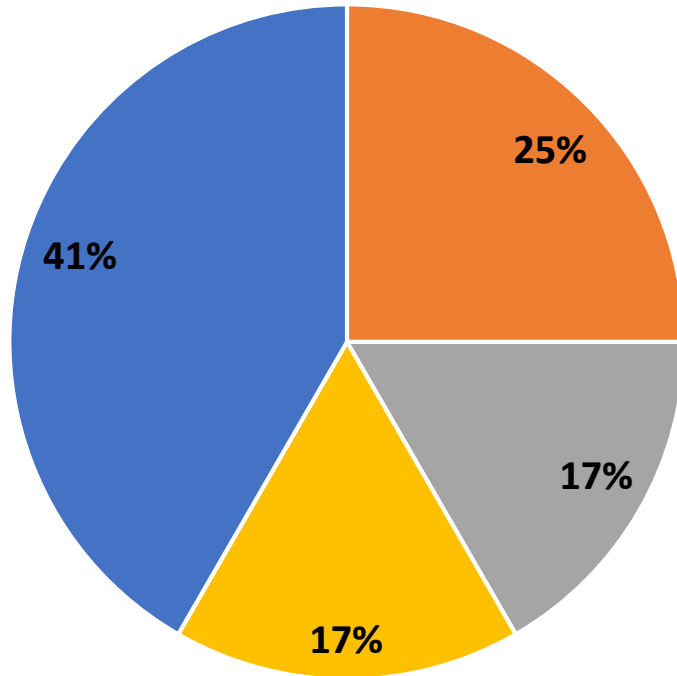


SME Forum

ETF Commission Development

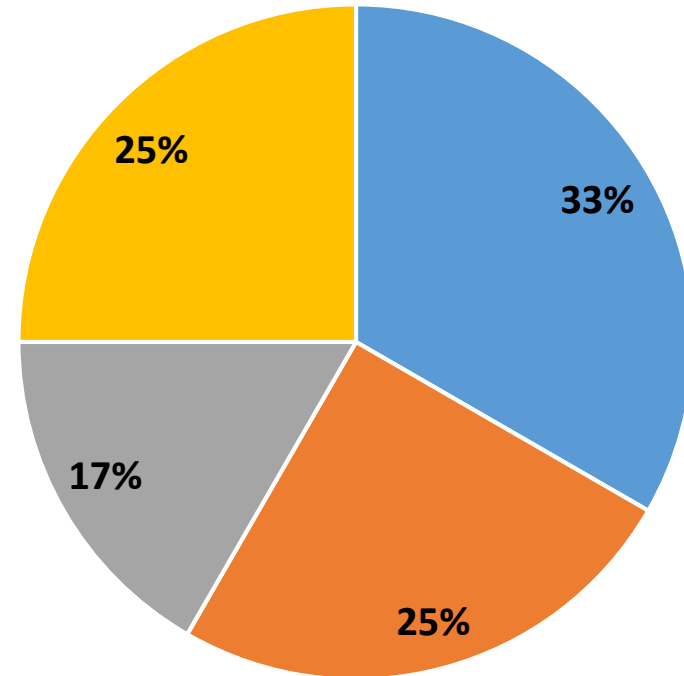
February 2020

Responding Frims' AUM Range Ending in 2019



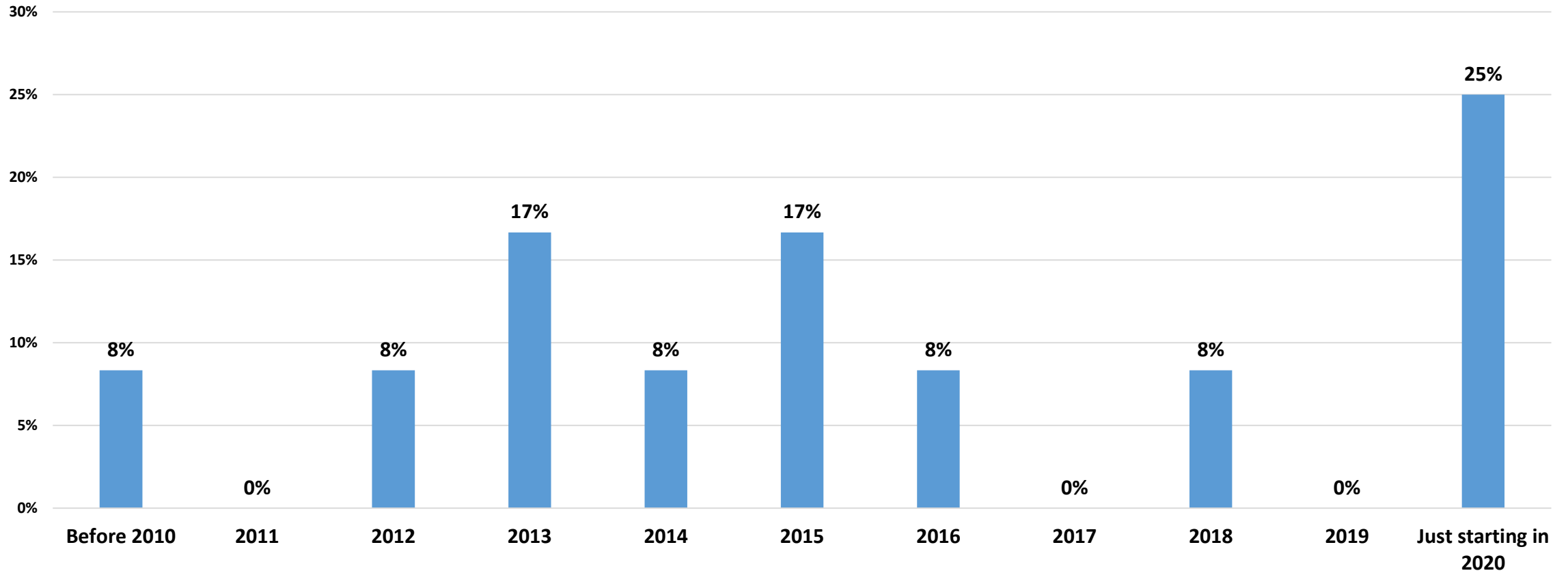
- Up to 100 Billion.
- 100 – 250 Billion.
- 250 - 500 Billion.
- 500 – 1 Trillion.
- Over 1 Trillion.

Responding Firms' ETF AUM Range Ending in 2019

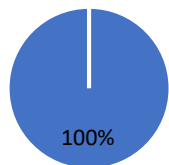


- Under \$100 Million
- Between \$1B - 5B
- Between \$5 - 10B
- Over \$10 Billion

Percent of Firms that Began Offering ETFs in a Given Year

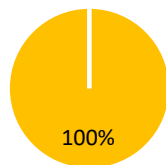


Before 2010



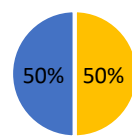
■ Over 1 Trillion.

2012



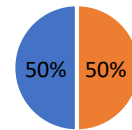
■ 500 - 1 Trillion.

2013



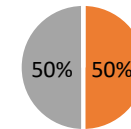
■ 500 - 1 Trillion.
■ Over 1 Trillion.

2015



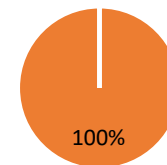
■ 100 - 250 Billion.
■ Over 1 Trillion.

2016



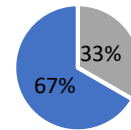
■ 100 - 250 Billion.
■ 250 - 500 Billion.

2018



■ 100 - 250 Billion.

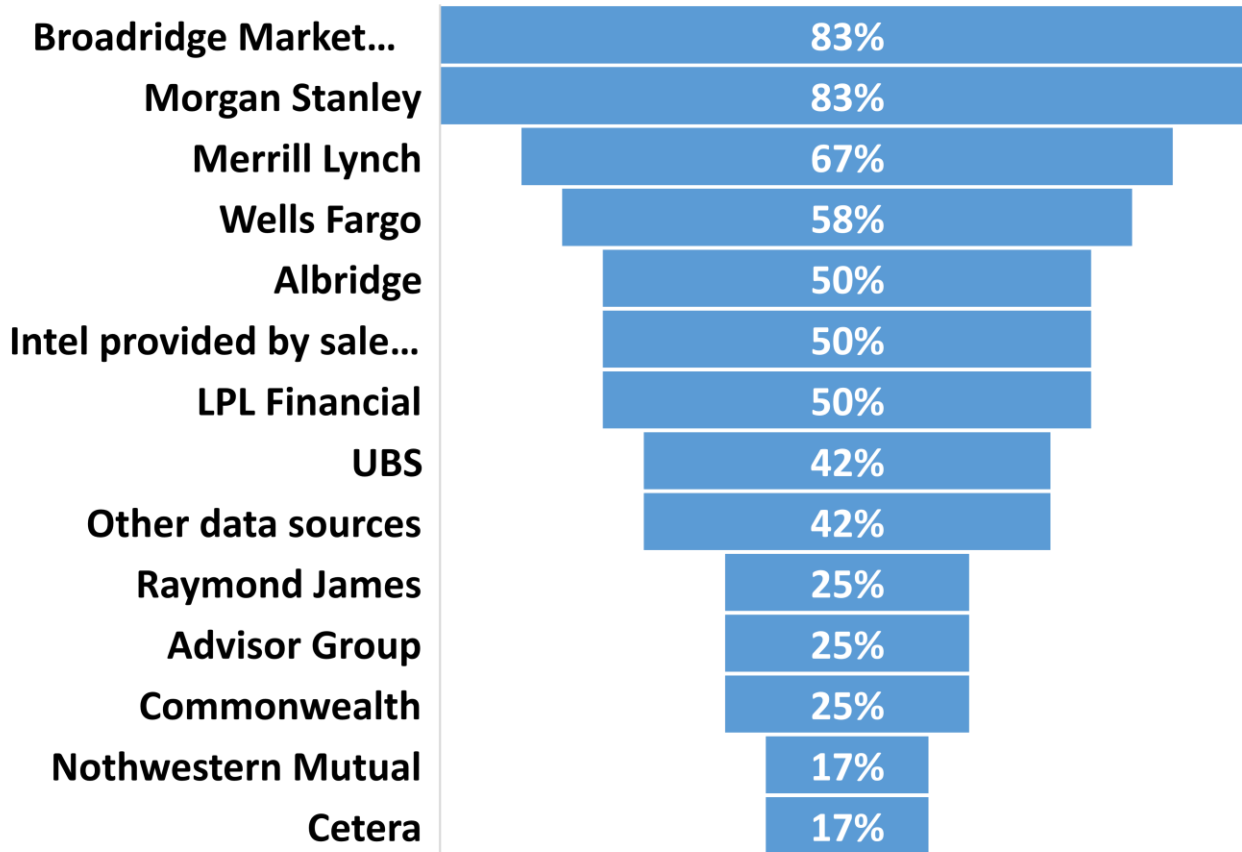
2020



■ 250 - 500 Billion.
■ Over 1 Trillion.

The Data packs/sources Firms

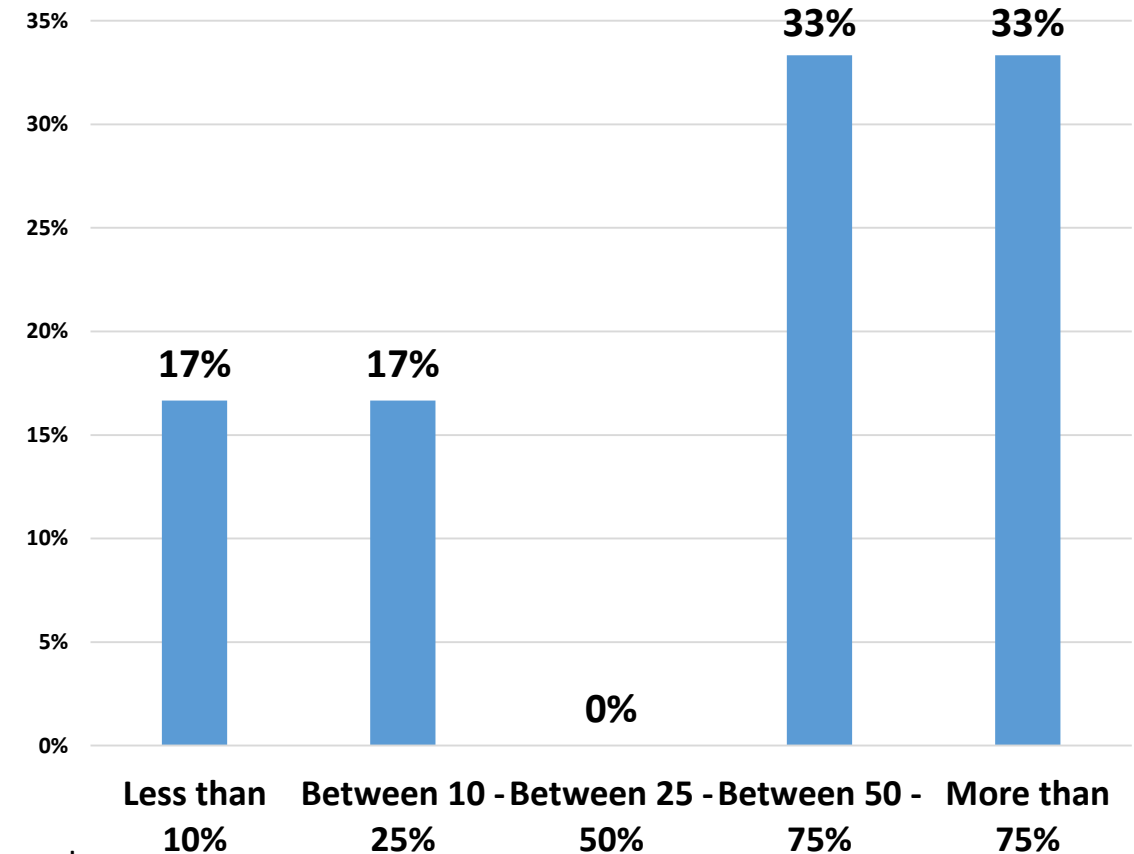
Have Access to:



Other Data Sources:

- "Fidelity FundsNetwork"
- "AXA, Waddell & Reed"
- "Schwab & Fidelity"
- "Envestnet, Pershing"

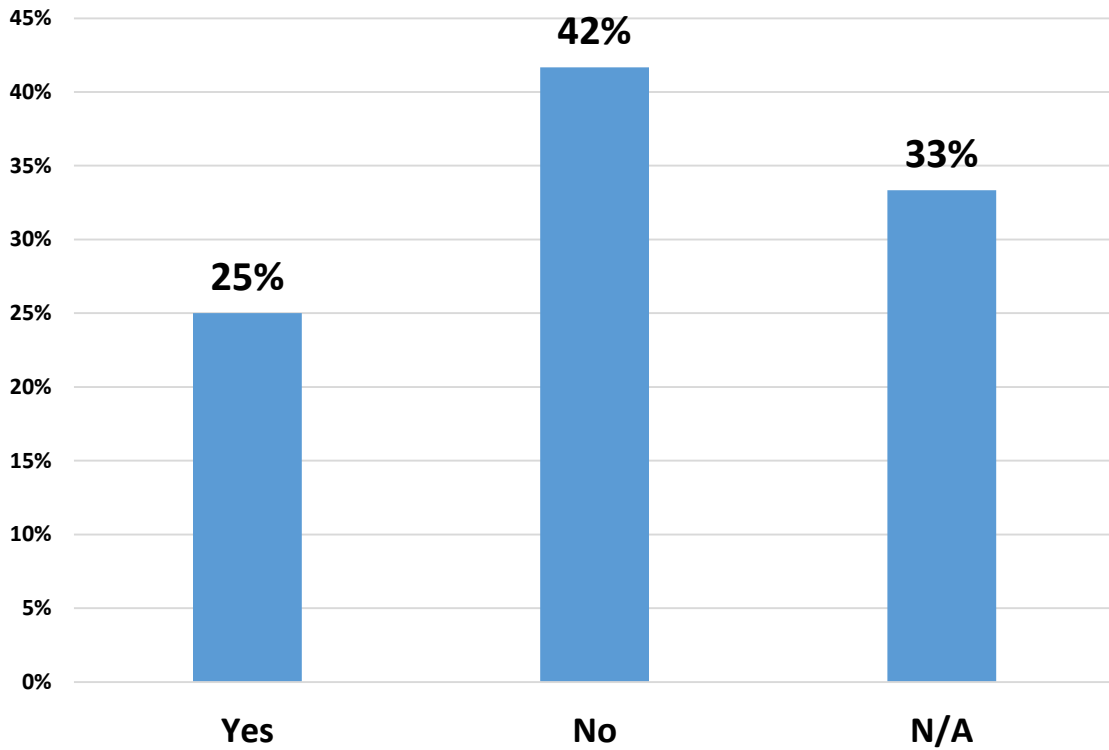
The percentage of ETF business responding Firms are able to credit DIRECTLY to their salesperson/territories:



Comments:

- "[We are] Tracking over 95%."
- "Internationally, there is huge lack of transparency."
- "From data packs, the % is around 50%, however, we also have the sales team self report ETF transactions that they are aware of via communications with advisors. The self reported figure is often not paid out at 100% though, since self reporting is often exaggerated."

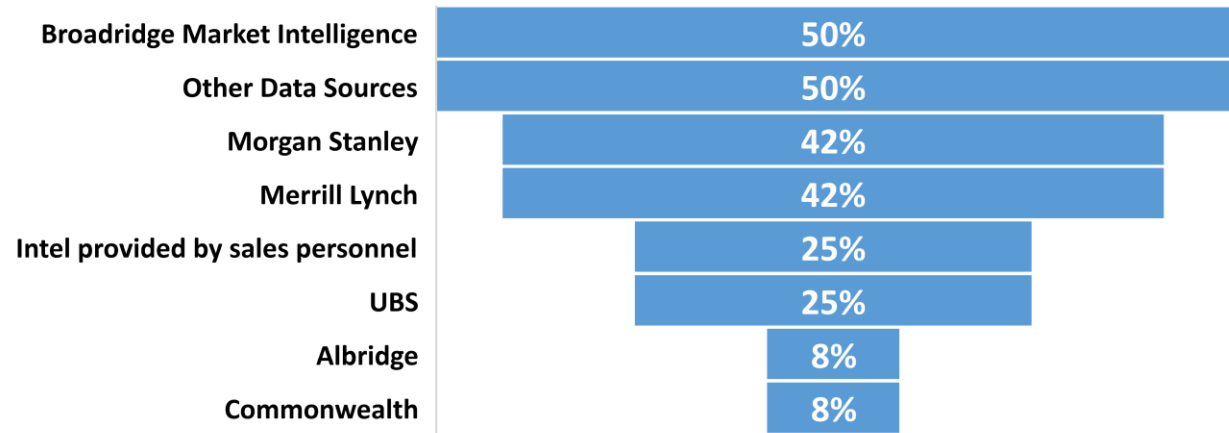
If you are using Broadridge Market Intelligence, are you able to use correlated offices to help refine compensation considerations?



Comments:

- “We do not offer commissions.”
- “Tried this - doesn't reconcile to anything.”
- “We looked at it and decided it was not accurate enough.”

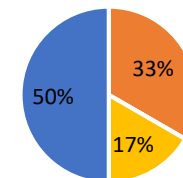
Data Sources that Responding Firms are using specifically for ETF commission calculations



- Other Data Sources:**
- “Broadridge.”
 - “Schwab & Fidelity.”
 - “Investnet, 13F filings.”
 - “Fidelity FundsNetwork.”
 - “will be adding Pershing and Fidelity as sources.”
 - “We don’t calculate commissions off of ETF sales.”

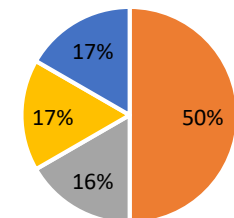
Broadridge Market Intelligence

- 100 – 250 Billion.
- 500 – 1 Trillion.
- Over 1 Trillion.

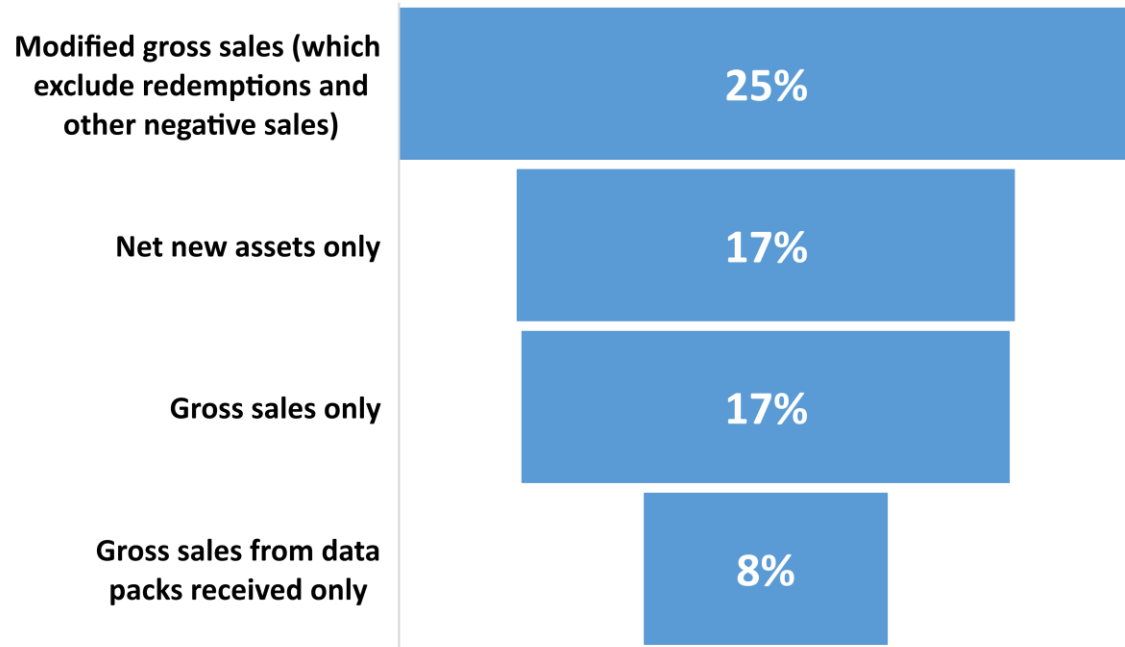


Other Data Sources

- 100 – 250 Billion.
- 250 – 500 Billion.
- 500 – 1 Trillion.
- Over 1 Trillion.



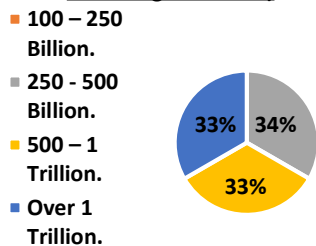
How are your ETF commissions based?



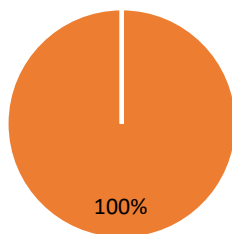
Comments:

- "Discretionary basis."
- "Will not pay commissions."
- "paid quarterly on a discretionary basis."
- "We don't pay commissions off of ETF sales."
- "Net sales from Broadridge and gross sales from Morgan, Merrill and UBS datapacks."

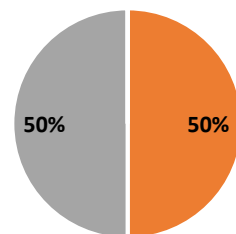
Modified gross sales (which exclude redemptions and other negative sales)



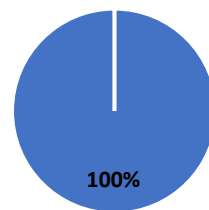
Net new assets only



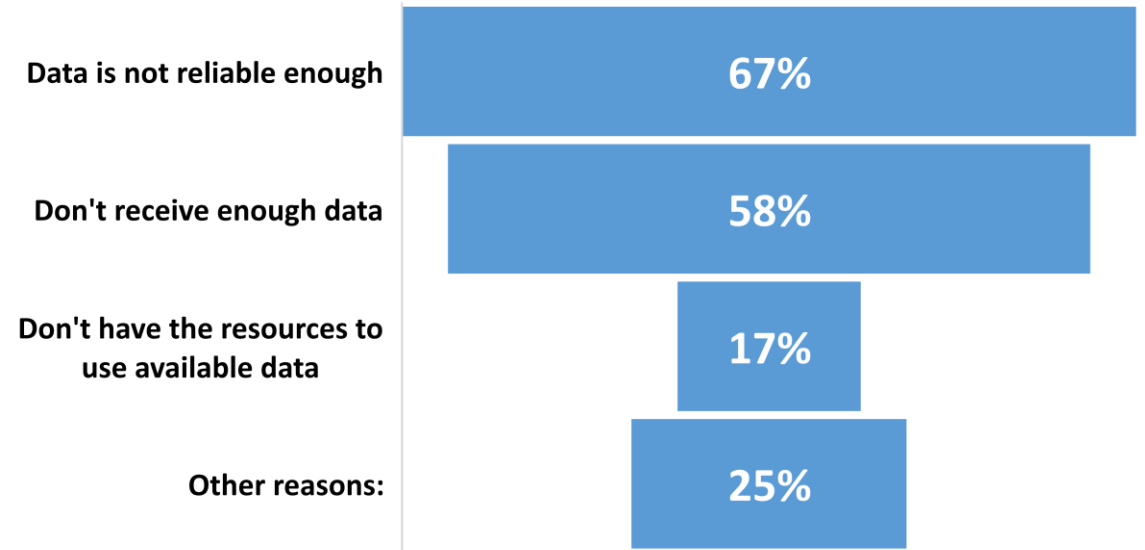
Gross sales only



Gross sales from data packs received only



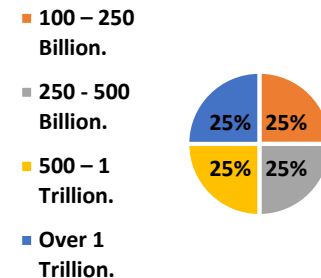
What are the key factors for you that are keeping you from being able to pay more direct commissions to your sales personnel?



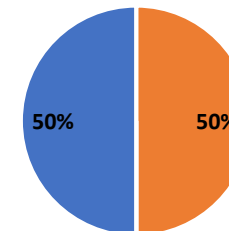
Other Reasons:

- "Timeliness of data."
- "Will not pay commissions."
- "We are moving away from paying commissions on all product sales."

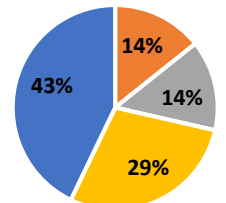
Data is not reliable enough



Don't receive enough data

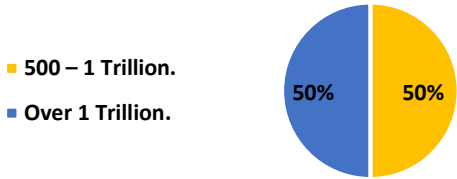


Don't have the resources to use available data

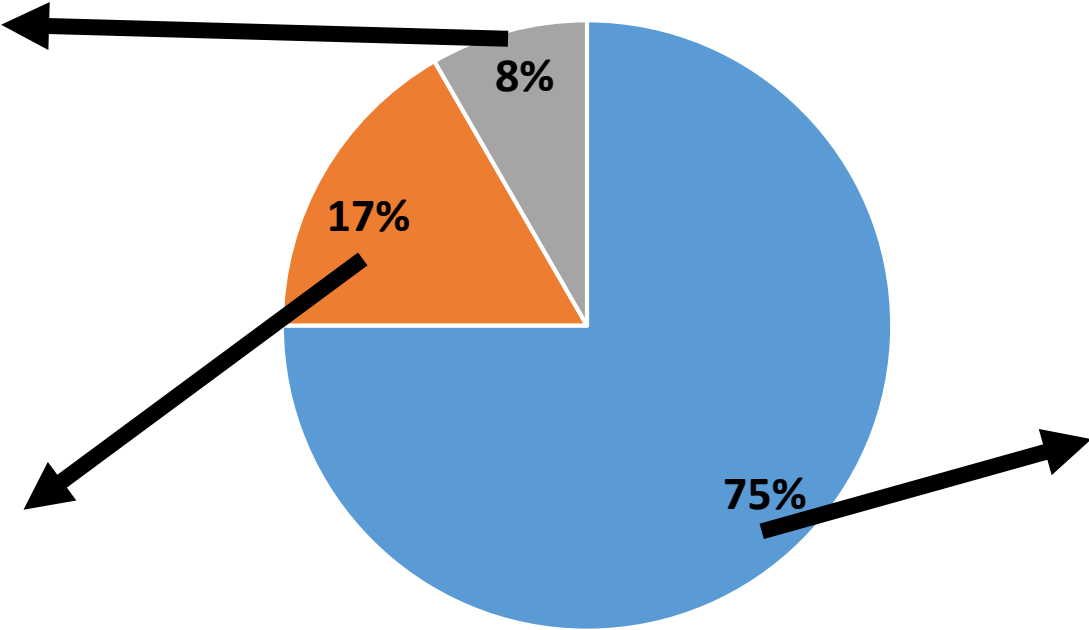
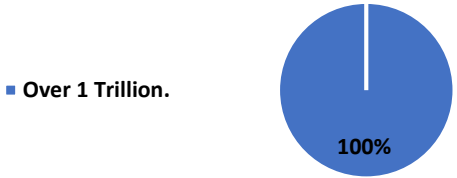


Do you anticipate any changes to BD Data Pack subscriptions in 2020?

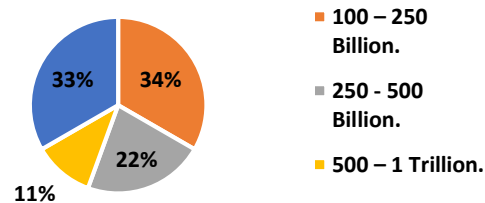
Yes, we anticipate getting fewer data packs



Yes, we anticipate getting more data packs



No, we will largely continue as before



- No, we will largely continue as before
- Yes, we anticipate getting more data packs
- Yes, we anticipate getting fewer data packs