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BULGE BRACKET FIRMS RESISTANT TO ACCEPTING CHEQUES FOR RESEARCH

(Toronto) –Forefactor Inc. is pleased to announce the release of its highly anticipated global research study entitled Commission Management Solutions: Perspectives on Challenges, Benefits and Best Practices. According to Forefactor President, Renée Colyer, “the study delivers an unparalleled examination of the issues, developments and best practices related to the use of Commission Sharing Arrangements (CSAs) and Client Commission Arrangements (CCAs) in North America and Europe”. The research captured data through in-depth interviews with target respondents by thoroughly exploring participant experiences with and perspectives on CSAs and CCAs. All 72 interviews were conducted between Q3 2008 and Q3 2009 and have therefore taken into consideration the global economic crisis, the Lehman insolvency, the Obama administration and a host of other global market factors.

One noteworthy finding is how the market is responding to the practice of accepting cheques for research. The research indicates that regardless of jurisdiction, there is significant bulge-bracket resistance toward giving up the execution piece of the pie (essentially, the opportunity to cross internally). According to Ms. Colyer, “the sell-side continues to be the recipient of downward pressure on execution pricing. However, the liquidity concentration resulting from the use of CSA/CCAs is a definite benefit. So, to ensure that volume is driven to their desks, the larger firms are indicating to the buy-side that their policy dictates that ancillary services are not to be paid for in hard dollars.” In response, some investment managers are employing specific strategies to counter bulge bracket intransigence on this issue.

As investment firms continue to unbundle and adopt CSAs and CCAs, the increased level of transparency will undoubtedly alter the trading landscape. Ms. Colyer adds that “the study represents an important source of critically-timed intelligence for market participants who are interested in setting up CSAs and CCAs as well as for those looking to grasp a better understanding of the competitive landscape”.

For more information about the study or to inquire about Forefactor’s capabilities, please contact:

Justin Canivet
Forefactor Inc.
(416) 907-0431 x2
sales@forefactor.com

About Forefactor



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Forefactor Inc. is an independent research and strategic consulting firm specializing in the global financial markets. It combines experience in methodological design and execution of targeted research with expertise in the many industries associated with global securities markets. Forefactor helps clients reduce risk by facilitating informed, fact-based decision making. Its team of formally trained consultants continually challenges conventional thinking and provides critical insights and a disciplined approach to every project.

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Forefactor Inc.
Tel: 416.907.0431
1 Yonge Street, suite 1801
Toronto, Canada
M5E 1W7