong fixed-income gains as the Fed aggressively lowered interest rates. However, in 3Q'01, fixed income gains receded and OTC market making revenues plunged still further from reduced volumes, drastically falling prices and almost no spreads. Spreads, which had been narrowing for some years were virtually eliminated by the implementation of decimal pricing.


Quarterly Total Underwriting
$ Billions
700
600
500
400
300
200
100
0
Equity
Debt
1Q93
1Q94
1Q95
1Q96
1Q97
1Q98
1Q99
1Q00
1Q01


Mutual Fund Net New Cash Flow
($ Billions)
60
50
40
30
20
10
0
-10
-20
-30
Bond & Hybrid
Equity
J- F M A M J J A S O N D J- F M A M J J A S O N D J- F M A M J J A
99
00
01
Source: Investment Company Institute

The estimate now is that third quarter principal transactions will fall to $5.8 billion in 3Q'01, which is 35% below 2Q'01 levels, but only 18% below 1Q'01 levels. Of the total, $5.6 billion is from trading and $200 million is from firms' own investments (both realized and unrealized).

Investment Banking - Underwriting

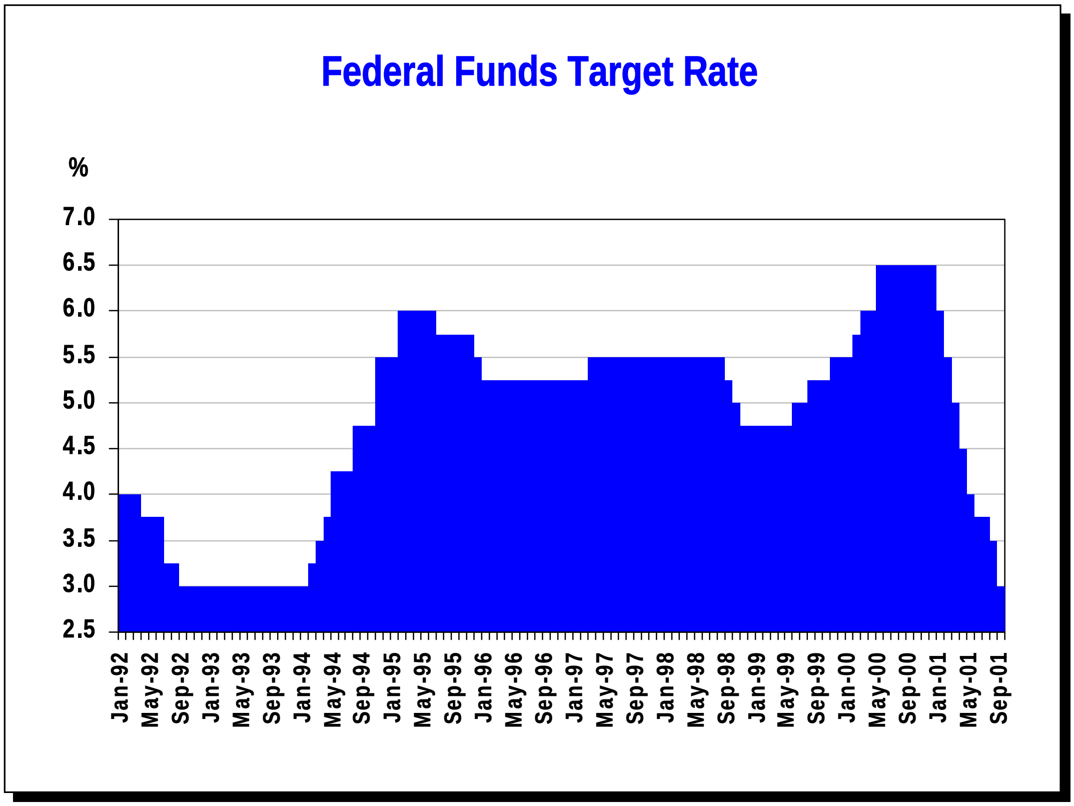
Overall, total corporate underwriting volume fell 14%, or $93 billion, in the third quarter from $646 billion in 2Q'01 to $553 billion. Fixed income, the bulk of the total volume (but a smaller share of the fees), fell a lesser 13%, or $77 billion, from $597 billion in 2Q'01 to $520 billion in the calendar quarter just ended.

Total equity underwriting (including preferred but excluding converts which we cover in fixed income), fell a much broader 34%, or $17 billion to $32.3 billion in 3Q'01. IPOs, which were very scarce throughout the quarter, became non-existent in September. For 3Q'01 as a whole, IPOs fell $13 billion or 81% to a mere $3 billion, the lowest quarterly total in 10 years (1Q'91). Thus, we estimate that total underwriting revenue fell approximately 19% from $4.3 billion in 2Q'01 to $3.5 billion in 3Q'01.

Mutual Funds & Asset Management Fees

Revenue from mutual fund sales and asset management fees had shown steady growth every year for the past two decades until last year, reflecting demographics, reduced costs and the dissemination of the equity "culture". Mutual fund sales revenue reached a quarterly peak of $2.3 billion in the first quarter of last year, while asset management fees topped out in last year's third quarter at $4.1 billion. However, falling equity prices, an asset mix shift toward fixed income and away from equities, and already slowing growth of these businesses as they matured resulted in quarterly declines in these revenue sources of 44% and 18%, respectively. We estimate that these two revenue sources have declined further in 3Q'01. This summer, net flows into equity mutual funds, equity index funds and balanced funds turned negative. Continued, albeit, more subdued growth of bond and money market funds have failed to offset the declining revenues from other asset classes.

Further depressing revenues from asset management operations has been the decline in the market value of assets held in fund portfolios, reducing the base on which asset management fees are calculated, a decline which accelerated after the September 11 tragedy. Overall, mutual fund sales revenue is thus estimated to have fallen 6% from $1.6 billion in 2Q'01 to $1.5 billion in 3Q'01, its lowest level since 4Q'98. And asset management fees have fallen 1.5% from $3.35 billion to $3.30 billion, its lowest level in two years, 3Q'99. This would also be an unprecedented fourth straight quarterly decline in asset management fees.



Federal Funds Target Rate
%
7.0
6.5
6.0
5.5
5.0
4.5
4.0
3.5
3.0
2.5
Jan-92
May-92
Sep-92
Jan-93
May-93
Sep-93
Jan-94
May-94
Sep-94
Jan-95
May-95
Sep-95
Jan-96
May-96
Sep-96
Jan-97
May-97
Sep-97
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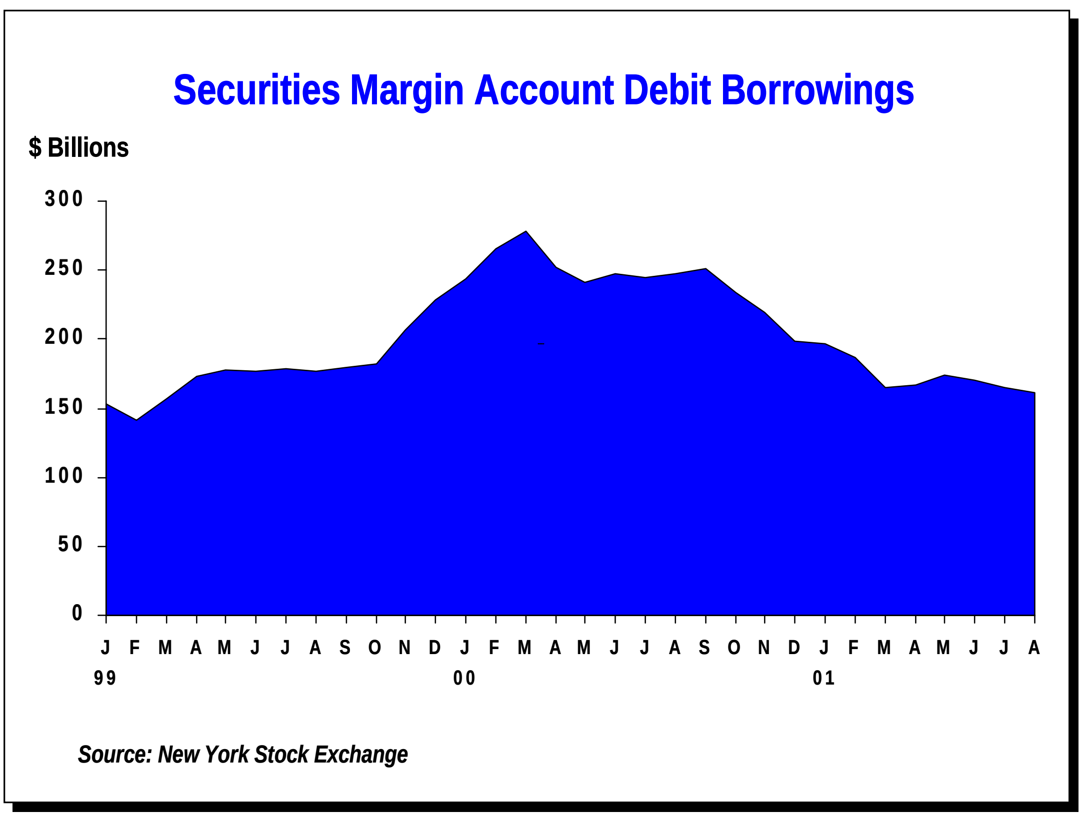
May-00
Sep-00
Jan-01
May-01
Sep-01



Securities Margin Account Debit Borrowings
$ Billions
300
250
200
150
100
50
0
J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A
99
00
01
Source: New York Stock Exchange

Interest Revenue & Expenses

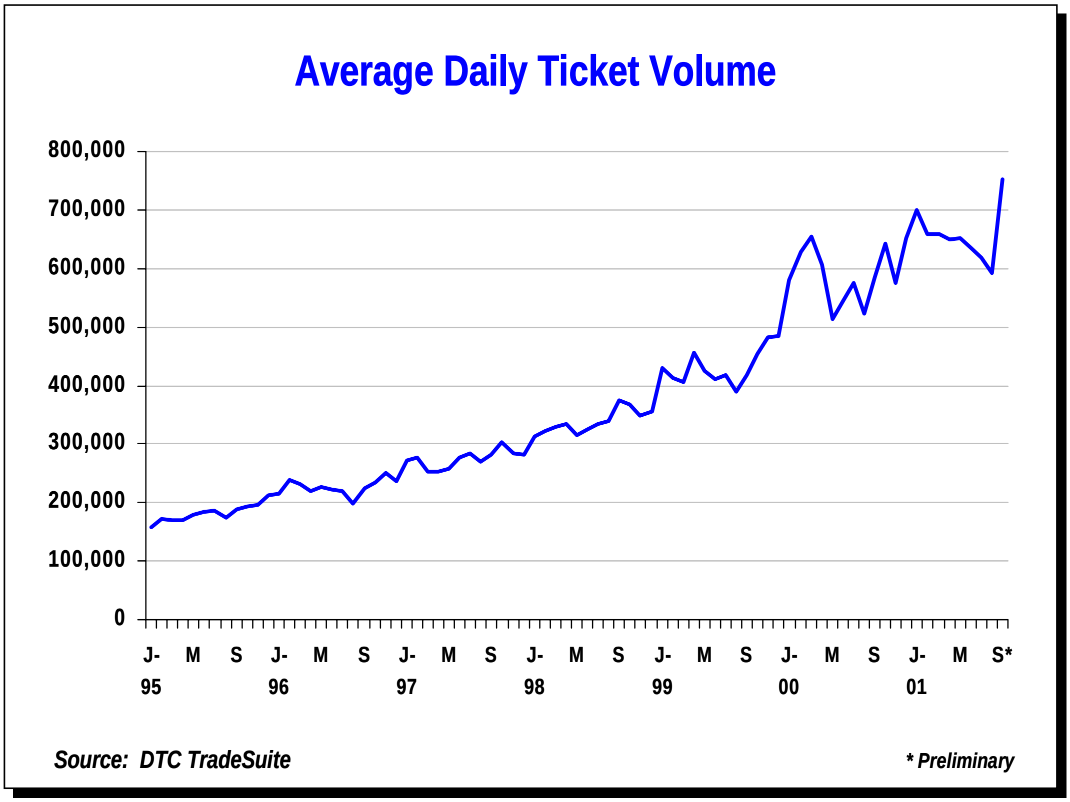
The Federal Reserve's six 50-basis point cuts and two 25-basis point cuts in the Federal Funds rate in this year's first nine months had a positive impact on firms' cost structure this year and a mixed effect on revenues. Interest rate cuts helped fixed income trading gains but cut into margin interest revenue and other interest revenue from reverse repos and stock loan activities.

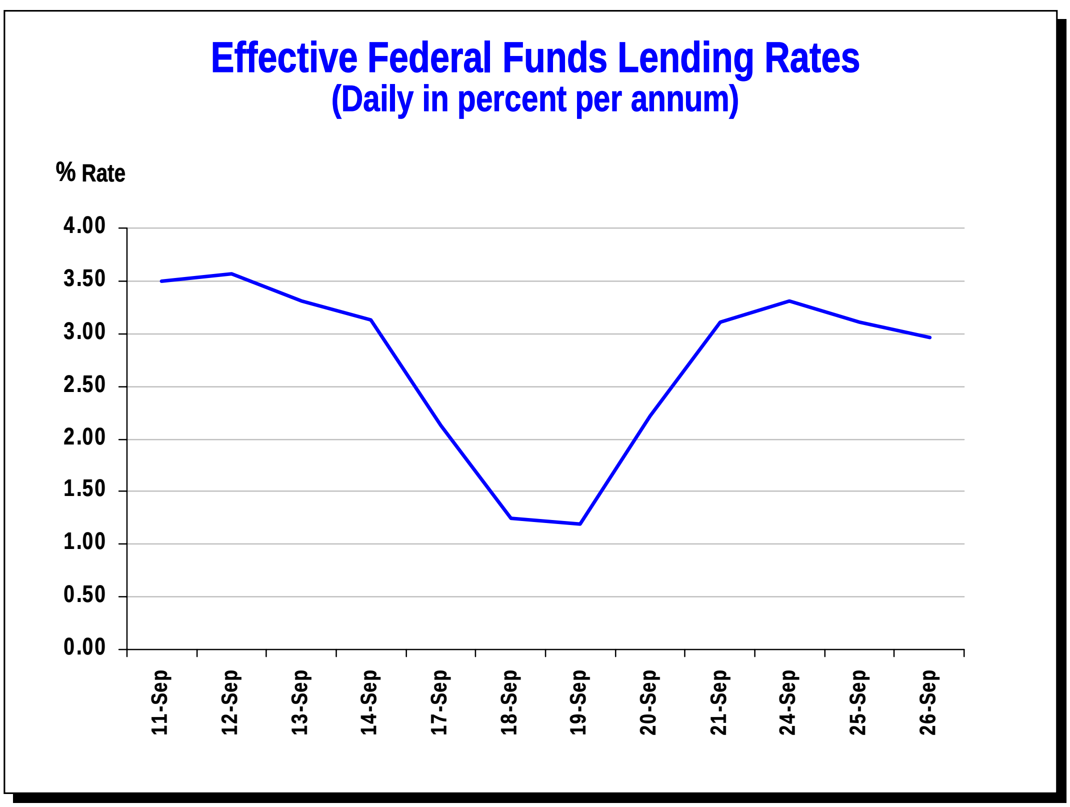
On the plus side, interest expense had already fallen $4.4 billion or 15% in the first quarter and an additional $3.9 billion or 15% in this year's second quarter. We estimate that interest expense declined $3.8 billion or a further 17% in the third quarter to just $18.0 billion, reflecting both lower rates and firms' reducing their outstanding indebtedness. A part of this came from the dramatic reduction of effective federal funds borrowing rates financial firms encountered after September 11, lowering borrowing costs to unprecedented levels. Cumulatively, a $12.1 billion or 40% reduction in gross interest expense has occurred in just nine months. However, this was largely, but not completely, offset by lower or stabilized lending levels, lower dividend income, sharply reduced margin interest and reduced reverse repo and other securities lending interest revenue.

After a slight upturn in the second quarter, margin debit balances resumed their continued decline this summer from their March 2000 peak of $278.5 billion at the end of the bull market. In the 17 months since that peak, margin debit balances had fallen $117.4 billion, or a stunning 36%, to $161.1 billion this August. Meanwhile, rates charged on these balances also have fallen dramatically, by about 300 basis points.

All other interest revenue is approximated from the FOCUS revenue line, "other revenue related to the securities business." This line item fell $3.9 billion, or 14%, from $27.2 billion in 4Q:00, to $23.3 billion in 1Q:01 and another $2.7 billion, or 12%, to $20.6 billion in 2Q:01, as the Fed cut interest rates aggressively. We estimate that this declined another $3.1 billion in the third quarter to $17.5 billion. That's a cumulative $9.7 billion, or 36% drop in other interest revenue in just nine months.

Total gross interest revenue combining margin with all other interest receipts has fallen from $32.8 billion in 4Q'00 to $20.5 billion in 3Q'01, a $12.3 billion, or 38%, decline in nine months. Comparing that against the previously discussed 40% drop in interest costs over the same time frame, shows that net interest revenue and margins have actually improved as much as 86% since the Fed began its interest rate cuts. In fact, three of the major August reporting firms showed 33%, 54% and 85% gains in net interest income in their fiscal third quarters. This has actually been the one of the saving features for the industry's financial performance this year.


Average Daily Ticket Volume
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
J-95
M
S
J-96
M
S
J-97
M
S
J-98
M
S
J-99
M
S
J-00
M
S
J-01
M
S*
Source: DTC TradeSuite
* Preliminary


Effective Federal Funds Lending Rates
(Daily in percent per annum)
% Rate
4.00
3.50
3.00
2.50
2.00
1.50
1.00
0.50
0.00
11-Sep
12-Sep
13-Sep
14-Sep
17-Sep
18-Sep
19-Sep
20-Sep
21-Sep
24-Sep
25-Sep
26-Sep

Compensation

Total compensation costs fell $1.7 billion, or 10% in the second quarter, all of which was accounted for by a reduction in payouts to producers, brokers, traders, investment bankers and others largely due to reduced transaction volume. This drop was partially offset by a rise in other compensation costs, clerical salaries and benefit costs such as payroll taxes, medical insurance, retirement plan costs, severance packages, etc., which are quite sticky because of the lag time it takes to bring these costs down.

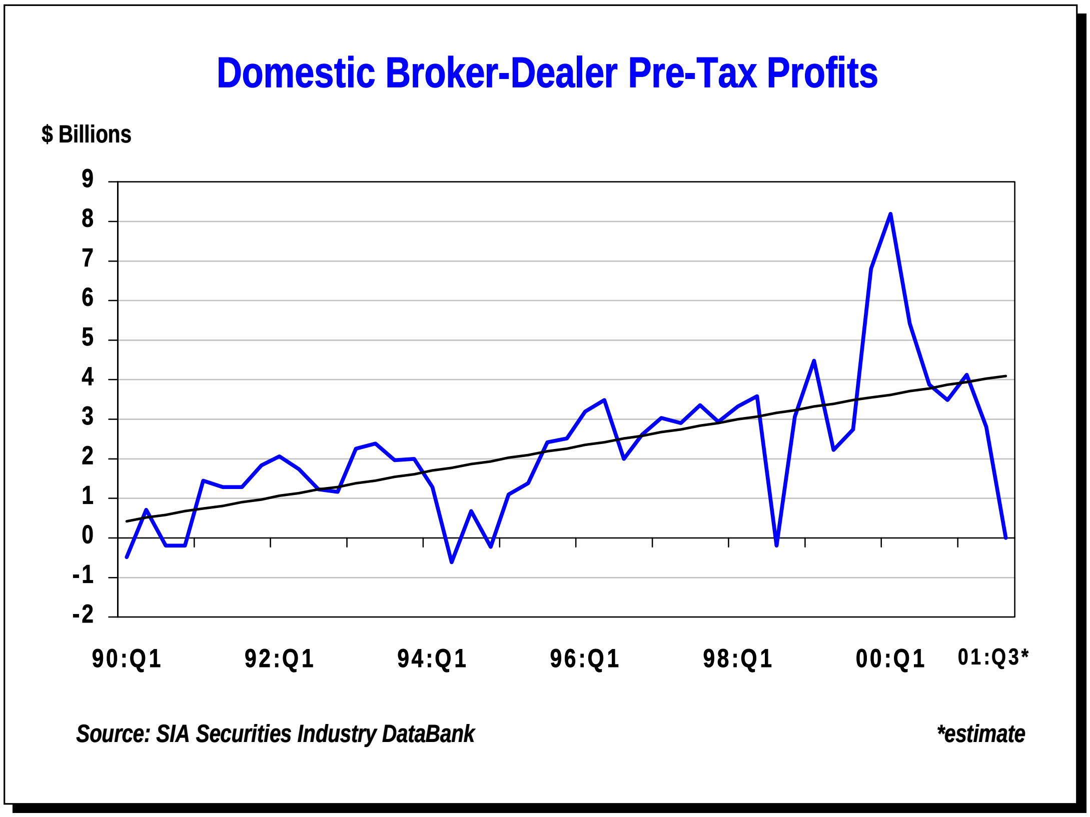
We estimate an additional 10% drop in compensation for the third quarter, which represents a decline of $1.5 billion. Data from the August reporting firms bore out these estimates even with slightly larger headcounts. Again, this is from reduced payouts, and reduced bonus accruals, with year end 2001 bonuses expected to be as much as 60% below record 2000 payouts.

Further strengthening this estimate is that despite the slight uptick in employment among the August reporting firms (though their figures are for worldwide employment), the latest revised figures from the U.S. Department of Labor show domestic securities industry employment peaking at 776,400 in February of this year which then fell by 16,500 net jobs, or 2%, through August.

Other Expenses

The $14 billion in compensation expense and $18 billion in gross interest expense makes up 75% of 3Q'01's estimated $42.7 billion in total expenses. Declines in these two principal expense l items will reduce total expenses by 11% from $48.0 billion registered in 2Q'01. The remaining $10.7 billion of operating expenses during 3Q'01 is estimated to be flat relative to the total for 2Q'01. The total for "other expenses" remained unchanged in 3Q'01 as individual line items, such as communications costs and total floor costs, moved in offsetting directions.

We are holding occupancy and equipment costs, including leases and building and equipment depreciation, even at 2Q'01's level of $1.8 billion. This will likely change with the revised accounting treatment of the WTC disaster put forth by FASB, but for now, this cost is just 4% of total costs. In addition, the majority of the 184,000 securities industry jobs in New York were not located at affected sites and total NYC industry employment is still less than one-quarter (24.1%) of total, nationwide industry employment.



Extraordinary Losses

The securities industry has sustained losses in the past from market corrections, natural catastrophes and even other terrorist attacks. However, the losses and costs incurred as a direct result of 9/11 and which were initially to be classified as ***extraordinary*** in the statement of operations are unprecedented. Securities firms are by and large insured against these losses. Although recovery of claims will take time, securities firms are well capitalized, indeed overcapitalized, and able to bear these losses. Below is a brief overview of the principal types of extraordinary losses.

Physical destruction of property[3] - The entire World Trade Center complex covering 16 acres and comprising 300 acres (13.4 million square feet) of office space and its contents were destroyed. Excavation and clearing the site is estimated to take 9 to 12 months and rebuilding in excess of 5 years. At least three other buildings (3 WFC, 140 West St., and 130 Liberty St.) sustained some structural damage. Repairs here are expected to take 12 to 15 months. Over 400 other buildings were examined and found to have no structural damage but sustained some significant damage, principally to facades, windows and exterior plant and equipment, with the damage largely varying with their proximity to "ground zero". Repairs to most of these has already begun and expected to

[3] Includes property, plant and equipment and inventory, capital lease assets of lessees and assets of lessors subject to operating leases and sales-type, direct financing and leveraged leases.

take 2 to 3 months in most cases and, with the exception of a few still within the "red zone," at least partial occupancy has occurred. No reliable estimate of the value of the physical property destroyed is yet available, only partial estimates that vary in terms of reliability and verifiability. For example, the two towers were insured for a value of $3.2 billion, but no estimates of damage to some buildings have been made because access to the buildings is only now being gained. Estimates from insurers of claims against them: initially ranged from $8.0 billion to $9.7 billion, are seen as predictably low; include a wide variety of claims other than property, and; are expected to rise as claims are filed. Media reports as high as $35-$40 billion do not provide information of what they include or how they were derived and are considered unreliable.

Most of the ultimate burden of the claims for these losses lies with reinsurers, rather than insurance firms, and with purchasers of these claims in reinsurance market. The distribution of these losses is broadly shared and is heaviest (in excess of $1 billion each) on those most able to bear it, the largest and most heavily capitalized firms, such as the two largest reinsurers, Munich Re and Zurich Re, along with firms such as Lloyds, GE and Berkshire Hathaway. In addition, insurers are expected to recoup these losses on higher future premiums and a sustained increase in demand for insurance products.

Securities firms, while the principal occupants of affected sites, were overwhelmingly tenants, not owners, of the buildings they occupied, and insured against most forms of loss. Property losses incurred by securities firms in the form of communications and information infrastructure, furniture and fixtures and some physical plant and equipment are or soon will be able to be made. Estimates of part of these costs are emerging from varied sources. For example Tower Group estimated the cost of replacing lost technology infrastructure at $3.2 billion, with $1.7 billion estimated to replace destroyed hardware and another $1.5 billion for services and software to restore connectivity to new systems. However, these are replacement costs and do not reflected the depreciated value of the actual equipment lost or damaged. Estimates of other property losses are more difficult to come by despite being concentrated in a relatively small number of firms. This is principally because the attention of these firms has been elsewhere, coping with their losses, human and financial and with the ongoing problems still associated with reopening capital markets and ensuring their full functionality on a daily basis.

From an accounting standpoint, the destruction or impairment of property, as soon as it is estimable, will be recognized as a loss. With respect to insurance recoveries on these direct losses, they are to be recognized as soon as they are deemed probable. This later determination was not expected to be problematic, since in virtually all cases losses are readily apparent. However, even this determination may prove difficult.

Other Losses and Costs – This would include required lease payments on unusable facilities and equipment, which can be immediately recognized. However, a substantial number of other costs will be recognized only as incurred. These would include:

- the costs of clean up and removal of damages. This cost at ground zero is expected to rise as the pace picks up. These costs are borne by the official sector, while private sector cost will begin to accrue in earnest when access to nearby areas such as the World Financial Center is restored and clean up can begin there;
- the costs associated with relocation from an unusable facility. It is estimated that as many as 45,000 securities industry employees have been displaced from destroyed facilities or facilities that will take longer than 3 months to reoccupy. Roughly 25,000 relocated to sites within New York City, with the remainder dispersed largely to New Jersey and Connecticut;
- salaries and benefits paid to idled employees due to ceased operations at unusable facilities. While the cost to the securities industry nationwide may exceed $800 million due to the cessation of market activity for four days, this is considered separately as a general market condition rather than unusable facilities at specific firms. In New York City more than 100,000 securities industry employees were idled for an average of one week, with many employees (particularly those not critical to operations of firms located in close proximity to ground zero) still idle, and;
- business interruption and key man recoveries.

The cost to recreate lost data would also fall into this category, although little data was actually lost, a testament to the value of contingency planning. Redundant sites and procedures for backing up data saved substantial time, effort and money. However, restoring connectivity to this data at recovery sites did involve significant investments of all three and normal operations are still being restored.

George R. Monahan
Vice President and Director, Industry Studies

Frank A. Fernandez
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SELIGMAN ADVISORY COMMITTEE ON MARKET INFORMATION: THE REPORT

Introduction

The SEC released the Seligman Report, "**A Blueprint for Responsible Change**," on schedule in mid-September, complete with its recommendations for the **dissemination of market data** in the U.S. National Market System.[1] Aside from the recommendations themselves, there are three points that Dean Seligman makes in the cover letter to the Report that are important to note.

First, Seligman writes that the Report was completed before September 11, and so does not, and could not, take into account the implications that the **terrorist attacks** may have on the Committee's recommendations. **Second**, Seligman states that it is his personal opinion that the key significance of the Report lies in its vision of a **less heavily regulated, more competitive** National Market System, a vision made possible by technological innovation in the securities markets since 1975.

Third, technological innovation has changed the securities markets to such a great extent, that Seligman recommends that the SEC initiate a **comprehensive study on market structure issues** such as market linkages and order execution. These issues, because they are "inevitabl[y] interconnected," will have an affect on any changes in the way that market information is disseminated.[2] He suggests that such a study may show the need for "generally...new policy" governing U.S. securities markets.

The Structure of the Report

The Report is divided into **seven main sections**. After the **executive summary**, the next five sections detail **the current regulatory and market environments** in which transaction data is processed and disseminated, the extent to which those environments provide price transparency, and how fees for that data are determined and revenues allocated in U.S. equity markets. Similar, modified information is also provided for the options markets.

Data generated by both equities and options markets is consolidated into **four data streams** for the benefit of investors. The process by which the data is consolidated is overseen by the administrators of **three market data governance Plans**: the CTA/CQ for NYSE, Amex and regional securities (oversees two of the three data streams), the Nasdaq/UTP Plan for Nasdaq securities, and OPRA for options. SIAC acts as the **exclusive processor** of CTA/CQ and OPRA data, and Nasdaq is the exclusive processor for its Plan.

The Plans must adhere to the Congressional legislation and SEC regulation that govern the National Market System. The SEC Display Rule for equities mandates the consolidation and display of national best bid and offer information (NBBO) and last sale data to facilitate price transparency. [3] Fees for consolidated data generally distinguish between **non-professional and professional subscribers**. Market data revenues are usually split among the participants within each Plan "in accordance with their **proportional share**

of the total transaction volume for the Network," after the processor is paid for its services.[4]

Seligman further addresses the fact that some SROs and vendors are choosing to provide additional data, such as **depth of trading interest**, "outside of the [market data] Plans" in different ways. These ways include: the ability of NYSE specialists to "voluntarily disseminate a depth indication and depth condition," reflecting interest to buy out of the range of the best bid or offer; the NYSE plans to open its limit order books; Nasdaq's SuperMontage, a trading system designed to display different levels of trading interest; and dissemination of certain ECN limit order books over the Internet.[5]

Also included in the middle five sections of the Report is a discussion of recent developments in U.S. securities markets that led to the creation of an Advisory Committee on Market Information. For example, the introduction of **online trading** in 1995 gave direct access to the markets to millions of retail investors who therefore also require real-time market data in order to make their investment decisions; according to a report cited by Seligman, today there are over 20 million online accounts.[6] Another phenomenon that has prompted a review of market data fees, according to Seligman, has been ECNs that are operated by for-profit entities and planned **demutualizations**, such as that of the Nasdaq Stock Market from the NASD, its self-regulatory arm. **Decimalization** also led to an industry-wide discussion about the possible need for more levels of trading interest to be displayed, if penny increments, and therefore more price points, was indeed going to lead to less depth at each point.

Seligman then outlines the **December 1999 Concept Release** that was the SEC's request for comment on ways to improve the current market information regime, particularly on the issues of fees and revenues. One of the current responsibilities of the SEC is to ensure that everyone has access to market data from SROs on "**not unreasonably discriminatory terms**."[7] In the Concept Release, the SEC floated a cost-based limit on fees to be charged, the "cost" relating to the calculation of the direct market data costs of each SRO. This idea was not supported by the comments received.

The SEC also requested comment on the extent to which **fees are fair and reasonable**, on how **revenues should be distributed**, on how often and to what extent SROs should **disclose fees and costs** associated with market data, on how market data **Plans should be governed**, and on the **usefulness of pilot programs**. There was disagreement among commentators on all of these issues. Therefore, former SEC Chairman Arthur Levitt appointed the Advisory Committee in August 2000 with representatives of many different types of industry participants to discuss these types of issues, as well as broad issues such as the **value of transparency** and **alternative ways of consolidating and disseminating** market information.

Advisory Committee Recommendations and Discussion

The last section in the Report details **eight recommendations** of the Advisory Committee and the discussion that surrounded them. Seligman notes **dissenting opinions** in the text of the report, in footnotes, and as separate statements submitted by different representatives as appendices found at the back of the Report. The following recommendations have, according to Seligman, "**varying degrees of majority support**."[8]

1. **Price transparency should be retained as a core market objective.**

Discussion: Seligman defines price transparency earlier in the Report as "the extent to which market information is made publicly available on a prompt and widespread basis."[9] The Committee was **unanimous** in its estimation that price transparency is **crucial to the efficiency** of the National Market System, by facilitating best execution, price discovery, investor protection, and by mitigating fragmentation. Given the effects of decimalization, however, some participants noted the need for more information than just the NBBO to be available. At the same time, others raised the point that participants should have the right *not* to display certain trading interest if, for example, the large size of the interest could move the market.

2. a) **Consolidated market information is a key component of our markets.**

   b) **The Commission should retain the Display Rule.**

   c) **Market participants should be allowed to distribute additional data.**

Discussion: Committee members agreed that providing **consolidated information** to investors is a **minimum requirement** of the National Market System, even more so as volume soars. A "substantial" majority of the Committee also voted to recommend **retaining the Display Rule**.[10] Some participants argued that vendors would compete to provide all of the relevant information to investors, and that if vendors were not required to purchase information from SROs, the SROs monopoly-like pricing power would be diminished. Others, however, voiced concerns about diminished intermarket competition and a potentially increased Commission role in enforcing broker/dealer best execution requirements. A majority of the Committee also recommended **allowing non-SROs to sell their own "core" data**. Moreover, the Committee agreed that any market participant should be allowed to provide information additional to that which is mandated by the Display Rule. There was a division about whether or not SROs should actually be required to provide this data to vendors, but a majority did not recommend requiring the vendor to provide all of the additional data to investors.

3. a) **The Commission should permit a regime of competing data consolidators.**

   b) **If a single consolidator is retained, there should be improvements.**

Discussion: A majority of the Committee decided that market **centers do not need to continue acting within the Plans to consolidate information** jointly through an exclusive consolidator. Prior to the convening of the Advisory Committee, in fact, the NYSE had discussed the idea of withdrawing from its Plan and selling its own data. Each market could sell its data to **one of several consolidators**. However, some felt that changing the system in this way was not going to yield enough benefits to justify the economic and technological risks incurred. Others felt that the benefits of such a regime would increase if the Display Rule were to be eliminated. If, however, the Commission decides **to retain a single consolidator regime**, the Committee recommends several improvements, such as **competitive bidding,**

the addition of a **non-voting advisory committee**, **full fee transparency**, as well as the disclosure and streamlining of other market data policies.

4. **The Commission should continue to review fees and revenues as they do now.**

Discussion: The **cost-based approach** suggested by the Commission in its Concept Release was deemed "**unnecessary and impractical**" by the Committee.[11] A most-favored-nation non-discriminatory pricing structure also did not garner a substantial amount of support on the Committee. However, as noted above, many Committee members were in favor of **increased transparency of fee-setting**, potentially **eliminating filings to the SEC by SROs** with respect to additional data provision, the continued **use of pilot programs**, and **additional vigilance by the Commission on the fee-setting practices of for-profit market centers**.

5. **The above recommendations can be applied to equity and options markets.**

Discussion: The "structural and regulatory" differences between equity and options markets, however, require that a number of **caveats** be considered in the application of the recommendations to the options markets. The large amount of options quotes related to contracts raises **capacity concerns**. The Committee therefore was unanimously **not in favor of moving to penny increments** in options trading, and think a number of **quote mitigation strategies should be investigated** and pursued. Prior to the convening of the Advisory Committee, the options markets met in the context of discussing intermarket linkages, and had decided that **OPRA should calculate an NBBO for options**. The Committee concurred that the NBBO should be calculated as soon as an effective system of linkages is established. A majority of the Committee further approved of the idea of displaying the **size of trading interest and a market identifier**. The options exchanges were concerned about displaying market identifiers because of capacity concerns.

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[1] The Report is available on the SEC website at the following address: http://www.sec.gov/divisions/marketreg/marketinfo/finalreport.htm.

[2] "A Blueprint for Responsible Change," p. 3. Previous SIA Research Reports have addressed the different market structure issues in detail, as well as the ways in which they relate to one another. See http://www.sia.com/reference_materials/html/research_reports.html, particularly "Changes in Market Structure", Vol. I, No. 6, 7/25/00, "Building A New ITS", Vol. I, No. 5, 06/28/00, and "Update on Market Structure Issues: SIA Market Structure Conference", Vol. II, No. 5, 5/31/01.

[3] The Plan that governs options trading in the United States, OPRA, is currently not required to calculate or disseminate an NBBO for options. However, the matter was discussed prior to and during the tenure of the Advisory Committee. This is discussed further in the following section of this article entitled, "Advisory Committee Recommendations and Discussion."

[4] "A Blueprint…," p. 34.

[5] Ibid., p. 25.

[6] Ibid., p. 35 and 78. The report cited is from J.P. Morgan, "Equity Trading Market Share Analysis: First Quarter 2001," May 29, 2001.

[7] Ibid., p. 29.

[8] Ibid., p. 61.

[9] Ibid., p. 13.

[10] Ibid., p. 44.

[11] Ibid., p. 55.

Appendix

Background of the Formation of the Committee

On July 25, 2000, the SEC announced the establishment a federal advisory committee to assist it in evaluating issues relating to the public availability of market information in the equities and options markets. The Advisory Committee on Market Information has a broad mandate to explore both fundamental matters, such as the benefits of price transparency and consolidated market information, and practical issues such as the most effective methods of consolidating market data. Joel Seligman, Dean of the Washington University School of Law in St. Louis, chairs the Committee.

Summary of First Meeting

The agenda for the first meeting on October 10, 2000 at the SEC was first to have an overview of the three current market data plans, and then discuss 1) the value of transparency to the markets, and 2) the merits of providing consolidated information. Everyone agreed on the theoretical value of transparency to the markets, but many complained that transparency is poorly defined and means different things to different kinds of market participants. As for consolidation, there was disagreement about whether any information consolidation should be mandated, whether participants should instead compete on that basis, or some combination of the two. There was also disagreement about whether the position of consolidator should be a for-profit or non-profit utility. Many agreed about the necessity of at least displaying last sale information and NBBO.

Summary of Second Meeting

The central question posed for the second meeting on December 14, 2000 at the SEC was, "Should the Committee proceed to attempt to develop an alternative model for disseminating market information, in addition to exploring ways to improve the existing model? Or should we focus solely on improving the existing model?" The plan was to review five alternative models that had been sent to Dean Seligman, have the SEC staff make some general comments about what they are looking for in an ideal model, and then to discuss whether or not to consider alternative models at all. It was decided that alternative models would be considered after ways to fix the current system were considered.

Summary of Third Meeting

There were several questions on the agenda for the March 1, 2001 meeting at the SEC. The first question was, "What market information should vendors and broker/dealers be required to provide to customers?" The second question was, "How should market information be consolidated?" The third question was, "How should the consolidators be governed?" The fourth question was, "How should user fees be determined and revenues allocated among plan participants?" There was not enough time left to address the last question fully.

Summary of Fourth Meeting

There main question on the agenda for the April 12, 2001 meeting at the SEC was, "How should user fees be determined and revenues allocated among plan participants?" This question was to be addressed in the context of reforming the current market data system. The discussion began with deciding whether transparency in the fee-setting process, by making data contracts available, would act as a check on pricing power. Comments seemed to indicate that what is already provided and out there is adequate. The next discussion revolved around SROs offering their data on a strictly non-discriminatory basis – in effect, "most favored nation" pricing – as a way to mitigate perceived pricing abuses. One participant said that this may lead to unintended consequences, such as the exchanges refusing to lower fees for one party on the basis of the fact that the fees would have to be lowered for all parties. There did not appear to be a consensus on this issue.

Summary of Fifth Meeting

The last meeting on market data as it relates to equities was held at the SEC on May 14, 2001. This meeting focused on the idea of an alternative market data model with competing consolidators that had been addressed in a subcommittee meeting. The four relevant issues for the subcommittee, as well as the committee as a whole, were: 1) technology issues of the alternative model, 2) policy/economic issues of the alternative model, 3) whether or not the Display Rule should be retained, and 4) how information not subject to the Display Rule should be treated. A majority of the committee participants voted to recommend multiple consolidators while retaining the Display Rule.

Summary of Sixth Meeting

The meeting on July 19, 2001 at the SEC was the last Seligman meeting, and the only one devoted exclusively to market data in options. The first main topic for discussion was transparency, and there was agreement that quote mitigation strategies make sense for the options market. The second topic involved whether or not the Display Rule should be extended to options markets. The participants unanimously voted that the options markets should not move to penny increments, and there was a consensus in favor of OPRA calculating an NBBO for options. The third topic was whether or not competing consolidators should be introduced into the options markets. A majority of participants said that other consolidators should be given permission to compete with OPRA/SIAC.

Judith Chase
Assistant Vice President and Director, Statistics

RR PRODUCTION & EARNINGS REACH RECORD LEVELS IN 2000

Registered representatives' production and earnings increased for the sixth consecutive year in 2000, up 6.7% and 9.6% (respectively) from 1999. This growth reflects several factors contributing to changes in the recent retail marketplace.

Foremost, average daily share volume on the top three markets (NYSE, Nasdaq, and AMEX) increased 48% in 2000, while the number of RRs and other producers grew only 17.3%. Robust growth in the number of shares changing hands (as evidenced by turnover rates on the NYSE, rising from 46% to 88% over the last ten years) not only accounts for productivity gains per RR, it additionally supports a rise in trading-driven commission revenues. In a market year characterized by higher turnover rates and increased volatility, investors' rising demand for expert guidance fostered RR production and earnings. Second, the desire for companies to reinforce long-term relationships with their clients and initiatives to cater to individual investor's preferences has led to an increased contribution of fee-based products to overall RR production. Over the past five years, the use of fee-based products has grown at an annual rate of 28%, claiming a 20.1% share of total production in 2000.

Production & Earnings Relative Growth

According to SIA's annual ***Report on Production and Earnings of RRs***, average production has grown at an annual rate of 5.1% over the past 15 years. Since 1994 when production declined slightly, annual growth has climbed at a rate of 9.7%. In 2000, retail gross production per RR hit an all-time high, averaging $485,475, up 73.9% since 1994. This peak marks a ten-year trend for RR production, up from an average of $209,406 in 1990 and $305,876 in 1995. Registered representative W-2 earnings have enjoyed comparable growth, increasing at a rate of 5.5% annually over the past 15 years, up 74.9% from 1994's average. Table 1 plots average RR production and average W-2 earnings from 1986 – 2000.

Table 1

Average RR Production & W-2 Earnings 1986 - 2000

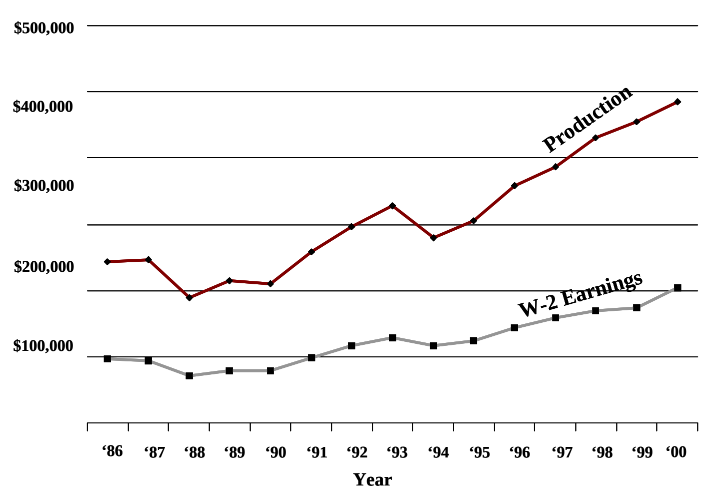


Table 2

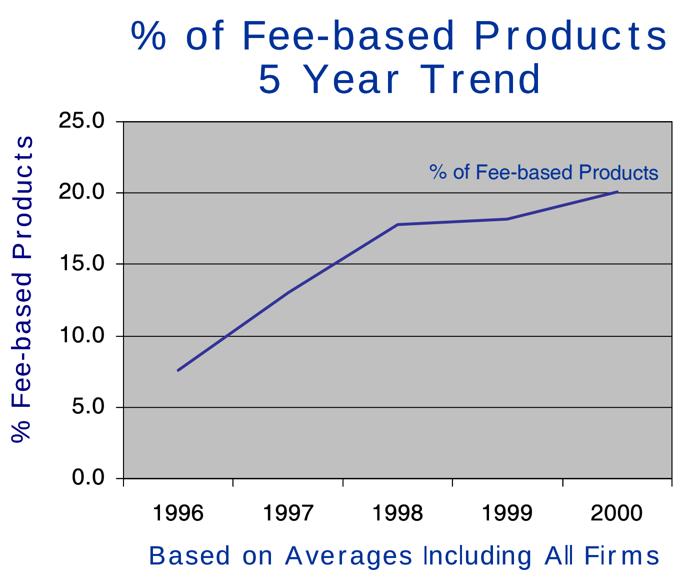
	1996	1997	1998	1999	2000	AV Annual % Change
Production	$358,789	$387,583	$430,072	$455,004	$485,478	7.8%
Total Earnings	$159,932	$167,085	$163,911	$182,298	$199,804	5.7%

Perhaps a more accurate measure of RR compensation is average total earnings, for which SIA's data series begins in 1996. Total earnings includes all income received for 2000 business, regardless of when paid. In contrast, W-2 earnings may exclude deferred compensation form the current year, but include deferred compensation for prior years, thus distorting the actual compensation for 2000.

Relating RR production to total earnings between 1999 and 2000 shows total earnings rose 9.6%, while production increased only 6.7%. These growth rates are consistent with the past five years collectively, where we see production growth appreciably outpaces earnings. Production has shot up 35.3% since 1996 (with annual growth averaging 7.8%), whereas total earnings matured at a significantly lesser pace, 24.9% since 1996 (with annual growth averaging 5.7%).

Average production and earnings continued to rise in 2000 for numerous reasons. With the technological improvements opening an avenue for easier, more efficient access to the Internet and fostering a rise in online trading, average daily volume on both the NYSE and Nasdaq scored record gains. In 2000, over one billion shares changed hands per day on the NYSE and Nasdaq share volume reached 1.8 billion. The increases, up 29% and 63% (respectively) from 1999, made significant contributions to RR's trading-driven commission revenues.

Table 3



Second, equity ownership in America has augmented steadily since the 1980's, claiming 48.2% of U.S. households in 1999. Sixty-four percent of equity owners cite seeking investment advice from financial services professionals. With an ever-increasing number of individual investors to cater to, companies have begun to concentrate more on the investment menu they offer customers. This switch, from transaction-based to fee-based business, has reinforced RR's focus on long-term relationships with their clients. In 2000, 20.1% of gross production was associated with fee-based products, a 164% increase since 1996 when fee-based products accounted for only 7.6% of production. Examples of fee-based products include wrap accounts and asset management accounts, where a client is charged, for example, a monthly or annual fee, as opposed to per transaction. Table 3 shows the percent fee-based products have contributed to total RR production over the past five years.

Also Featured in this Report

This analysis is based on an SIA survey, ***Production and Earnings of RRs in 2000***. This year, 45 SIA member firms participated in the study, employing more than 55,400 registered representatives (or 31.1% of RRs in SIA's membership) and generating more than $26.6 billion in gross production. The report also provides information covering 4,036 branch managers and 4,295 branches.

In its twenty-eighth edition, the ***Report on Production and Earnings of RRs*** includes information on numerous topics, including: RR Production; RR Earnings (commissions, cash bonuses, deferred bonuses and total earnings); sales assistants; stock options and payout rates; ticket size; employment contracts; earnings for producing and non-producing branch managers; average branch size; RR tenure and turnover; and data on production and earnings of institutional sales persons and sales traders. The 156-page report contains numerous summary tables as well as extensive data arrays, which present non-identifying, firm-by-firm data. If you are interested in purchasing a copy of this report, please contact Steve Carlson at (212) 618-0572 (scarlson@sia.com) or Erin Burke at (212) 720-0615 (eburke@sia.com).

Erin Burke
Survey Analyst

U.S. Equity Market Activity

Stock Prices – Stock values plummeted on Monday, September 17, as U.S. equity markets reopened after a four-day shutdown following the devastating terrorist attacks on the World Trade Center and the Pentagon on September 11. This was the longest closing of the U.S. securities market since the Depression, when the government suspended U.S. stock trading for more than a week in March 1933 for a bank holiday to prevent a run on the banks.

Although the Fed's interest rate cut of one-half percentage point before the market reopening on Monday, Sept. 17 brought the federal funds rate to a seven-year low of 3%, the Dow still suffered its biggest one-day point drop ever, 684.81 points, closing at 8920.7 its first close below 9,000 in more than 2 1/2 years. The Dow's previous record one-day drop was 617.78, set on April 14, 2000. Meanwhile, the Nasdaq also fell sharply, down nearly 116 points.

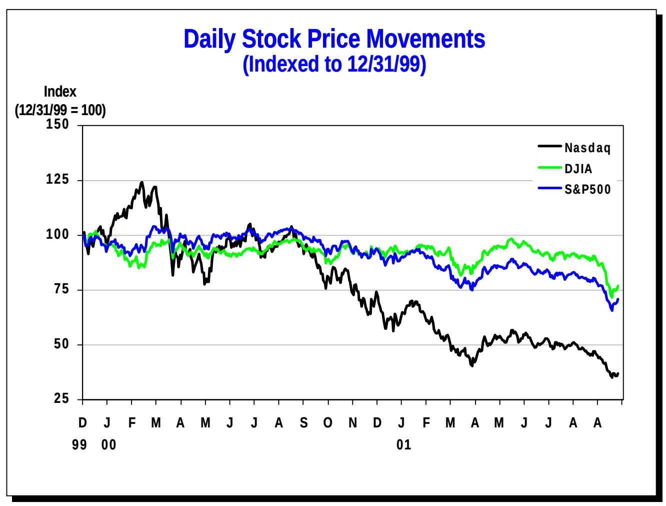
While the point declines in the Dow and Nasdaq were very large, their percentage losses were more moderate, with both indexes off about 7%. By comparison, the Dow dropped 22.6% when it lost 508 points in a single day during the stock market crash on Oct. 19, 1987.

The World Trade Center tragedy continued to weigh heavily on investors throughout the week and by the market close on Friday, the Dow had lost 1369.7 points for the week, by far the biggest weekly point decline in the DJIA's 105-year history.

In percentage terms, the Dow shed 14.3% for the five days ended Friday, September 21, its fifth largest weekly loss in percentage terms and the largest percentage drop for a week since the Great Depression. The worst weekly performance of the Dow was a 15.6% loss for the week ended July 21, 1933. During the week of the October 1987 crash, the market recovered during the final three trading days, finishing the week down only 13%.

Other major market indices also suffered during the week of September 17. The Nasdaq Composite lost 16% for the week, its third-worst weekly performance ever, while the S&P 500 index declined 11.7%.

By the end of the ensuing week, stock prices rebounded sharply. The DJIA regained half its previous week's losses, rising 7.4% for its best week since the week of August 3, 1984. Meanwhile, the Nasdaq Composite rose 5.3% and the S&P 500 increased 7.8% for the week. Some market watchers attributed the stock market recovery to end-of-quarter portfolio dressing and the market's oversold condition, while others speculated that investors encouraged by the interest rate reductions, tax relief proposals and increased government spending approved to stimulate the economy also helped buoy the market.



Despite this brief rally, the third quarter ended with the Dow down 15.8%, its worst showing since it lost 25.3% in the fourth quarter of 1987. The S&P 500 fell 15.0% for the quarter, also the biggest drop since 1987. The Nasdaq Composite slid 30.6% for its second worst quarterly loss ever, following the 32.7% loss posted in the fourth quarter of 2000.

As a result, all major market indices are in negative territory for the year through September. The Nasdaq Composite Index has tumbled 39.3% year to date, while the S&P 500 fell 21.2% and the DJIA declined 18.0%.

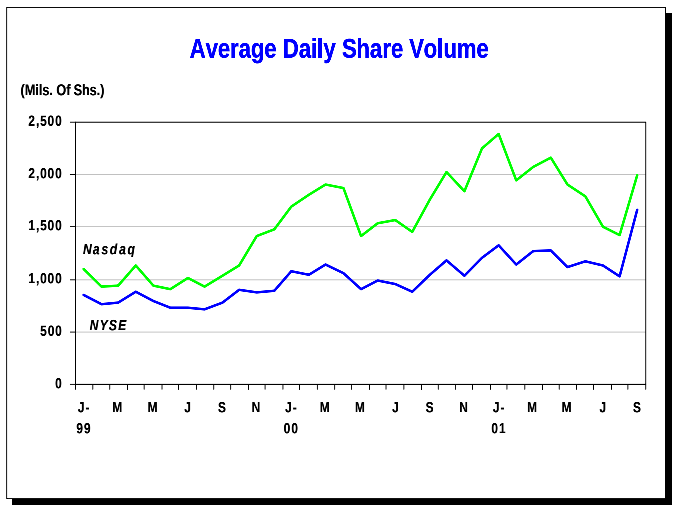
Share Volume – Total share volume on the NYSE in September's shortened trading month totaled 25.0 billion shares. This September's trading days totaled only 15, the least trading days of any month since the paperwork crunch of the Sixties when four-day trading weeks were imposed (the NYSE closed each Wednesday to allow ticket processing, then manual, to catch up with the prior two days' volume). Still, the 25.0 billion shares exceeded the monthly volumes of the prior four months (which had from 21 to 23 trading days), and exceeded August's total of 23.6 billion shares despite the fact that August had 53% more trading days, 23 vs. 15.

Average daily volume which, prior to the World Trade Center disaster, had been trending about 30% upward from August's yearly low of 1.0 billion shares per day (the lowest since August of last year), spiked when trading resumed the week of September 17 when the NYSE reopened with a record daily volume of 2.4 billion shares and a record 10.5 billion shares traded during the week. For the month overall (albeit with only 15 trading days), a record 1.7 billion shares traded daily on the NYSE, shattering the previous monthly record of 1.3 billion shares daily set this past January.

This brought 2001's nine-month year-to-date average daily trading on the NYSE to 1.22 billion shares per day, a 17% increase over last year's then record full-year average of 1.04 billion shares daily.

Nasdaq volume for September totaled roughly 30.0 billion shares, down 9% from 32.8 billion shares traded in August. Activity in September's shortened trading month set a new monthly low for the year, after August's previous monthly nadir, and is 40% below January 2001's all time monthly peak of 50.1 billion shares.

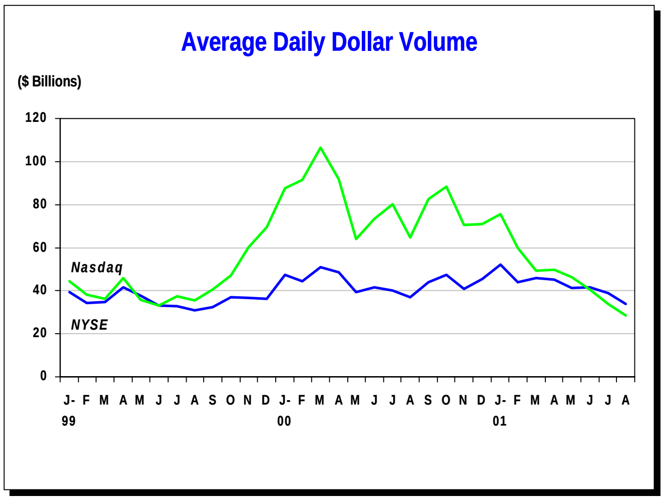
Average daily trading on Nasdaq, after falling four consecutive months to a 2001 monthly low of 1.4 billion shares daily in August (the lowest level since May 2000), rebounded both prior to and after the September 11 attacks. Volume jumped 40% in September to 2.0 billion shares per day, the best level in five months. Although trading was hectic in the weeks following the market reopening and Nasdaq volume climbed as high as 2.6 billion shares daily on September 21, it fell short of the record 3.2 billion shares traded on April 18, 2001.



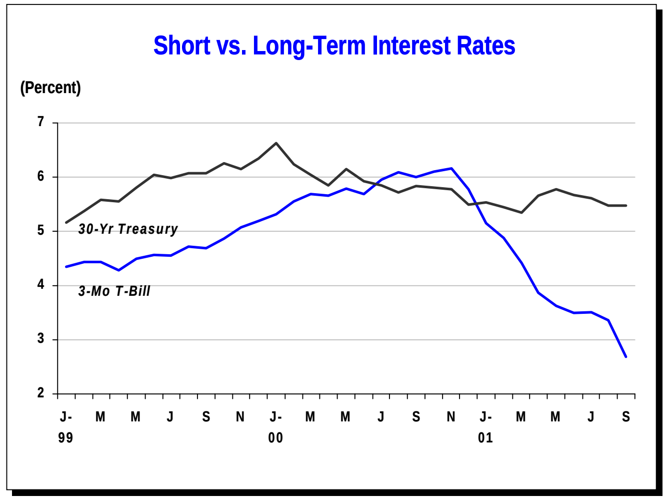
For the first nine months of 2001, Nasdaq volume averaged 1.91 billion shares daily, nearly 9% above last year's average daily volume record of 1.76 billion shares per day, although the price per share picture was, again, decidedly bleak.

Dollar Volume – Although September's dollar volume figures haven't been released yet, severely declining stock prices during the month will surely drag down the value of trading on both major markets to new 2001 yearly lows. In August, NYSE dollar volume slid 13% from July's level to $34.0 billion daily, its fourth straight monthly decline and a two-year low. Year-to-date through August, the NYSE's daily value of trading stood at $42.7 billion, just 3% shy of 2000's $43.9 billion daily average.

Dollar volume on Nasdaq has also been heading south since April. It averaged $28.4 billion daily in August, down 21% from July and its lowest level since December 1998. Through the first eight months of 2001, the value of trading on Nasdaq averaged $47.8 billion daily, a steep 41% drop from 2000's $80.9 billion daily average.

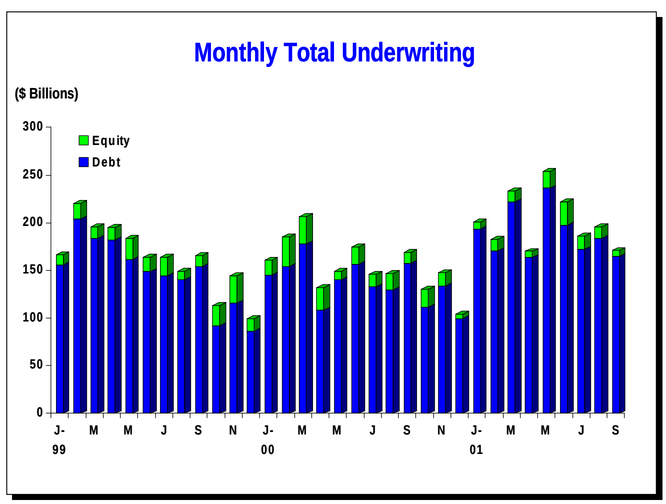


Interest Rates – Falling stock prices, recession fears, and talk of war drove nervous investors to the relative safety of short-term government securities. A 50-basis point rate reduction by the Federal Reserve on Sept. 17 helped push 3-month T-bill yields down from 3.36% in August to 2.64% in September, a 33-year low. Just a year ago, 3-month T-bills were yielding 6.00%. Meanwhile, 30-year Treasury yields held steady month-over-month at 5.48% in September. Thus, the difference in yields between short-term and long-dated Treasury securities gaped to the widest level since October 1994, at 284 basis points. In sharp contrast, the yield curve was inverted last September, with the 3-month T-bill yielding 17 basis points above the yield on 30-year Treasuries.

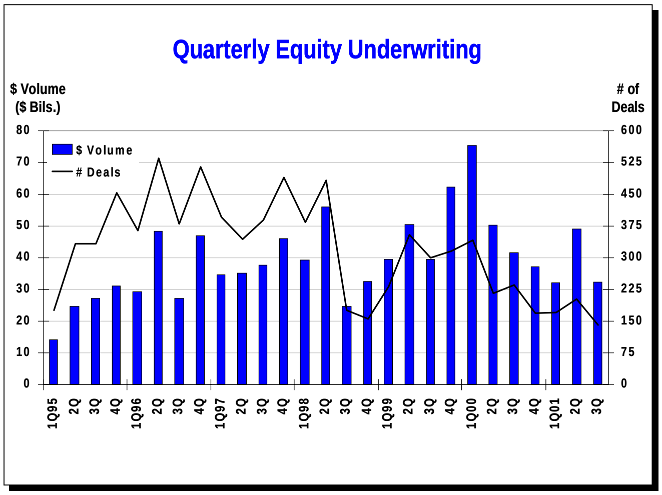


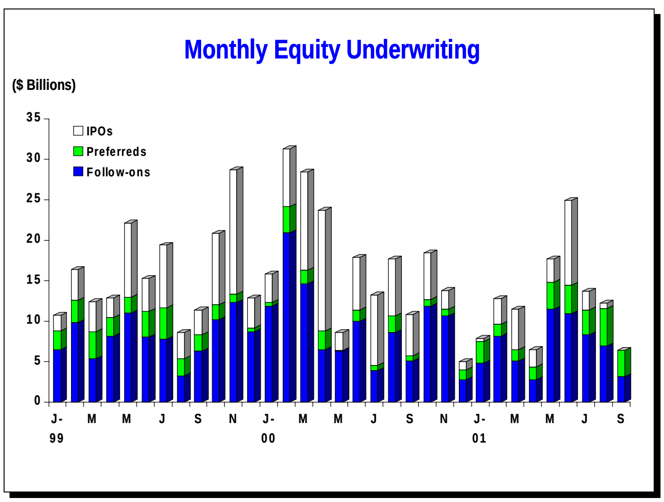
U.S. Underwriting Activity

New issuance declined across the board on all types of corporate securities in September. Total underwriting activity, at $170.9 billion in September, was down 12.9% from August and the second lowest level of the year behind April's $170.0 billion. Despite third quarter declines in both debt and equity offerings, $1.8 trillion was raised in the U.S. corporate underwriting market so far this year, a 23.6% increase over the $1.5 billion raised in last year's comparable period.



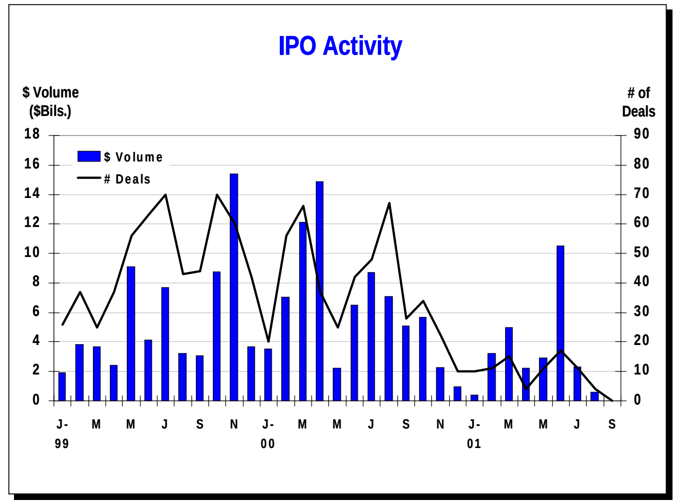
Equity Underwriting – Given the turbulent conditions in the stock market, common and preferred stock offerings plummeted 47.5% from August's tally to a 2001 monthly low of $6.4 billion in September. For the year to date, the total amount raised dropped 32.2% to $113.5 billion compared with the same period last year, and the number of deals fell 35.1% to 514.



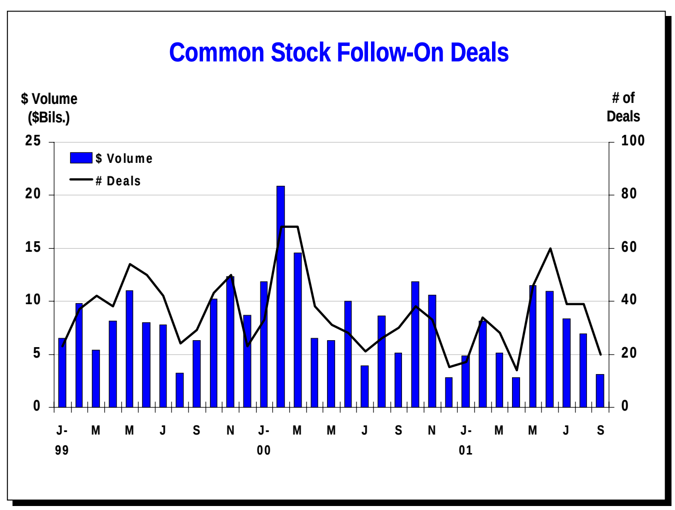


The IPO market ground to a halt in September, as it was the first month since December 1975 in which there were no IPOs. But the pipeline for U.S. issuers suggests activity may pick-up again, according to Dealogic, as 96 issuers are still in the pipeline to raise $18.7 billion. Many offerings slated for September have been pushed into October, and deals that had been pegged for the fourth quarter are, for the most part, still on schedule.

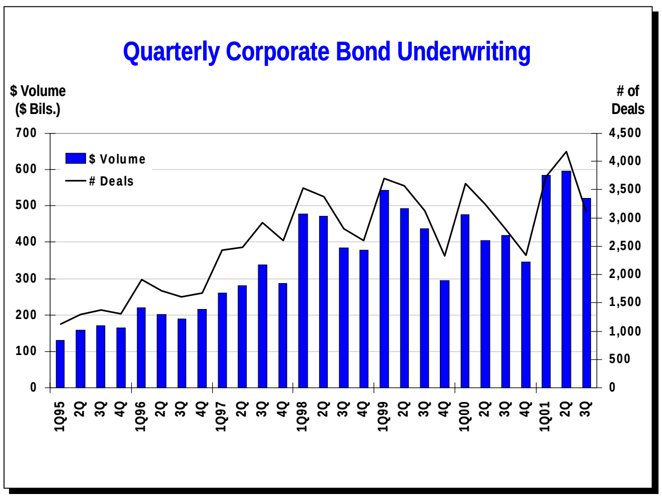
During the third quarter of 2001, IPO proceeds totaled a mere $2.9 billion, the worst quarterly showing in 10 years and 81% below the $15.6 billion raised in 2Q 2001. Only 83 IPOs have been completed so far this year, raising $27.1 billion, compared with 389 deals raising $67.2 billion in the first nine months of 2000.

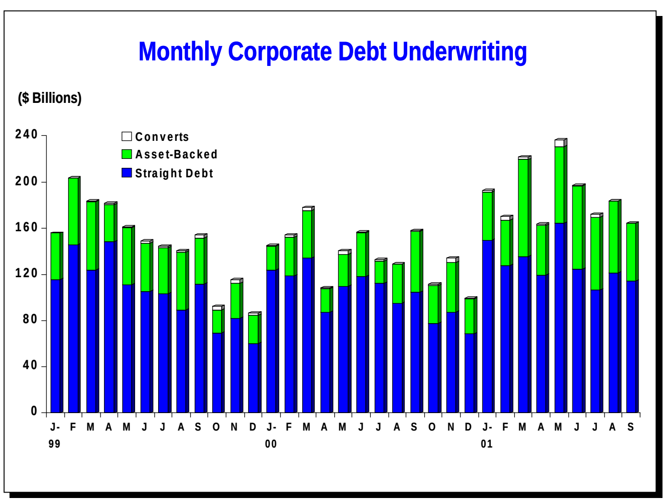


Follow-on common stock deals skid for the third straight month to its lowest level since April. At $3.1 billion, September's total was 55% below the $6.9 billion raised in August. That brought the year-to-date total to $61.4 billion, down 29.9% from $87.7 billion a year ago.



Corporate Debt Underwriting – The corporate bond market also faltered in the wake of the terrorist attacks on Sept. 11. Total corporate debt issuance slipped 10.6% to $164.4 billion in September from August's $183.8 billion. Yet, despite this setback, corporations have raised $1.7 trillion so far this year, which is 30.8% higher than the amount raised during last year's first nine months and already surpasses 2000's full-year total of $1.6 trillion.





Straight corporate bond issuance slipped 5.5% from August to $114.5 billion in September, the second slowest pace of the year. Still, straight corporate bond underwriting volume of $1.7 billion year to date is up 16% versus a year ago.

Despite a 20% decline in asset-backed bond issuance in September to $49.9 billion from $62.5 billion in August, dollar proceeds year-to-date are up a whopping 81.4% compared to the same period last year. Furthermore, the YTD total of $520.9 billion is nearly one-third above the 2000 full-year total and also exceeds 1999's annual tally.

Grace Toto

Assistant Vice President and Director, Statistics

U.S. CORPORATE UNDERWRITING ACTIVITY

(In $ Billions)

	Straight Corporate Debt	Con-vertible Debt	Asset-Backed Debt	**TOTAL DEBT**	High-Yield Bonds	Common Stock	Preferred Stock	**TOTAL EQUITY**	All IPOs	Follow-Ons	**TOTAL UNDER-WRITINGS**
1985	76.4	7.5	20.8	104.7	14.2	24.7	8.6	33.3	8.5	16.2	138.0
1986	149.8	10.1	67.8	227.7	31.9	43.2	13.9	57.1	22.3	20.9	284.8
1987	117.8	9.9	91.7	219.4	28.1	41.5	11.4	52.9	24.0	17.5	272.3
1988	120.3	3.1	113.8	237.2	27.7	29.7	7.6	37.3	23.6	6.1	274.5
1989	134.1	5.5	135.3	274.9	25.3	22.9	7.7	30.6	13.7	9.2	305.5
1990	107.7	4.7	176.1	288.4	1.4	19.2	4.7	23.9	10.1	9.0	312.3
1991	203.6	7.8	300.0	511.5	10.0	56.0	19.9	75.9	25.1	30.9	587.4
1992	319.8	7.1	427.0	753.8	37.8	72.5	29.3	101.8	39.6	32.9	855.7
1993	448.4	9.3	474.8	932.5	55.2	102.4	28.4	130.8	57.4	45.0	1,063.4
1994	381.2	4.8	253.5	639.5	33.3	61.4	15.5	76.9	33.7	27.7	716.4
1995	466.0	6.9	152.4	625.3	28.9	82.0	15.1	97.1	30.2	51.8	722.4
1996	564.8	9.3	252.9	827.0	37.2	115.5	36.5	151.9	50.0	65.5	979.0
1997	769.8	8.5	385.6	1,163.9	31.4	120.2	33.3	153.4	44.2	75.9	1,317.3
1998	1,142.5	6.3	566.8	1,715.6	42.9	115.0	37.8	152.7	43.7	71.2	1,868.3
1999	1,264.8	16.1	487.1	1,768.0	36.6	164.3	27.5	191.7	66.8	97.5	1,959.8
2000	1,236.2	17.0	393.4	1,646.6	25.2	189.1	15.4	204.5	76.1	112.9	1,851.0
<u>2000</u>											
Jan	123.9	0.5	20.5	144.9	4.1	15.3	0.5	15.8	3.5	11.8	160.7
Feb	118.8	1.8	33.4	153.9	3.1	27.9	3.3	31.2	7.1	20.9	185.1
Mar	134.0	2.7	41.2	177.9	3.3	26.7	1.7	28.3	12.1	14.6	206.3
Apr	87.2	0.7	20.4	108.3	0.4	21.4	2.3	23.8	14.9	6.5	132.0
May	109.8	3.2	27.3	140.3	0.8	8.5	0.1	8.6	2.2	6.3	148.9
June	118.0	0.3	38.3	156.5	1.9	16.5	1.4	17.9	6.5	10.0	174.4
July	112.5	1.1	19.0	132.6	4.5	12.6	0.6	13.2	8.7	3.9	145.8
Aug	94.6	0.4	34.3	129.3	1.9	15.7	2.0	17.6	7.1	8.6	146.9
Sept	104.5	0.3	52.9	157.7	3.8	10.2	0.6	10.9	5.1	5.1	168.6
Oct	77.3	1.6	33.0	111.9	0.7	17.5	0.9	18.4	5.7	11.8	130.3
Nov	86.9	3.6	43.5	134.0	0.0	12.9	0.9	13.8	2.3	10.6	147.8
Dec	68.8	1.0	29.7	99.5	0.6	3.8	1.2	4.9	1.0	2.8	104.4
<u>2001</u>											
Jan	149.6	1.7	41.7	193.0	5.9	5.3	2.7	8.0	0.4	4.8	201.0
Feb	127.5	3.3	39.3	170.1	4.1	11.3	1.5	12.7	3.2	8.1	182.9
Mar	135.6	2.3	83.8	221.7	1.3	10.1	1.4	11.5	5.0	5.1	233.2
Apr	119.4	1.3	42.8	163.5	3.1	5.0	1.5	6.5	2.2	2.8	170.0
May	164.7	5.4	66.2	236.2	3.1	14.3	3.3	17.7	2.9	11.5	253.9
June	124.4	1.0	71.9	197.3	3.6	21.4	3.5	24.9	10.5	10.9	222.1
July	106.8	2.6	62.7	172.1	0.2	10.6	3.1	13.7	2.3	8.3	185.8
Aug	121.1	0.2	62.5	183.8	2.7	7.6	4.7	12.2	0.6	6.9	196.1
Sept	114.5	0.0	49.9	164.4	0.2	3.1	3.3	6.4	0.0	3.1	170.9
Oct											
Nov											
Dec											
YTD '00	1,003.3	10.8	287.2	1,301.3	23.9	154.9	12.4	167.3	67.2	87.7	1,468.6
YTD '01	1,163.6	17.7	520.9	1,702.3	24.2	88.6	24.9	113.5	27.1	61.4	1,815.8
% Change	16.0%	64.0%	81.4%	30.8%	1.1%	-42.8%	100.4%	-32.2%	-59.6%	-29.9%	23.6%

Note: High-yield bonds is a subset of straight corporate debt. IPOs and follow-ons are subsets of common stock.
Source: Thomson Financial Securities Data

MUNICIPAL BOND UNDERWRITINGS
(In $ Billions)

INTEREST RATES
(Averages)

	Compet. Rev. Bonds	Nego. Rev. Bonds	**TOTAL REVENUE BONDS**	Compet. G.O.s	Nego. G.O.s	**TOTAL G.O.s**	**TOTAL MUNICIPAL BONDS**	3-Mo. T Bills	30-Year Treasuries	SPREAD
1985	10.2	150.8	161.0	17.6	22.8	40.4	201.4	7.47	10.79	3.32
1986	10.0	92.6	102.6	23.1	22.6	45.7	148.3	5.97	7.80	1.83
1987	7.1	64.4	71.5	16.3	14.2	30.5	102.0	5.78	8.58	2.80
1988	7.6	78.1	85.7	19.2	12.7	31.9	117.6	6.67	8.96	2.29
1989	9.2	75.8	85.0	20.7	17.2	37.9	122.9	8.11	8.45	0.34
1990	7.6	78.4	86.0	22.7	17.5	40.2	126.2	7.50	8.61	1.11
1991	11.0	102.1	113.1	29.8	28.1	57.9	171.0	5.38	8.14	2.76
1992	12.5	139.0	151.6	32.5	49.0	81.5	233.1	3.43	7.67	4.24
1993	20.0	175.6	195.6	35.6	56.7	92.4	287.9	3.00	6.59	3.59
1994	15.0	89.2	104.2	34.5	23.2	57.7	161.9	4.25	7.37	3.12
1995	13.5	81.7	95.2	27.6	32.2	59.8	155.0	5.49	6.88	1.39
1996	15.6	100.1	115.7	31.3	33.2	64.5	180.2	5.01	6.70	1.69
1997	12.3	130.2	142.6	35.5	36.5	72.0	214.6	5.06	6.61	1.55
1998	21.4	165.6	187.0	43.7	49.0	92.8	279.8	4.78	5.58	0.80
1999	14.3	134.9	149.2	38.5	31.3	69.8	219.0	4.64	5.87	1.23
2000	13.6	116.2	129.7	35.0	29.3	64.3	194.0	5.82	5.94	0.13
2000										
Jan	1.0	5.2	6.2	2.0	1.3	3.4	9.5	5.32	6.63	1.31
Feb	0.8	7.0	7.8	3.3	1.2	4.5	12.3	5.55	6.23	0.68
Mar	1.3	11.1	12.4	2.4	2.3	4.7	17.1	5.69	6.05	0.36
Apr	0.6	9.9	10.5	3.1	1.8	4.9	15.5	5.66	5.85	0.19
May	0.8	8.8	9.7	2.6	3.0	5.6	15.3	5.79	6.15	0.36
June	1.4	12.7	14.0	4.5	4.1	8.6	22.6	5.69	5.93	0.24
July	1.2	9.5	10.7	2.4	1.6	4.0	14.7	5.96	5.85	(0.10)
Aug	0.8	10.3	11.2	2.8	2.8	5.5	16.7	6.09	5.72	(0.37)
Sept	1.4	7.8	9.2	3.0	3.8	6.8	16.0	6.00	5.83	(0.17)
Oct	1.8	11.8	13.6	3.6	2.2	5.8	19.4	6.11	5.80	(0.31)
Nov	1.5	12.6	14.0	3.7	2.2	5.8	19.9	6.17	5.78	(0.39)
Dec	1.0	9.4	10.4	1.6	3.1	4.6	15.1	5.77	5.49	(0.28)
2001										
Jan	1.2	4.7	6.0	4.4	1.8	6.2	12.1	5.15	5.54	0.39
Feb	0.9	10.4	11.3	4.7	5.1	9.8	21.1	4.88	5.45	0.57
Mar	1.2	16.2	17.4	2.7	5.1	7.7	25.1	4.42	5.34	0.92
Apr	1.0	10.5	11.4	3.6	3.5	7.0	18.4	3.87	5.65	1.78
May	1.2	18.5	19.7	4.4	4.5	8.9	28.6	3.62	5.78	2.16
June	1.8	18.1	19.9	5.1	4.8	9.9	29.8	3.49	5.67	2.18
July	1.5	13.0	14.6	3.8	2.3	6.1	20.7	3.51	5.61	2.10
Aug	1.6	12.3	13.9	3.9	5.7	9.6	23.6	3.36	5.48	2.12
Sept	0.9	7.5	8.4	2.2	1.7	3.9	12.2	2.64	5.48	2.84
Oct										
Nov										
Dec										
YTD '00	9.3	82.4	91.6	26.1	21.9	48.0	139.7	5.75	6.03	0.28
YTD '01	11.4	111.2	122.6	34.7	34.4	69.1	191.7	3.88	5.56	1.67
% Change	22.3%	35.0%	33.8%	32.8%	57.1%	43.9%	37.2%	-32.5%	-7.8%	502.4%

Sources: Thomson Financial Securities Data; Federal Reserve

	STOCK MARKET PERFORMANCE INDICES (End of Period)				STOCK MARKET VOLUME (Daily Avg., Mils. of Shs.)			VALUE TRADED (Daily Avg., $ Bils.)	
	Dow Jones Industrial Average	S&P 500	NYSE Composite	Nasdaq Composite	NYSE	AMEX	Nasdaq	NYSE	Nasdaq
1985	1,546.67	211.28	121.58	324.93	109.2	8.3	82.1	3.9	0.9
1986	1,895.95	242.17	138.58	348.83	141.0	11.8	113.6	5.4	1.5
1987	1,938.83	247.08	138.23	330.47	188.9	13.9	149.8	7.4	2.0
1988	2,168.57	277.72	156.26	381.38	161.5	9.9	122.8	5.4	1.4
1989	2,753.20	353.40	195.04	454.82	165.5	12.4	133.1	6.1	1.7
1990	2,633.66	330.22	180.49	373.84	156.8	13.2	131.9	5.2	1.8
1991	3,168.83	417.09	229.44	586.34	178.9	13.3	163.3	6.0	2.7
1992	3,301.11	435.71	240.21	676.95	202.3	14.2	190.8	6.9	3.5
1993	3,754.09	466.45	259.08	776.80	264.5	18.1	263.0	9.0	5.3
1994	3,834.44	459.27	250.94	751.96	291.4	17.9	295.1	9.7	5.8
1995	5,117.12	615.93	329.51	1,052.13	346.1	20.1	401.4	12.2	9.5
1996	6,448.27	740.74	392.30	1,291.03	412.0	22.1	543.7	16.0	13.0
1997	7,908.25	970.43	511.19	1,570.35	526.9	24.4	647.8	22.8	17.7
1998	9,181.43	1,229.23	595.81	2,192.69	673.6	28.9	801.7	29.0	22.9
1999	11,497.12	1,469.25	650.30	4,069.31	808.9	32.7	1,081.8	35.5	43.7
2000	10,786.85	1,320.28	656.87	2,470.52	1,041.6	52.9	1,757.0	43.9	80.9
<u>2000</u>									
Jan	10,940.53	1,394.46	621.73	3,940.35	1,074.2	49.5	1,693.0	47.6	87.5
Feb	10,128.31	1,366.42	592.64	4,696.69	1,045.9	52.9	1,812.0	44.3	91.4
Mar	10,921.92	1,498.58	647.70	4,572.83	1,138.4	61.4	1,902.8	51.0	106.4
Apr	10,733.91	1,452.43	644.16	3,860.66	1,060.0	65.5	1,876.2	48.8	92.0
May	10,522.33	1,420.60	643.60	3,400.91	905.4	46.2	1,417.5	39.4	64.2
June	10,447.89	1,454.60	642.93	3,966.11	986.5	44.3	1,537.5	41.8	73.3
July	10,521.98	1,430.83	640.63	3,766.99	953.8	38.5	1,567.9	40.0	80.4
Aug	11,215.10	1,517.68	674.53	4,206.35	886.1	37.5	1,458.7	36.9	65.0
Sept	10,650.92	1,436.51	663.04	3,672.82	1,041.3	48.9	1,756.7	44.0	82.4
Oct	10,971.14	1,429.40	666.02	3,369.63	1,180.6	59.7	2,026.9	47.4	88.3
Nov	10,414.49	1,314.95	629.78	2,597.93	1,033.4	58.1	1,840.4	40.8	70.7
Dec	10,786.85	1,320.28	656.87	2,470.52	1,208.8	73.9	2,247.4	45.5	71.1
<u>2001</u>									
Jan	10,887.36	1,366.01	663.64	2,772.73	1,325.9	72.5	2,387.3	52.0	75.6
Feb	10,495.28	1,239.94	626.94	2,151.83	1,138.5	70.9	1,947.6	43.8	59.7
Mar	9,878.78	1,160.33	595.66	1,840.26	1,271.4	82.5	2,071.4	45.9	49.2
Apr	10,734.97	1,249.46	634.83	2,116.24	1,276.5	78.4	2,162.8	45.1	49.6
May	10,911.94	1,255.82	641.67	2,110.49	1,116.7	66.7	1,909.1	41.4	46.4
June	10,502.40	1,224.42	621.76	2,160.54	1,175.0	63.8	1,793.9	41.6	40.6
July	10,522.81	1,211.23	616.94	2,027.13	1,137.1	56.0	1,580.7	39.0	36.0
Aug	9,949.75	1,133.58	587.84	1,805.43	1,025.7	49.1	1,426.4	34.0	28.4
Sept	8,847.56	1,040.94	543.84	1,498.80	1,664.9	NA	1,994.0	NA	NA
Oct									
Nov									
Dec									
YTD '00	10,650.92	1,436.51	663.04	3,672.82	1,008.6	49.3	1,664.4	43.6	82.2
YTD '01	8,847.56	1,040.94	543.84	1,498.80	1,221.0	67.3	1,910.6	42.7	47.8
% Change	-16.9%	-27.5%	-18.0%	-59.2%	21.1%	36.5%	14.8%	-2.0%	-41.9%

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