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SEC PROPOSED GUIDANCE ON CLIENT COMMISSION ARRANGEMENTS AND PRACTICES

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SECURITIES INDUSTRY EMPLOYMENT UPDATE

Bella Mardakhaev

RESEARCH DEPARTMENT
Frank A. Fernandez, Senior Vice President, Chief Economist and Director, Research
Kyle L Brandon, Vice President and Director, Securities Research
Stephen L. Carlson, Vice President and Director, Surveys
Isabelle Delalex*, Vice President and Director, Industry Research*
Lenore Dittmar, Executive Asst.
Carmen Lopez, Research Asst.
Bella Mardakhaev, Research Assistant
Claire McKenna, Manager, Surveys
Grace Toto, Vice President and Director, Statistics

SECURITIES INDUSTRY ASSOCIATION – info@sia.com, http://www.sia.com
120 Broadway, 35th Floor, New York, NY 10271-0080 – 212-608-1500, fax 212-968-0703
1425 K Street, NW, Washington, DC 20005-3500 – 202-216-2000, fax 202-216-2119
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SEC PROPOSED GUIDANCE ON
CLIENT COMMISSION ARRANGEMENTS AND PRACTICES

Summary

The U.S. Securities and Exchange Commission recently released its previously announced draft guidance regarding client commission practices (2005 Release).[1] The 2005 Release, which was approved by the SEC commissioners at the September 21 meeting, was open for comment until November 25 and attracted many comment letters.[2] The use of client commissions to pay for research and brokerage services has been a hot topic in recent years among regulators and market participants. Client commission arrangements and practices were the subject of regulatory review not only by the SEC, but also by the NASD and the UK's Financial Services Authority (FSA)[3], among others, and the SEC explicitly took this other work into account in crafting the 2005 Release. This report will provide background to and a summary of the SEC's 2005 Release, as well as examine some of the commentary surrounding it.

A Short History of Client Commission Arrangements and the SEC

With the un-fixing of commission rates in 1975, the SEC recognized the need to address the industry's uncertainty about the ability of money managers to pay a broker-dealer for research and brokerage services with brokerage commissions if the payment is in excess of what another broker-dealer would charge for the same transaction without breaching its fiduciary responsibilities. In the world of fixed commissions, broker-dealers could not compete on price, so instead they competed on the level of service, including research and other non-execution services. With the un-fixing of commission rates came price competition – and the attendant concern on the part of money managers that they might have to only consider the lowest commission rate when choosing a broker-dealer and not the value of the other services provided, such as research.

Recognizing that those other services were of value to the money manager's clients, but also mindful of the conflict of interest posed by the use of client commissions to pay for research and brokerage services[4], the Congress enacted Section 28(e)[5] of the Securities and Exchange Act of 1934. Section 28(e) provides "a safe harbor that protects money managers from liability for a breach of fiduciary duty solely on the basis that they paid more than the lowest commission rate in order to receive 'brokerage and research services' provided by a broker-dealer if the

[1] Commission Guidance Regarding Client Commission Practices Under Section 28(e) of the Securities Exchange Act of 1934 [Release No. 34-52635; File No. S7-09-05] www.sec.gov/rules/interp/34-52635.pdf ("2005 Release"). The SEC stated that it would use the term "client commission practices or arrangements" to refer to practices under Section 28(e) in the 2005 Release rather than the term "soft dollars", to avoid confusion. The securities industry appears to continue to use both terms, but this article will only use the term "client commissions".

[2] Comment letters may be found on the SEC website at www.sec.gov/rules/interp/s70905.shtml.

[3] The NASD report "Report of the Mutual Fund Task Force: Soft Dollars and Portfolio Transaction Costs," November 11, 2004, www.nasd.com/web/groups/rules_regs/documents/rules_regs/nasdw_012356.pdf ("NASD Task Force Report"); and the FSA "Policy Statement 05/9, Bundled brokerage and soft commission arrangements - Feedback on CP05/5 and final rules" (July 2005), www.fsa.gov.uk/pubs/policy/ps05_09.pdf ("FSA Final Rules"), and also "Consultative Paper 05/5, Bundled Brokerage and Soft Commission Arrangements: Proposed Rules" (March 2005), www.fsa.gov.uk/pubs/cp/cp05_05.pdf ("FSA Rule Proposal").

[4] The SEC notes in its 2005 Release that such use of client commission "presents money managers with significant conflicts of interest, and may give incentives for managers to disregard their best execution obligations when directing orders to obtain client commission services as well as to trade client securities inappropriately in order to earn credits for client commission services," 2005 Release, p. 3.

[5] The relevant text of Section 28(e) is provided in the Appendix.

managers determined in good faith that the amount of the commission was reasonable in relation to the value of the brokerage and research services received."[6]

Since 1975, the SEC has issued several interpretive guidance releases in relation to Section 28(e). In 1976, the SEC issued guidance clarifying, among other matters, that the safe harbor did not apply to "products and services which are readily and customarily available and offered to the general public on a commercial basis," such as newspapers, magazines, computer facilities, airline tickets and office supplies.[7] The SEC also reminded money managers that the broker that actually executed the transaction should be provided the research services paid for with client commissions.[8] There was also clarification, however, that third-party research could be provided under appropriate circumstances. A subsequent 1980 SEC report[9] made it clear that a broker-dealer cannot simply pay for an obligation that the money manager owes to a third party (a research provider, for example). The broker-dealer must have the obligation to pay for the third-party services, which then may be provided directly to the money manager.

Following a 1984-1985 examination of client commission practices, the SEC issued a new interpretive release in 1986 (1986 Release), which withdrew the 1976 guidance, replacing it with a new standard. The new standard construed the safe harbor as applying to brokerage and research services that met the definition in Section 28(e)(3) and provided "lawful and appropriate assistance to the money manager in the performance of his investment decision-making responsibilities."[10] Also introduced in the 1986 Release was the concept of "mixed use," whereby products or services paid for with client commission were used for functions other than the investment decision-making process. In these cases, a money manager could make a reasonable allocation of the cost of the product or service according to its use. The money manager should keep adequate documentation of the allocations, and the posed conflict of interest should be disclosed to the client. The 1986 Release also reversed its exclusion from the safe harbor of products and services that are available and offered to the general public on a commercial basis, finding that they could still constitute research.

In 2001, the SEC examined the issue of what constitutes a "commission" in light of the Nasdaq Stock Market's request to reconsider the exclusion of fees on principal transactions for certain riskless principal transactions executed by NASD members and reported under NASD trade reporting rules.[11] The SEC modified its interpretation to include such riskless principal transactions because they are quantifiable and disclosed under the NASD's trade reporting rules.

On another tack, the SEC's Office of Compliance Inspections and Examinations (OCIE) issued a report in 1998 based on examinations of broker-dealers, advisors and funds describing the

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6 Ibid, pp. 3-4.

7 2005 Release, pp. 10-11.

8 In the 1976 release, the SEC "admonished money managers not to direct broker-dealers to make 'give-up' payments, in which the money manager asked the broker-dealer, retained to effect a transaction for the account of a client, to 'give-up' part of the commission negotiated by the broker-dealer and the money manager to another broker-dealer designated by the money manager for whom the executing or clearing broker is not a normal and legitimate correspondent." 2005 Release, p. 11.

9 In 1980 the SEC issued a report following an investigation of Investment Information, Inc.'s client commission arrangements (III Report, 19 SEC Docket).

10 1986 Release quoted in the 2005 Release, p. 14.

11 The SEC has until 2001 interpreted the safe harbor to exclude from the definition of commissions fees charged by market makers when they executed principal transactions (as opposed to commissions earned when they executed agency transactions). Fees on principal transactions were not, in the SEC's view, "quantifiable and fully disclosed in a way that would permit a money manager to determine that the fees were reasonable in relation to the value of the research and brokerage services received." 2005 Release, p. 16.

products and services obtained under client commission arrangements.[12] The 1998 report raised a variety of concerns about client commission arrangements and made recommendations for improving such practices by issuing further guidance on the scope of the safe harbor, enhanced disclosure and improved recordkeeping.

NASD Mutual Fund Task Force issued a report (NASD Task Force Report) in 2004 on client commission practices and portfolio transaction costs.[13] The NASD Task Force Report reiterated support for the 28(e) safe harbor and the equal treatment of research provided by third parties and broker-dealers (proprietary research), but recommended narrowing the definition of research products and services allowed and improving disclosure. Specifically, the NASD Task Force Report recommended that the safe harbor only protect the intellectual content of research, not the means by which it is provided, and that it exclude publications that are available to the general public and items such as computer hardware, phone lines and data transmission lines.[14]

The UK's FSA issued final rules on client commissions in July 2005 (FSA Final Rules), which delineated execution and research products and services that may be paid for by client commissions. The FSA Final Rules explicitly excluded certain products and services from being paid for with client commissions (non-permitted)[15], but also stated that other products and services might be permitted or non-permitted depending on how they were used by the money manager. The SEC stated that it took the FSA's work into account when developing its own guidance in order to minimize the cost of adhering to two different standards by the many market participants active in both the U.S. and UK markets, although there remain some differences which will be discussed in a section below.

Current Use of Client Commissions

Before jumping into a summary of the 2005 Release, a short review of the use of client commission arrangements might be instructive. The use of client commission arrangements has been in decline for several years. While some managers have, for their own reasons, curtailed or ceased to use client commissions for the purchase of research and execution services, it is still a widespread practice among institutional money managers. The graphs and data below were presented at a Securities Industry Association conference in September.[16] These figures are one firm's estimates of the size of client commission arrangements and the products and services purchased under them.

The first graph shows the percentage of institutional respondents that use client commission arrangements. According to the presentation, the use of client commission arrangements has declined from more than 85% to less than 75%. The next graph contains estimates of the dollar amount under client commission arrangements, showing a decline of 18% from 2003 to 2004 and a further 9% drop expected in 2005. Such commission arrangements are expected to

[12] Office of Compliance Inspections and Examinations, U.S. Securities and Exchange Commission, "Inspection Report on the Soft Dollar Practices of Broker-Dealers, Investment Advisors and Mutual Funds," September 22, 1998 ("1998 OCIE Report") www.sec.gov/news/studies/softdolr.htm.

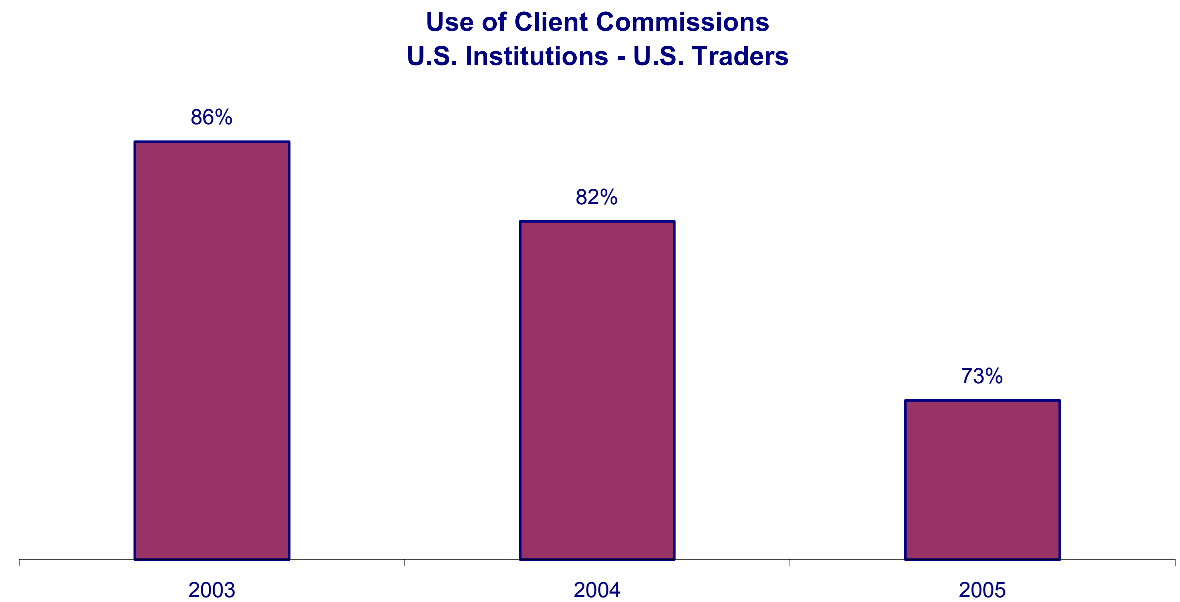
[13] The NASD Task Force was composed of senior executives from mutual fund management companies and broker-dealers, and members of the academic and legal communities.

[14] NASD Task Force Report, pp. 6-7.

[15] The FSA Final Rules explicitly identify seminars as a non-permitted service and determine that un-analyzed or un-manipulated market data does not meet its definition of research service, but, depending on the money manager's use, may be justified as an execution service. Appendix 1, p. 9.

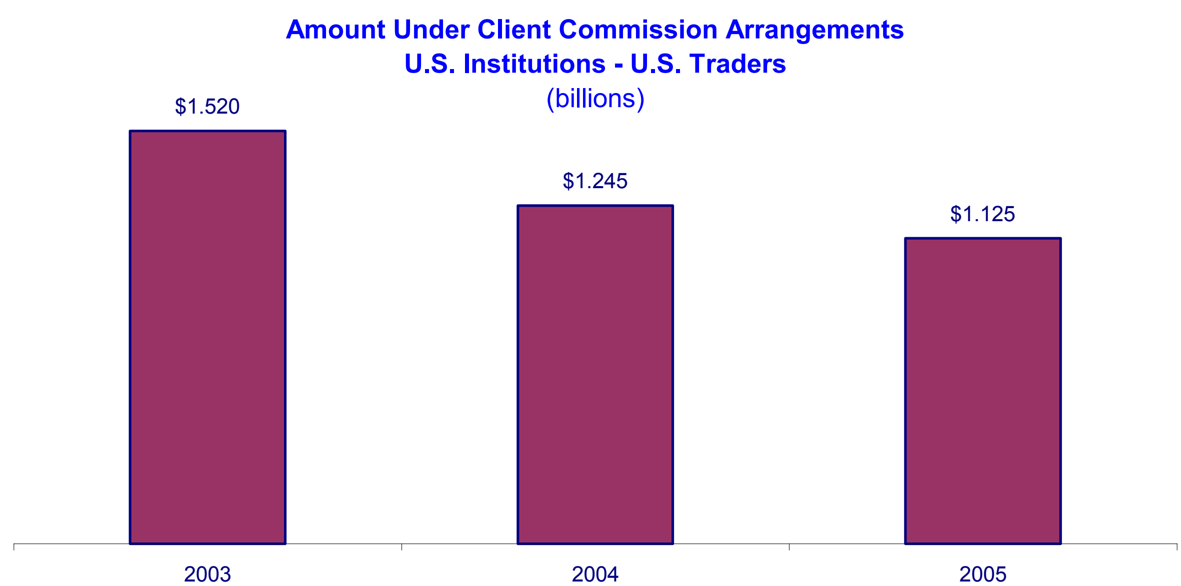
[16] James A. Bennett, Jr., Managing Director, Greenwich Associates, "Soft Dollars: 2005 Market Trends," presentation to the Securities Industry Association Soft Dollar and Institutional Brokerage Conference, September 19, 2005, www.sia.com/softdollars05/pdf/JayBennett.pdf.

represent 10% of total equity commissions in 2005, compared with 12% in 2003, with further drops expected in the next 12 months. The third graph shows a comparison of services paid for with client commissions versus cash by the money manager.



Source: Greenwich Associates, Presentation to Securities Industry Association Soft Dollar and Institutional Brokerage Conference, September 19, 2005, p. 1.

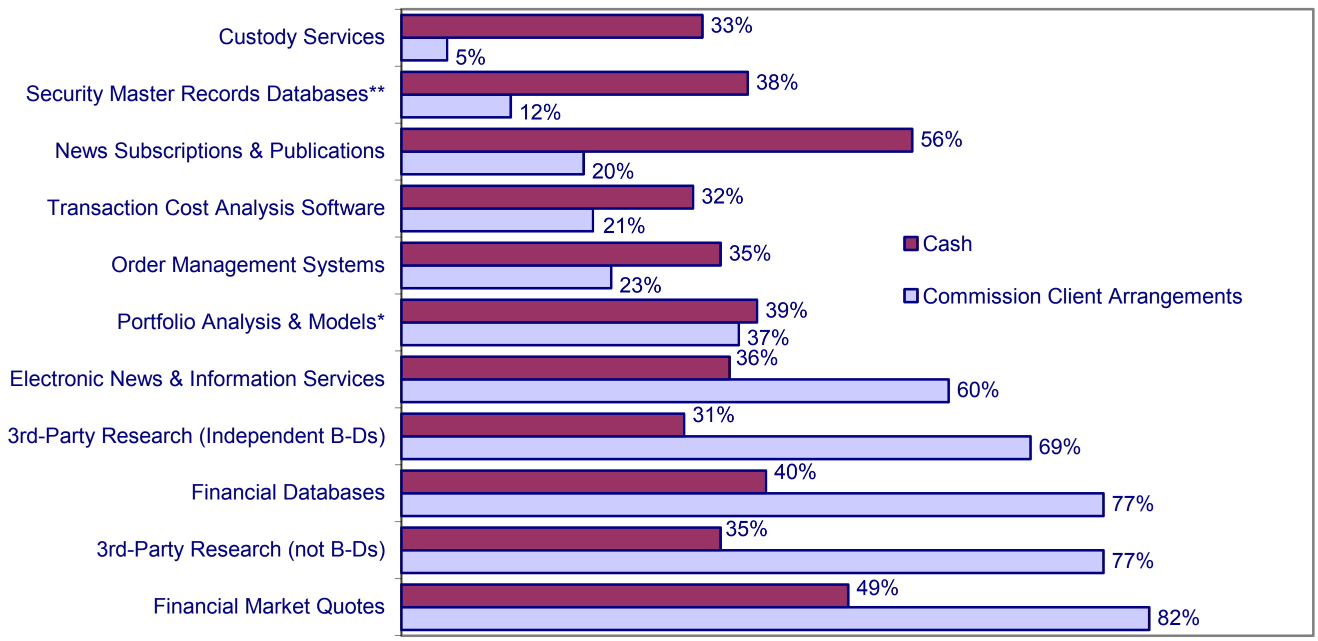
Note: Based on 242 institutional respondents in January/February 2005.



Source: Greenwich Associates, Presentation to Securities Industry Association Soft Dollar and Institutional Brokerage Conference, September 19, 2005, p. 3.

Note: Based on 239 institutions willing to disclose commissions and projected to a total universe of 396 institutions generating $11.3 billion in commissions.

Comparison of Services Paid for Via Client Commission Arrangements vs. Cash



Source: Greenwich Associates, Presentation to Securities Industry Association Soft Dollar and Institutional Brokerage Conference, September 19, 2005, p. 4.

Notes: * Including performance measurement software; index/peer universe data; and other models that aid in constructing and day-to-day management of portfolios.
** I.e., systems that house pricing feeds and individual security data.

SEC Draft Interpretive Guidance – The 2005 Release

The SEC issued its new draft guidance on Section 28(e), the 2005 Release, with "respect to: (i) the appropriate framework for analyzing whether a particular service falls within the 'brokerage and research services' safe harbor; (ii) the eligibility criteria for 'research'; (iii) the eligibility criteria for 'brokerage'; and, (iv) the appropriate treatment of 'mixed-usage' items."[17] The 2005 Release also covers (a) the need to make a good faith determination that the commissions paid are reasonable in relation to the value of services received and (b) third-party research and commission-sharing arrangements.

Analytical Framework

In the 2005 Release the SEC lays out a three-step process for analyzing whether a product or service falls within the Section 28(e) safe harbor. The money manager must: (1) determine whether the product of service falls within the specific statutory limits of Section 28(e)(3)(A), (B), or (C) (i.e., whether it is an eligible product or service)[18]; (2) determine whether the eligible product or service actually provides lawful and appropriate assistance; and (3) make a good-faith determination that the amount of client commissions paid is reasonable in light of the value of products and services provided by the broker-dealer.

[17] 2005 Release, pp. 20-21.

[18] See the Appendix for the text of Section 28(e) (3) (A), (B), and (C).

Eligibility Criteria for "Research Services" – To qualify as "research services" under Section 28(e) the product or service must determine that it constitutes "advice" as described in Section 28(e)(3)(A), or "analyses" or "reports" as described in Section 28(e)(3)(B). As for subject matter, the SEC stated that those listed in Section 28(e)(3)(A) and (B) also subsume topics related to securities and the financial markets, such as a report concerning political factors. To meet the criteria described above, the research product or service must provide substantive content – that is, the expression of reasoning or knowledge."[19] The method of delivery of such products and services (electronic or hard copy) was deemed irrelevant to the analysis of eligibility.

According to the 2005 Release, eligible research products and services would include, for example: traditional research reports analyzing a particular company or stock; certain financial and trade journals that relate to the subject matter described in the Section 28(e); quantitative analytical software that provides analysis of securities portfolios, provided that such software reflects the expression of reasoning or knowledge and relates to the subject matter described in Section 28(e); seminars or conferences where the content satisfies the criteria for eligible research products or services; and certain data services (i.e., that provide market data such as stock quotes, last sale prices and trading volumes, company financial data, or relevant economic data).

Products and services that do not reflect the expression of reasoning or knowledge, including products with inherently tangible or physical attributes (e.g., furniture or telephone lines), are not eligible under the safe harbor. Such ineligible products and services would include, for example: travel expenses, entertainment and meals associated with attending seminars or conferences; overhead expenses; salaries, including research staff; accounting fees or software; general legal expenses; membership dues and professional licensing fees; and computer hardware and computer accessories that may assist in the delivery of research.

To qualify for the safe harbor, a product or service must not only meet the specific criteria of Section 28(e) as described above, but also must provide the money manager with lawful and appropriate assistance in making investment decisions. This standard refers to how the manager uses the eligible research products and services. As an example, research that might qualify as eligible under the safe harbor, such as the analysis of performance of accounts, would become ineligible if used for marketing purposes. Finally, the money manager must make a good-faith determination that the amount of commissions paid by the client is reasonable in relation to the value of the research products and services received.

Eligibility Criteria for "Brokerage Services" – The 2005 Release states that Section 28(e)(3)(C) describes the brokerage products and services that are eligible under the safe harbor. Included are activities required to "effect" a securities transactions, as well as functions "incidental thereto" (such as clearance, settlement and custody) and services that are required by the SEC or self-regulatory organizations (SROs). The SEC also proposed the use of a "temporal standard" to distinguish between brokerage services which are eligible and those that are not. For the purpose of the safe harbor, the SEC proposed defining brokerage to begin when the money manager communicates with the broker-dealer for the purpose of transmitting an order for executions and to end when funds or securities are delivered or credited to the advised account or the account holder's agent.

[19] 2005 Release, p. 28.

The guidance in the 2005 Release describes brokerage products and services eligible for the 28(e) safe harbor to include:

- — communications services related to the execution, clearing, and settlement of securities transactions and other incidental functions, i.e., connectivity service between the money manager and the broker-dealer and other relevant parties such as custodians (including dedicated lines between the broker-dealer and the money manager's order management systems operated by a third-party vendor; dedicated lines providing direct dial-up service between the money manager and the trading desk at the broker-dealer; and messaging services used to transmit orders to broker-dealers for execution);
- — trading software operated by a broker-dealer to route orders to market centers and algorithmic trading software; and
- — post-trade brokerage services (such as post-trade matching; exchange of messages among broker-dealers, custodians and institutions; electronic communication of allocation instructions between institutions and broker-dealers; and routing instructions to custodian banks and broker-dealers' clearing agents).

The 2005 Release also describes products and services that would not qualify as eligible under Section 28(e), including: order management systems (whether developed in-house or obtained from third-party vendors); hardware, such as telephones or computer terminals; trade analytics, surveillance systems or compliance mechanisms; error correction trades or related services; and, generally, any other products and services properly described as overhead.

As with research products and services, the money manager must be able to show that the eligible brokerage product or service provides lawful and appropriate assistance in carrying out the manager's responsibilities, and the manager must make a good-faith determination that the amount of commissions paid is reasonable in relation to the value of the eligible products and services received.

"Mixed-Use" Items – The SEC reiterated its belief that money managers should use the mixed-use approach to use client commissions to pay for the eligible portion of a mixed-use item, and use their own funds to pay for the ineligible portion. The 2005 Release reiterates the 1986 Release's requirement that a money manager should make a reasonable allocation of the cost of the product according to its use, and that the manager must keep adequate books and records concerning allocations in order to make the necessary good-faith determination.

Third-Party Research and Commission-Sharing Arrangements – The 2005 Release would continue to allow money managers to use client commissions to pay for research produced by someone other than the executing broker-dealer (third-party research), provided that the broker-dealer has the direct legal obligation to pay for the research. Arrangements whereby the broker-dealer pays for research or brokerage services for which the money manager was obligated to pay continue to fall outside the Section 28(e) safe harbor.

The 2005 Release also discusses the requirement that the broker-dealer providing the research be involved in "effecting" the trade. The SEC refers to such arrangements in which the money manager executed the trade with one broker-dealer and obtains research or other services from a different broker-dealer as a commission-sharing arrangement. Such arrangements may fall under the safe harbor, provided that each broker-dealer plays a role in effecting the transaction that "goes beyond the mere provision of research services to the money manager."[20] The

[20] 2005 Release, p. 44.

commission-sharing arrangement must also be part of the "normal and legitimate correspondent" relationship in which each broker is engaged in securities activities. In such an arrangement, the introducing broker-dealer must at least:

1. be financially responsible to the clearing broker-dealer for all customer trades until the clearing broker-dealer has received payment (or securities), i.e., the introducing broker-dealer must be at risk to the clearing broker-dealer for its customers' failure to pay;
2. make and/or maintain records relating to its customer trades required by the SEC and SRO rules;
3. monitor and respond to customer comments concerning the trading process; and,
4. generally monitor trades and settlements.

The broker-dealer effecting the trade (if not providing research and brokerage services directly) must be legally obligated to a third-party producer of research or brokerage services to pay for the service ultimately provided to a money manager.

Request for Comments

The 2005 Release asks for comment on the proposed interpretive guidance, asking for commentators to address whether it accurately identifies industry practice for which guidance would be useful and whether there are any significant issues arising under Section 28(e) that the proposal does not address. In addition to asking whether the proposed guidance would affect the level and distribution costs among industry participants and, if so, would that be beneficial to investors or otherwise serve the public interest, the 2005 Release solicits comment on 10 specific questions.[21]

SIA Comment Letter on the 2005 Release

The SIA' s December 1 comment letter on the 2005 Release (SIA Comment Letter) was very supportive of the SEC's recognition that, "while client commission arrangements may pose potential conflicts of interest if not properly supervised and documented, they also provide significant benefits to money managers and their clients which enhance the investment decision-making process and facilitate best execution."[22] The SIA also supported the SEC's affirmation that the Section 28(e) safe harbor applies equally to third-party and proprietary research. In addition to more general concerns that certain of the new concepts of evaluating the eligibility of products and services for the safe harbor may require further guidance to be better understood, the SIA Comment Letter sets out views on how the guidance should apply to several areas of client commission practices, which are summarized below.

Safe Harbor Eligibility for Certain Products and Services

Order Management Systems – The SIA voices concern that Order Management Systems (OMS), which the 2005 Release deems ineligible for the safe harbor, are not discrete systems, but rather integrated fully with other eligible systems. Because the systems cannot function independently, the SIA Comment Letter proposes that OMS should be eligible as they are

[21] 2005 Release, pp.47-49.

[22] Securities Industry Association Comment Letter to the U.S. Securities and Exchange Commission Re. Proposed Guidance Regarding Client Commission Practices Under Section 28(e) of the Securities Exchange Act of 1934, December 1, 2005, www.sia.com/2005_comment_letters/9197.pdf ("SIA Comment Letter"), p. 1.

"subsumed by eligible services, or at least be subject to a mixed-use allocation (although such allocation might face practical measurement difficulties).

Trade Analytics – The 2005 Release's temporal standard for brokerage services would exclude post-trade analytics as an eligible brokerage service, as post-trade analytics are an "inherent part of the execution process for many managers and cannot be separated from their receipt of brokerage services."[23] The SIA points out that in certain cases (using an example of a volume average weighted price transaction), post-trade analytics are in essence a report card, showing how a broker-dealer performed its execution relative to its undertaking to the money manager. The SIA requests that the SEC allow trade analytics to be eligible for the safe harbor as brokerage services in appropriate circumstances as a matter of public policy.[24]

Custody – The SIA Comment Letter voiced concern that although explicitly mentioned as a permitted service under Section 28(e)(3)(C), the proposed temporal standard could be read to exclude custody services.

Legal Advice – Although general – and indeed most – legal services would be ineligible as a research service under the safe harbor, there are instances when legal advice should be subject to a utilization test rather than being automatically excluded. Legal advice may enhance investment decision-making at times when legal consideration may have a strong impact on the value of securities (either held or considered for investment). The SIA Comment Letter provides the examples of a money manager seeking legal advice on the "likely outcome of material pending litigation involving a subject company or on antitrust considerations in a pending merger or acquisition."[25] Such advice would constitute lawful and appropriate assistance and, with proper documentation, should be eligible for the safe harbor.

Mass-Marketed Publications – The 2005 Release does not restrict mass-marketed publications from being eligible research, although the FSA Final Rules appear to ban them completely. The SIA Comment Letter notes that although publicly available to all, industry-specific publications such as trade journals and technical publications are of great use to money managers in the investment decision-making process and therefore should be clearly delineated from true mass-marketed publications.

Temporal Standard

The SIA Comment Letter expresses concern over the new proposed temporal standard, suggesting the SEC reconsider its adoption, or at least be prepared to modify it, if adopted and unintended consequences arise. The SIA points out that the temporal standard does not take into account the ongoing and constant flow of ideas between broker-dealers and money managers that may or may not end in trade executions. If the SEC does decide to adopt a temporal standard, it should begin not with the communication of an order, but with "communication in contemplation of a possible order."[26] This would include such brokerage communications as indications of interest, willingness to commit capital or to provide volume weighted average price executions.

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[23] SIA Comment Letter, p. 4.

[24] The SIA asks that, "Even if the Commission clarifies…that trade analytics may qualify as research services, this would not obviate the desirability of similarly clarifying that trade analytics may qualify as brokerage services in the contexts we describe," SIA Comment Letter, p. 4.

[25] Ibid, p. 5.

[26] Ibid, p. 6.

Commission-Sharing Arrangements

The SIA Comment Letter discussed the SEC's efforts in crafting guidance that continues to preclude the paying of "give-ups"[27], while allowing client commission practices under normal and legitimate correspondent arrangements." Such a standard should "allow the money manager maximum flexibility to seek best execution of account transactions, while also making use of research that assists it in its investment decision-making."[28] The SIA suggested that all four conditions listed as required to qualify as permitted "do not need to be present to demonstrate that both the introducing broker and clearing broker played a role in effecting a securities transaction."[29] The SIA Comment Letter sets out the belief that the introducing broker and clearing broker may reasonably allocate each of the four conditions under normal and legitimate correspondent arrangements.

Cross-Border Harmonization

While pointing out several areas where differences remain (mass-marketed publications, raw market data and seminar fees, and commission-sharing arrangements, the SIA Comment Letter compliments the SEC's recognition that the world's markets have become more closely interconnected and therefore has taken the FSA's work into account. The SIA encourages regulators to continue to work together to narrow remaining differences as much as practicable.

Implementation

The SIA Comment Letter notes that the 2005 Release would amend the SEC's interpretation of Section 28(e) in regard to research and add the definition of brokerage services. Implementation of such changes would require significant changes in operations, relationships and documentations. Therefore, the SIA asks for at least one year for the industry to implement the amendments that are finally adopted by the Commission.

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The 2005 Release is most likely only the first step, as the SEC has made it clear that it is also concerned about the lack of transparency with regard to client commission practices. The NASD Task Force Report called for improved disclosure[30], as did the 2005 Release in noting that the SEC "recognizes that improvements may be necessary in disclosure and documentation of client commission practices," and that it "will evaluate whether further action is necessary" in those areas[31]. Market participants will therefore have to wait and see not only how the SEC responds to the many received comments on the 2005 Release, but also what other kinds of proposals concerning client commission arrangements may emerge in the future.

Kyle L Brandon
Vice President and Director, Securities Research

[27] The 1976 Release confirmed that "money managers may not direct brokers employed by them to 'give-up' part of the commission negotiated by the broker and money manager to another broker designated by the money manager for whom the executing or clearing broker is not a normal and legitimate correspondent," 2005 Release, p. 42 (footnote 124).

[28] SIA Comment Letter, p. 7.

[29] Ibid. See page 8 in this report for a discussion of the 2005 Release's commission-sharing guidance, including the four conditions.

[30] NASD Task Force Report, p. 5.

[31] 2005 Release, p. 24 (footnote 72).

APPENDIX

Section 28(e) of the Securities and Exchange Act of 1934 established a safe harbor allowing a money manager to use commissions under certain circumstances on clients' securities trades to purchase brokerage and research services without breaching its fiduciary responsibility to clients. Section 28(e) refers to the conduct of all persons who exercise investment discretion, including investment advisers, mutual fund portfolio managers, fiduciaries of bank trust funds, and money managers of pension plans and hedge funds.[32] The relevant portions of Section 28(e) states:

> (1) No person…in exercise of investment discretion with respect to an account shall be deemed to have acted unlawfully or to have breached a fiduciary duty…solely by reason of his having caused the account to pay a member of an exchange, broker, or dealer an amount of commission for effecting a securities transaction in excess of the amount of commission another member of an exchange, broker, or dealer would have charged for effecting that transaction, if such person determined in good faith that such amount of commission was reasonable in relation to the value of the brokerage and research services provided by such member, broker, or dealer, views in terms of either that particular transaction or his overall responsibilities with respect to the accounts to which he exercises investment discretion.
>
> (3) For purposes of this subsection a person provides brokerage and research services insofar as he:
>
> (A) furnishes advice, either directly or through publications or writings, as to the value of securities, the advisability of investing in, purchasing, or selling securities, and the availability of securities or purchasers or sellers of securities;
>
> (B) furnishes analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts; or
>
> (C) effects securities transactions and performs functions incidental thereto (such as clearance, settlement, and custody) or required in connection therewith by rules of the Commission or a self-regulatory organization of which such person is a member or person associated with a member, or in which such person is a participant.

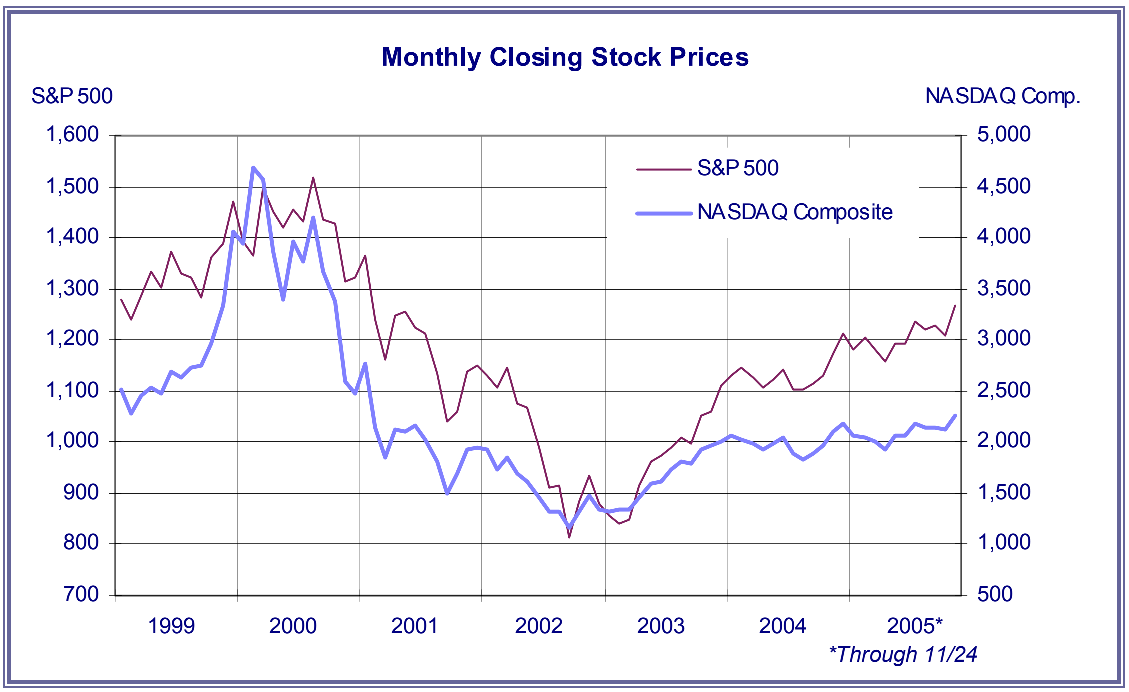
[32] This description is drawn from "Legal Update: SEC Offers Additional Guidance on 'Soft Dollars'," Reed Smith LLP, October 2005, p. 2.

MONTHLY STATISTICAL REVIEW

U.S. Equity Market Activity

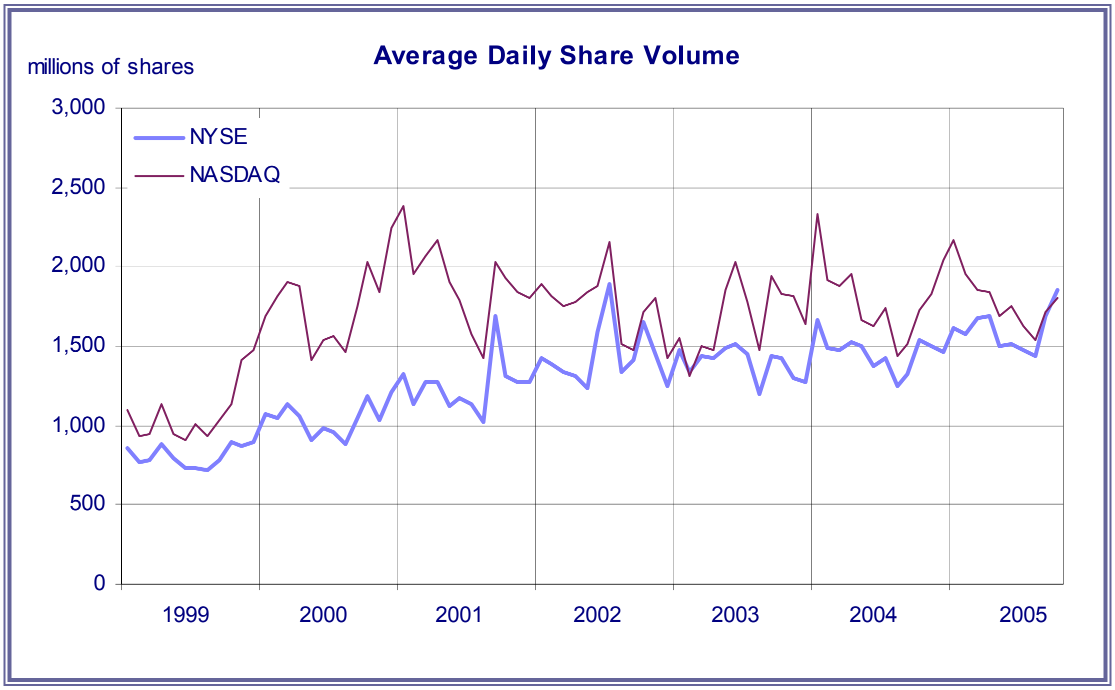
S*tock Prices* – The three major market indices slumped to their lowest levels in five months during October, as inflation fears and higher long-term interest rates spooked investors. Contributing to the market's decline was tax-related selling of money-losing stocks by mutual funds before finishing their fiscal years on October 31. Despite a rally in the final week of the month, U.S. stocks lost ground in October. The Dow Jones Industrial Average fell 1.2% to 10440.07, the S&P 500 index dropped 1.8% to 1207.01, and the Nasdaq Composite index lost 1.5% to 2120.30. All three indices ended the first 10 months of 2005 in negative territory.

On a brighter note, the market's late October rally continued well into November. By Thanksgiving, falling energy prices, declining long-term interest rates, and positive third-quarter corporate earnings reports helped push the Nasdaq Composite and S&P 500 to fresh 4½-year highs and the DJIA to its best close since March. Through November 24, Nasdaq stocks gained 6.6% for the month, while the S&P 500 increased 4.9%, and the DJIA rose 4.6%. As a result, all major indices are now showing gains for the year, with the S&P 500 and Nasdaq Composite up around 4%, and the DJIA up over 1%.



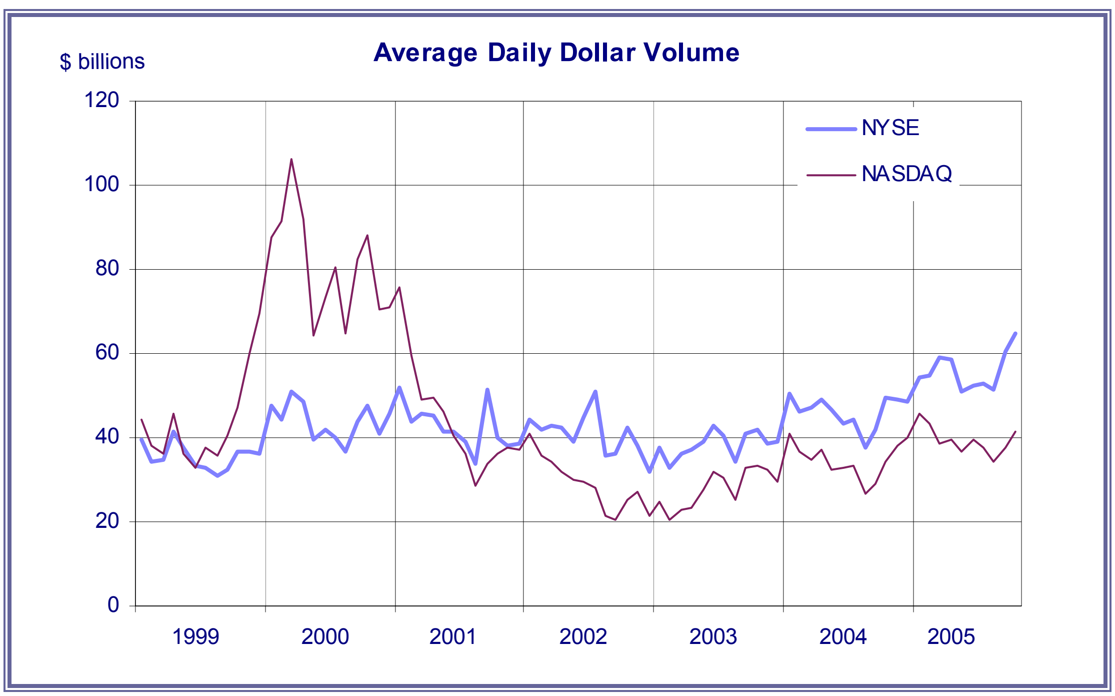
Share Volume – Trading activity on the New York Stock Exchange and Nasdaq was brisk in October. Average daily share volume on the NYSE climbed 9.7% in October to 1.847 billion, the second best month ever behind July 2002's monthly record 1.886 billion shares. On Nasdaq, average daily share volume rose for a second straight month to 1.796 billion in October. While that represented a 4.6% increase from September's level, it was still nearly 25% below the record 2.387 billion reached in January of 2001.

Through the first 10 months of 2005, NYSE average daily share volume was 1.603 billion, or 10.4% above the 1.452 billion in last year's comparable period. Meanwhile, Nasdaq average daily share volume of 1.787 billion was up 0.8% from the 1.773 billion in the same period last year.

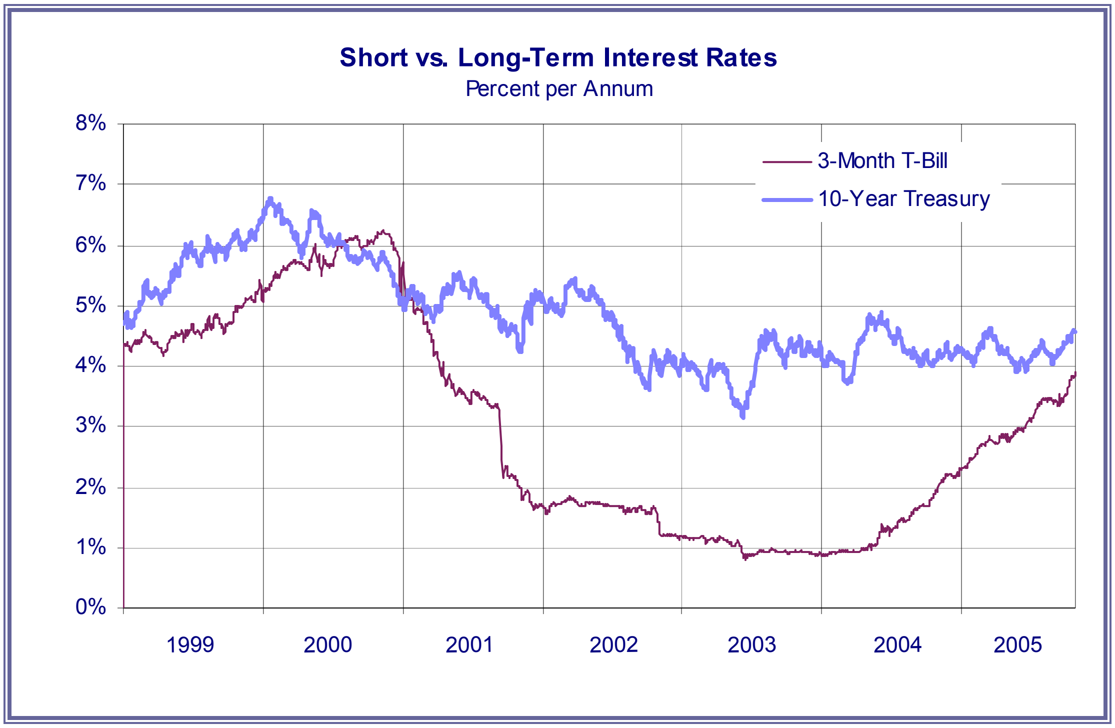


Dollar Volume – During October, increased trading activity led to higher dollar volumes on both the NYSE and Nasdaq. The average daily value of trading on the NYSE reached a record $64.6 billion in October, up 6.6% from September's $60.6 billion and marking the NYSE's second consecutive record month in terms of dollar volume. The value of shares traded on Nasdaq increased for the third consecutive month to $41.7 billion in October, an 11.2% increase over September's level.

On a year-to-date basis, NYSE average daily dollar volume through October was $55.9 billion, up 22.7% from $45.6 billion in the same period a year ago. Nasdaq dollar volume year-to-date, at $39.3 billion, is up 16.5% from $33.7 billion in 2004's comparable period.

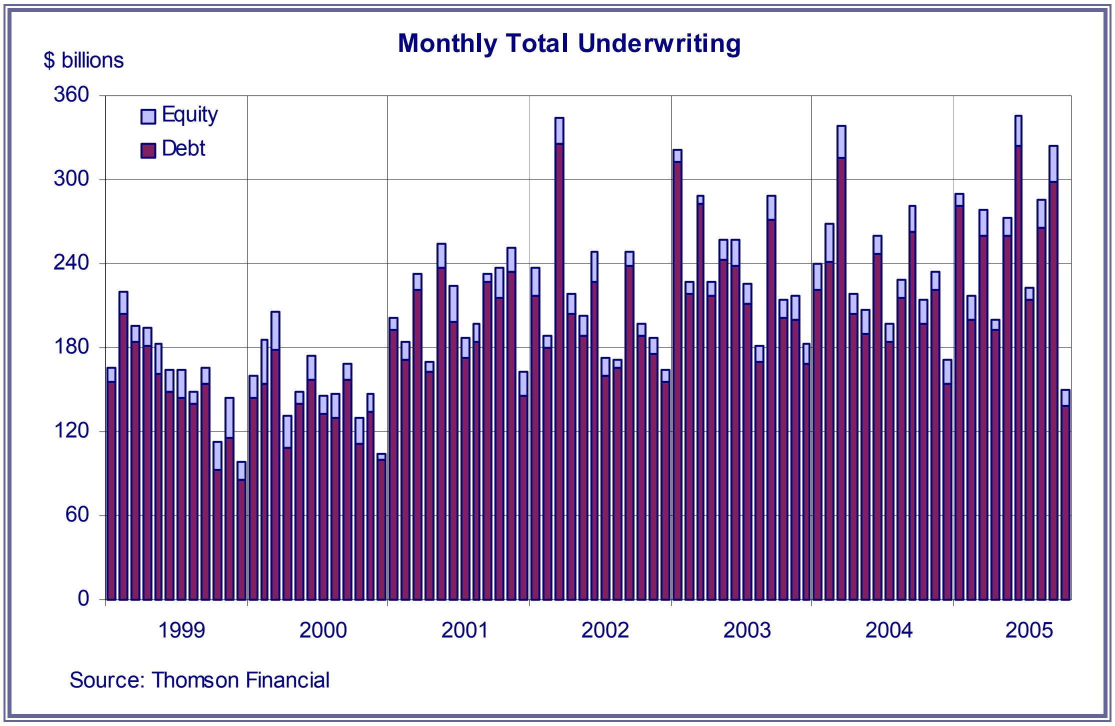


Interest Rates – Both short- and long-term interest rates rose in October, partly due to concerns that higher energy prices could fuel inflation and restrain consumer spending. The yield on the benchmark 10-year Treasury note, which has trended upward since early September, hit a seven-month high late in October and ended at 4.57%, up 23 basis points (bps) from the previous month's close. Meanwhile, the yield on three-month T-bills climbed to a 4½-year high of 3.89% at October's close, up 42 bps for the month. As a result, the difference in yield between three-month and 10-year Treasuries narrowed to 68 bps in October from 87 bps in September and 218 bps a year ago.



U.S. Underwriting Activity

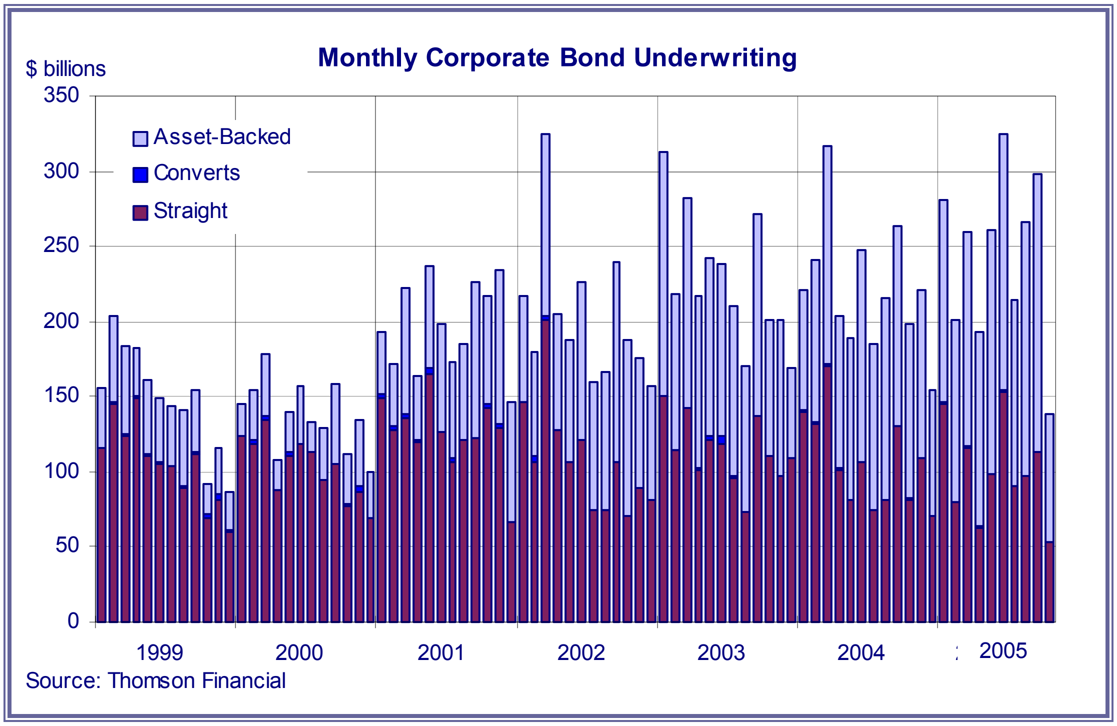
New securities issuance weakened considerably in October, reflecting lackluster stock market performance and a rising interest rate environment. Total underwriting activity tumbled 53.9% to $149.6 billion in October from September's $324.3 billion, and marked the lowest monthly total since December 2000. Declines were seen across-the-board, as both debt and equity underwriting activity slumped 54% in October from prior-month levels. Despite the sharp cutback in October, total underwriting through the first 10 months of 2005 increased 5.5% to $2.59 billion from $2.45 billion in last year's comparable period.



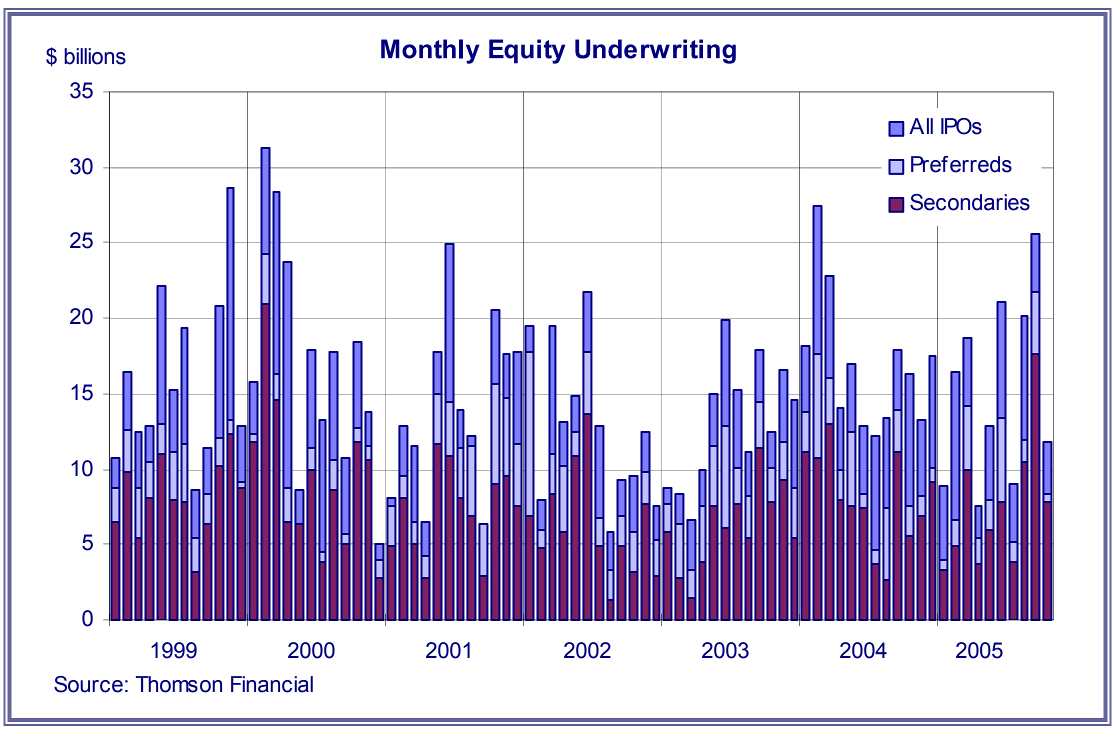
Corporate Bond Underwriting – In October, overall corporate debt underwriting activity sank to its lowest level since December 2000, with issuance of both straight and asset-backed debt plunging over 50% to new 2005 monthly lows. Total corporate debt underwriting slumped 53.8% in October to $137.9 billion from $298.7 billion in September. Despite October's decline, the year-to-date total of $2.44 trillion remains 6.8% above the $2.28 trillion raised during the same period last year.

Asset-backed debt offerings tumbled to $84.1 billion in October, a 54.6% decline from September's level. Nonetheless, asset-backed debt issuance year-to-date, at $1.42 trillion, has already exceeded its previous annual issuance record of $1.37 trillion set in 2004.

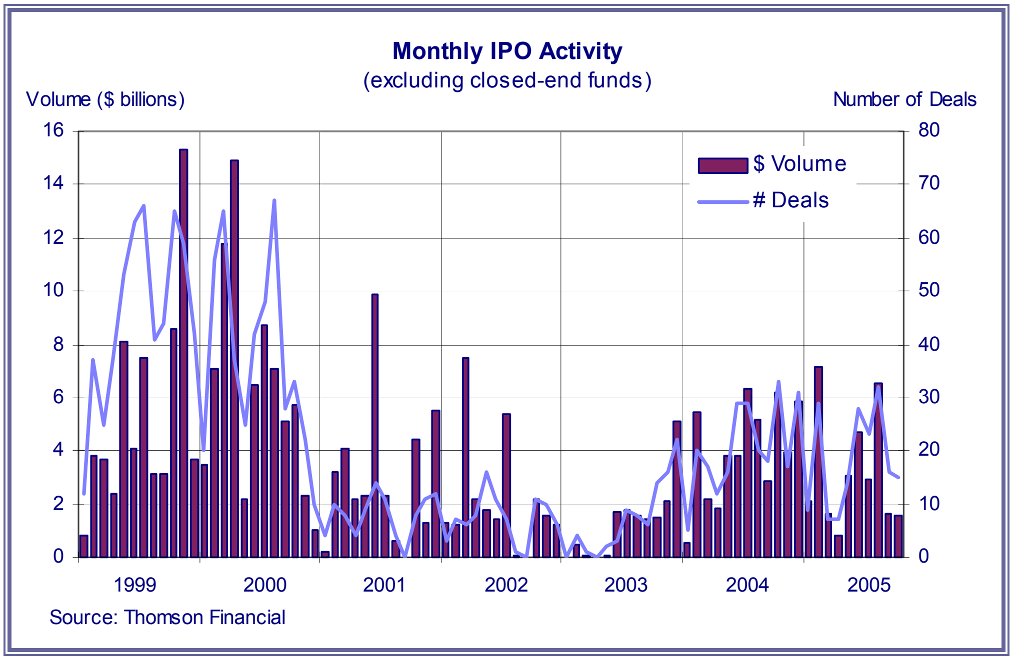
Straight corporate debt issuance plunged 52.6% in October to $53.8 billion from $113.6 billion in September. That brought the year-to-date total to $1.01 trillion, down 8.0% from $1.10 trillion in last year's comparable period.



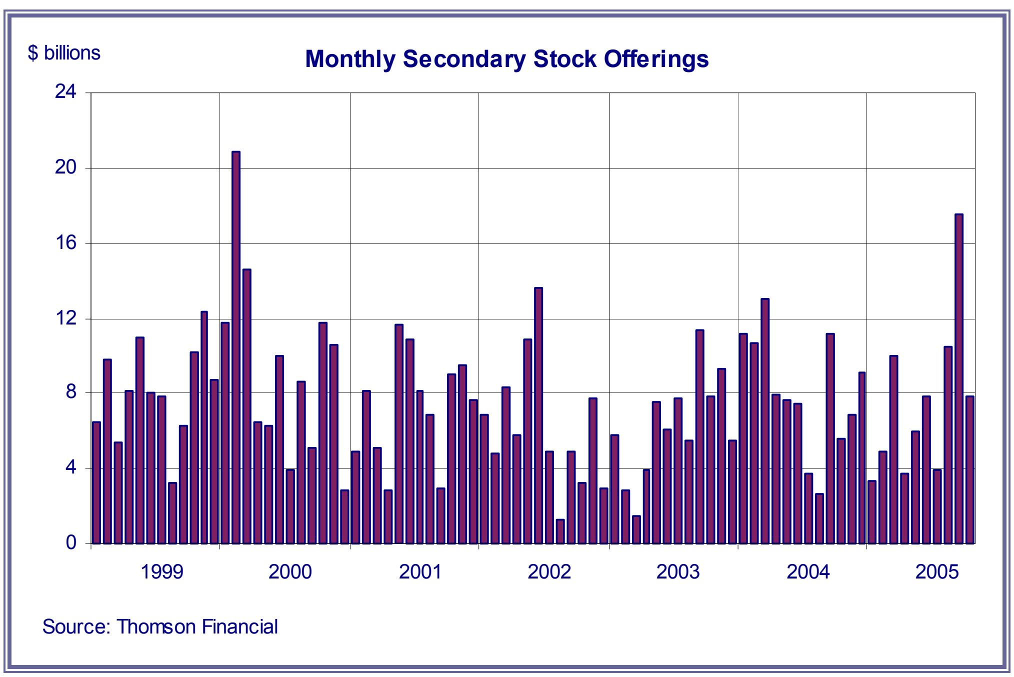
Equity Underwriting – After climbing to a new 2005 monthly high of $25.6 billion in September, total equity issuance sank 53.9% to $11.8 billion in October, its slowest pace in three months. Equity underwriting activity so far this year is down 11.8% to $151.8 billion, from $172.1 billion in last year's first 10 months.



Initial Public Offerings (IPOs) – IPO dollar volume in October was flat versus September, as a mere $1.6 billion was raised in both months. Year-to-date through October, $32.0 billion was raised in this market, a 15.9% decline from the $38.1 billion raised during last year's comparable period. The IPO market picked up somewhat in November, with around $3.3 billion raised through November 22. Still, it looks like the fourth quarter of 2005 will turn out to be the slowest quarter of the year.



Common stock secondary offerings sank 55.7% in October to $7.8 billion from a 2005 monthly high of $17.6 billion in September. Secondary stock issuance year-to-date, at $75.5 billion, is down 6.5% from $80.8 billion in the same year-earlier period.



Grace Toto
Vice President and Director, Statistics

U.S. CORPORATE UNDERWRITING ACTIVITY

(In $ Billions)

	Straight Corporate Debt	Con-vertible Debt	Asset-Backed Debt	TOTAL **DEBT**	Common Stock	Preferred Stock	TOTAL **EQUITY**	All IPOs	"True" IPOs	Secondaries	**TOTAL UNDER-WRITINGS**
1985	76.4	7.5	20.8	104.7	24.7	8.6	33.3	8.5	8.4	16.2	138.0
1986	149.8	10.1	67.8	227.7	43.2	13.9	57.1	22.3	18.1	20.9	284.8
1987	117.8	9.9	91.7	219.4	41.5	11.4	52.9	24.0	14.3	17.5	272.3
1988	120.3	3.1	113.8	237.2	29.7	7.6	37.3	23.6	5.7	6.1	274.5
1989	134.1	5.5	135.3	274.9	22.9	7.7	30.6	13.7	6.1	9.2	305.5
1990	107.7	4.7	176.1	288.4	19.2	4.7	23.9	10.1	4.5	9.0	312.3
1991	203.6	7.8	300.0	511.5	56.0	19.9	75.9	25.1	16.4	30.9	587.4
1992	319.8	7.1	427.0	753.8	72.5	29.3	101.8	39.6	24.1	32.9	855.7
1993	448.4	9.3	474.8	932.5	102.4	28.4	130.8	57.4	41.3	45.0	1,063.4
1994	381.2	4.8	253.5	639.5	61.4	15.5	76.9	33.7	28.3	27.7	716.4
1995	466.0	6.9	152.4	625.3	82.0	15.1	97.1	30.2	30.0	51.8	722.4
1996	564.8	9.3	252.9	827.0	115.5	36.5	151.9	50.0	49.9	65.5	979.0
1997	769.8	8.5	385.6	1,163.9	120.2	33.3	153.4	44.2	43.2	75.9	1,317.3
1998	1,142.5	6.3	566.8	1,715.6	115.0	37.8	152.7	43.7	36.6	71.2	1,868.3
1999	1,264.8	16.1	487.1	1,768.0	164.3	27.5	191.7	66.8	64.3	97.5	1,959.8
2000	1,236.2	17.0	393.4	1,646.6	189.1	15.4	204.5	76.1	75.8	112.9	1,851.0
2001	1,511.2	21.6	832.5	2,365.4	128.4	41.3	169.7	40.8	36.0	87.6	2,535.1
2002	1,303.2	8.6	1,115.4	2,427.2	116.4	37.6	154.0	41.2	25.8	75.2	2,581.1
2003	1,370.7	10.6	1,352.3	2,733.6	118.5	37.8	156.3	43.7	15.9	74.8	2,889.9
2004	1,278.4	5.5	1,372.3	2,656.2	169.6	33.2	202.7	72.8	47.9	96.7	2,859.0
2004											
Jan	139.4	1.4	80.3	221.1	15.6	2.6	18.2	4.4	0.5	11.2	239.2
Feb	132.2	0.7	108.1	240.9	20.5	6.9	27.4	9.8	5.4	10.7	268.2
Mar	170.5	0.6	145.2	316.2	19.8	3.1	22.8	6.7	2.2	13.0	339.1
Apr	101.6	0.3	101.9	203.9	12.0	2.1	14.1	4.1	1.8	7.9	218.0
May	81.4	0.1	108.1	189.6	12.2	4.8	17.0	4.6	3.8	7.6	206.6
June	107.0	0.0	140.6	247.6	11.8	1.0	12.9	4.5	3.8	7.4	260.5
July	74.2	0.0	110.7	184.9	11.2	1.0	12.2	7.5	6.3	3.7	197.1
Aug	81.0	0.0	134.7	215.7	8.6	4.8	13.4	6.0	5.2	2.6	229.1
Sept	130.5	0.6	132.1	263.2	15.2	2.7	17.9	4.0	2.8	11.2	281.1
Oct	81.0	1.1	115.6	197.7	14.4	1.9	16.3	8.8	6.2	5.6	214.0
Nov	108.7	0.4	111.7	220.9	11.8	1.3	13.1	5.0	4.0	6.9	234.0
Dec	70.9	0.3	83.5	154.6	16.5	1.0	17.5	7.4	5.8	9.1	172.1
2005											
Jan	145.6	0.2	135.5	281.3	8.2	0.7	8.9	4.9	2.1	3.3	290.2
Feb	80.4	0.0	120.1	200.5	14.7	1.7	16.4	9.8	7.1	4.9	216.9
Mar	116.0	0.5	142.8	259.3	14.4	4.3	18.7	4.4	1.6	10.0	278.0
Apr	62.4	0.8	129.1	192.3	6.0	1.6	7.6	2.2	0.8	3.8	199.9
May	98.9	0.0	161.6	260.5	10.8	2.0	12.8	4.9	3.0	6.0	273.3
June	152.5	2.0	169.9	324.4	15.6	5.5	21.1	7.7	4.7	7.9	345.5
July	90.9	0.0	123.6	214.5	7.7	1.3	9.0	3.8	3.0	3.9	223.4
Aug	97.3	0.0	168.8	266.2	18.7	1.4	20.1	8.3	6.6	10.5	286.3
Sept	113.6	0.0	185.1	298.7	21.4	4.2	25.6	3.8	1.6	17.6	324.3
Oct	53.8	0.0	84.1	137.9	11.2	0.6	11.8	3.4	1.6	7.8	149.6
YTD '04	1,098.8	4.8	1,177.2	2,280.7	141.2	30.9	172.1	60.4	38.1	80.8	2,452.8
YTD '05	1,011.3	3.5	1,420.7	2,435.5	128.7	23.1	151.8	53.2	32.0	75.5	2,587.4
% Change	-8.0%	-26.5%	20.7%	6.8%	-8.9%	-25.1%	-11.8%	-12.1%	-15.9%	-6.5%	5.5%

Note: IPOs and secondaries are subsets of common stock. “True” IPOs exclude closed-end funds.
Source: Thomson Financial

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	10-Year Treasuries	SPREAD
1985	10.2	150.8	161.0	17.6	22.8	40.4	201.4	7.47	10.62	3.15
1986	10.0	92.6	102.6	23.1	22.6	45.7	148.3	5.97	7.68	1.71
1987	7.1	64.4	71.5	16.3	14.2	30.5	102.0	5.78	8.39	2.61
1988	7.6	78.1	85.7	19.2	12.7	31.9	117.6	6.67	8.85	2.18
1989	9.2	75.8	85.0	20.7	17.2	37.9	122.9	8.11	8.49	0.38
1990	7.6	78.4	86.0	22.7	17.5	40.2	126.2	7.50	8.55	1.05
1991	11.0	102.1	113.1	29.8	28.1	57.9	171.0	5.38	7.86	2.48
1992	12.5	139.0	151.6	32.5	49.0	81.5	233.1	3.43	7.01	3.58
1993	20.0	175.6	195.6	35.6	56.7	92.4	287.9	3.00	5.87	2.87
1994	15.0	89.2	104.2	34.5	23.2	57.7	161.9	4.25	7.09	2.84
1995	13.5	81.7	95.2	27.6	32.2	59.8	155.0	5.49	6.57	1.08
1996	15.6	100.1	115.7	31.3	33.2	64.5	180.2	5.01	6.44	1.43
1997	12.3	130.2	142.6	35.5	36.5	72.0	214.6	5.06	6.35	1.29
1998	21.4	165.6	187.0	43.7	49.0	92.8	279.8	4.78	5.26	0.48
1999	14.3	134.9	149.2	38.5	31.3	69.8	219.0	4.64	5.65	1.01
2000	13.6	116.2	129.7	35.0	29.3	64.3	194.0	5.82	6.03	0.21
2001	17.6	164.2	181.8	45.5	56.3	101.8	283.5	3.39	5.02	1.63
2002	19.5	210.5	230.0	52.3	73.1	125.4	355.4	1.60	4.61	3.01
2003	21.1	215.8	236.9	54.7	87.7	142.4	379.3	1.01	4.02	3.00
2004	17.2	209.8	227.1	51.5	77.7	129.2	356.3	1.37	4.27	2.90
2004										
Jan	0.7	10.4	11.1	3.6	5.7	9.3	20.4	0.88	4.15	3.27
Feb	1.0	13.0	14.1	4.8	7.7	12.5	26.5	0.93	4.08	3.15
Mar	2.7	19.7	22.4	5.6	10.5	16.1	38.5	0.94	3.83	2.89
Apr	1.0	18.1	19.0	3.5	8.2	11.8	30.8	0.94	4.35	3.41
May	1.4	28.0	29.5	3.1	4.7	7.8	37.2	1.02	4.72	3.70
June	1.3	24.0	25.3	4.5	5.4	9.8	35.1	1.27	4.73	3.46
July	1.8	14.6	16.5	5.1	3.7	8.9	25.3	1.33	4.50	3.17
Aug	0.6	15.5	16.1	4.0	7.6	11.6	27.7	1.48	4.28	2.80
Sept	1.7	13.2	14.9	5.3	4.8	10.1	25.0	1.65	4.13	2.48
Oct	2.4	17.7	20.0	5.3	6.5	11.8	31.9	1.76	4.10	2.34
Nov	1.1	17.2	18.3	2.3	4.6	6.8	25.1	2.07	4.19	2.12
Dec	1.5	18.5	20.0	4.5	8.3	12.7	32.7	2.19	4.23	2.04
2005										
Jan	1.0	11.7	12.7	3.6	6.6	10.1	22.8	2.33	4.22	1.89
Feb	1.5	15.6	17.1	4.5	9.2	13.6	30.7	2.54	4.17	1.63
Mar	1.2	24.1	25.3	7.2	12.5	19.7	45.0	2.74	4.50	1.76
Apr	1.9	16.5	18.3	5.1	7.9	13.0	31.4	2.76	4.34	1.58
May	1.3	21.1	22.4	4.1	9.5	13.6	36.0	2.84	4.14	1.30
June	2.4	25.7	28.1	7.1	9.3	16.4	44.6	2.97	4.00	1.03
July	1.5	21.4	22.9	3.8	7.1	10.8	33.7	3.22	4.18	0.96
Aug	1.3	21.7	23.0	4.3	6.5	10.8	33.8	3.44	4.26	0.82
Sept	2.2	17.0	19.2	4.9	6.7	11.6	30.8	3.42	4.20	0.78
Oct	2.5	19.9	22.4	3.1	3.3	6.4	28.8	3.71	4.46	0.75
YTD '04	14.6	174.2	188.8	44.7	64.9	109.7	298.4	1.22	4.29	3.07
YTD '05	16.7	194.7	211.4	47.7	78.5	126.2	337.6	3.00	4.25	1.25
% Change	14.6%	11.8%	12.0%	6.6%	21.0%	15.1%	13.1%	145.7%	-0.9%	-59.2%

Sources: Thomson Financial; 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	1,285.66	324.93	109.2	8.3	82.1	3.9	0.9
1986	1,895.95	242.17	1,465.31	348.83	141.0	11.8	113.6	5.4	1.5
1987	1,938.83	247.08	1,461.61	330.47	188.9	13.9	149.8	7.4	2.0
1988	2,168.57	277.72	1,652.25	381.38	161.5	9.9	122.8	5.4	1.4
1989	2,753.20	353.40	2,062.30	454.82	165.5	12.4	133.1	6.1	1.7
1990	2,633.66	330.22	1,908.45	373.84	156.8	13.2	131.9	5.2	1.8
1991	3,168.83	417.09	2,426.04	586.34	178.9	13.3	163.3	6.0	2.7
1992	3,301.11	435.71	2,539.92	676.95	202.3	14.2	190.8	6.9	3.5
1993	3,754.09	466.45	2,739.44	776.80	264.5	18.1	263.0	9.0	5.3
1994	3,834.44	459.27	2,653.37	751.96	291.4	17.9	295.1	9.7	5.8
1995	5,117.12	615.93	3,484.15	1,052.13	346.1	20.1	401.4	12.2	9.5
1996	6,448.27	740.74	4,148.07	1,291.03	412.0	22.1	543.7	16.0	13.0
1997	7,908.25	970.43	5,405.19	1,570.35	526.9	24.4	647.8	22.8	17.7
1998	9,181.43	1,229.23	6,299.93	2,192.69	673.6	28.9	801.7	29.0	22.9
1999	11,497.12	1,469.25	6,876.10	4,069.31	808.9	32.7	1,081.8	35.5	43.7
2000	10,786.85	1,320.28	6,945.57	2,470.52	1,041.6	52.9	1,757.0	43.9	80.9
2001	10,021.50	1,148.08	6,236.39	1,950.40	1,240.0	65.8	1,900.1	42.3	44.1
2002	8,341.63	879.82	5,000.00	1,335.51	1,441.0	63.7	1,752.8	40.9	28.8
2003	10,453.92	1,111.92	6,440.30	2,003.37	1,398.4	67.1	1,685.5	38.5	28.0
2004	10,783.01	1,211.92	7,250.06	2,175.44	1,456.7	65.6	1,801.3	46.1	34.6
2004									
Jan	10,488.07	1,131.13	6,551.63	2,066.15	1,663.1	83.5	2,331.7	50.3	40.9
Feb	10,583.92	1,144.94	6,692.37	2,029.82	1,481.2	75.6	1,917.2	46.3	36.5
Mar	10,357.70	1,126.21	6,599.06	1,994.22	1,477.5	77.3	1,880.6	47.1	34.9
Apr	10,225.57	1,107.30	6,439.42	1,920.15	1,524.7	78.3	1,950.8	49.0	37.3
May	10,188.45	1,120.68	6,484.72	1,986.74	1,500.0	72.1	1,663.6	46.9	32.3
June	10,435.48	1,140.84	6,602.99	2,047.79	1,371.4	57.4	1,623.3	43.5	32.9
July	10,139.71	1,101.72	6,403.15	1,887.36	1,418.1	54.1	1,734.8	44.1	33.2
Aug	10,173.92	1,104.24	6,454.22	1,838.10	1,243.5	49.9	1,431.0	37.7	26.7
Sept	10,080.27	1,114.58	6,570.25	1,896.84	1,322.2	52.7	1,510.7	41.8	29.1
Oct	10,027.47	1,130.20	6,692.71	1,974.99	1,543.5	61.3	1,730.7	49.5	34.5
Nov	10,428.02	1,173.82	7,005.72	2,096.81	1,494.4	68.5	1,827.6	49.0	38.0
Dec	10,783.01	1,211.92	7,250.06	2,175.44	1,463.3	63.3	2,042.2	48.4	39.9
2005									
Jan	10,489.94	1,181.27	7,089.83	2,062.41	1,618.4	62.5	2,172.3	54.1	45.5
Feb	10,766.23	1,203.60	7,321.23	2,051.72	1,578.2	62.7	1,950.2	54.5	43.2
Mar	10,503.76	1,180.59	7,167.53	1,999.23	1,682.6	66.7	1,849.0	59.1	38.8
Apr	10,192.51	1,156.85	7,008.32	1,921.65	1,692.8	61.7	1,839.2	58.8	39.6
May	10,467.48	1,191.50	7,134.33	2,068.22	1,502.1	52.9	1,685.6	50.8	36.6
June	10,274.97	1,191.33	7,217.78	2,056.96	1,515.8	58.0	1,747.9	52.5	39.4
July	10,640.91	1,234.18	7,476.66	2,184.83	1,478.9	58.8	1,621.8	53.1	37.8
Aug	10,481.60	1,220.33	7,496.09	2,152.09	1,441.4	61.9	1,538.9	51.3	34.1
Sept	10,568.70	1,228.81	7,632.98	2,151.69	1,683.0	70.5	1,716.5	60.6	37.5
Oct	10,440.07	1,207.01	7,433.12	2,120.30	1,846.7	72.7	1,796.3	64.6	41.7
YTD '04	10,027.47	1,130.20	6,692.71	1,974.99	1,452.3	66.0	1,773.3	45.6	33.7
YTD '05	10,440.07	1,207.01	7,433.12	2,120.30	1,603.2	62.8	1,786.9	55.9	39.3
% Change	4.1%	6.8%	11.1%	7.4%	10.4%	-4.9%	0.8%	22.7%	16.5%

MUTUAL FUND ASSETS
($ Billions)

MUTUAL FUND NET NEW CASH FLOW*
($ Billions)

	Assets: Equity	Assets: Hybrid	Assets: Bond	Assets: Money Market	**TOTAL ASSETS**	Cash Flow: Equity	Cash Flow: Hybrid	Cash Flow: Bond	Cash Flow: Money Market	**TOTAL**	Total Long-Term Funds
1985	116.9	12.0	122.6	243.8	495.4	8.5	1.9	63.2	-5.4	68.2	73.6
1986	161.4	18.8	243.3	292.2	715.7	21.7	5.6	102.6	33.9	163.8	129.9
1987	180.5	24.2	248.4	316.1	769.2	19.0	4.0	6.8	10.2	40.0	29.8
1988	194.7	21.1	255.7	338.0	809.4	-16.1	-2.5	-4.5	0.1	-23.0	-23.1
1989	248.8	31.8	271.9	428.1	980.7	5.8	4.2	-1.2	64.1	72.8	8.8
1990	239.5	36.1	291.3	498.3	1,065.2	12.8	2.2	6.2	23.2	44.4	21.2
1991	404.7	52.2	393.8	542.5	1,393.2	39.4	8.0	58.9	5.5	111.8	106.3
1992	514.1	78.0	504.2	546.2	1,642.5	78.9	21.8	71.0	-16.3	155.4	171.7
1993	740.7	144.5	619.5	565.3	2,070.0	129.4	39.4	73.3	-14.1	228.0	242.1
1994	852.8	164.5	527.1	611.0	2,155.4	118.9	20.9	-64.6	8.8	84.1	75.2
1995	1,249.1	210.5	598.9	753.0	2,811.5	127.6	5.3	-10.5	89.4	211.8	122.4
1996	1,726.1	252.9	645.4	901.8	3,526.3	216.9	12.3	2.8	89.4	321.3	232.0
1997	2,368.0	317.1	724.2	1,058.9	4,468.2	227.1	16.5	28.4	102.1	374.1	272.0
1998	2,978.2	364.7	830.6	1,351.7	5,525.2	157.0	10.2	74.6	235.3	477.1	241.8
1999	4,041.9	383.2	808.1	1,613.1	6,846.3	187.7	-12.4	-5.5	193.6	363.4	169.8
2000	3,962.0	346.3	811.1	1,845.2	6,964.7	309.4	-30.7	-49.8	159.6	388.6	228.9
2001	3,418.2	346.3	925.1	2,285.3	6,975.0	31.9	9.5	87.7	375.6	504.8	129.2
2002	2,667.0	327.4	1,124.9	2,272.0	6,391.3	-27.7	8.6	140.3	-46.7	74.5	121.2
2003	3,684.8	436.7	1,240.9	2,051.7	7,414.1	152.3	32.6	31.0	-258.5	-42.6	215.8
2004	4,384.1	519.3	1,290.3	1,913.2	8,106.9	177.7	42.6	-10.6	-156.8	52.9	209.7
2004											
Jan	3,804.2	440.7	1,256.6	2,032.1	7,533.7	43.0	5.4	-0.3	-19.5	28.7	48.2
Feb	3,893.5	452.7	1,267.2	2,015.2	7,628.6	26.2	5.0	1.5	-20.9	11.8	32.7
Mar	3,885.1	455.7	1,277.7	2,006.8	7,625.4	15.6	4.8	7.5	-9.0	18.8	27.8
Apr	3,811.3	452.5	1,245.7	1,964.2	7,473.7	23.0	4.6	-7.8	-44.1	-24.3	19.8
May	3,855.0	457.1	1,223.3	1,974.6	7,510.0	0.4	2.3	-16.2	8.6	-4.9	-13.5
June	3,948.0	467.0	1,220.9	1,954.3	7,590.3	10.0	2.4	-7.5	-21.0	-16.1	4.9
July	3,798.5	461.6	1,231.7	1,950.7	7,442.6	9.4	3.0	-1.2	-2.1	9.1	11.2
Aug	3,805.8	469.1	1,255.5	1,941.5	7,471.9	1.2	2.6	4.2	-10.3	-2.4	8.0
Sept	3,918.4	478.3	1,266.1	1,904.2	7,567.0	10.3	3.0	2.9	-42.4	-26.3	16.2
Oct	3,994.1	487.4	1,277.8	1,891.4	7,650.7	7.2	3.5	3.6	-14.1	0.1	14.2
Nov	4,222.3	504.5	1,276.5	1,920.2	7,923.5	21.4	4.1	2.0	26.5	54.0	27.6
Dec	4,384.1	519.3	1,290.3	1,913.2	8,106.9	10.2	1.9	0.8	-8.1	4.9	13.0
2005											
Jan	4,289.2	516.7	1,302.0	1,892.9	8,000.8	10.0	5.3	4.6	-27.5	-7.6	19.9
Feb	4,416.8	529.9	1,304.6	1,875.6	8,126.9	22.2	4.4	2.6	-18.9	10.2	29.2
Mar	4,348.8	526.4	1,294.1	1,875.8	8,045.0	15.1	3.9	-1.3	-2.3	15.5	17.8
Apr	4,247.1	523.7	1,305.7	1,842.7	7,919.2	8.6	2.6	1.2	-35.4	-23.0	12.4
May	4,406.6	535.9	1,321.9	1,859.3	8,123.7	11.2	2.3	3.5	13.8	30.8	17.0
June	4,471.2	544.9	1,334.8	1,866.3	8,217.2	6.2	2.1	4.1	3.0	15.3	12.3
July	4,669.8	555.7	1,337.9	1,883.6	8,447.0	10.0	1.5	7.3	13.9	32.6	18.7
Aug	4,679.0	558.6	1,359.6	1,922.9	8,520.1	6.4	1.8	7.3	32.5	48.0	15.5
Sept	4,758.3	562.2	1,355.3	1,914.1	8,589.9	8.0	1.3	3.7	-11.4	1.6	13.0
YTD '04	3,918.4	478.3	1,266.1	1,904.2	7,567.0	139.0	33.1	-16.9	-160.7	-5.5	155.2
YTD '05	4,758.3	562.2	1,355.3	1,914.1	8,589.9	97.6	25.1	33.0	-32.3	123.4	155.7
% Change	21.4%	17.5%	7.0%	0.5%	13.5%	-29.8%	-24.2%	NM	NM	NM	0.3%

* New sales (excluding reinvested dividends) minus redemptions, combined with net exchanges
Source: Investment Company Institute

SECURITIES INDUSTRY EMPLOYMENT UPDATE

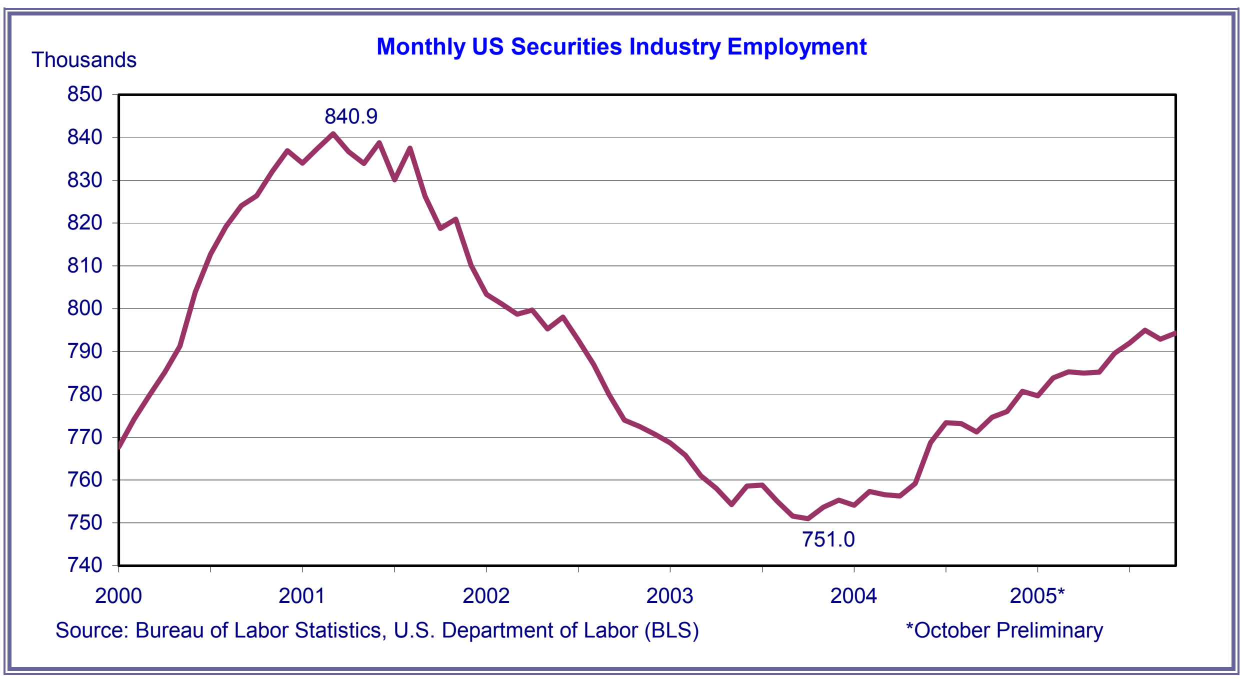
Summary

Securities industry employment growth resumed in October, as anticipated, after September's seasonal decline. Most of the gains occurred in New York City. September's industry employment figures were revised up for the nation and for New York City, shrinking New York City's previously reported loss in half. New York State's September employment figure remained unrevised.

U.S. Employment

Nationwide securities industry employment grew by 0.2%, or 1,400 jobs, in October relative to September. The industry employed 794,300 individuals, based on preliminary data released by the Bureau of Labor Statistics (BLS). This is an increase of 19,600 jobs, or 2.5%, relative to year-earlier levels. However, the October gain of 1,400 is less than half the gain of 3,500 jobs in October 2004.

September and August employment figures were revised up by 500 and 400 jobs, respectively, to new levels of 792,900 and 795,000 jobs. August's new monthly gain of 3,000 jobs brought the total gain for the summer to 9,800 new positions, a 1.2% increase from May's level. The summer gain for 2005 is still 30% lower than the gain of 14,000 jobs in the summer of 2004.



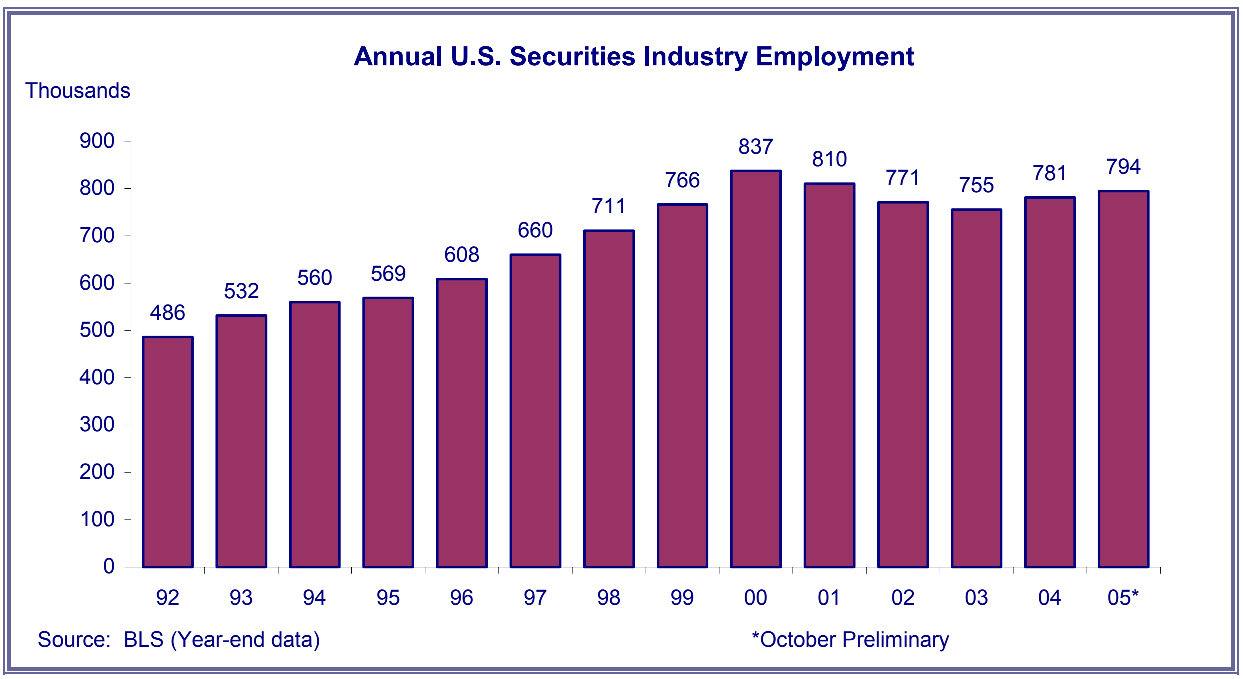
Although September's loss was reduced to 2,100 jobs, it remains the largest monthly decrease in two years, and is still slightly larger than the loss of 2,000 jobs in September 2004. As a result, the industry lost 21.4% of the total summer job gain in September, compared to a 14.3% loss of the summer gain in September 2004.

So far this year, the industry's workforce expanded by 13,600, or 1.7%. The largest monthly gain of 4,400 jobs occurred in June, although it was less than half June 2004's gain of 9,600 employees, and just one-third the record monthly increase of 12,600 jobs set in June 2000.

National Securities Industry Employment 1 Month Net Change (Thousands)												
Year	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**
1992	-0.1	4.1	2.6	3.3	3.7	5.2	4.3	1.4	-2.2	0.8	1.3	2.2
1993	-0.2	2.1	2.9	4.5	3.5	8.0	6.5	3.6	1.5	4.1	5.2	3.9
1994	2.4	4.9	5.7	3.9	3.0	8.5	3.8	-0.3	-4.0	-2.2	2.4	0.6
1995	-2.3	0.9	-0.2	-1.3	1.3	4.2	1.3	1.3	-1.2	-0.3	2.5	2.4
1996	0.9	2.8	2.3	3.2	4.8	8.3	5.7	4.1	-3.5	1.9	4.3	4.7
1997	2.8	5.4	3.3	4.3	3.8	6.1	8.7	3.2	-1.0	5.6	5.4	4.0
1998	3.9	4.2	4.3	4.9	5.7	11.8	10.2	2.0	-1.1	4.6	-1.7	2.3
1999	0.9	-1.1	3.1	5.5	6.0	11.0	12.2	2.6	-3.1	5.2	8.4	4.7
2000	1.3	6.5	5.6	5.4	6.1	12.6	8.9	6.4	4.9	2.3	5.6	4.9
2001	-2.9	3.5	3.4	-4.2	-2.8	4.9	-8.7	7.4	-11.2	-7.5	2.1	-10.7
2002	-6.8	-2.3	-2.4	1.0	-4.4	2.8	-5.4	-5.7	-7.0	-6.0	-1.5	-1.8
2003	-2.0	-2.9	-4.8	-2.9	-3.8	4.3	0.2	-3.8	-3.4	-0.6	2.7	1.6
2004	-1.2	3.2	-0.7	-0.3	2.9	9.6	4.6	-0.2	-2.0	3.5	1.3	4.7
2005	-1.0	4.2	1.4	-0.3	0.2	4.4	2.4	3.0	-2.1	1.4		

From the October 2003 nadir of 751,000 jobs through October 2005, the securities industry gained a total of 43,300 jobs within a period of 24 months. This represents a recovery of 48.2% of the jobs lost between the peak of 840,900 in March 2001 and the trough. During the downturn the industry lost a total of 89,900 jobs within a period of 31 months.

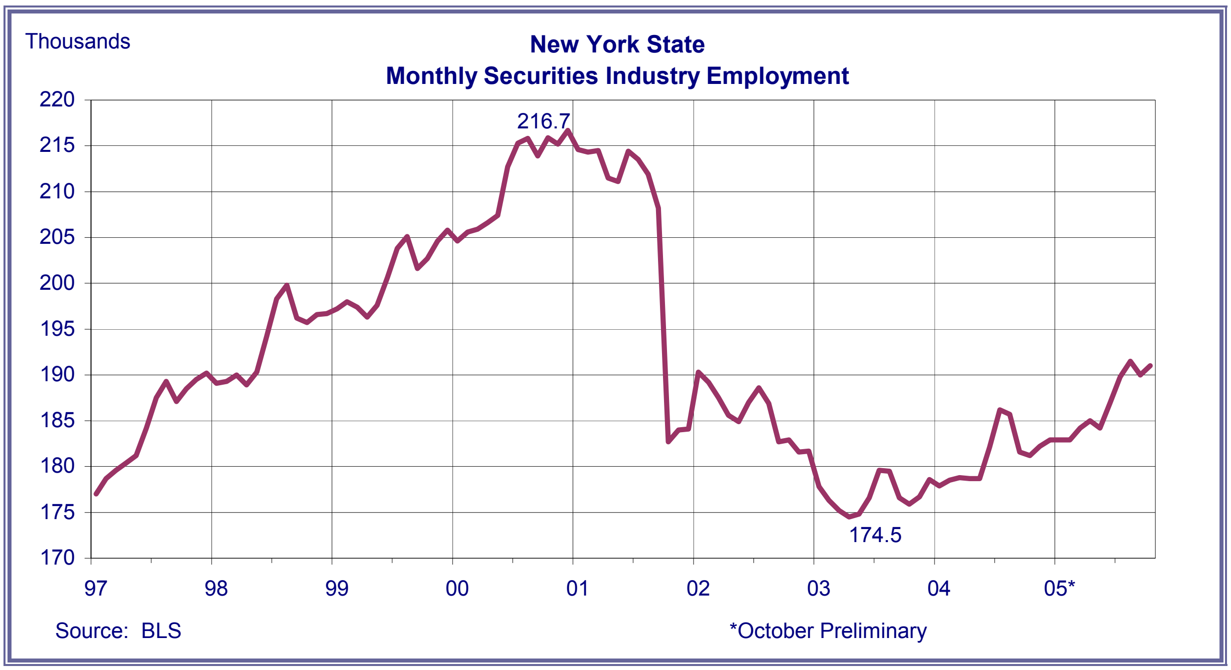
Despite the modest job growth this year in nationwide employment, the industry's current headcount of 794,300 remains 5.5% below its peak level.



New York State Securities Employment

In October, New York State gained 1,000 new securities industry positions, a monthly increase of 0.5%, based on preliminary BLS data, after a loss of 1,500 jobs in September. Revision of this preliminary number is expected, but this is still a big jump compared to last year's October loss of 400 jobs. New York State currently has 191,000 securities industry jobs. Since October of last year, the state has gained a total of 9,800 jobs, an increase of 5.4%, compared to an increase of 2.5% for the industry nationwide.

September's figure remained unrevised, at a loss of 1,500 jobs, which is nearly three times lower than the loss of 4,100 jobs in September of 2004, and is the smallest September loss since 1995's loss of 1,200 jobs. Last year, New York State experienced losses in August, September and October, with state employment decreasing by 5,000 jobs within three months, after a gain of 7,500 jobs in the first two summer months. This year, after a gain of 7,300 jobs in the summer (June – August), the state lost only 1,500 jobs in September and added 1,000 jobs in October, the strongest October gain since year 2000.

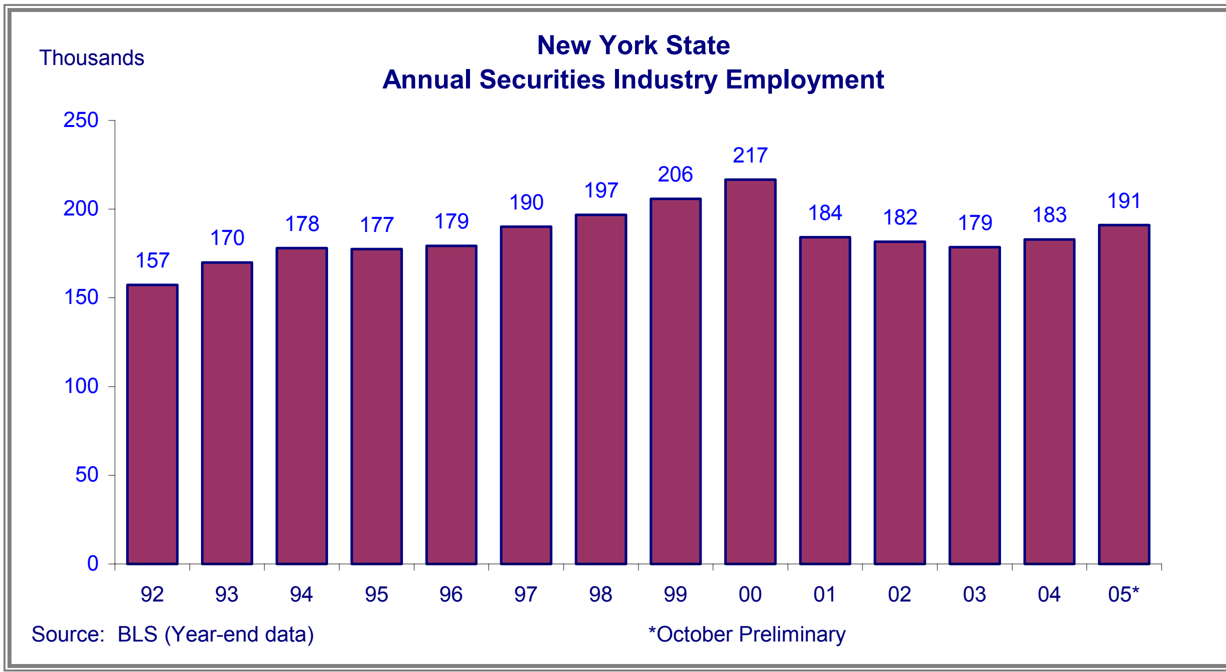


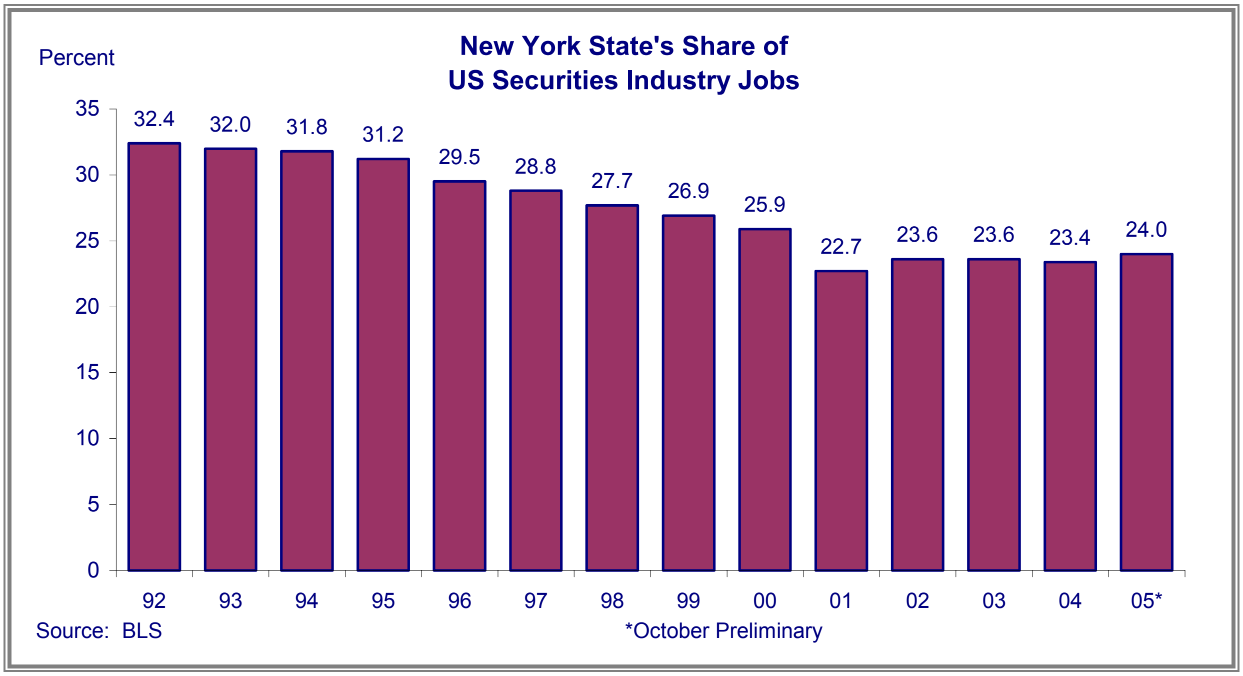
Unlike the national securities industry employment data, New York State's total summer employment gain was higher this year than last year. September's job decline in New York State this year represents a 20.5% loss of the total summer gain, compared to a loss of 58.6% in 2004.

New York State Securities Industry Employment 1 Month Net Change (Thousands)												
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1992	-3.6	0.6	0.3	3.9	0.4	1.8	-1.1	0.7	-2.2	-2.1	0.0	1.3
1993	0.8	0.7	0.1	1.3	0.2	2.4	2.2	1.2	-1.2	2.4	1.2	1.5
1994	-1.4	1.6	1.2	2.0	0.1	3.0	1.9	1.0	-1.7	-2.1	1.5	0.9
1995	-2.7	1.3	-0.7	-2.6	0.0	1.3	-0.7	1.0	-1.2	1.7	0.8	1.2
1996	-6.0	1.5	0.9	-0.1	1.0	2.7	-0.8	0.4	-1.7	0.7	1.8	1.5
1997	-2.3	1.7	0.9	0.8	0.8	3.0	3.3	1.8	-2.2	1.4	1.0	0.7
1998	-1.1	0.2	0.7	-1.1	1.4	3.9	4.1	1.5	-3.6	-0.5	0.9	0.1
1999	0.5	0.8	-0.6	-1.1	1.3	3.0	3.2	1.3	-3.5	1.1	1.9	1.2
2000	-1.2	1.0	0.3	0.7	0.8	5.3	2.6	0.5	-1.9	2.0	-0.7	1.5
2001	-2.1	-0.3	0.2	-3.0	-0.4	3.3	-0.9	-1.6	-3.7	-25.5	1.3	0.1
2002	6.2	-1.1	-1.7	-1.9	-0.7	2.1	1.6	-1.7	-4.2	0.2	-1.3	0.1
2003	-3.9	-1.5	-1.1	-0.7	0.3	1.8	3.0	-0.1	-2.9	-0.7	0.8	1.9
2004	-0.7	0.6	0.3	-0.1	0.0	3.4	4.1	-0.5	-4.1	-0.4	1.0	0.7
2005	0.0	0.0	1.3	0.8	-0.8	2.8	2.8	1.7	-1.5	1.0		

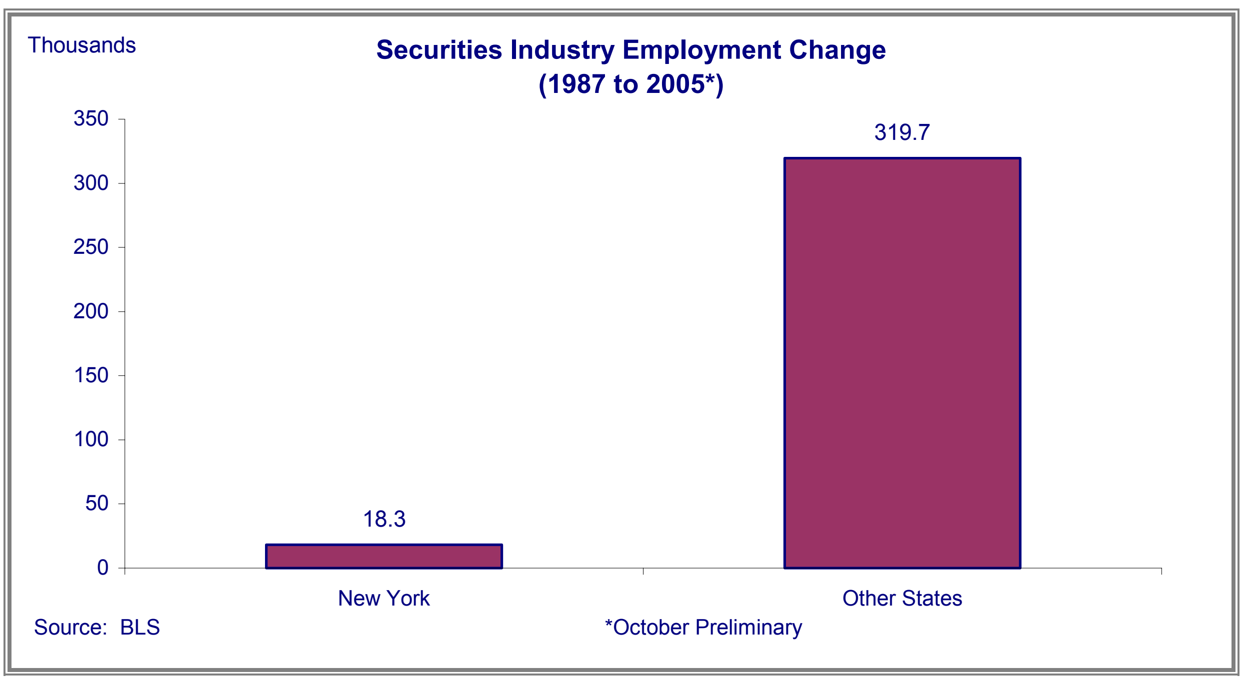
So far this year, New York State securities industry employment increased by 8,100, or 4.4%. The gains of 2,800 jobs in both June and July remain the largest gains for 2005.

New York State securities industry employment has been recovering since late 2003, but the current employment level of 191,000 in October 2005 remains 11.9% below the peak of 216,700. After hitting a low of 174,500 in April 2003, New York State regained 16,500 securities industry jobs to date, or 39.1% of the jobs lost during the industry recession. The recession, which lasted for a period of 28 months, reduced statewide securities industry employment by 42,200 jobs, or 19.5%, from its peak of 216,700 in December 2000 to its trough in April 2003.





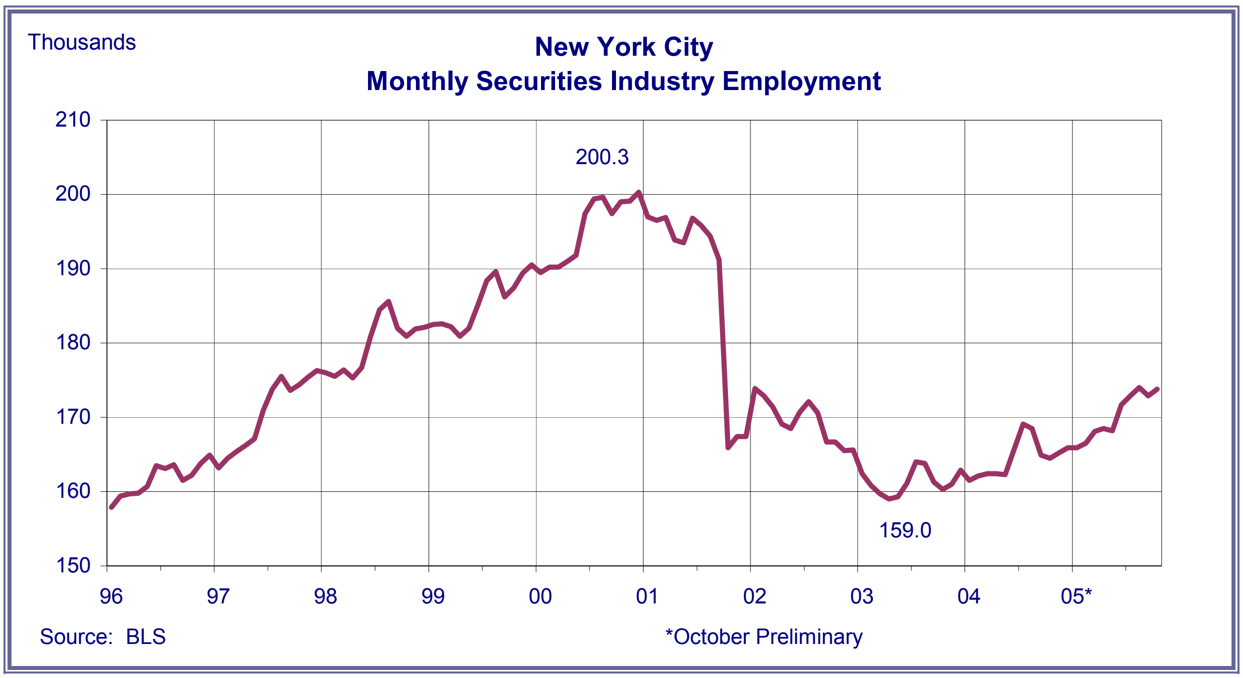
New York State now accounts for 24.0% of the securities industry's workforce nationwide, as the State's share has stabilized over the past four years after decades of decline. The number of net new securities industry jobs created in New York since the 1987 stock market crash is only 5.7% of the number created in the other 49 states: 18,300 versus 319,700.



New York City Securities Industry Jobs

New York City securities industry employment increased this October, as was expected after September's seasonal decline. New York City securities industry employment currently stands at 173,800 positions, an increase of 900 jobs, or 0.5%, since September's level of 172,900. This is the biggest October increase since 2000's record October gain of 1,600 jobs.

September's figure was revised upward by 1,000 jobs, reducing its loss to 1,100 jobs – roughly half of the previously reported loss of 2,100 jobs, and the lowest September loss in the past 13 years. This is also 70% lower than the loss of 3,600 jobs in 2004. Since October of last year, the industry has gained a total of 9,300 jobs, or 5.7%, in New York City compared to New York State's gain of 5.4% and the national gain of 2.5%.



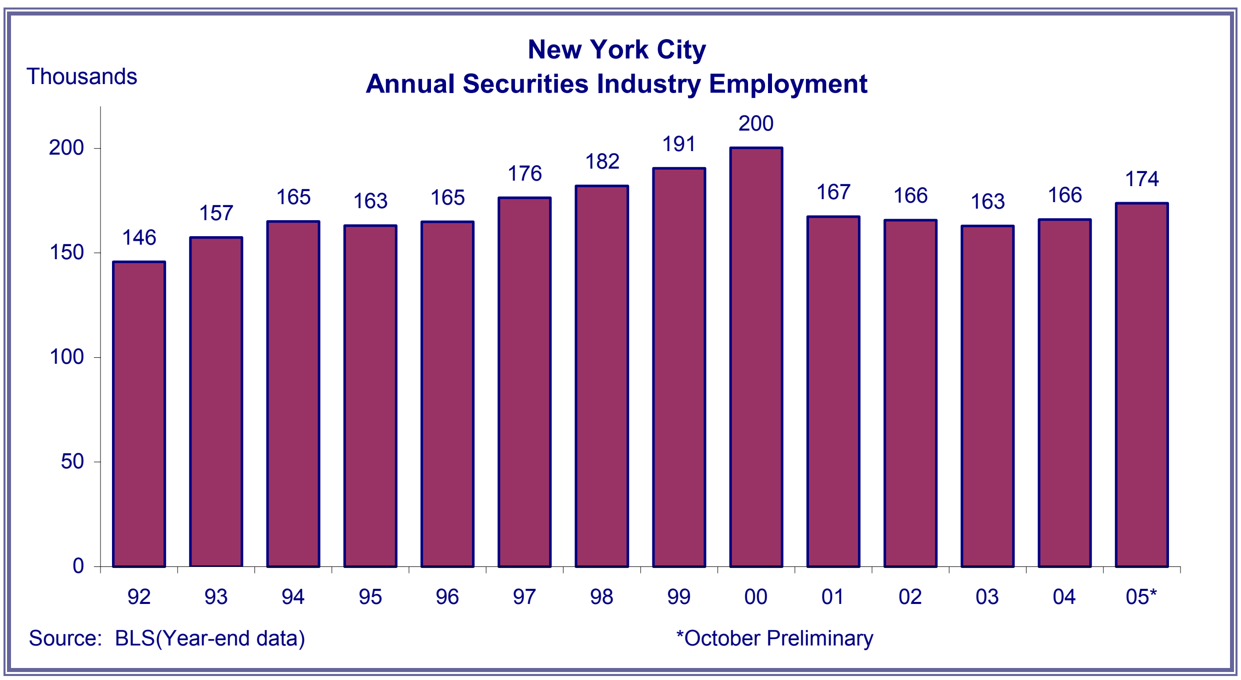
During the three summer months, a total of 5,800 new securities industry employees were hired in New York City, a 3.4% increase, but smaller than last summer's gain of 6,200, or 3.8%. However, the City's September job decline this year was much lower than last year's, as it represented only a 19.0% loss of the total summer gains, versus a loss of 58.1% in 2004.

So far this year, New York City added 7,900 industry positions, a 4.8% increase over 2004's level of 165,900. June's gain of 3,500 jobs remains the largest monthly increase for the year, as well as the largest increase since June 2000's gain of 5,600 jobs.

Since April 2003's low, New York City regained a total of 14,800 securities industry jobs, or 35.8% of the 41,300 jobs lost between the peak of 200,300 in December 2000 and the trough of 159,000 in April 2003. This translates to a 9.3% increase in NYC industry employment over the past 30 months.

New York City Securities Industry Employment 1 Month Net Change (Thousands)												
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1992	-3.6	0.3	0.2	3.9	0.4	1.9	-1.7	0.6	-2.1	-2.0	-0.1	1.3
1993	0.8	0.6	0.2	0.6	0.4	2.3	1.6	2.3	-1.2	1.7	1.1	1.3
1994	-0.8	1.2	1.1	2.2	-0.1	3.2	1.9	0.9	-1.8	-2.3	1.2	0.9
1995	-3.0	1.0	-0.9	-1.7	-0.1	1.4	-0.8	1.0	-1.3	0.8	0.7	0.9
1996	-5.1	1.5	0.3	0.1	0.9	2.8	-0.4	0.5	-2.1	0.7	1.6	1.1
1997	-1.7	1.3	0.9	0.8	0.9	3.9	2.8	1.7	-1.9	0.8	1.0	0.9
1998	-0.3	-0.5	0.9	-1.1	1.4	4.2	3.6	1.1	-3.6	-1.1	1.0	0.2
1999	0.4	0.1	-0.4	-1.3	1.1	3.1	3.3	1.2	-3.4	1.2	2.0	1.1
2000	-1.0	0.7	0.0	0.8	0.8	5.6	2.0	0.2	-2.2	1.6	0.1	1.2
2001	-3.3	-0.5	0.4	-3.0	-0.4	3.3	-1.0	-1.4	-3.2	-25.3	1.5	0.0
2002	6.5	-1.0	-1.5	-2.3	-0.6	2.2	1.4	-1.5	-3.9	0.0	-1.2	0.1
2003	-3.2	-1.6	-1.1	-0.7	0.3	1.8	2.9	-0.2	-2.5	-1.0	0.7	1.9
2004	-1.4	0.6	0.3	0.0	-0.1	3.4	3.4	-0.6	-3.6	-0.4	0.7	0.7
2005	0.0	0.6	1.6	0.4	-0.3	3.5	1.2	1.1	-1.1	0.9		

Although NYC industry employment has generally trended upward recently, it still stands 13.2% below its peak level.



Bella Mardakhaev
Research Assistant

SECURITIES INDUSTRY EMPLOYMENT

(in thousands; SIC Codes US and NY thru 1991, NAICS 1992 and on)

Year End	U.S.	Change From Prior Year (U.S.)	N.Y. State	Change From Prior Year (N.Y. State)	N.Y. State as % of U.S.	N.Y. City	Change From Prior Year (N.Y. City)	N.Y. City as % of N.Y. State	N.Y. City as % of U.S.
1973	182.1	-9.6%	77.4	-15.1%	42.5%	74.5	-15.0%	96.3%	40.9%
1974	167.1	-8.2%	69.0	-10.9%	41.3%	66.1	-11.3%	95.8%	39.6%
1975	171.3	2.5%	69.4	0.6%	40.5%	67.0	1.4%	96.5%	39.1%
1976	177.4	3.6%	72.8	4.9%	41.0%	70.1	4.6%	96.3%	39.5%
1977	183.4	3.4%	73.3	0.7%	40.0%	70.2	0.1%	95.8%	38.3%
1978	194.3	5.9%	77.0	5.0%	39.6%	73.7	5.0%	95.7%	37.9%
1979	214.2	10.2%	82.1	6.6%	38.3%	78.4	6.4%	95.5%	36.6%
1980	243.7	13.8%	94.8	15.5%	38.9%	90.0	14.8%	94.9%	36.9%
1981	267.0	9.6%	105.0	10.8%	39.3%	99.6	10.7%	94.9%	37.3%
1982	283.8	6.3%	108.9	3.7%	38.4%	102.7	3.1%	94.3%	36.2%
1983	328.3	15.7%	125.0	14.8%	38.1%	117.5	14.4%	94.0%	35.8%
1984	341.1	3.9%	129.2	3.4%	37.9%	121.7	3.6%	94.2%	35.7%
1985	367.5	7.7%	137.6	6.5%	37.4%	130.0	6.8%	94.5%	35.4%
1986	417.1	13.5%	157.1	14.2%	37.7%	148.8	14.5%	94.7%	35.7%
1987	456.3	9.4%	172.7	9.9%	37.8%	163.0	9.5%	94.4%	35.7%
1988	438.7	-3.9%	160.3	-7.2%	36.5%	150.4	-7.7%	93.8%	34.3%
1989	426.9	-2.7%	154.1	-3.9%	36.1%	144.0	-4.3%	93.4%	33.7%
1990	417.4	-2.2%	143.5	-6.9%	34.4%	133.9	-7.0%	93.3%	32.1%
1991	424.1	1.6%	139.5	-2.8%	32.9%	129.6	-3.2%	92.9%	30.6%
1992	485.9	14.6%	157.2	12.7%	32.4%	145.7	12.4%	92.7%	30.0%
1993	531.5	9.4%	170.0	8.1%	32.0%	157.4	8.0%	92.6%	29.6%
1994	560.2	5.4%	178.0	4.7%	31.8%	165.0	4.8%	92.7%	29.5%
1995	568.8	1.5%	177.4	-0.3%	31.2%	163.0	-1.2%	91.9%	28.7%
1996	608.3	6.9%	179.3	1.1%	29.5%	164.9	1.2%	92.0%	27.1%
1997	659.9	8.5%	190.2	6.1%	28.8%	176.3	6.9%	92.7%	26.7%
1998	711.0	7.7%	196.7	3.4%	27.7%	182.1	3.3%	92.6%	25.6%
1999	766.4	7.8%	205.8	4.6%	26.9%	190.5	4.6%	92.6%	24.9%
2000	836.9	9.2%	216.7	5.3%	25.9%	200.3	5.1%	92.4%	23.9%
2001	810.2	-3.2%	184.1	-15.0%	22.7%	167.4	-16.4%	90.9%	20.7%
2002	770.7	-4.9%	181.7	-1.3%	23.6%	165.6	-1.1%	91.1%	21.5%
2003	755.3	-2.0%	178.6	-1.7%	23.6%	162.9	-1.6%	91.2%	21.6%
2004	780.7	3.4%	182.9	2.4%	23.4%	165.9	1.8%	90.7%	21.3%
Jan:04	754.1	-1.9%	177.9	0.1%	23.6%	161.5	-0.6%	90.8%	21.4%
Feb:04	757.3	-1.1%	178.5	1.2%	23.6%	162.1	0.8%	90.8%	21.4%
Mar:04	756.6	-0.6%	178.8	2.1%	23.6%	162.4	1.7%	90.8%	21.5%
Apr:04	756.3	-0.2%	178.7	2.4%	23.6%	162.4	2.1%	90.9%	21.5%
May:04	759.2	0.6%	178.7	2.2%	23.5%	162.3	1.9%	90.8%	21.4%
June:04	768.8	1.3%	182.1	3.1%	23.7%	165.7	2.9%	91.0%	21.6%
July:04	773.4	1.9%	186.2	3.7%	24.1%	169.1	3.1%	90.8%	21.9%
Aug:04	773.2	2.4%	185.7	3.5%	24.0%	168.5	2.9%	90.7%	21.8%
Sept:04	771.2	2.6%	181.6	2.8%	23.5%	164.9	2.2%	90.8%	21.4%
Oct:04	774.7	3.2%	181.2	3.0%	23.4%	164.5	2.6%	90.8%	21.2%
Nov:04	776.0	3.0%	182.2	3.1%	23.5%	165.2	2.6%	90.7%	21.3%
Dec:04	780.7	3.4%	182.9	2.4%	23.4%	165.9	1.8%	90.7%	21.3%
Jan:05	779.7	3.4%	182.9	2.8%	23.5%	165.9	2.7%	90.7%	21.3%
Feb:05	783.9	3.5%	182.9	2.5%	23.3%	166.5	2.7%	91.0%	21.2%
Mar:05	785.3	3.8%	184.2	3.0%	23.5%	168.1	3.5%	91.3%	21.4%
Apr:05	785.0	3.8%	185.0	3.5%	23.6%	168.5	3.8%	91.1%	21.5%
May:05	785.2	3.4%	184.2	3.1%	23.5%	168.2	3.6%	91.3%	21.4%
June:05	789.6	2.7%	187.0	2.7%	23.7%	171.7	3.6%	91.8%	21.7%
July:05	792.0	2.4%	189.8	1.9%	24.0%	172.9	2.2%	91.1%	21.8%
Aug:05	795.0	2.8%	191.5	3.1%	24.1%	174.0	3.3%	90.9%	21.9%
Sept:05*	792.9	2.8%	190.0	4.6%	24.0%	172.9	4.9%	91.0%	21.8%
Oct:05*	794.3	2.5%	191.0	5.4%	24.0%	173.8	5.7%	91.0%	21.9%

*Preliminary

Sources: U.S. Department of Labor, Bureau of Labor Statistics; New York State Department of Labor

NOTE: The U.S. Bureau of Labor Statistics (BLS) employment figures shown here are from the old SIC system through 1991 and the new NAICS series thereafter, with all new data beginning in April 2003 due to re-benchmarking. The securities industry includes: investment banking and securities dealing; securities brokerage; miscellaneous financial investment activities; miscellaneous intermediation; commodity contracts dealing; commodity contracts brokerage; securities and commodity exchanges; portfolio management; investment advice; trust, fiduciary, and custody activities; and miscellaneous financial investment activities. BLS figures lag securities industry announced layoffs and hirings until completed. Employment data can be obtained on the BLS web site at: http://data.bls.gov/PDQ/outside.jsp?survey=ce

Securities Industry Association
120 Broadway, New York, NY 10271-0080
(212) 608-1500, Fax (212) 608-1604
info@sia.com, www.sia.com