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• U.S. Securities Industry Financial Results: 2008

By: Paul Rainy

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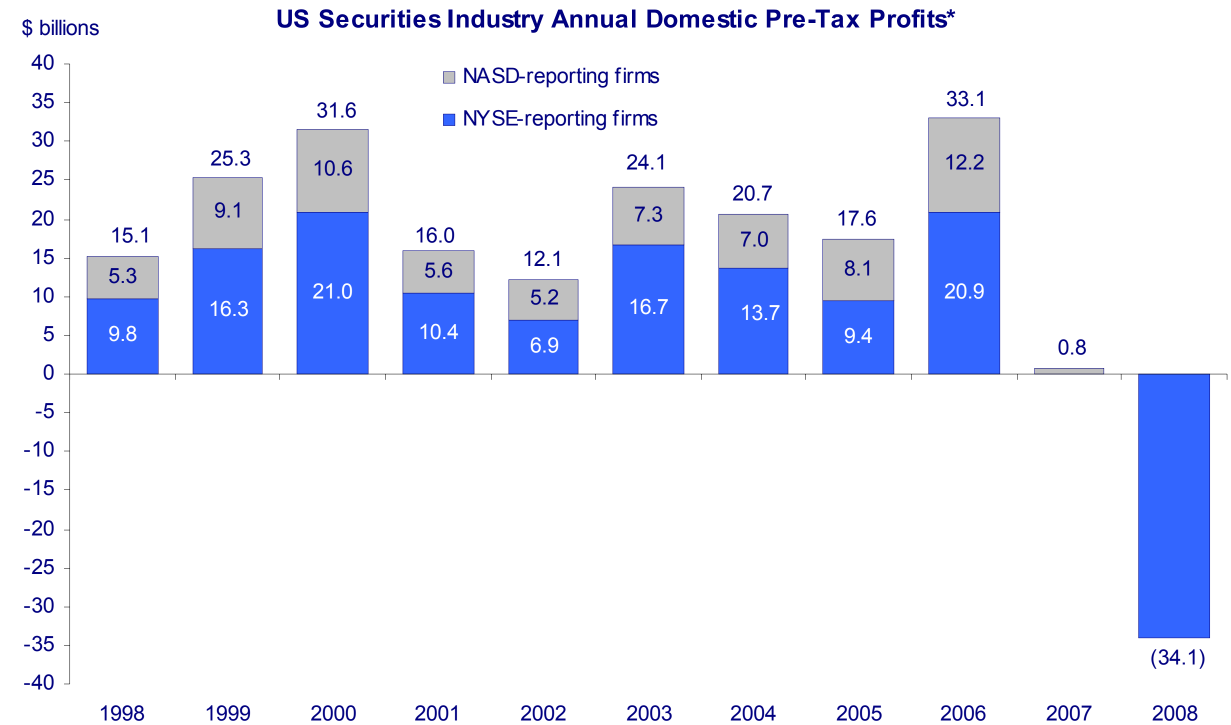
U.S. SECURITIES INDUSTRY FINANCIAL RESULTS: 2008

Summary

The U.S. broker-dealers reported a record loss of $34.1 billion in full year 2008.[1] Gross revenues reached $290.5 billion in 2008, a decrease of 38.7 percent from 2007, while total expenses declined as well, falling to $324.7 billion, 31.4 percent below the previous full-year record high set the year before. Net revenues (total revenues minus interest expense), which provide a better measurement of industry revenue performance, declined to $166.0 billion, 18.6 percent below the $204.0 billion recorded in the prior year.



Detail of NASD-Reporting and NYSE-Reporting Broker Dealers Pre-Tax Profits (Losses)

	2005				2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
NASD-reporting firms	1.8	2.2	2.2	1.9	3.1	3.0	2.9	3.2	3.0	4.3	2.4	2.3	2.2	3.2	2.0	1.2
NYSE-reporting firms	2.6	1.7	2.8	2.3	4.7	4.5	4.1	7.6	4.7	4.2	(3.8)	(16.4)	(22.4)	1.6	(10.7)	(11.2)
Total	4.4	4.0	5.0	4.2	7.8	7.5	7.0	10.8	7.7	8.6	(1.4)	(14.1)	(20.2)	4.8	(8.7)	(10.0)

Subtotals may not add to totals due to independent rounding.
- In 2007 and 2008, NASD-reporting firms recorded pre-tax profits of $12.1 billion and $8.6 billion, respectively, while NYSE-reporting firms recorded losses of $11.3 billion and $42.6 billion, respectively. The combined results amounted to pre-tax profits of $0.8 billion in 2007 and $34.1 billion of losses in 2008.

Source: SIFMA DataBank

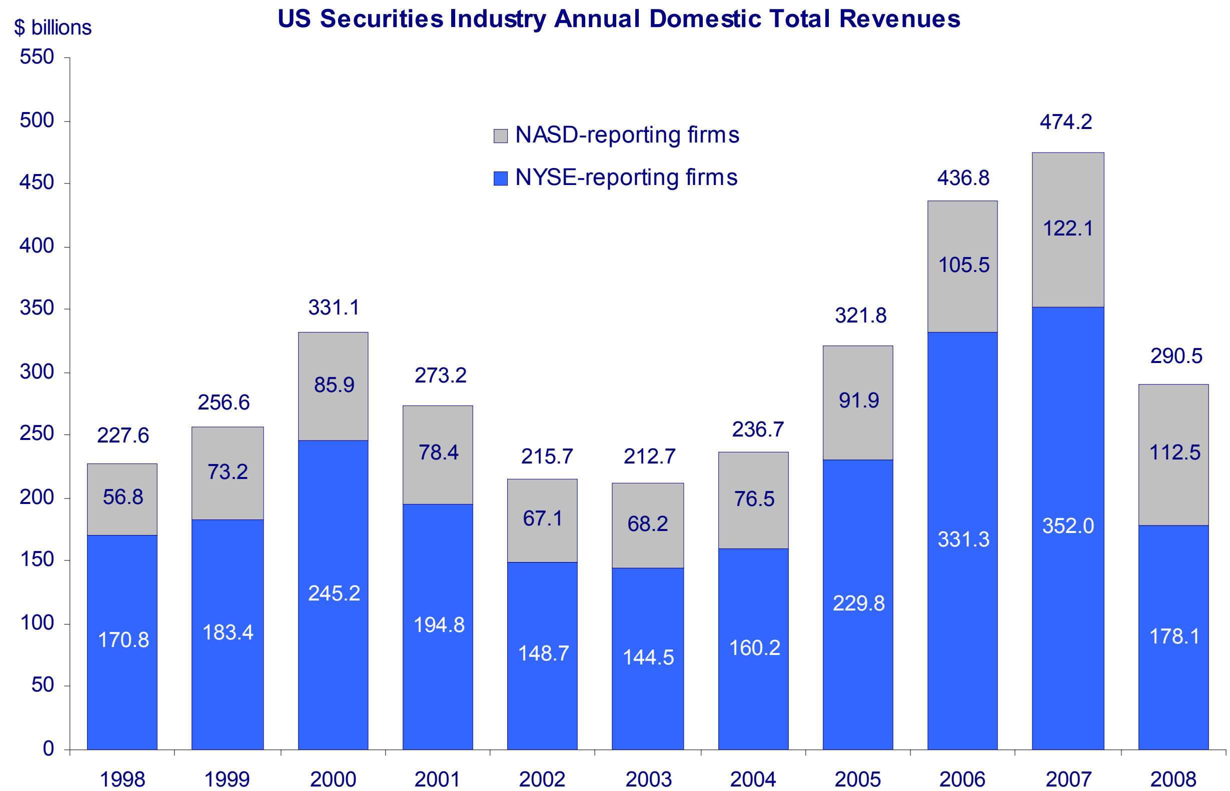
The financial market and economic upheaval of the past year had an obvious and severe impact on the securities industry. In addition to the consolidation of major institutions, the collapse of Lehman Brothers in September may have been the most dramatic turning point. A furious combination of government liquidity facilities, guarantee programs, capital injections, and fiscal

[1] The results for the U.S. securities industry discussed herein are the aggregated results (unconsolidated revenues and expenses) for all broker-dealers doing a public business in the U.S. This is as reported in the Financial and Operation Combined Uniform Single (FOCUS) Reports broker-dealers file with the U.S. Securities and Exchange Commission (SEC) and their self-regulatory organization. Please see (www.sifma.org/research/statistics/databank.html) for NYSE data and (www.sifma.org/research/statistics/expanded_databank.html) for NASD data.

and monetary measures have staved off systemic collapse. However, the economy and financial system remain fragile. Since then, extraordinary government support has kept several major firms afloat. The most recent development, the Public-Private Investment Program, attempts to get at one of the root causes of ongoing financial sector weakness by facilitating the purchase of troubled mortgage-backed securities from the financial institutions.[2]

Revenues

Total broker-dealer revenues reached $290.5 billion in 2008, a 38.7 percent decline from the previous year's record high of $474.2 billion. Nearly all revenue lines decreased from 2007 levels, with trading and investment account losses being the most substantial. Net revenues (total revenues minus interest expense) were $166.0 billion in 2008, an 18.6 percent decline from 2007's $204.0 billion.[3]

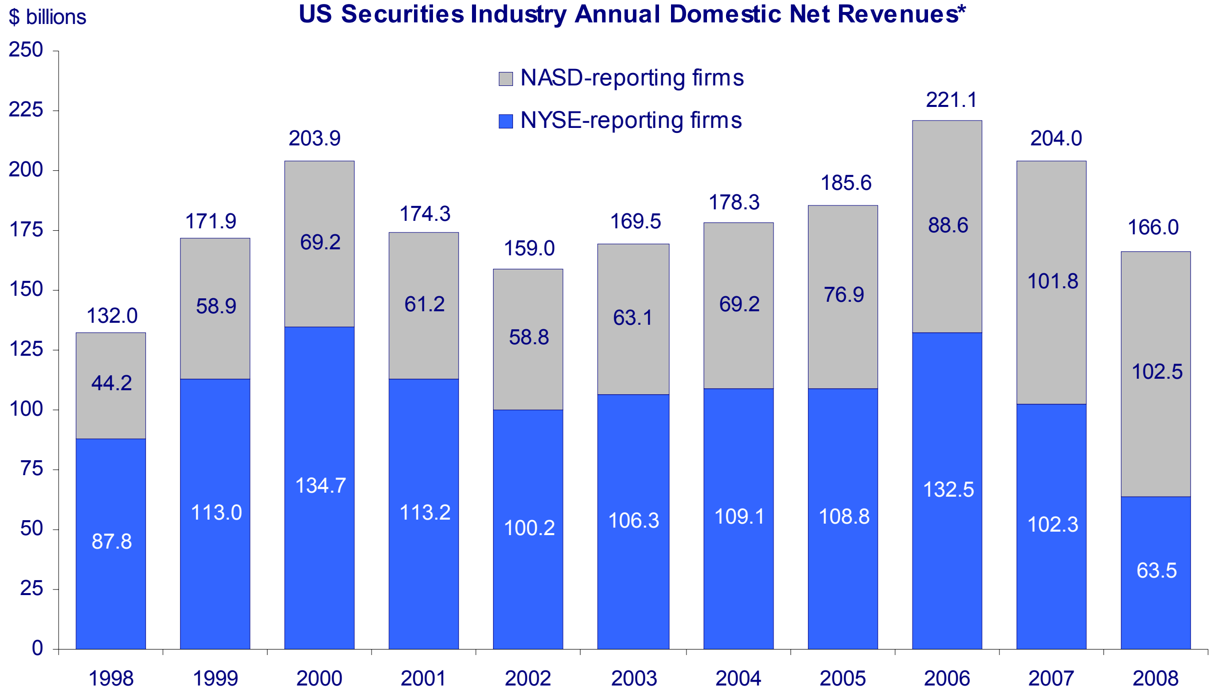


Subtotals may not add to totals due to independent rounding.
Source: SIFMA DataBank

2 Please see (http://www.sifma.org/legislative/PPIP.shtml).

3 Net revenues provide a better summary gauge of industry performance than total, or gross, revenues. Gross revenues include gross interest revenues, which in substantial part reflect the prevailing level of nominal interest rates. They are largely offset by similar growth of interest expenses, thus underscoring the industry's role as a financial intermediary, but not illuminating revenue performance.

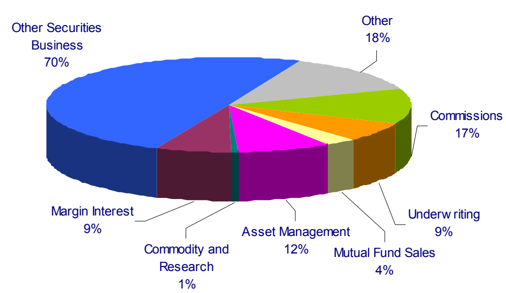
US Securities Industry Annual Domestic Net Revenues*



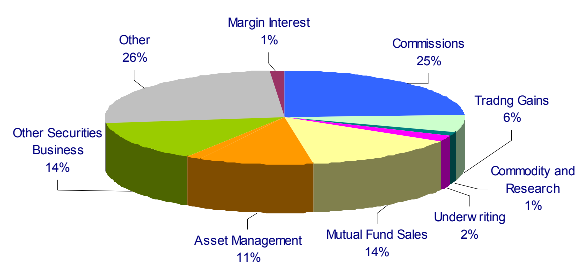
*Net of interest expense

Subtotals may not add to totals due to independent rounding.
Source: SIFMA DataBank

NYSE-Reporting Firms Composition of Total Revenues* 2008

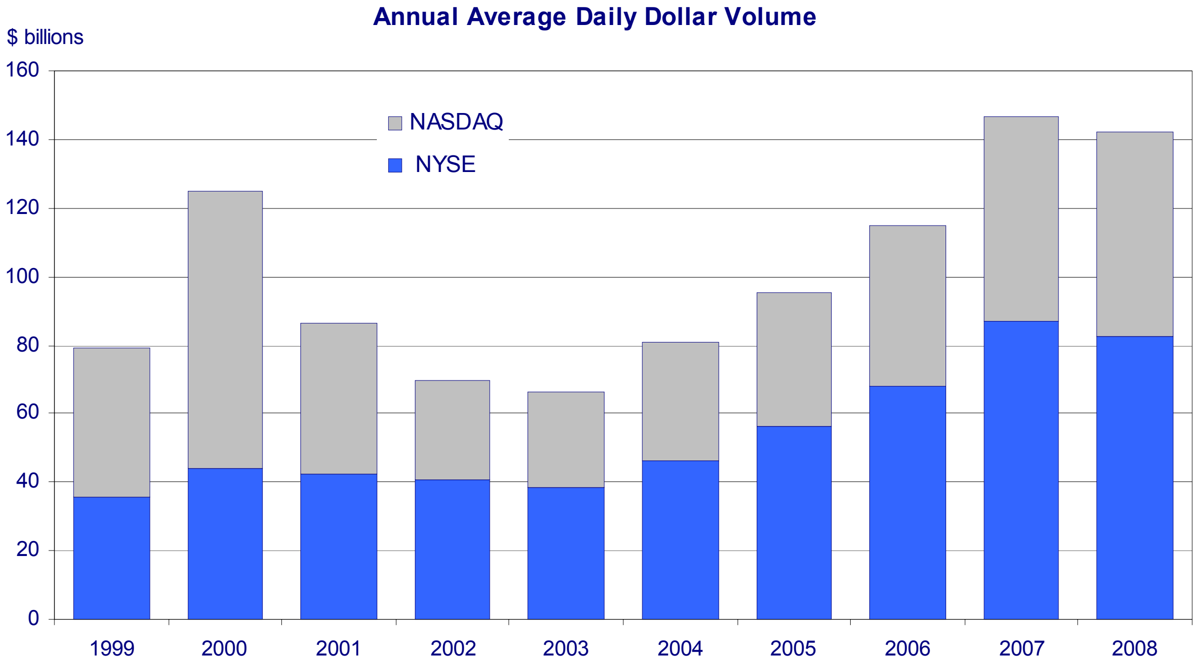


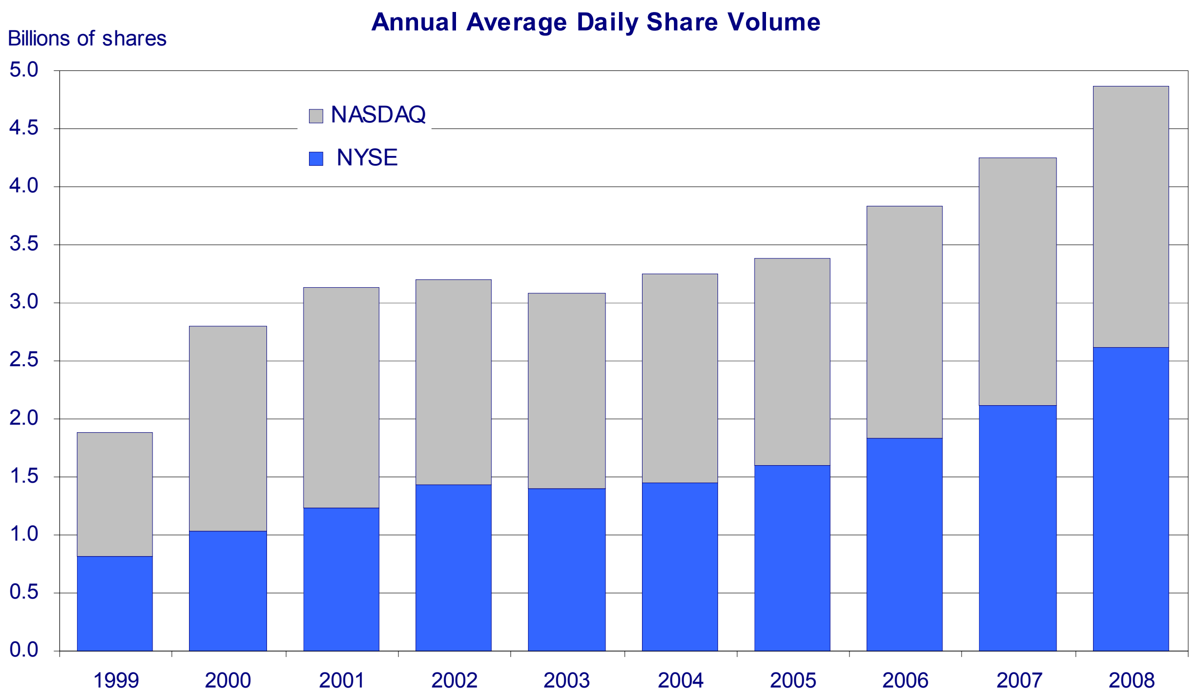
NASD-Reporting Firms Composition of Total Revenues 2008**



Subtotals may not add to totals due to independent rounding.
* NYSE-reporting firms recorded trading and investment account losses of $71.8 billion and $16.4 million, respectively.
** NASD-reporting firms recorded an investment account loss of $1.7 billion.
Source: SIFMA DataBank

Commission and fee income, the level of which is largely a reflection of the volume of secondary market securities trading, reached a record high $58.1 billion in 2008. This represented a 6.5 percent increase over the 2007, the previous record-high year. New York Stock Exchange average daily share volume rose 23.6 percent to 2.61 billion shares, while NASDAQ volume was up 6.0 percent to an average 2.26 billion shares traded per day. Dollar volume, however, declined due to falling stock prices on both the NYSE and NASDAQ. NYSE average daily dollar volume of $82.4 billion was 5.1 percent below that in 2007, while the NASDAQ daily dollar volume averaged $59.7 billion, a 0.5 percent decline from the previous year.





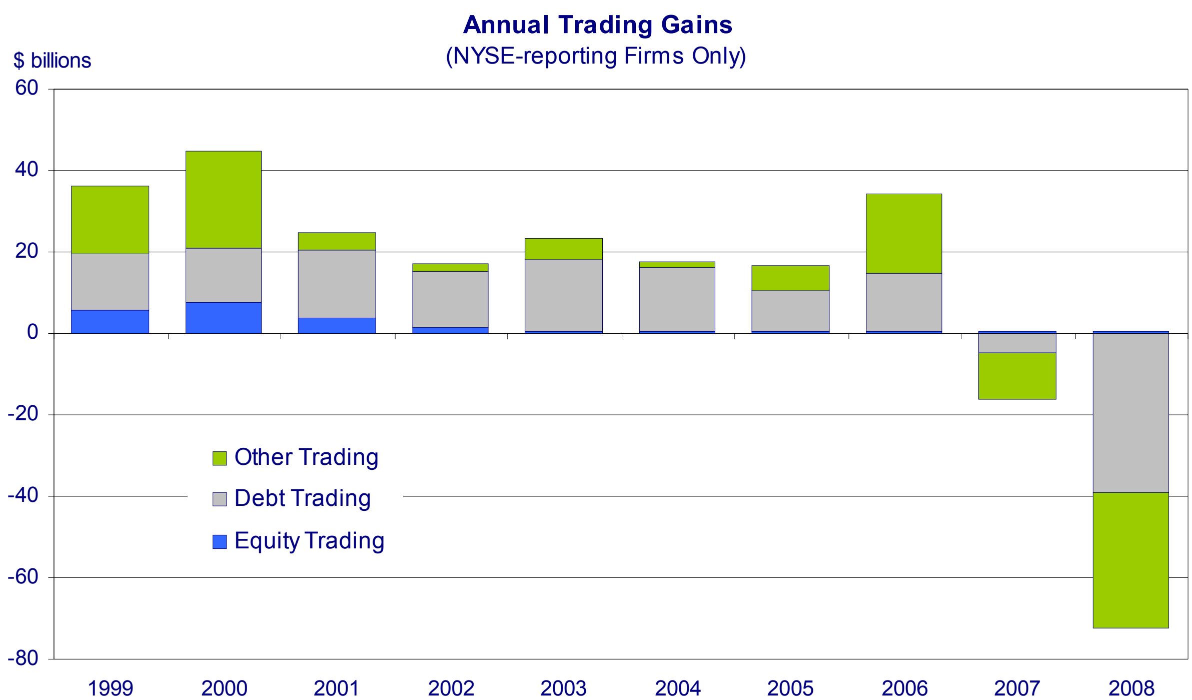
Sources: NASDAQ, NYSE

Commission and fee income, a core business line of traditional brokerage activity, had been steadily declining in relative importance for the industry as a whole due to changes in order-handling rules and a technological revolution. However, this line has become more important recently as trading activity increased to very high levels. In 2008, because of weakness in some of the higher-margin business lines, such as underwriting and other revenue related to the securities business, commission and fee income accounted for a larger percentage of net revenues; 35.0 percent of total net revenues in 2008, up from 26.7 percent in 2007 and above the average of 25.6 percent recorded over the seven-year period 2001-2007.

NYSE-reporting firms' commission and fee income increased 4.6 percent in 2008 compared to the year before. Commission and fee income represented 47.5 percent of total net revenues for NYSE-reporting firms, up from a 28.2 percent share the year before, due to large declines in revenue lines such as trading, underwriting and other revenue related to the securities business.

NASD-reporting firms, which rely more heavily on retail brokerage activity, saw commission and fee income rise 8.6 percent in 2008, slowing from the 15.5 percent growth in 2007. For these firms, commission and fee income represented 27.2 percent of net revenue in 2008, up slightly from 2007's 25.2 percent.

Trading revenues, unsurprisingly given the magnitude of credit and equity market declines, experienced the worst annual performance in the SIFMA DataBank's history, recording a loss of $65.0 billion in 2008 compared to a loss of $6.0 billion in 2007. [4] Trading is a much larger business line for NYSE-reporting firms, which in aggregate accounted for the trading losses in 2008, while NASD-reporting firms in aggregate recorded significant growth in trading revenue, albeit from a much lower base. NYSE-reporting firms have much larger trading operations, taking positions in a wide variety of securities and other assets, both for proprietary trading and client facilitation, while NASD-reporting firms concentrate more on agency-only trading.



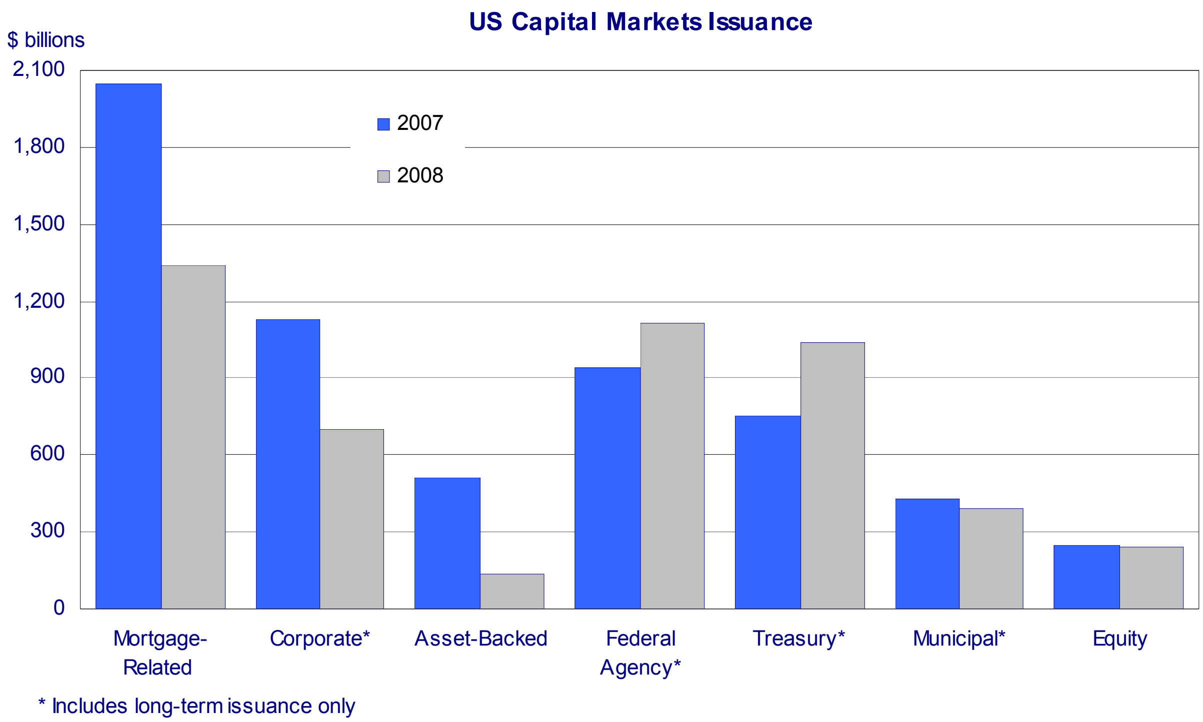
Source: SIFMA DataBank

Underwriting revenue, which had been rising since 2003 and had a record year in 2007, experienced a decline in 2008. Total underwriting revenue fell 29.2 percent to $18.8 billion from the record high $26.5 billion earned the year before, hitting NYSE- and NASD-reporting firms equally hard. Equity underwriting revenue reached $5.7 billion, a decrease of 1.2 billion, or 17.4 percent, from the record level set in 2007. Total equity issuance declined by 1.9 percent in 2008, but the real cause of the decline in revenue was the dramatic decline in initial public offerings,

[4] Trading gains (or losses) include net gains or losses from proprietary trading and holding dealer (inventory) positions to accommodate customer demand.

which command the highest fees. True IPO issuance, which would be expected to collapse in a recession, fell 85.8 percent to $7.2 billion, its lowest level since 1990. Equity underwriting revenue reached $5.7 billion, 17.4 percent below the prior year's level.

Overall corporate debt issuance also decreased in 2008 to $924.5 billion, a 62.8 percent decline from the $2.5 trillion issued in 2007, and the first time sub-$1,000 billion annual corporate debt issuance total in ten years. Corporate straight bond underwriting fell to $705.2 billion, a 37.5 percent decrease from the year before. Asset-backed securities issuance fell for the second year in a row, dropping 73.1 percent to $137.2 billion from $509.7 billion, with non-agency mortgage-backed securities issuance collapsing 94.8 percent to $40.5 billion. Other underwriting fees (which is mainly debt underwriting) declined 33.3 percent to $13.1 billion from its record high $19.6 billion in 2007.

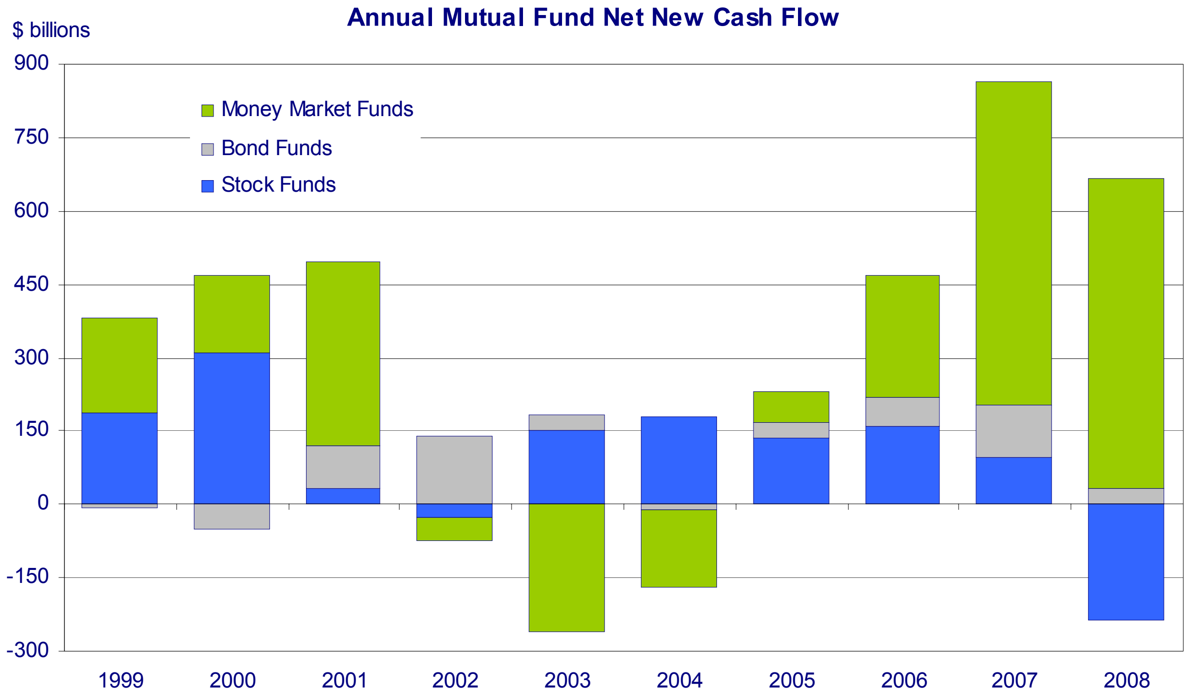


Sources: Thomson Financial, U.S. Federal Agencies, U.S. Treasury

Margin interest revenue declined to $18.4 billion in 2008, down 43.0 percent from the record $32.3 billion set the year before. Margin interest revenue declined due to investor deleveraging. NYSE-reporting firms recorded margin debt (the amount borrowed by customers to purchase securities) of $186.7 billion at year-end, down from $322.8 billion at the end of 2007.

Mutual fund sales revenue reached $22.9 billion in 2008, 11.4 percent below the record high of $25.8 billion set in the previous year. This reflected weak net new cash flows into mutual funds in 2008, which declined to $405.2 billion, 54.4 percent below the level in the prior year.[5] Most of the decrease was in equity market mutual funds. Outflows from long-term funds (which carry higher charges) reached $226.4 billion in 2008, a reversal of the previous year which saw inflows of $226.4 billion. Investors fled equity and bond funds following the credit and equity markets' collapse in September, with long-term funds experiencing outflows of $63.8 billion and $127.5 billion, respectively, in September and October.

[5] Net new cash flow equals net sales (excluding reinvested dividends) minus redemptions, combined with net exchanges.



Source: Investment Company Institute

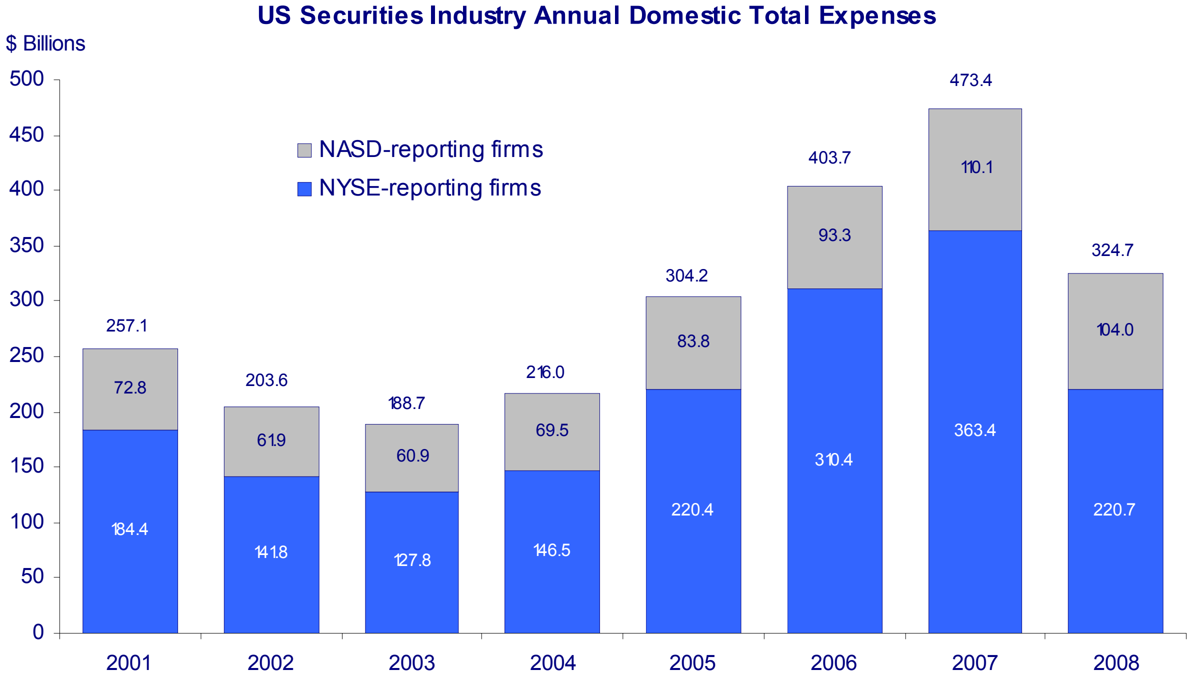
Asset management fees totaled $32.9 billion in 2008, a slight decline from the $33.1 billion earned in the preceding year. This partially reflected the decrease in the value of mutual fund assets under management, which fell to $9.6 trillion in 2008, 20.0 percent below the $12.0 trillion recorded in 2007. Another contributing factor was the record outflows from higher fee earning stock and bond funds, mentioned above, and inflows into relatively low fee-earning money market funds.

Other Revenues and Other Revenue Related to the Securities Business categories weakened as well, declining 33.5 percent to a combined $200.9 billion in 2008. These revenue lines includes fees earned from prime brokerage, corporate financial advisory work other than underwriting (such as for mergers and acquisitions (M&A)) and leveraged buyout activity. M&A and LBO activity were hard hit by adverse market and economic conditions. M&A activities declined 36.8 percent as announced deals in the U.S. reached only $953.9 billion for full-year 2008 compared to $1,510.1 billion in 2007.

Expenses

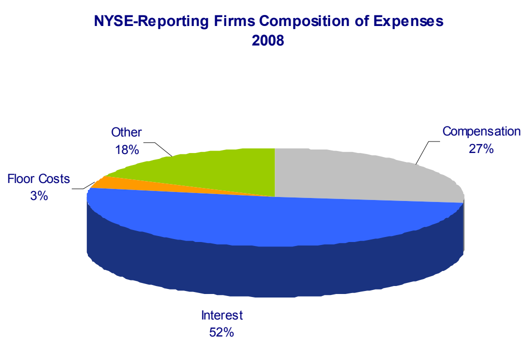
Total expenses were $324.7 billion in 2008, a 31.4 percent decline from the annual record high $473.4 billion in the previous year.

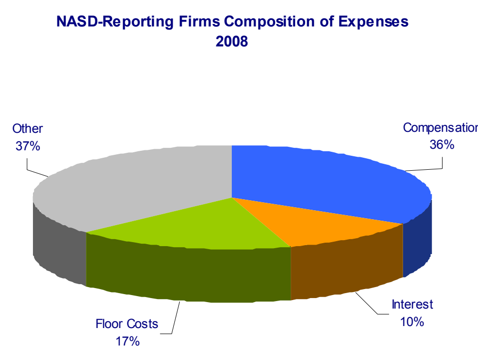
Interest expenses reached $124.5 billion in 2008, a decrease of 53.9 percent from the record level of $270.2 billion set in 2007, and hitting NYSE- and NASD-reporting firms equally. With most financial firms deleveraging, NYSE- and NASD-reporting firms' annual interest expense declined by $135.3 billion (51.4%) and $10.4 billion (51.0%), respectively, from 2007. Interest expenses accounted for 38.3 percent of total annual expenses in 2008 compared to 57.1 percent in 2007.



Source: SIFMA DataBank

Total compensation expenses, the second largest expense item, fell 7.6 percent to $96.8 billion in 2008 and accounted for 29.8 percent of total expenses, up from a 22.1 percent share in 2007. The percentage decrease is due to the dramatic decline in interest expense, which is the largest single expense category in aggregate. For the industry as a whole, total revenue per employee decreased 41.4 percent in 2008.





Subtotals may not add to totals due to independent rounding.
Source: SIFMA DataBank

Other expenses decreased 4.9 percent in 2008 after rising 14.4 percent in 2007.[7] Over the last six years "other expenses," which were slashed along with compensation expenses during the previous industry downturn, have increased as the industry recovered. The largest expense line in this "other" category, total floor costs (commissions and clearance paid by brokers to other brokers) set a record of $25.8 billion in 2008, 1.1 percent above the previous record set in 2007.

[7] "Other expenses" includes all expenses other than compensation and interest expenses.

Profitability

Record high losses caused all the aggregated profit ratios, which had been generally trending downwards since the second half of 2007, to turn negative in 2008. Headcount levels were relatively unchanged in aggregate, although increases occurred, in aggregate, at the NASD-reporting firms, while decreasing at the largest NYSE-reporting firms.

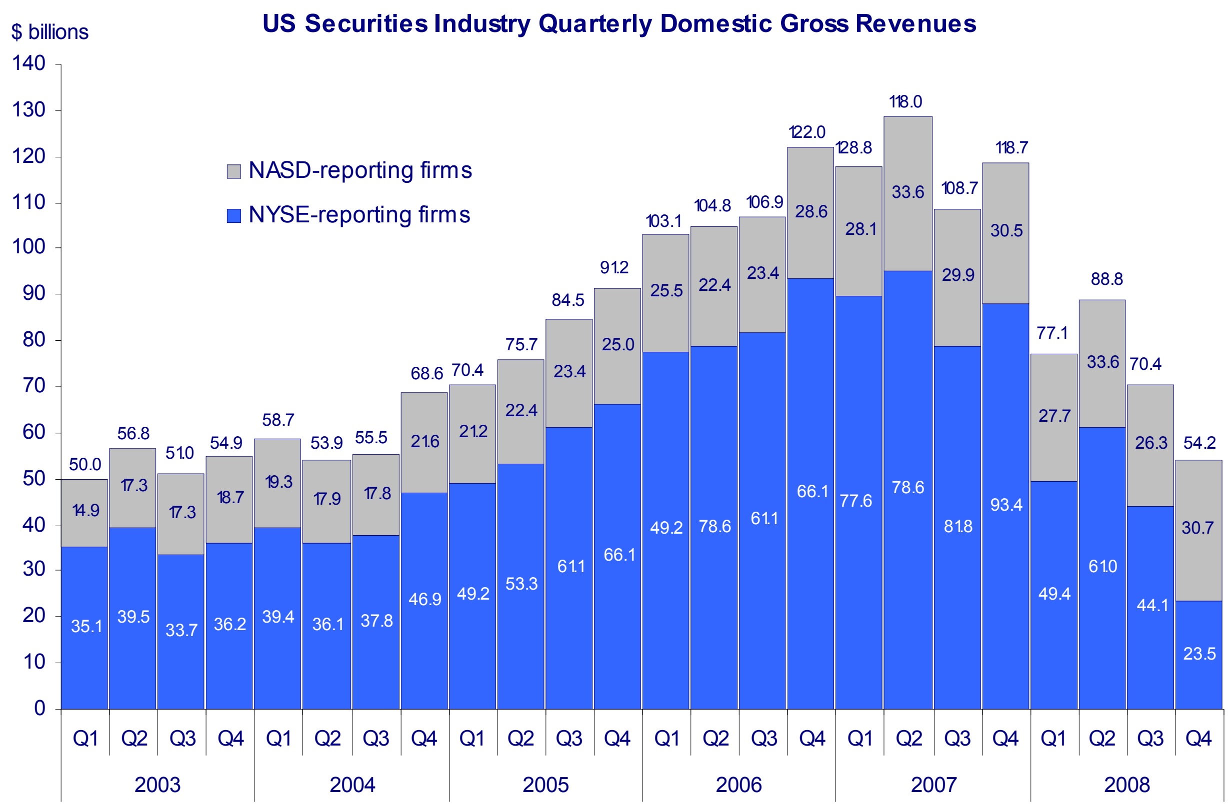
RATIOS	2004	2005	2006	2007	2008
Profit Margin (Pre-Tax)	8.8%	5.5%	7.6%	0.2%	-11.7%
ROE (Pre-Tax)	14.9%	11.9%	21.2%	0.5%	-19.5%
DOLLARS					
Revenue per Employee	$614,232	$825,555	$1,133,570	$1,183,256	$692,832

Quarterly Results

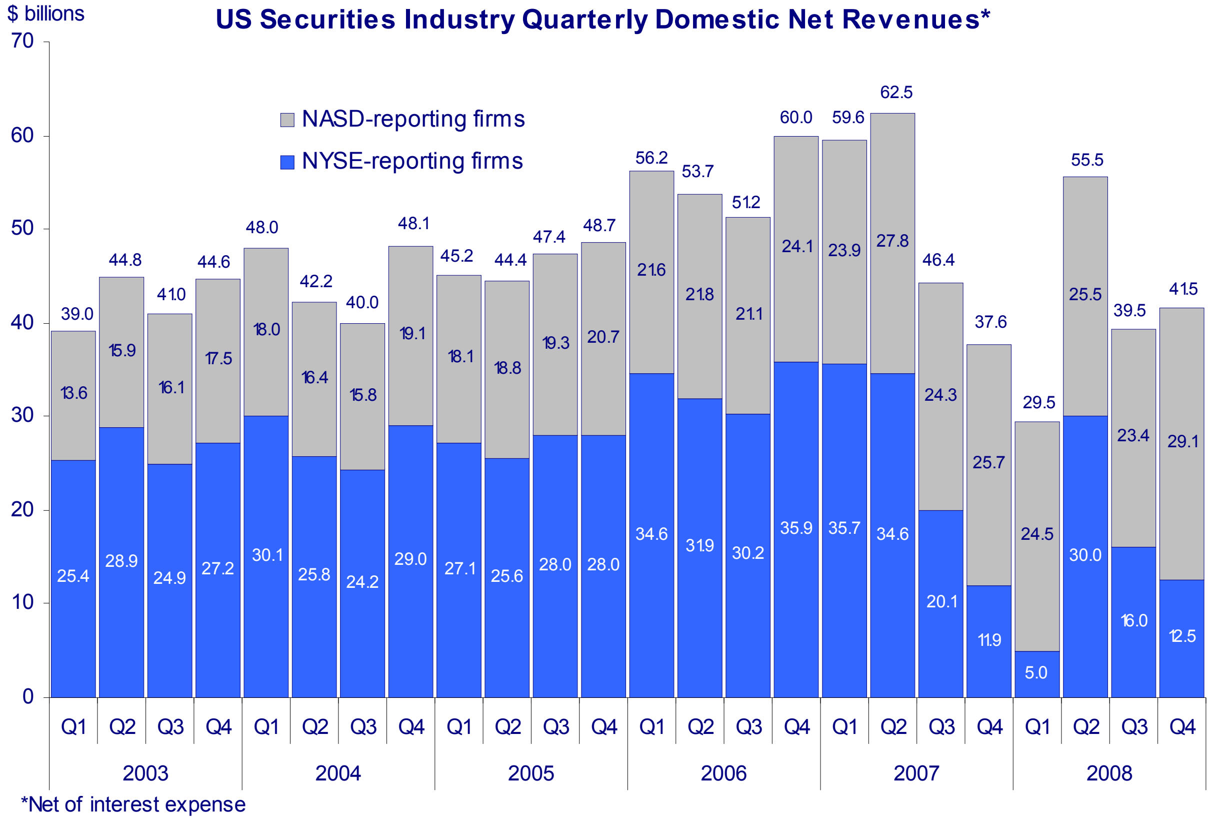
The U.S. securities industry reported its third largest quarterly loss in the fourth quarter of 2008 due to continued problems in the housing and mortgage industry coupled with tight credit markets and a severe U.S. recession. Fourth quarter aggregate broker-dealer losses totaled $10.0 billion, more than the $8.7 billion loss in 3Q'08 but less than half the $20.2 billion loss recorded in the first quarter of the year. Few observers expect a quick economic or industry recovery. However, due to the scale of the federal government's many programs aimed at combating the current turmoil, many do expect a slow economic recovery to begin in 2010.

Revenues

Total 4Q'08 revenues were $54.2 billion, a 23.0 percent decline from 3Q'08 and 54.3 percent below the same year-earlier period. Net revenues were $41.5 billion, 5.3 percent above results from 3Q'08 and 10.6 percent above results for 4Q'07.

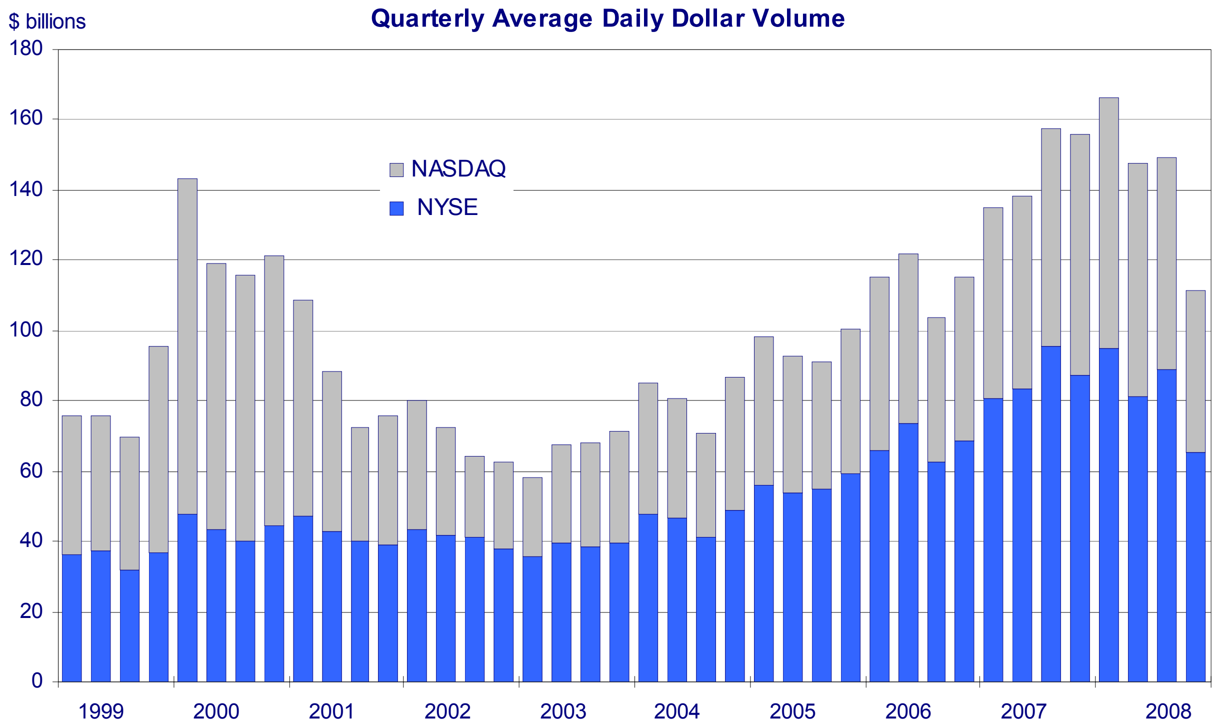


Source: SIFMA DataBank

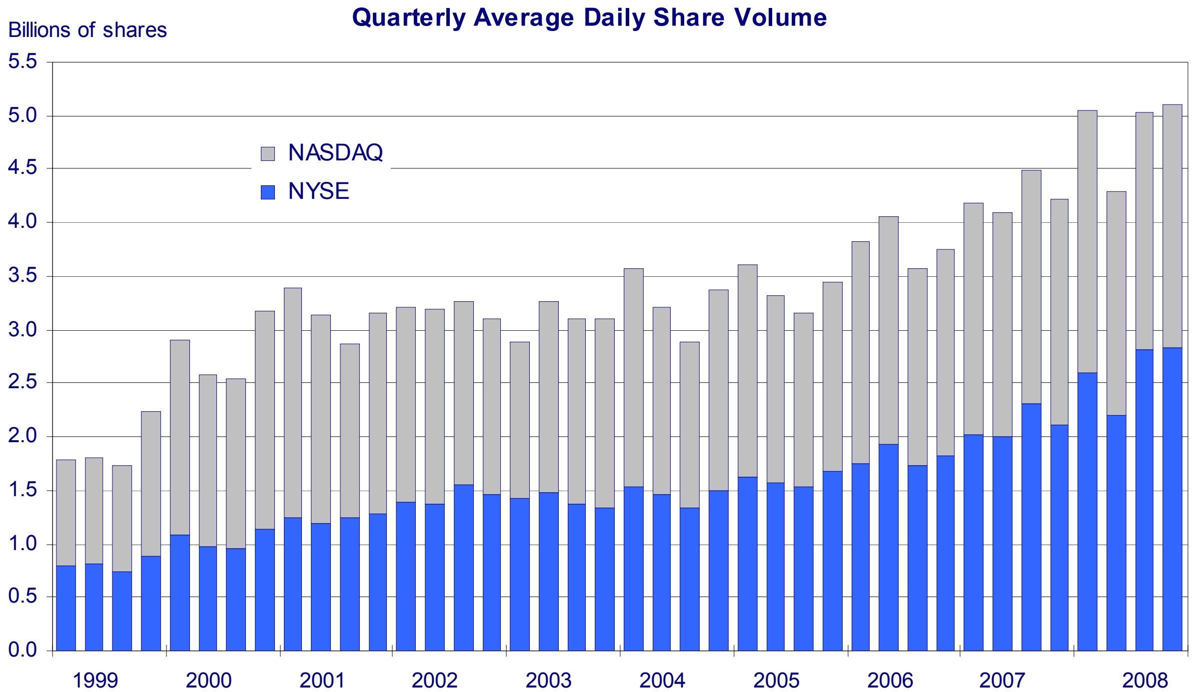


Source: SIFMA DataBank

Commission and fee income of $16.4 billion in 4Q'08 was 18.4 percent above that in the immediately preceding quarter and 14.2 percent above the 4Q'07 level. The increase in commission and fee revenues was directly related to higher trading volumes. Average daily share trading volume rose on the NYSE and NASDAQ by 0.2 percent and 2.4 percent, respectively, in 4Q'08 from third quarter levels.

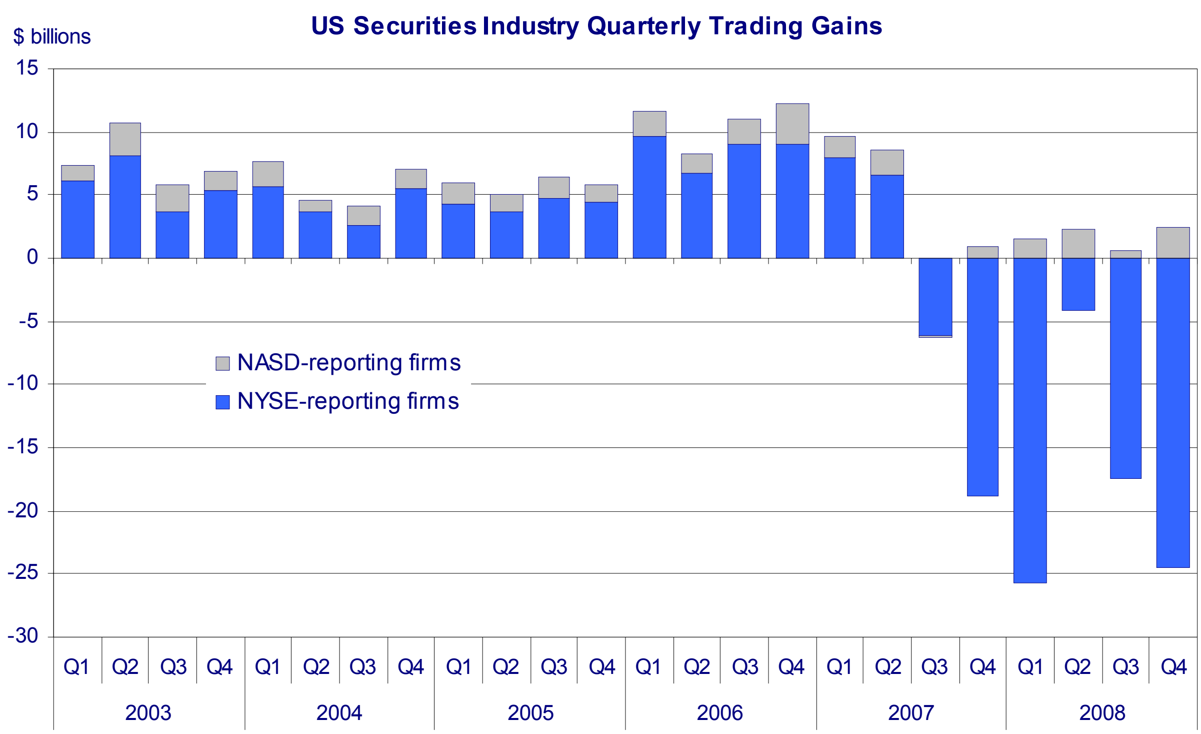


Sources: NASDAQ, NYSE



Sources: NASDAQ, NYSE

Trading revenues continued to decline in aggregate in 4Q'08 recording its second highest quarterly loss of $22.1 billion, the majority of which was in the "all other trading" category. Trading losses have been recorded in aggregate in each quarter since the second half of 2007.

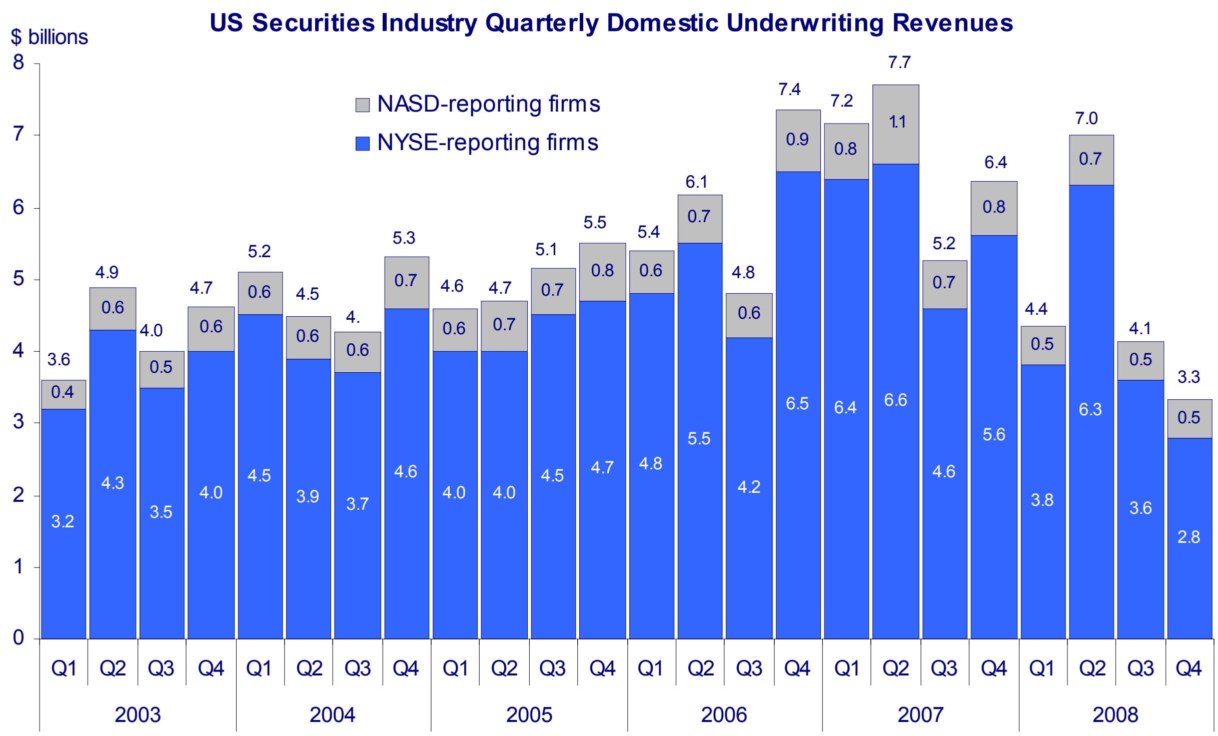


Source: SIFMA DataBank

Investment accounts also recorded weak fourth quarter results, with losses reaching $957.7 million, compared to a loss of $370.5 million in 3Q'08 and a gain of 406.1 million in the same year-earlier period.

Commodities revenue, however, maintained it positive performance with gains of $1.8 billion in 4Q'08, below the $2.4 billion gain in 3Q'08, but above the $703.0 million in 4Q'07.

Underwriting revenue decreased in the fourth quarter to $3.3 billion, 19.7 percent below the prior quarter and 48.4 percent below that in 4Q'07. Equity underwriting revenues were $957.5 million in 4Q'08, down 16.2 percent from 3Q'08. Contributing to this fourth quarter decline was the huge drop-off in value of IPOs,[8] the most lucrative type of equity underwriting. The value of all IPO's in 4Q'08 dropped to $0.1 billion, down 89.0 percent from 3Q'08 and 99.3 percent from 4Q'07.



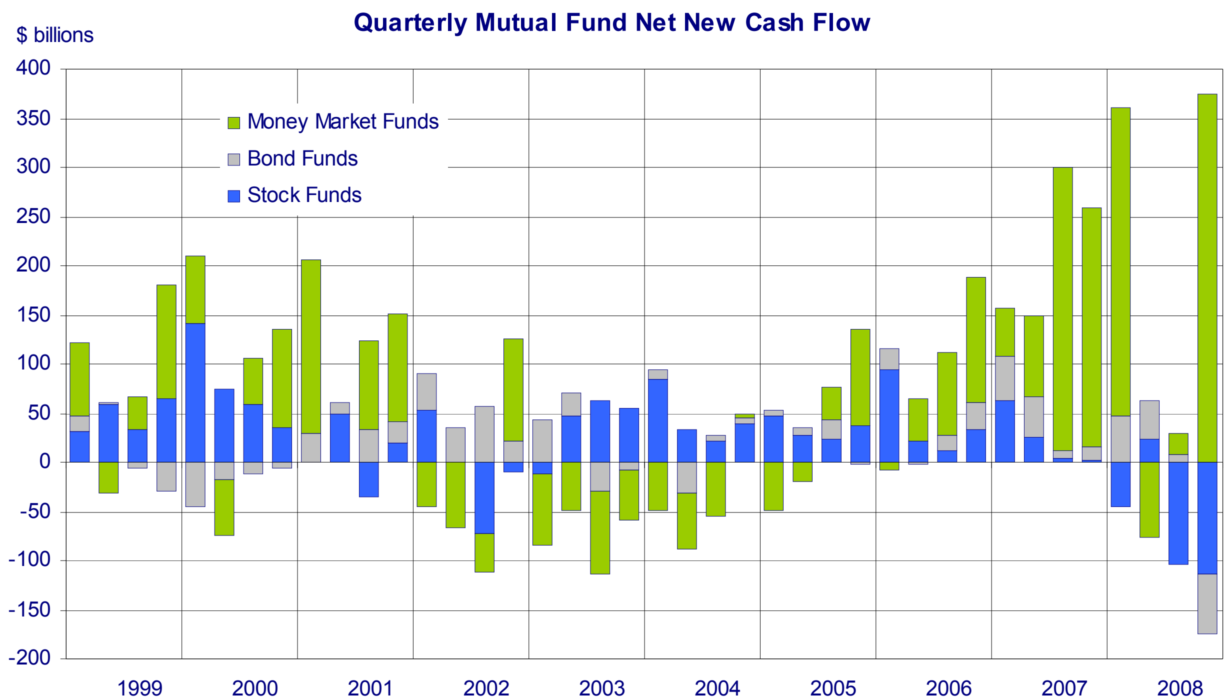
Subtotals may not add to totals due to independent rounding.
Source: SIFMA DataBank

Margin interest revenue was $2.1 billion in 4Q'08, 55.2 percent lower than the immediately preceding quarter and 77.4 percent lower than the record level of $9.1 billion in 4Q'07. Deleveraging by investors accounted for the decline in margin interest revenue throughout the year. NYSE-reporting firms recorded a margin debt, amount borrowed by customers to purchase securities, of $186.7 billion at year-end, down from $300.0 billion at the end of the third quarter and $322.8 billion at the same year-earlier period.

8 "True" IPOs, which exclude closed-end funds.

Fund management operations weakened in the final quarter of 2008, reflecting net outflows from equity and bond mutual funds. **Asset management fees** amounted to $8.0 billion, 4.1 percent below results in the previous quarter and 9.3 percent below the quarterly record $8.8 billion in the fourth quarter of 2007. **Mutual fund sales revenue** reached $5.5 billion, up 3.8 percent from 3Q'08, but down 15.4 percent from 4Q'07.

Other revenues related to the securities business decreased to $25.1 billion in 4Q'08, down 25.4 percent from 3Q'08 and 65.3 percent below the record high results in 4Q'07. The 51 percent quarter-over-quarter drop in merger and acquisition activity contributed heavily to the decrease in this revenue line. Other securities business-related revenues accounted for 46.3 percent of total industry revenue in the 4Q'08 compared with 47.9 percent in the 3Q'08 and 60.9 percent in 4Q'07.

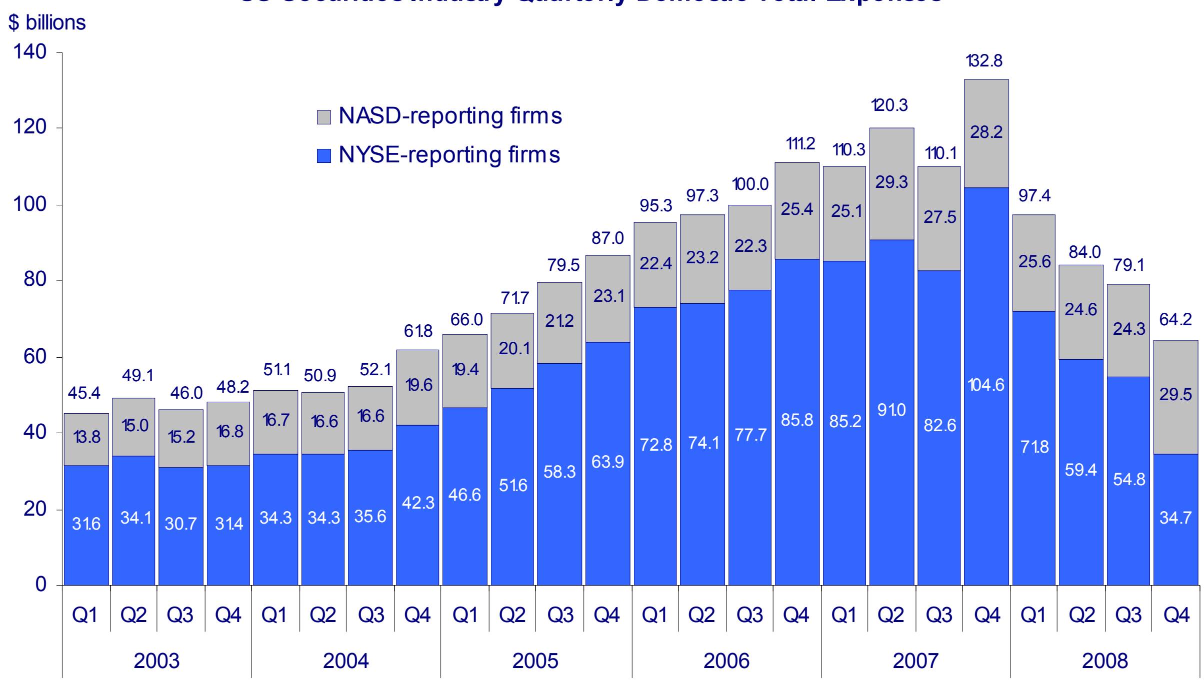


Source: Investment Company Institute

Expenses

Total expenses were $64.2 billion in 4Q'08, 18.8 percent below 3Q'08 levels and 51.6 percent below the record $132.8 billion set in 4Q'07. Compensation expenses (a highly seasonal expense) reached $21.9 billion in 4Q'08, a decrease of 5.2 percent relative to 3Q'08 and 15.6 percent below the same year-earlier period.

US Securities Industry Quarterly Domestic Total Expenses



Source: SIFMA DataBank

After reaching a quarterly record of $81.1 billion in 4Q'07, interest expense declined throughout the course of 2008. Interest expense was $12.7 billion in 4Q'08, 59.1 percent below results in the prior quarter and 84.4 percent lower than in the same year-earlier period. Interest expense, historically the largest single expense item, accounted for only 19.7 percent of total industry expenses in the fourth quarter compared to 39.1 percent in 3Q'08 and 61.1 percent in 4Q'07. As financial firms scrambled to raise capital and markets became frozen, lending of money was greatly reduced, which contributed to the significant decrease in interest expense.

Other expenses increased in 4Q'08, up 18.2 percent from the immediately preceding quarter and 15.4 percent above that in the same year-earlier period.[9] Much of the pickup in growth of other expenses was due to a 17.2 percent quarterly jump in total floor costs. Increases were also seen in communications expense and occupancy and equipment costs which increased 12.6 percent and 7.5 percent, respectively.

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[9] Expenses other than compensation and interest expenses.

NASD-Reporting Firms Other Than NYSE-Reporting Broker Dealers

INCOME STATEMENT & SELECTED ITEMS

$ Millions

	ANNUAL DATA								
	2005	**2006**	**2007**	**2008**	**07:Q4**	**08:Q1**	**08:Q2**	**08:Q3**	**08:Q4**
REVENUE:									
Commissions	20,532.3	22,243.4	25,694.8	27,901.4	6,756.1	6,541.2	6,387.1	6,257.2	8,715.8
- Commissions - Listed Equity on an Exchange	4,828.7	4,904.1	5,621.9	6,019.0	1,562.0	1,397.9	1,352.4	1,324.9	1,943.8
- Commissions - Listed Equity OTC	1,318.0	1,182.9	1,152.3	1,879.2	247.8	389.3	378.8	451.5	659.5
- Commissions - Listed Options	644.0	780.2	1,121.4	1,488.3	332.8	360.6	357.0	369.7	401.0
- Commissions - All Other	13,741.6	15,376.2	17,799.3	18,514.9	4,613.5	4,393.4	4,298.9	4,111.1	5,711.6
Trading Gain (Loss)	6,303.1	8,527.1	4,355.7	6,818.6	861.6	1,498.0	2,285.7	642.1	2,392.8
- Gain from OTC Market Making	274.8	239.0	241.2	256.2	80.7	64.4	54.0	62.1	75.7
- - Gain from OTC Market Making in Listed Equity	19.6	16.8	4.2	14.7	-5.2	5.2	5.4	4.0	0.0
- Gain from Debt Trading	2,652.8	3,670.9	2,826.9	2,815.0	404.2	919.1	825.5	322.5	748.0
- Gain from Listed Options Market Making	1.0	21.8	75.5	-634.4	16.8	7.1	15.2	49.6	-706.4
- Gain from All Other Trading	3,374.6	4,595.4	1,212.1	4,374.9	359.8	507.5	1,384.0	207.9	2,275.6
Investment Account Gain (Loss)	1,297.0	2,230.7	792.5	-1,743.5	-76.4	-456.3	-81.6	-389.3	-816.3
- Realized Gain	642.4	1,145.7	223.9	147.6	51.4	38.0	36.2	29.1	44.2
- Unrealized Gain	106.6	275.3	245.5	-166.0	-15.2	-42.0	35.2	-158.8	-0.3
Underwriting Revenue	2,726.3	2,745.1	3,343.9	2,326.0	768.4	543.2	718.3	532.2	532.4
- Equity Underwriting Revenue	67.0	244.3	218.8	134.7	51.1	45.9	85.2	0.4	3.1
Margin Interest	1,985.1	3,049.6	3,102.9	1,665.4	732.2	562.0	460.6	367.9	275.0
Mutual Fund Sale Revenue	13,493.8	15,155.9	17,756.2	16,177.8	4,450.5	4,226.0	4,040.7	3,654.7	4,256.5
Fees, Asset Management	8,008.0	9,695.9	11,501.5	11,992.3	2,971.4	2,779.7	2,980.7	2,865.0	3,367.0
Research Revenue	5.9	15.9	34.4	18.9	2.7	2.0	4.7	4.3	7.8
Commodities Revenue	191.3	-621.5	1,168.0	1,591.3	175.7	300.4	6.9	741.8	542.1
Other Revenue Related to the Securities Business	14,781.3	18,388.9	22,423.5	16,293.5	5,523.1	4,344.8	3,678.0	4,529.4	3,741.3
Other Revenue	22,624.2	24,029.4	31,969.7	29,418.1	8,341.9	7,373.4	7,319.6	7,055.2	7,669.9
TOTAL REVENUE	**91,948.3**	**105,460.5**	**122,143.2**	**112,473.3**	**30,507.1**	**27,714.3**	**27,814.1**	**26,260.5**	**30,684.4**
Net Revenue	76,862.3	88,591.9	101,772.7	102,501.7	25,673.0	24,509.9	25,522.9	23,406.8	29,062.1
EXPENSES:									
Total Compensation	28,426.3	30,776.8	35,075.0	36,969.3	9,188.1	8,722.5	8,894.5	8,196.1	11,156.2
- Registered Representative Compensation	8,882.4	9,491.4	10,966.9	11,947.1	2,757.1	2,660.9	3,003.3	2,701.8	3,581.1
- Clerical Employee Compensation	4,955.3	5,149.6	5,595.5	6,118.3	1,461.1	1,398.7	1,445.0	1,321.0	1,953.6
- Voting Officer Compensation	2,330.2	2,236.3	2,473.8	2,864.9	754.0	699.1	654.1	675.6	836.1
- Other Employee Compensation (FOCUS IIA Only)	12,258.4	13,899.4	16,038.8	16,038.9	4,215.9	3,963.8	3,792.1	3,497.7	4,785.4
Total Floor Costs	12,805.7	14,743.5	18,045.3	18,159.2	4,286.4	4,376.5	4,206.3	4,263.6	5,312.9
- Floor Brokerage Paid to Brokers	235.6	321.2	275.9	234.7	64.0	58.9	62.0	60.1	53.7
- Commissions & Clearance Paid to Other Brokers	1,588.7	2,517.7	3,051.1	3,027.7	775.9	667.3	703.2	778.0	879.3
- Clearance Paid to Non-Brokers	517.6	474.0	344.7	371.0	87.3	65.3	88.6	87.7	129.3
- Commissions Paid to Broker-Dealers (FOCUS IIA Only)	10,463.8	11,430.6	14,373.7	14,525.9	3,359.3	3,585.1	3,352.5	3,337.7	4,250.6
Communications Expense	651.8	623.6	670.5	766.9	170.0	170.7	178.9	180.2	237.1
Occupancy & Equipment Costs	1,253.3	1,177.5	1,181.1	1,375.8	304.7	311.6	319.9	324.6	419.7
Promotional Costs	933.1	963.4	1,145.9	1,264.9	328.6	333.7	310.8	268.0	352.5
Interest Expense	15,086.0	16,868.6	20,370.6	9,971.6	4,834.0	3,204.4	2,291.2	2,853.7	1,622.3
Losses from Error Accounts & Bad Debts	63.6	112.9	92.0	185.6	27.8	32.6	26.6	44.2	82.2
Data Processing Costs	781.4	780.6	812.7	938.5	214.9	220.4	216.0	239.9	262.2
Regulatory Fees & Expenses	358.3	344.5	352.7	544.6	104.6	84.8	97.7	121.1	241.0
Non-Recurring Charges	9.5	7.3	14.4	15.3	1.4	1.2	2.1	1.9	10.0
Other Expenses	23,448.0	26,871.3	32,303.4	33,806.7	8,771.2	8,096.9	8,067.1	7,808.5	9,834.2
TOTAL EXPENSES	**83,817.0**	**93,269.9**	**110,063.5**	**104,012.3**	**28,231.6**	**25,555.3**	**24,625.0**	**24,301.7**	**29,530.3**
PRE-TAX NET INCOME	**8,131.3**	**12,190.6**	**12,079.7**	**8,461.1**	**2,275.5**	**2,159.1**	**3,189.0**	**1,958.8**	**1,154.2**
TOTAL ASSETS	**827,576.0**	**857,479.9**	**903,947.2**	**595,851.1**	**903,947.2**	**1,054,258.4**	**819,450.2**	**752,574.8**	**595,851.1**
TOTAL LIABILITIES	**779,938.7**	**803,461.5**	**845,116.9**	**525,860.8**	**845,116.9**	**995,798.7**	**760,419.8**	**698,367.4**	**525,860.8**
TOTAL OWNERSHIP EQUITY	**47,637.3**	**54,018.4**	**58,830.1**	**69,990.3**	**58,830.1**	**58,458.5**	**59,030.4**	**54,207.4**	**69,990.3**
TOTAL NET CAPITAL	**26,714.4**	**27,630.6**	**32,441.0**	**40,272.7**	**32,441.0**	**32,704.3**	**33,589.0**	**33,323.2**	**40,272.7**
NUMBER OF FIRMS IN CATEGORY	**4,917**	**4,848**	**4,774**	**4,729**	**4,774**	**4,754**	**4,757**	**4,751**	**4,729**
PERSONNEL - INCOME PRODUCING	**59,648**	**57,228**	**60,075**	**81,622**	**60,075**	**60,157**	**62,785**	**75,909**	**81,622**
PERSONNEL - ALL OTHER	**37,155**	**36,226**	**36,323**	**50,376**	**36,323**	**37,304**	**39,849**	**41,447**	**50,376**
PERSONNEL - TOTAL	**96,803**	**93,454**	**96,398**	**131,998**	**96,398**	**97,461**	**102,634**	**117,356**	**131,998**

Source: SIFMA DataBank

NYSE-Reporting Broker Dealers
INCOME STATEMENT & SELECTED ITEMS
$ Millions

	ANNUAL DATA								
	2005	**2006**	**2007**	**2008**	**07:Q4**	**08:Q1**	**08:Q2**	**08:Q3**	**08:Q4**
REVENUE:									
Commissions	25,612.2	26,665.0	28,846.4	30,166.4	7,612.8	7,845.7	7,029.1	7,599.7	7,691.9
- Commissions - Listed Equity on an Exchange	13,592.3	13,706.4	14,467.3	13,675.8	3,505.7	3,734.4	3,212.2	3,399.6	3,329.6
- Commissions - Listed Equity OTC	1,951.3	1,919.9	2,418.9	4,109.1	790.6	976.0	904.9	1,106.1	1,122.1
- Commissions - Listed Options	1,134.0	1,394.8	1,884.2	2,107.9	510.8	548.6	514.1	522.5	522.7
- Commissions - All Other	8,934.6	9,644.1	10,076.0	10,273.9	2,805.7	2,586.7	2,397.9	2,571.5	2,717.8
Trading Gain (Loss)	17,006.5	34,522.5	-10,334.3	-71,795.5	-18,809.2	-25,709.7	-4,064.7	-17,500.9	-24,520.2
- Gain from OTC Market Making	480.5	513.6	611.7	728.9	-226.3	-198.0	363.4	-143.3	706.8
- - Gain from OTC Market Making in Listed Equity	-17.3	-1.4	0.0	0.4	0.0	0.1	0.0	0.1	0.2
- Gain from Debt Trading	10,076.3	14,112.0	-4,738.9	-39,208.7	-6,463.9	-15,310.5	-3,420.7	-10,959.2	-9,518.3
- Gain from Listed Options Market Making	203.3	38.0	165.1	-1,600.4	3.5	364.0	104.5	-838.7	-1,230.2
- Gain from All Other Trading	6,006.0	19,858.9	-11,423.7	-31,715.3	-12,122.5	-10,565.2	-1,111.9	-5,559.7	-14,478.5
Investment Account Gain (Loss)	1,559.4	3,306.6	3,183.6	-16.4	482.5	-28.8	135.0	18.8	-141.4
- Realized Gain	1,218.5	1,316.5	1,742.3	588.7	314.2	210.2	174.9	149.7	53.9
- Unrealized Gain	-178.8	655.5	-271.1	-493.0	-71.5	-141.9	-72.9	-136.9	-141.3
Underwriting Revenue	17,261.2	20,884.4	23,182.3	16,462.5	5,642.3	3,816.8	6,279.6	3,589.4	2,776.7
- Equity Underwriting Revenue	4,135.8	4,972.2	6,705.3	5,584.2	1,700.7	1,375.3	2,112.2	1,142.3	954.4
Margin Interest	11,272.0	20,777.4	29,179.3	16,748.4	8,353.9	6,287.6	4,475.7	4,208.2	1,776.9
Mutual Fund Sale Revenue	7,163.0	7,843.5	8,050.2	6,676.1	2,022.5	1,933.9	1,901.9	1,621.7	1,218.6
Fees, Asset Management	15,268.0	18,195.1	21,587.7	20,899.1	5,858.9	5,428.7	5,328.4	5,495.5	4,646.5
Research Revenue	131.6	206.2	45.6	62.4	16.9	14.7	15.8	14.3	17.6
Commodities Revenue	1,052.6	54.8	580.2	3,713.2	527.3	630.4	200.8	1,666.4	1,215.6
Other Revenue Related to the Securities Business	111,762.2	175,354.4	212,554.3	125,184.7	66,746.9	41,599.5	33,058.2	29,155.3	21,371.7
Other Revenue	21,730.3	23,525.6	35,174.2	29,967.8	9,726.3	7,598.9	6,651.2	8,256.6	7,461.1
TOTAL REVENUE	**229,819.1**	**331,335.7**	**352,048.4**	**178,068.0**	**88,181.1**	**49,417.7**	**61,010.1**	**44,125.0**	**23,515.2**
Net Revenue	108,757.8	132,531.5	102,260.4	63,535.2	11,884.9	4,997.2	30,011.0	16,047.2	12,479.8
EXPENSES:									
Total Compensation	59,953.4	71,104.2	69,610.3	59,794.4	16,785.0	16,264.3	17,825.8	14,935.2	10,769.1
- Registered Representative Compensation	23,156.2	26,873.6	27,394.1	24,390.0	6,815.7	6,804.5	6,358.1	6,368.0	4,859.4
- Clerical Employee Compensation	34,308.4	41,664.3	40,434.9	33,568.9	9,495.9	8,964.5	11,021.3	8,126.2	5,456.9
- Voting Officer Compensation	1,145.9	1,437.8	1,029.0	1,047.0	279.4	294.0	253.7	228.4	270.9
- Other Employee Compensation (FOCUS IIA Only)	1,342.9	1,128.5	752.2	788.2	194.0	201.3	192.5	212.7	181.7
Total Floor Costs	5,233.5	6,444.4	7,439.0	7,593.7	2,090.1	1,857.6	1,839.5	1,939.1	1,957.5
- Floor Brokerage Paid to Brokers	1,346.5	1,481.0	1,401.3	1,196.2	360.0	363.4	320.0	268.8	244.0
- Commissions & Clearance Paid to Other Brokers	2,430.9	3,421.2	4,550.4	4,773.6	1,307.9	1,158.9	1,096.0	1,228.9	1,289.8
- Clearance Paid to Non-Brokers	965.9	1,152.5	1,439.7	1,540.5	409.0	315.3	403.7	415.3	406.2
- Commissions Paid to Broker-Dealers (FOCUS IIA Only)	490.2	389.6	47.8	83.8	13.2	20.0	20.1	26.1	17.6
Communications Expense	4,343.8	4,918.5	5,328.3	5,332.5	1,415.3	1,321.4	1,349.1	1,268.4	1,393.6
Occupancy & Equipment Costs	5,086.8	5,211.4	5,423.1	5,551.9	1,443.6	1,334.2	1,379.6	1,402.1	1,436.0
Promotional Costs	1,511.5	1,541.3	1,532.0	1,254.8	419.2	355.5	353.3	266.7	279.3
Interest Expense	121,061.3	198,804.2	249,788.0	114,532.8	76,296.2	44,420.5	30,999.1	28,077.8	11,035.4
Losses from Error Accounts & Bad Debts	305.5	276.8	134.8	1,100.0	140.6	439.6	115.7	132.6	412.1
Data Processing Costs	2,724.8	2,926.4	2,952.7	2,649.3	816.8	766.6	624.8	608.1	649.8
Regulatory Fees & Expenses	1,193.4	1,266.2	1,405.9	1,459.3	374.0	375.8	353.9	397.1	332.5
Non-Recurring Charges	274.5	118.0	104.4	707.4	97.4	194.3	187.9	150.9	174.3
Other Expenses	18,684.3	17,831.1	19,632.0	20,680.7	4,672.1	4,472.7	4,337.2	5,635.6	6,235.2
TOTAL EXPENSES	**220,372.8**	**310,442.2**	**363,350.6**	**220,655.2**	**104,550.3**	**71,801.4**	**59,366.0**	**54,813.6**	**34,674.2**
PRE-TAX NET INCOME	**9,446.3**	**20,893.6**	**-11,302.3**	**-42,587.4**	**-16,369.2**	**-22,383.7**	**1,643.9**	**-10,688.7**	**-11,158.9**
TOTAL ASSETS	**4,211,633.2**	**5,019,451.2**	**5,459,435.0**	**3,795,781.3**	**5,459,435.0**	**5,564,248.4**	**5,156,462.7**	**5,453,573.0**	**3,795,781.3**
TOTAL LIABILITIES	**4,110,979.4**	**4,909,210.0**	**5,350,716.7**	**3,683,309.9**	**5,350,716.7**	**5,455,725.0**	**5,042,313.3**	**5,338,621.7**	**3,683,309.9**
TOTAL OWNERSHIP EQUITY	**100,653.8**	**110,241.2**	**108,718.3**	**112,471.4**	**108,718.3**	**108,523.4**	**114,149.4**	**114,951.4**	**112,471.4**
TOTAL NET CAPITAL	**74,619.6**	**75,338.3**	**95,802.7**	**115,195.1**	**95,802.7**	**101,853.0**	**114,954.3**	**107,441.8**	**115,195.1**
NUMBER OF FIRMS IN CATEGORY	**217**	**204**	**195**	**194**	**195**	**196**	**192**	**195**	**194**
PERSONNEL - INCOME PRODUCING	**131,119**	**131,457**	**143,361**	**140,360**	**143,361**	**142,809**	**140,736**	**142,026**	**140,360**
PERSONNEL - ALL OTHER	**155,359**	**162,464**	**174,285**	**152,220**	**174,285**	**173,096**	**171,186**	**163,739**	**152,220**
PERSONNEL - TOTAL	**286,478**	**293,921**	**317,646**	**292,580**	**317,646**	**315,905**	**311,922**	**305,765**	**292,580**

Source: SIFMA DataBank

NASD- and NYSE-Reporting Broker Dealers
INCOME STATEMENT & SELECTED ITEMS
$ Millions

	ANNUAL DATA								
	2005	2006	2007	2008	07:Q4	08:Q1	08:Q2	08:Q3	08:Q4
REVENUE:									
Commissions	46,144.5	48,908.4	54,541.2	58,067.8	14,368.9	14,386.9	13,416.2	13,856.9	16,407.7
- Commissions - Listed Equity on an Exchange	18,421.0	18,610.5	20,089.2	19,694.8	5,067.7	5,132.3	4,564.6	4,724.5	5,273.4
- Commissions - Listed Equity OTC	3,269.3	3,102.8	3,571.2	5,988.3	1,038.4	1,365.3	1,283.7	1,557.6	1,781.6
- Commissions - Listed Options	1,778.0	2,175.0	3,005.6	3,596.2	843.6	909.2	871.1	892.2	923.7
- Commissions - All Other	22,676.2	25,020.3	27,875.3	28,788.8	7,419.2	6,980.1	6,696.8	6,682.6	8,429.4
Trading Gain (Loss)	23,309.6	43,049.6	-5,978.6	-64,976.9	-17,947.6	-24,211.7	-1,779.0	-16,858.8	-22,127.4
- Gain from OTC Market Making	755.3	752.6	852.9	985.1	-145.7	-133.6	417.4	-81.2	782.5
- - Gain from OTC Market Making in Listed Equity	2.3	15.4	4.2	15.1	-5.2	5.3	5.4	4.1	0.2
- Gain from Debt Trading	12,729.1	17,782.9	-1,912.0	-36,393.7	-6,059.7	-14,391.4	-2,595.2	-10,636.7	-8,770.3
- Gain from Listed Options Market Making	204.3	59.8	240.6	-2,234.8	20.3	371.1	119.7	-789.1	-1,936.6
- Gain from All Other Trading	9,380.6	24,454.3	-10,211.6	-27,340.4	-11,762.7	-10,057.7	272.1	-5,351.8	-12,202.9
Investment Account Gain (Loss)	2,856.4	5,537.3	3,976.1	-1,759.9	406.1	-485.1	53.4	-370.5	-957.7
- Realized Gain	1,860.9	2,462.2	1,966.2	736.3	365.6	248.2	211.1	178.8	98.1
- Unrealized Gain	-72.2	930.8	-25.6	-659.0	-86.7	-183.9	-37.7	-295.7	-141.6
Underwriting Revenue	19,987.5	23,629.5	26,526.2	18,788.5	6,410.7	4,360.0	6,997.9	4,121.6	3,309.1
- Equity Underwriting Revenue	4,202.8	5,216.5	6,924.1	5,718.9	1,751.8	1,421.2	2,197.4	1,142.7	957.5
Margin Interest	13,257.1	23,827.0	32,282.2	18,413.8	9,086.1	6,849.6	4,936.3	4,576.1	2,051.9
Mutual Fund Sale Revenue	20,656.8	22,999.4	25,806.4	22,853.9	6,473.0	6,159.9	5,942.6	5,276.4	5,475.1
Fees, Asset Management	23,276.0	27,891.0	33,089.2	32,891.4	8,830.3	8,208.4	8,309.1	8,360.5	8,013.5
Research Revenue	137.5	222.1	80.0	81.3	19.6	16.7	20.5	18.6	25.4
Commodities Revenue	1,243.9	-566.7	1,748.2	5,304.5	703.0	930.8	207.7	2,408.2	1,757.7
Other Revenue Related to the Securities Business	126,543.5	193,743.3	234,977.8	141,478.2	72,270.0	45,944.3	36,736.2	33,684.7	25,113.0
Other Revenue	44,354.5	47,555.0	67,143.9	59,385.9	18,068.2	14,972.3	13,970.8	15,311.8	15,131.0
TOTAL REVENUE	**321,767.4**	**436,796.2**	**474,191.6**	**290,541.3**	**118,688.2**	**77,132.0**	**88,824.2**	**70,385.5**	**54,199.6**
Net Revenue	185,620.1	221,123.4	204,033.1	166,036.9	37,557.9	29,507.1	55,533.9	39,454.0	41,541.9
EXPENSES:									
Total Compensation	88,379.7	101,881.0	104,685.3	96,763.7	25,973.1	24,986.8	26,720.3	23,131.3	21,925.3
- Registered Representative Compensation	32,038.6	36,365.0	38,361.0	36,337.1	9,572.8	9,465.4	9,361.4	9,069.8	8,440.5
- Clerical Employee Compensation	39,263.7	46,813.9	46,030.4	39,687.2	10,957.0	10,363.2	12,466.3	9,447.2	7,410.5
- Voting Officer Compensation	3,476.1	3,674.1	3,502.8	3,911.9	1,033.4	993.1	907.8	904.0	1,107.0
- Other Employee Compensation (FOCUS IIA Only)	13,601.3	15,027.9	16,791.0	16,827.1	4,409.9	4,165.1	3,984.6	3,710.4	4,967.1
Total Floor Costs	18,039.2	21,187.9	25,484.3	25,752.9	6,376.5	6,234.1	6,045.8	6,202.7	7,270.4
- Floor Brokerage Paid to Brokers	1,582.1	1,802.2	1,677.2	1,430.9	424.0	422.3	382.0	328.9	297.7
- Commissions & Clearance Paid to Other Brokers	4,019.6	5,938.9	7,601.5	7,801.3	2,083.8	1,826.2	1,799.2	2,006.9	2,169.1
- Clearance Paid to Non-Brokers	1,483.5	1,626.5	1,784.4	1,911.5	496.3	380.6	492.3	503.0	535.5
- Commissions Paid to Broker-Dealers (FOCUS IIA Only)	10,954.0	11,820.2	14,421.5	14,609.7	3,372.5	3,605.1	3,372.6	3,363.8	4,268.2
Communications Expense	4,995.6	5,542.1	5,998.8	6,099.4	1,585.3	1,492.1	1,528.0	1,448.6	1,630.7
Occupancy & Equipment Costs	6,340.1	6,388.9	6,604.2	6,927.7	1,748.3	1,645.8	1,699.5	1,726.7	1,855.7
Promotional Costs	2,444.6	2,504.7	2,677.9	2,519.7	747.8	689.2	664.1	534.7	631.8
Interest Expense	136,147.3	215,672.8	270,158.6	124,504.4	81,130.2	47,624.9	33,290.3	30,931.5	12,657.7
Losses from Error Accounts & Bad Debts	369.1	389.7	226.8	1,285.6	168.4	472.2	142.3	176.8	494.3
Data Processing Costs	3,506.2	3,707.0	3,765.4	3,587.8	1,031.7	987.0	840.8	848.0	912.0
Regulatory Fees & Expenses	1,551.7	1,610.7	1,758.6	2,003.9	478.6	460.6	451.6	518.2	573.5
Non-Recurring Charges	284.0	125.3	118.8	722.7	98.8	195.5	190.0	152.8	184.3
Other Expenses	42,132.3	44,702.4	51,935.4	54,487.4	13,443.3	12,569.6	12,404.3	13,444.1	16,069.4
TOTAL EXPENSES	**304,189.8**	**403,712.1**	**473,414.1**	**324,667.5**	**132,781.9**	**97,356.7**	**83,991.0**	**79,115.3**	**64,204.5**
PRE-TAX NET INCOME	**17,577.6**	**33,084.2**	**777.4**	**-34,126.3**	**-14,093.7**	**-20,224.6**	**4,832.9**	**-8,729.9**	**-10,004.7**
TOTAL ASSETS	**5,039,209.2**	**5,876,931.1**	**6,363,382.2**	**4,391,632.4**	**6,363,382.2**	**6,618,506.8**	**5,975,912.9**	**6,206,147.8**	**4,391,632.4**
TOTAL LIABILITIES	**4,890,918.1**	**5,712,671.5**	**6,195,833.6**	**4,209,170.7**	**6,195,833.6**	**6,451,523.7**	**5,802,733.1**	**6,036,989.1**	**4,209,170.7**
TOTAL OWNERSHIP EQUITY	**148,291.1**	**164,259.6**	**167,548.4**	**182,461.7**	**167,548.4**	**166,981.9**	**173,179.8**	**169,158.8**	**182,461.7**
TOTAL NET CAPITAL	**101,334.0**	**102,968.9**	**128,243.7**	**155,467.8**	**128,243.7**	**134,557.3**	**148,543.3**	**140,765.0**	**155,467.8**
NUMBER OF FIRMS IN CATEGORY	**5,134**	**5,052**	**4,969**	**4,923**	**4,969**	**4,950**	**4,949**	**4,946**	**4,923**
PERSONNEL - INCOME PRODUCING	**190,767**	**188,685**	**203,436**	**221,982**	**203,436**	**202,966**	**203,521**	**217,935**	**221,982**
PERSONNEL - ALL OTHER	**192,514**	**198,690**	**210,608**	**202,596**	**210,608**	**210,400**	**211,035**	**205,186**	**202,596**
PERSONNEL - TOTAL	**383,281**	**387,375**	**414,044**	**424,578**	**414,044**	**413,366**	**414,556**	**423,121**	**424,578**

Source: SIFMA DataBank

Appendix: 2008 – 2009 Highlights

2008

March 16 Bear Stearns Acquired by JPM with $30B Federal Reserve Support

July 23 Housing and Economic Recovery Act Passed
- Creates Hope For Homeowners Program: $300B FHA refinancing program, requires holders to write down mortgages to max 90% LTV; merges OFHEO and FHFB into Federal Housing Finance Authority

September 7 Fannie and Freddie Placed into Conservatorship
- Preferred stock purchase program, $200B total support
- GSE credit facility for Fannie, Freddie, FHL Banks

September 15 Merrill Lynch Sold to Bank of America; Lehman Brothers Files for Chapter 11 Bankruptcy

September 16 Primary Market Reserve Money Market Fund "Breaks the Buck"; Barclays Acquires Lehman

September 17 Federal Reserve Lends $85B to AIG, Takes 79.9% Ownership

September 18–19 Treasury Makes Public TARP proposal; Federal Reserve Creates Money Market/ABCP Facility; UK FSA and US SEC Bans Short-Sales

September 21 Goldman Sachs and Morgan Stanley to become Bank Holding Companies

September 25 WaMu placed into receivership; sold to JPM Chase

September 29 US EESA fails; European Bailouts
- United States EESA (TARP) bill defeated in House of Representatives 228-205;
- Iceland nationalizes Glitnir; UK nationalizes Bradford & Bingley; Belgian, Dutch, and Luxembourg governments nationalize Fortis; Germany injects €35B in credit guarantees to Hypo Real Estate

September 30 Ireland first country to fully guarantee all deposits/debt; additional European bailouts

October 3 Congress Passes EESA
- Implements TARP, $250B/$100B/$350B tranches; FDIC deposit guarantee increased to 250k

October 6-7 Fed to Pay Interest on Bank Reserves, Creates Commercial Paper Funding Facility; EU raises bank guarantee to €50,000

October 8 Coordinated Global Central Bank Rate Cuts of 50bps; UK Announces Direct Equity Purchases/Bank Loan Guarantees

October 12 Eurozone Summit
- Declaration of coordination between European Union and Euro area governments, central banks and supervisors to coordinated approach
- Allows EU member states to make available to financial institutions Tier 1 capital

October 13 Fed Expands Currency Swap Lines with European Nations and Japan to unlimited amounts; UK announces £37B equity purchases in RBS and HBOS/Lloyd's

October 14	US Announces $250B Capital Purchase Program • Preferred Equity/Warrant Purchases from 9 large banks totaling $125B; Smaller banks eligible for other $125B; FDIC to guarantee senior unsecured debt up to 3yrs and all non interest bearing transactional accounts
October 16	SNB extends $54 USD billion loan to UBS for "bad bank"
October 17	German Parliament passes €500B rescue package; France guarantees €320 bank refinancing package
October 20 – 21	South Korea passes $130B bank guarantee package; Netherlands implements €200B guarantee package; Federal Reserve approves Wells Fargo's acquisition of Wachovia
October 24	US Treasury begins Capital Purchase Program Injections
October 29	Federal Reserve opens swap lines with emerging market nations
November 4	Barack Obama Wins Presidential Election
November 5	IMF Approves $16.5B loan to Ukraine, $15.7B loan to Hungary
November 10	Treasury and Federal Reserve Revise AIG Package; China passes $586B stimulus plan; Fannie Mae reports $29B Loss • Treasury supplies $40B capital for preferred shares; Federal Reserve creates facility for RMBS & CDOs, reducing credit facility to $60B
November 12	Treasury Secretary Paulson Discontinues TARP plan to buy assets
November 14	FHFA & Hope Now, FDIC Publish Loan Modification Frameworks; Freddie Mac Reports $25.3B Loss, Requests $13.8B from Treasury
November 20	Fannie Mae and Freddie Mac to Suspend Foreclosures to January 2009 to implement loan modification framework
November 23	Treasury, FDIC, Federal Reserve Bails Out Citigroup • Gov't provides insurance on $306B of loans backed by real estate; Citi to take first $29B (+reserves) in losses and share rest with government; Citi to also implement FDIC/IndyMac loan modification plan; Citi also to receive additional $20B TARP funds for preferred stock
November 25	Federal Reserve, Treasury Announce TALF, $600B GSE Purchase Programs • Term ABS Liquidity Facility (TALF): $200B facility to provide financing for ABS investors, may expand to MBS • Federal Reserve to purchase $100B GSE debt, $500B MBS
December 1	US National Bureau of Economic Research declares US to be in recession since January 2008
December 11-14	$14B auto plan fails in Senate; Bernie Madoff arrested for $50B Ponzi scheme; Ecuador defaults; Ireland to support €10B recapitalization program for Irish credit institutions; Swiss National Bank cuts rates to 0 – 1%
December 16	Federal Reserve cuts rates to 0 - 0.25%
December 18	President-Elect Obama nominates Mary Schapiro as Chairman of SEC
December 19	Bank of Japan cuts rates to 0.1%; US Treasury announces $13.4B bridge loan to GM & Chrysler from TARP funds
December 29-31	US Treasury announces $5B TARP investment in GMAC

2009

January 8 — Germany invests additional €10B in Commerzbank

January 14-15 — Greece downgraded to A-; Ireland nationalizes Anglo Irish Bank

January 16 — Treasury, Federal Reserve & FDIC announce additional Bank of America aid
- FDIC to provide protection against $118B of loans; Treasury to invest an additional $20B in BoA

January 19 — Spain downgraded to AA+; RBS announces £28B loss for FY 2008; UK converts preference shares for common shares for RBS; HM Treasury, BoE, UK government announce financial intervention measures

January 20 — Inauguration of President Barack Obama

January 28 — National Credit Union Administration guarantees all uninsured shares at all corporate credit unions

February 3 — Federal Reserve extends AMLF, CPFF, MMIFF, PDCF, TSLF to October 30, 2009

February 10 — Treasury Secretary Timothy Geithner Outlines Financial Stability Plan

February 17 — American Recovery and Reinvestment Act of 2009 signed into law by President Barack Obama

February 26 — RBS enters into UK's Asset Protection Scheme
- UK provides protection for £325B in assets; RBS to take first loss of £19.5B; losses shared 90%/10% gov't/bank

March 2 — AIG restructuring by the US
- $40B preferred shares exchanged for new preferred shares of 77.9% interest; new $30B Treasury drawdown facility; new $8.5B Federal Reserve facility for life insurance policies

March 3 — Federal Reserve & Treasury launch Term Asset-Backed Securities Loan Facility

March 4 — Obama Administration unveils Making Home Affordable Program
- Home Affordable Refinance program: refinancing GSE mortgages for 4-5 million homeowners;
- Home Affordable Modification program: reduction of monthly mortgage payments through loan modification

March 5 — Bank of England announces buyback of gilts

March 7 — Lloyds enters into UK's Asset Protection Scheme
- UK to provide protection on £260B in assets; HBOS to take £25B first loss with losses shared 90%/10% gov't/bank

March 9 — Federal Home Loan Bank of Seattle "breaks the buck" & falls below capital regulatory requirements; ICE Trust begins clearing CDS in North America

March 18-19 — Federal Reserve to purchase additional $750B in agency mortgage-backed securities, $100B in agency direct obligations, $300B in longer-term Treasury securities; Treasury to provide up to $5B in financing to auto suppliers

March 20 — National Credit Union Administration places US Central Federal Credit Union and Western Corporate Federal Credit Union into Conservatorship

March 23 — Treasury, FDIC, Federal Reserve announces details of Public-Private Partnership Investment Program
- FDIC: legacy loans PPIF; Treasury: securities PPIF; Federal Reserve: expansion of TALF to legacy assets

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