Retail Financial Services Industry

ALMANAC

2015 EDITION

THE ONLY INDUSTRY VIEW COMPLETELY GROUNDED IN DATA.

Market Insight

Historical Trends

Major Themes

Industry Commentary

Discovery Data

Rely on the Almanac for your strategic, business and compensation planning.

METHODOLOGY

Discovery Data Retail Financial Services Industry ***Almanac:*** 2015 Edition is the second in an annual series developed from over three years of extensive research into *Discovery Data Archive*, the most comprehensive historical dataset on firms and reps in the financial services industry.

Discovery Data's Financial Services Industry database is the only one of its kind, providing a single view of extensive information. The current counts of active firms and reps in Discovery Data as of December 31, 2015 were 4,130 broker-dealer (BD) firms, 33,633 investment advisory (IA) firms and 666,527 reps. *Discovery Data Archive* includes every BD and IA firm that is or was in the industry since 2008 and over one million active and inactive reps, along with over 100 million rows of historical data.

Discovery Data has spent over ten years refining the data collection and management process and understanding our clients' distribution and recruiting needs in the financial services industry. The data is compiled from over 60 sources and updated weekly to ensure the most up-to-date and accurate information available. Sources of the data are regulatory, commercial, private data exchanges, public domain and original invention.

The data presented in the 200+ charts, graphs and tables in the Almanac have been obtained solely from *Discovery Data Archive* and no external data sources have been utilized for the purposes of supplementing the findings.

The charts, graphs and tables have been presented in a way which provides the reader with point-in-time (December 31, 2014) and historical (January 1, 2008 through December 31, 2014) perspectives allowing for the identification of key trends occurring among firms and reps.

While all of the data and findings in the Almanac have been derived from *Discovery Data Archive*, no large repository of data can be perfect. Therefore, it is imperative to understand that, although all of the data is rigorously verified and tested as part of Discovery Data's relentless vision and drive to attain data perfection, the data is not perfect. Nevertheless, there is no comparable source of historical data on the industry.

The information presented is solely the counts existing within Discovery Data, which includes every BD and IA firm active and inactive but does not include every rep. We estimate that our records include over 95% of all active and inactive reps, which, of course, is far more reliable than a survey of a small sampling of advisors or executives that is then extrapolated across the industry.

Discovery Data

Retail Financial Services Industry

ALMANAC

Table of Contents

732-933-1899 | info@discoveryco.com | www.discoveryco.com

AUTHOR'S NOTE

Welcome to the second edition of the *Discovery Data Retail Financial Services Industry* ***Almanac***.

Our industry has no shortage of opinions – most formed from insufficient, often minute, bits of data. At Discovery Data we have years of historical data on nearly one million active and inactive firms and professionals in the financial services industry, and we think the data should speak for itself. The Almanac is designed to be the definitive source of financial services industry insights completely grounded in real data.

The question we seek to answer in the Almanac is: What is going on in the retail financial services industry?

> ***Where is there growth in the industry?***
>
> ***Where is there decline?***
>
> ***What do the trends tell us about coming opportunities?***
>
> ***Has the financial crisis led to an industry exodus and slowdown in hiring?***
>
> ***Is the move to independent real?***
>
> ***Which firms are winning? Which business models are winning?***
>
> ***How many practicing retail financial advisors are there in the industry? How many in each channel? How many associated with both BD and RIA firms?***

The data is telling us there are some obvious imperatives. For example, traditional retail wealth management firms must figure out how to stem the tide of losses to the independent channels, and the industry as a whole must figure out how to once again attract talent to the retail advisor career path. Buried in the data are many not so obvious lessons germane to specific firms or channels, and only by studying the relevant data within the Almanac and combining it with your own internal data, experiences and objectives will you have the highest chance of achieving your goals.

Our hope is that the Almanac serves not only industry executives as the statistical foundation for understanding the current state and trends in the retail financial services industry to inform long-term strategy, annual business planning and compensation modeling, but that it also serves as an educational resource for all those involved in the industry, including new entrants. So who will benefit from the Almanac?

- **Senior management**
- **Strategic planning groups**
- **Sales management**
- **Marketing management**
- **Data and analytics teams**
- **Training classes**
- **Industry consultants**
- **Recruiters**
- **Universities**
- **Portfolio managers**
- **Research analysts**
- **Investment bankers**

The Almanac is only one of the three components of the *Discovery Data Market Insight* offering to which you have subscribed. As you identify insights in the Almanac that are important for your business, you can then work with the Discovery Data research team to customize select data for your business, filtering by time periods and market segments. Lastly, you are entitled to six hours of custom research and consulting, engaging our research team to focus all of this data directly on your business needs.

As you enter the Almanac I invite you to engage us with your questions and challenges, and we will do all we can to help you make the most of this extensive resource.

Wishing you a successful 2016 and beyond.

Bob Herrmann
President and Chief Executive Officer

Jim Hyland
Director of Research

1

HIGHLIGHTED THEMES

» Time for New Labels

» The Move to Independent

» The Move to Advisory

» Aging of the Advisor Population

TIME FOR NEW LABELS

To set the stage for the Almanac, we seek to vanquish a few outdated industry labels, clarify the meaning of a few others and, using data, establish more accurate and appropriate labels and categories for measuring and evaluating the industry.

Wirehouse is From the Days of the Telegraph

The term wirehouse originated in the early 1900s describing those firms that had telegraph wires, facilitating "high speed" communication to branch offices. Over the decades firms consolidated and today only four retain the label wirehouse: Merrill Lynch, Morgan Stanley, Wells Fargo Advisors and UBS Financial. The term applies to the retail "private client" or, using today's label, wealth management businesses. Today the label wirehouse has no meaning other than shorthand in place of the names of the four firms.

So how do we label these firms? Although they amount to only four of the 23,000+ firms in the industry conducting retail businesses, they have 18% of the industry's rep population and generate an even greater share of rep-driven retail revenue. It is difficult to label them the Big 4 because UBS Financial is #7 in the number of advisors with about 7,000, although they are far higher than #7 in revenue.

The label challenge is compounded by the presence of firms with reps associated as independent contractors rather than W-2 employees, such as LPL Financial and Ameriprise. One approach would be to ignore all factors except to focus on the number of associated reps. If we took this approach the Big 7, in order of total number of active registered reps, would be:

1. Merrill Lynch	5. Edward Jones
2. Wells Fargo Advisors	6. Ameriprise
3. Morgan Stanley	7. UBS Financial
4. LPL Financial	

These seven firms collectively have over 134,000 associated registered reps, with over 90,000 being practicing retail financial advisors. That amounts to about 30% of industry advisors associated with 0.03% of retail firms. If placed in order of number of advisors, we estimate the ranking would be as follows:

1. Morgan Stanley	5. Edward Jones
2. Merrill Lynch	6. Ameriprise
3. Wells Fargo Advisors	7. UBS Financial
4. LPL Financial	

However, most in the industry do not place the four wirehouses, two independents and Edward Jones in the same category as it relates to product coverage models or for recruiting purposes. Asset management firms, for example, typically segregate the wirehouses as a group and if they include other firms in the group for wholesaler coverage, marketing and key client coverage it is typically the other traditional firms with *Employee Advisors* grouped together in branch offices, such as Janney Montgomery, RBC, Raymond James & Associates and the private banks, including J.P. Morgan and Deutsche Bank.

We suggest that the correct segmentation and labeling is to place those firms with Employee Advisors (W-2) together as *traditional* firms and place those firms with *Contractor Advisors* (1099) together as *independent* firms. Then to further segment by applying footprint labels: national, regional, multi-state and local. Within the Firmographics chapter you will find we also have bank and insurance segments in the retail channel, along with boutique to segment out select smaller firms with, on average, much larger clients and larger advisors. Bank and boutique firms have in nearly all cases Employee Advisors while insurance channel firms have in most cases Contractor Advisors. Lastly, we have discounter channel firms at which nearly all are Employee Advisors.

Although we would all like to come up with a better label for the four wirehouse firms, we are not going to start calling them the Big 4 Traditional Wealth Management Firms with National Footprints. So it looks like we are stuck with the wirehouse label until a better succinct label is invented.

Regional or National?

Obviously, the term *regional* applies to the branch network footprint. A firm with branches covering a regional area rather than national or local is labeled regional. We need to continue to employ this label. The issue is that many of the firms commonly labeled as regional have long had national footprints. For example, Edward Jones, Raymond James and Stifel, Nicolaus. These three firms have a combined 26,000+ reps with branches in every or nearly every state. It is time to stop referring to them as regional.

To add to the confusion, the label regional, although actually a branch footprint measure, has historically been applied solely to traditional firms. When this label was applied to a firm one thought of a place where the advisors were employees, but there was perceived to be more freedom from pressure and production expectations than at the larger firms, and there was a personal touch and the CEO knew your name. Today, at these larger firms the industry still labels regional, the CEO would be hard pressed to know everyone's name.

Independent or Independent Contractor?

Labeling advisors independent when they are associated with firms as independent contractors leads to conversely categorizing Employee Advisors as not independent, when that in most cases is not accurate. There are different meanings applied to the label independent in the financial services industry, but the primary is that the advisor is free to make his or her own decisions, including how to invest client portfolios, how to build a business, when to come to work, what to wear, etc. The reality is that Employee Advisors, at least in the wealth management segment, have a great deal of independence after initial training and so long as a minimum level of business results have been achieved.

New advisors need to work within a proscribed structure to ensure investors are not guinea pigs. Advisors who are not delivering at least the minimum level of success need to be constructively managed within a set of expectations for activity and results, and business practices in an effort to improve results. After all, these firms themselves have shareholders expecting a successful investment experience, which requires cash flow and growth, but when it comes to independence in the category of investment objectivity, it is largely the same for Contractor Advisors and Employee Advisors.

IA not *RIA*

Registered investment adviser (RIA) is not an official label for an industry entity. Since it is in such common use, this one may be extra difficult to change. In fact, within Discovery Data we currently continue to use the label RIA so not to confuse our clients, but regulators forbid investment advisers from positioning themselves with the public as registered investment advisers, as it has a connotation of a governmental seal of approval. Not only is it prohibited, it is redundant. Imagine if today we suggested RBD in place of BD (broker-dealer). The industry reaction would be "Of course we know a BD is registered."

"Of course we know a BD is registered."

Likely the origin of the use of registered related to the prior existence of many investment advisers exempted from the requirement to register. So the market existed of registered IAs and non-registered IAs. Today those exemptions are largely eliminated. Even those 2,500 or so investment advisers currently exempt from registering must register (submit a Form ADV application) to inform the SEC that they are exempt from registering. The label given to these firms is *exempt reporting advisers (ERAs)*.

Adviser vs. Advisor

An investment adviser is a firm, not an individual. The lines are blurred by sole practitioners. Advisor John Smith is a sole practitioner within investment adviser John Smith LLC registered under the 1940 Investment Advisers Act.

The general rule is that advisor with an "o" is a person and adviser with an "e" is a company. This can be confusing because there are exceptions to this common practice, such as a good size wealth management firm that uses *Investment Adviser* on the business cards of its investment advisors.

Multi-Family Office or UHNW IA?

The origin of the label multi-family office was over a century ago when a single family office decided to extend its services to a select few other families. Now that the registration exemption no longer exists for investment advisers with fewer than 15 clients, there really is no official category multi-family office. When Discovery Data clients express interest in multi-family offices usually what they are interested in is a broader group of investment advisers – those with a concentration of ultra-high-net-worth (UHNW) investors as clients.

Consider GenSpring Family Office, a firm most in the industry would put on the short list of top multi-family offices. GenSpring has over 10,000 clients. If one were to screen for solely those investment advisers with less than, say, 20 UHNW families, then GenSpring would not make the list, a firm with over $11 billion in AUM and an impressive list of UHNW clients.

So what we suggest is to utilize a combination of filters to screen for the sub-group of investment advisers that work primarily with the UHNW. An example would be selecting a minimum total firm AUM, average client size and minimum percentage of AUM with HNW/UHNW investors, such as:

Retail
Total firm AUM $500 million+
Average client size $5 million+
Percentage of AUM with HNW/UHNW clients 50%+

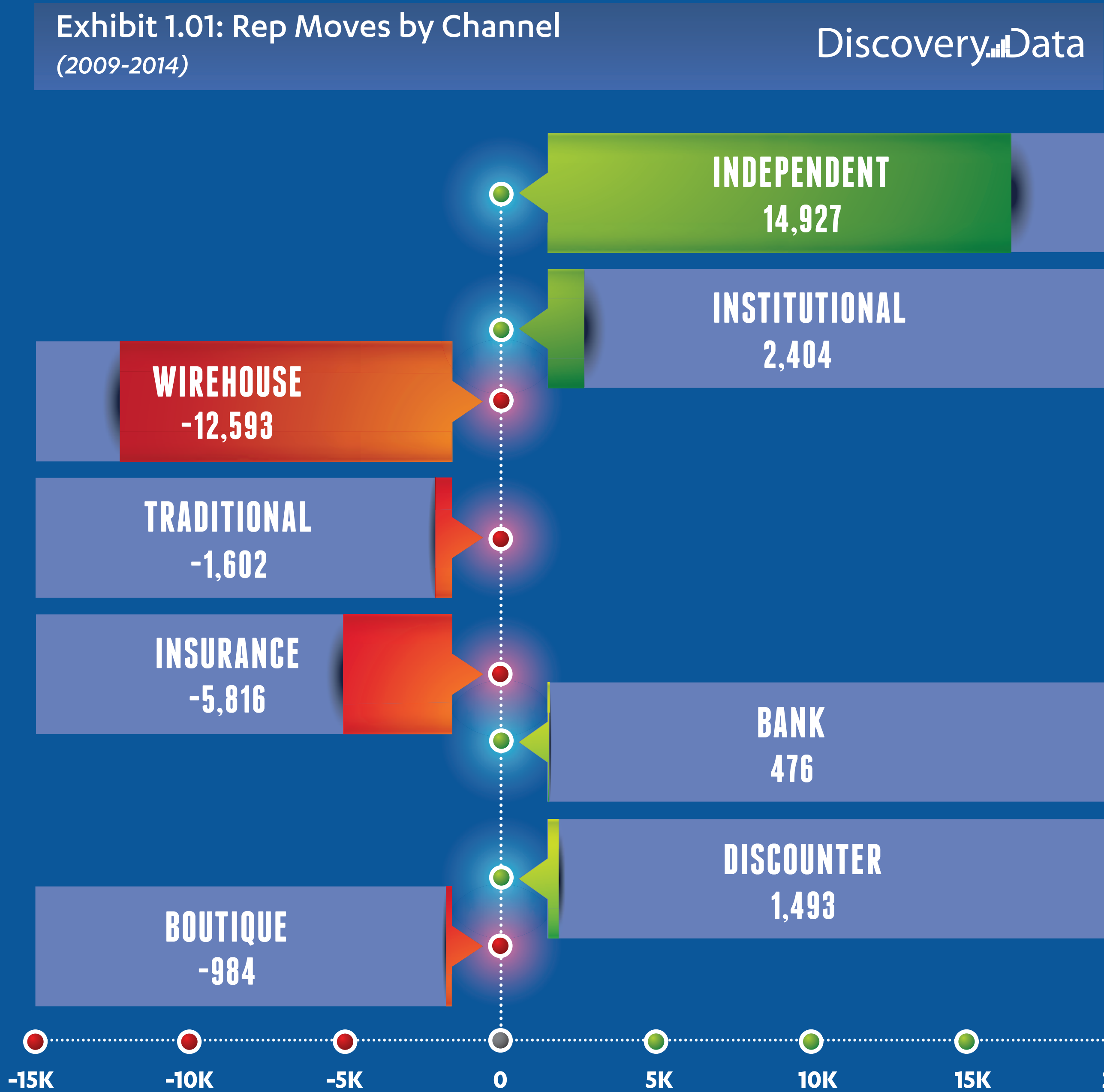
The above combination of filters results in a list of 119 firms with total AUM of $312 billion. The filters can be adjusted to expand the list of firms or to be more selective. For example, keeping all the criteria the same, but filtering for those firms with average client size of $1 million or more results in 426 firms with a total AUM of over $947 billion.

THE MOVE TO INDEPENDENT

To this day we are asked by industry leaders "Is the Move to Independent real?" The data answers that question definitively. Other than the shift from transactional to advisory, over the last 25 years there may not have been a greater change in the retail financial services industry than the move to independent.

The following chart displays rep movement over the past six years on a net basis, with the independent channel the clear winner and the wirehouse channel the clear loser.

Exhibit 1.01: Rep Moves by Channel
(2009-2014)



In the 1980s nearly all practicing retail financial advisors were captive W-2 employees of broker-dealers (BDs). In most cases the shelf of products and investment vehicles within each firm was limited, and many firms dictated to advisors what they would "sell" to clients (sometimes proprietary products). There was little visibility into firms for recruiting purposes, so advisors truly were in many cases captive and employed.

A hint of what was to come was revealed with the introduction of BDs allowing 1099 independent contractor association, including Linsco Private Ledger – a firm largely dismissed by the industry in the early days as a place for part-timers and poor performers. Today that firm is the powerhouse LPL Financial with 14,000 advisors.

Is the *Move to Independent* **real**?

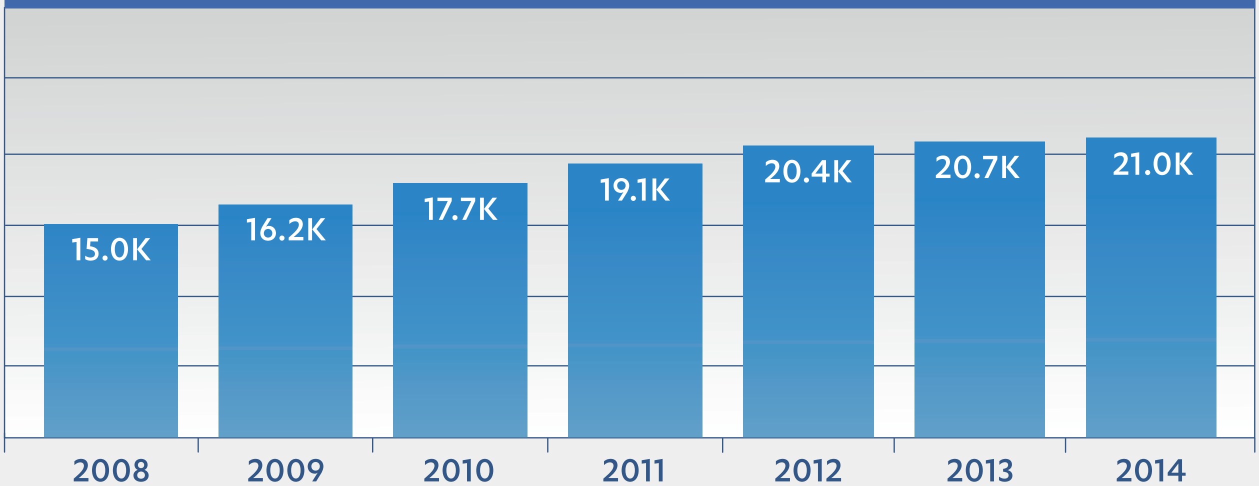
The advancements in technology and changes in regulations have largely been the drivers of the growth in the independent channel. Advisors could have what is required to conduct business while not being an employee of a big institution. Advisors were allowed to be associated with a firm while not employed by the firm. Advisors were allowed to be located in small offices without on-site supervision, and even allowed to work out of their homes. Technology has evolved to allow for turnkey processing of business online. Back then advisors needed to associate with firms staffed and equipped to process and administer business. The open architecture industry platforms have provided advisors a way to process business without being captive within a firm. Changes in regulations have allowed for independence through access, transparency and open architecture. Electronic order entry followed by the internet facilitated conducting business in new ways. Open architecture platforms provided the breadth of product previously only available at the large traditional firms.

As the infrastructure supporting Contractor Advisors has evolved and matured, the Move to Independent has accelerated. The considerable missteps and related media coverage over the past few years has shined a very negative light on the major banks and investment houses, further accelerating the Move to Independent.

In addition to the growth in Contractor Advisors associated with corporate owned platforms, there has been an explosion of independently owned retail investment advisory (IA) firms, for exactly the same reasons as outlined above, compounded by the migration of practices to advisory from transaction business. The number of independently owned retail IA firms has increased 40% and 6,000 firms over the last seven years, as shown on the following chart.

Exhibit 1.02: Independently Owned Retail IA Firms

Discovery Data



Nearly 89% of the independently owned retail IA firms have 1-5 associated reps, with most practicing retail financial advisors in these firms being the principal owners. However, as the IA channel grows and matures, there is an increasing number of larger firms with Employee Advisors. The primary difference between these firms and the traditional firms with Employee Advisors is that in most cases the investment management process is centralized at these IA firms and the advisors are executing on a standardized advisory and investment management process.

Many executives in the industry if asked would guess that the IA channel has many more Contractor Advisors than the BD channel, on a percentage basis, but that is not the case. The reality is that the IA channel has a slightly lower percentage of Contractor Advisors than the BD channel. Only 31% of those in the IA channel are Contractor Advisors while the amount in the BD channel is more than 34%. Nearly all the Contractor Advisors in the IA channel are associated with dually registered (BD-IA) independent firms, such as LPL Financial. Nearly all those associated with independently owned retail IA firms are Employee Advisors.

In the IA channel the arrangements under which the rep is a Contractor Advisor and making his or her own decisions of how to conduct the advisory process and how to invest client portfolios are characterized as platforms or custodians or independent wealth management firms. Some examples are Charles Schwab, Fidelity, Envestnet, SEI, Raymond James Financial and LPL Financial. As channels converge, the lines between business practices are blurring. If one removes the labels and simply looks at the products and services provided, these types of firms operate in very similar fashions.

Where the practice model is distinctly different is at independently owned retail IA firms where Employee Advisors are executing on a standardized, centralized advisory and investment management process.

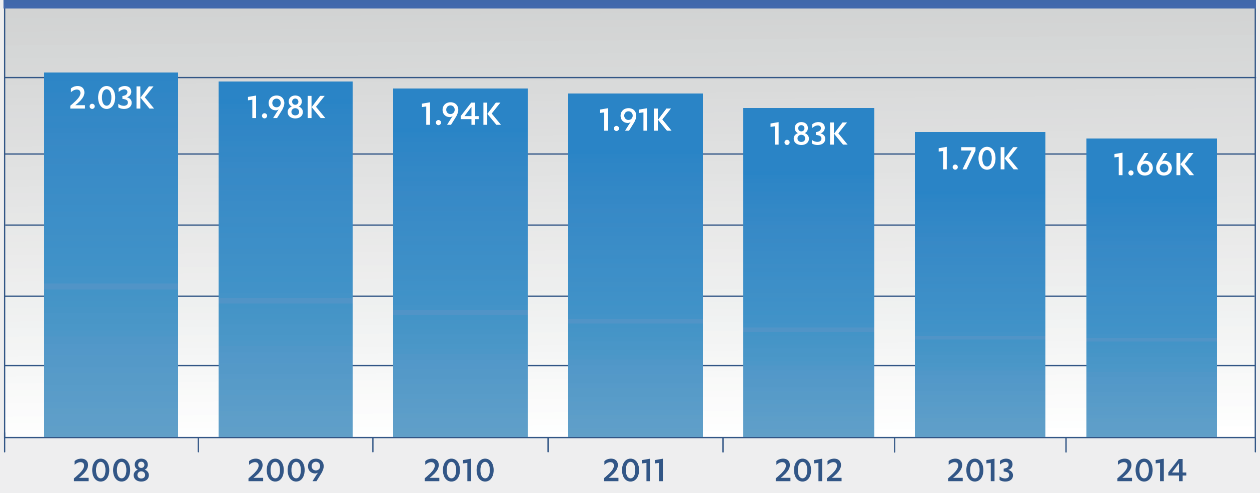
THE MOVE TO ADVISORY

The shift of business practices to advisory from transactional is evident in the increasing number of independently owned retail investment advisory (IA) firms, as well as in the total number of practicing retail financial advisors associated with IAs, and in particular those associated with IAs only. In this section you will find the specific details charted along with commentary and guidance.

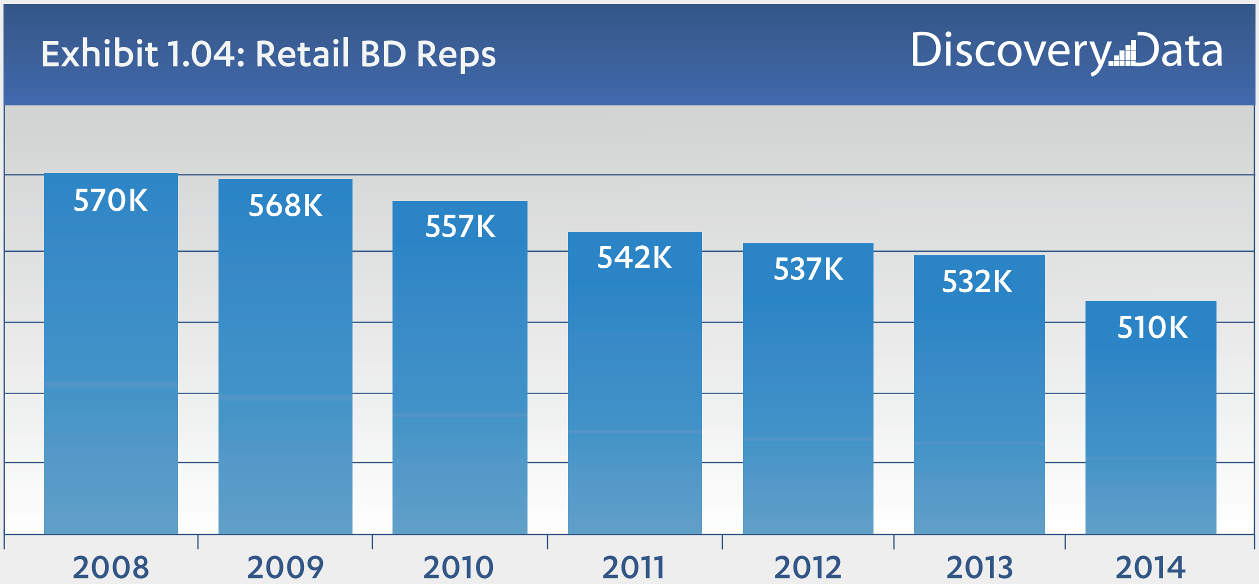
Over the past 25 years the retail wealth management sector has marched unabated from the brokerage transaction model towards the investment advisory model, that being a fee-based model rather than commission, with few exceptions.

The number of retail broker-dealer (BD) firms has decreased 18% over the last seven years.

Exhibit 1.03: Retail BD Firms



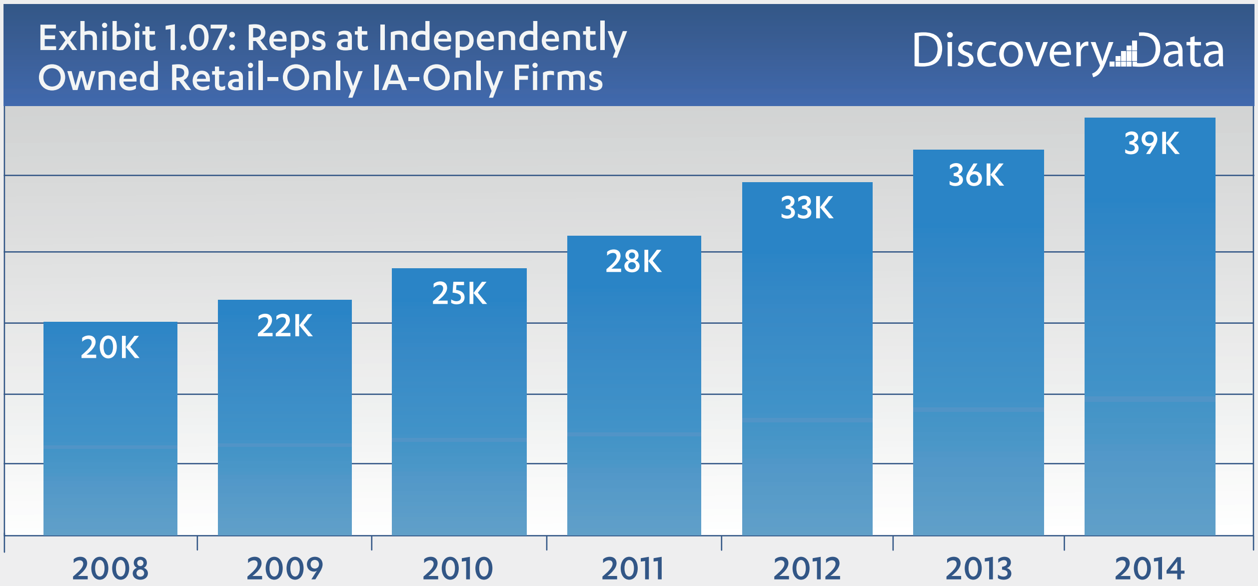
The number of reps associated with retail BD firms has decreased 11% since year-end 2008.



While during the same time period the number of retail IA firms has increased 44%.

The number of reps associated with retail-only IA-only firms has increased by nearly 100% between 2008 and 2014.

The growth in reps associated with retail-only IA-only firms is amplified when looking solely at those firms that are independently owned. At these IAs the associated reps has increased 95%.



What has been presented so far in this section serves as a proxy for the move to advisory across the entire industry, as it is easily measured and validated regulatory data, but there are many other segments of the advisor community where significant moves to advisory have taken place over the past seven years. Some examples are the growing prominence of Rep as PM (portfolio manager), many of whom have been associated with an IA firm for most of their career. Also, many advisors have not changed channels to IA-only, but no longer do A shares or trade stocks. They have transitioned at least in part to advisory, and in many cases substantially.

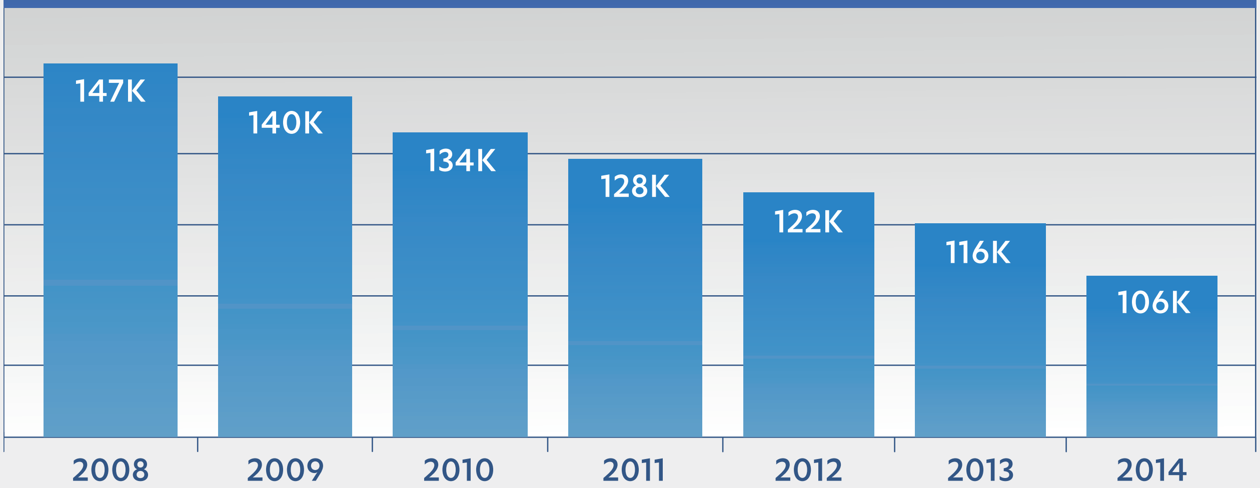
These changes are not as easily quantifiable, but no less consequential than the changes portrayed here graphically. For most advisors, the change to advisory has been a process that has taken many years and continues. The powerful drivers of this change have been better long-term performance for investors in structured programs, better economics for advisors and their firms, advisory product proliferation and regulatory pressures. All indications are this trend will continue in the years ahead.

AGING OF THE ADVISOR POPULATION

There has been a significant impact on practicing retail financial advisor demographics from the combination of the curtailing of advisor trainee hiring, the exodus of younger advisors and the slowing of advisor retirements. All three of these dynamics are largely the result of the financial crisis and its aftermath.

At year-end 2008 the number of registered reps within Discovery Data who were 35 years of age and under was 147,000. By year-end 2014 that number had dropped to 106,000, for a decline of 28%. During the same time period, the population of reps over 35 years of age declined only 1%.

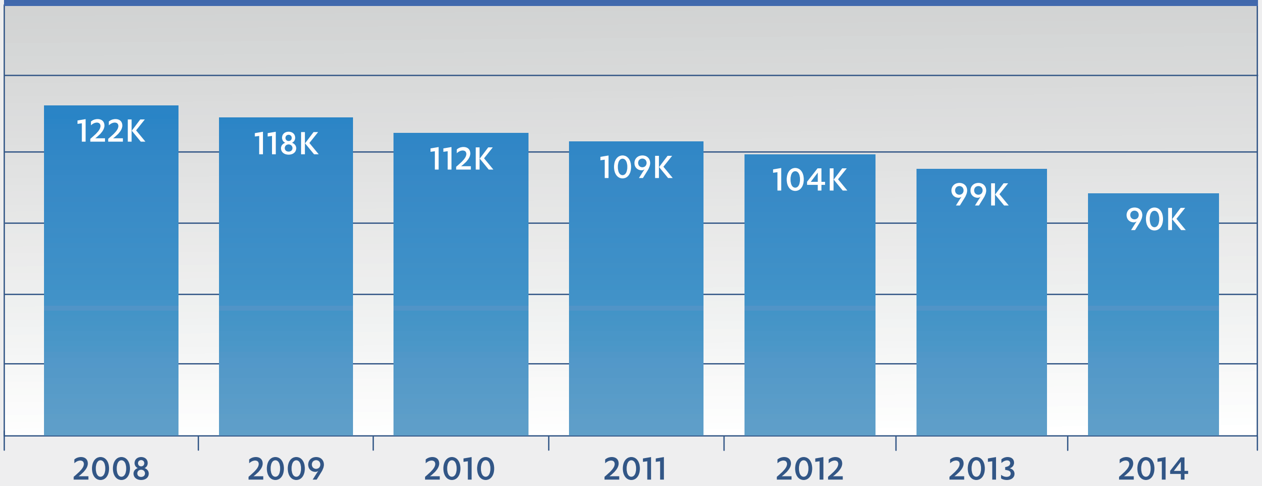
Exhibit 1.08: Reps 35 Years and Under



In case you were thinking that the exodus and lack of hiring was centered to a greater degree in the institutional sector, the next chart demonstrates otherwise. In this chart we exclude those firms with institutional-only businesses. The decline in reps age 35 and under is 26%, which is slightly less than the 28% decline for the entire population.

Exhibit 1.09: Reps 35 Years and Under (excluding institutional-only reps)

DiscoveryData

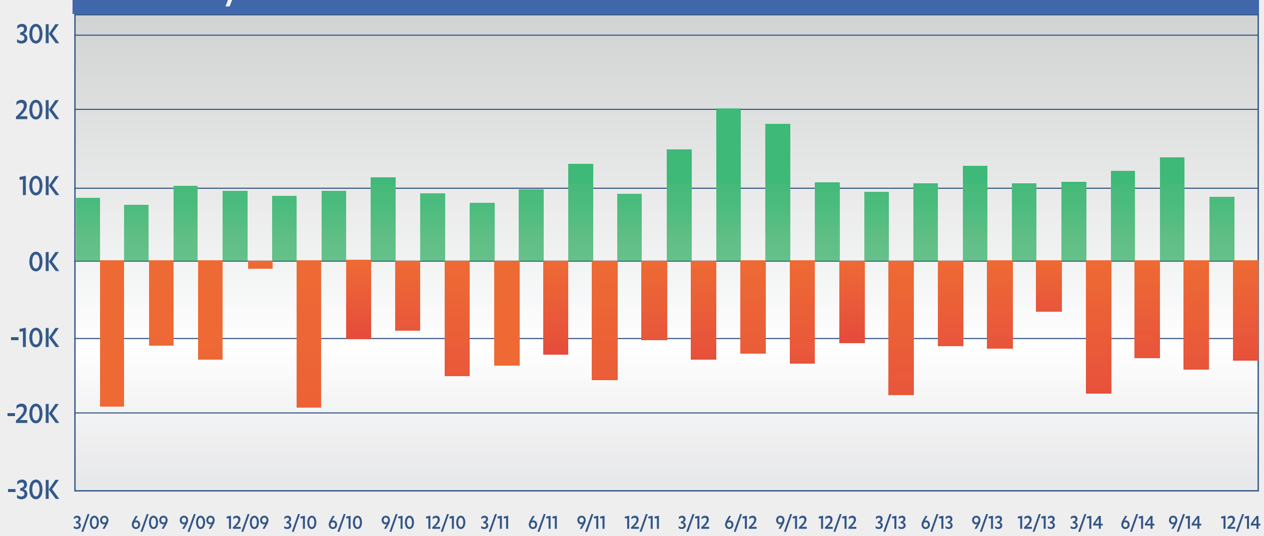


The above data is on all retail registered reps, not solely advisors. Since advisors represent roughly 67% of retail reps, we can safely assume the decline in advisors 35 year of age and under is similar.

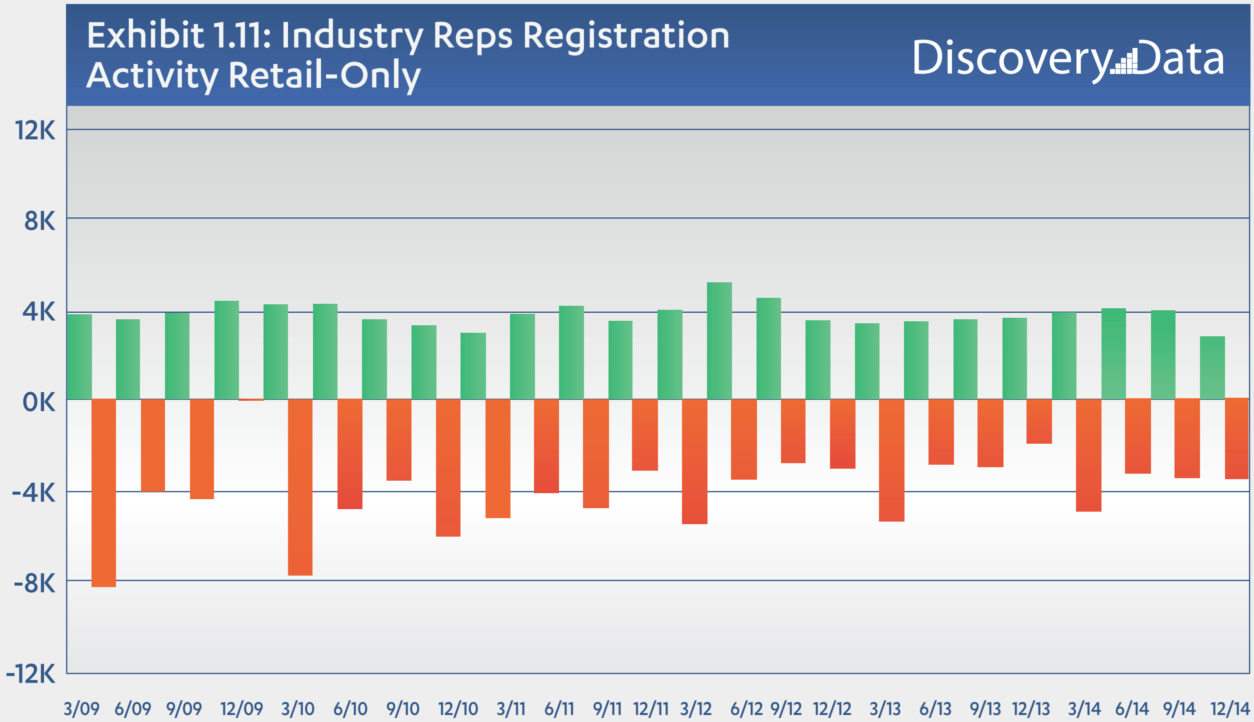
The chart below illustrates that the population of professionals in the financial services industry is aging rapidly not only due to the lack of new rep hiring, but also due to the difficult business environment resulting from the financial crisis which has led younger professionals to exit the financial services industry and switch their career paths to other industries. The green bars represent new rep registrations and the red bars represent reps de-activating. One would assume this phenomenon would be most pronounced in the heat of the crisis in 2009, but in the last 18 months the hiring has been the slowest and the exodus is gradually increasing.

Exhibit 1.10: Industry Reps Registration Activity

DiscoveryData



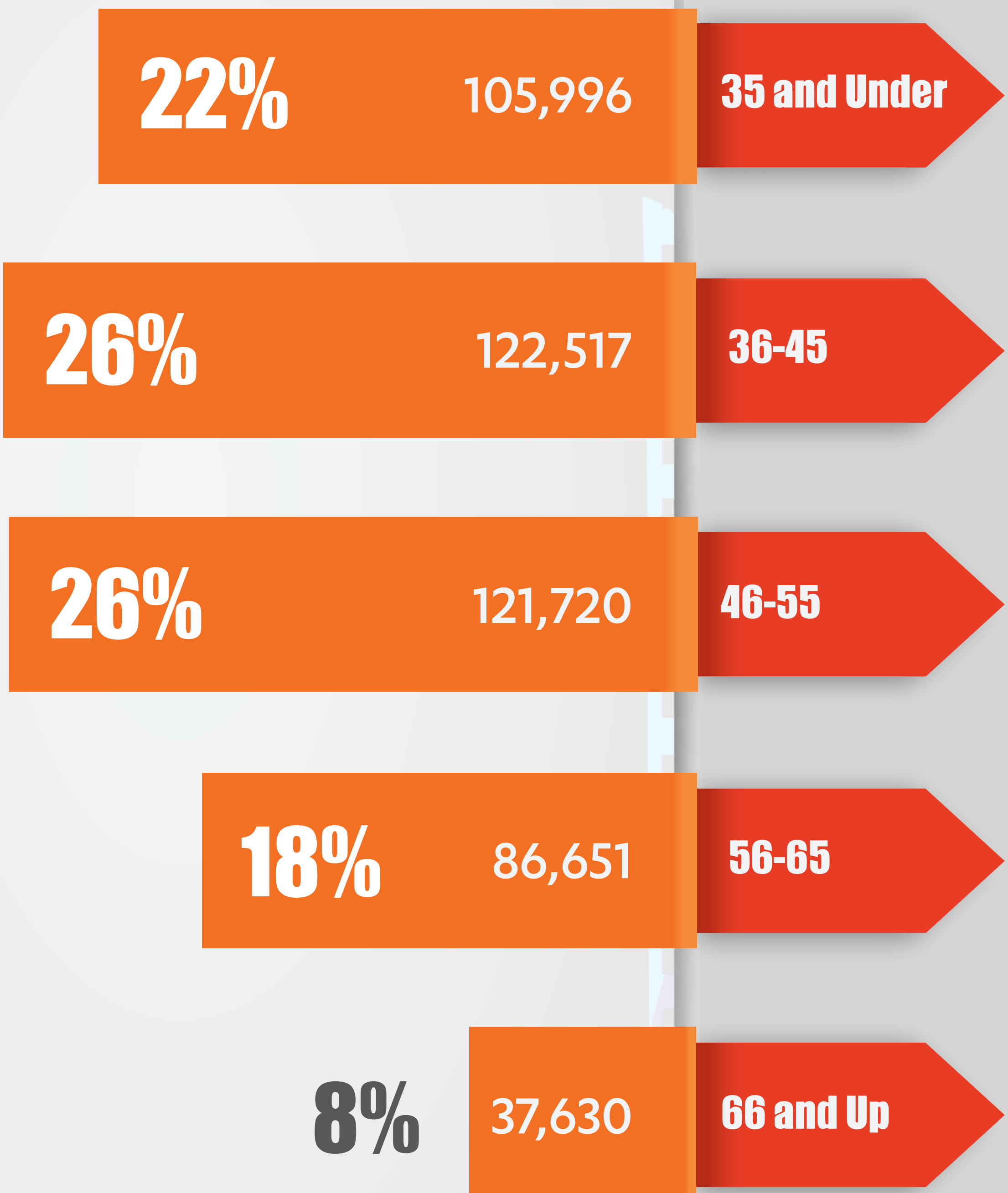
The picture looks no better when excluding the rep population at institutional-only firms. The chart below illustrates that the trends are similar to the entire population on the prior chart.



In order to maintain the total advisor population at its current level, the percentage of advisors 35 years of age and under must be over 25%. If not, through attrition the total population will decline over time. Currently slightly more than one in five (22%) advisors are 35 and under. Therefore, the total population of advisors is declining and will continue to until the industry gets back to investing in attracting, developing and retaining new advisors.

Exhibit 1.12: Reps by Age Bracket

DiscoveryData



Beyond the impact on total population, there are a number of compelling reasons the industry should care about the aging of the advisor population. There is an old adage that the book mirrors the advisor, which in this case means the client base of the retail firms is aging along with the advisors. The retail wealth management industry needs to be concerned about attracting the next generation of investors – those with more options than any generation before it.

Another reason is that newer advisors to the industry do much of the spade work to surface new clients. If a firm does not have "new blood" building new businesses and partnering with aging advisors, then the firm's business is slowly dying.

Lastly, the advisors a firm hires new to the business, trains and retains for the first few years are those most likely to be loyal to the firm, strengthen firm culture and support firm strategy and values.

Once a practicing retail financial advisor develops a book of business that provides $100,000 or more in income, it is one of the professions with the highest career retention rates. Life is pretty good as a successful financial advisor. The financial markets and world economies are constantly changing, as are the moods and perspectives of investors, which leads to challenging and stimulating work – and rewarding work. Add to that the degree of freedom and control an advisor has relative to most other professions, and you have an attractive career that should be drawing in some of the most talented and ambitious young professionals and college graduates, but that is not what is happening.

Industry leadership needs to address the issue of the aging of the advisor population by pulling on all available levers. Substantial investment needs to be made in attracting, retaining and training new retail financial advisors. Greater focus needs to be placed on efforts to retain the estimated 62,000 practicing retail financial advisors age 35 and under. Some of the most successful efforts made in this area have been teaming, enhanced professional development, more recognition, bringing advisors together to form bonds both personally and professionally, and diversity initiatives.

The aging of the advisor population is a serious and intractable industry problem that is going to take laser focus and deep commitment to successfully address.

2

FIRMOGRAPHICS

INTRODUCTION

The purpose of Firmographics is to provide an analysis of the types, numbers and trends of firms within the financial services industry. We begin by providing a view of all firms (broker-dealer (BD) and investment advisory (IA) combined) and then take a closer look into each as to how they are represented in December 2014 and how the numbers have changed, with a special emphasis on the retail channel.

ALL FIRMS

As of December 31, 2014 there were 36,112 registered firms in the financial services industry, with 3,566 registered as BD-only, accounting for 10% of the firms, and 31,869 registered as IA-only, accounting for 88% of the firms. Currently 677 firms are dually registered BD-IA, accounting for the remaining 2% of firms.

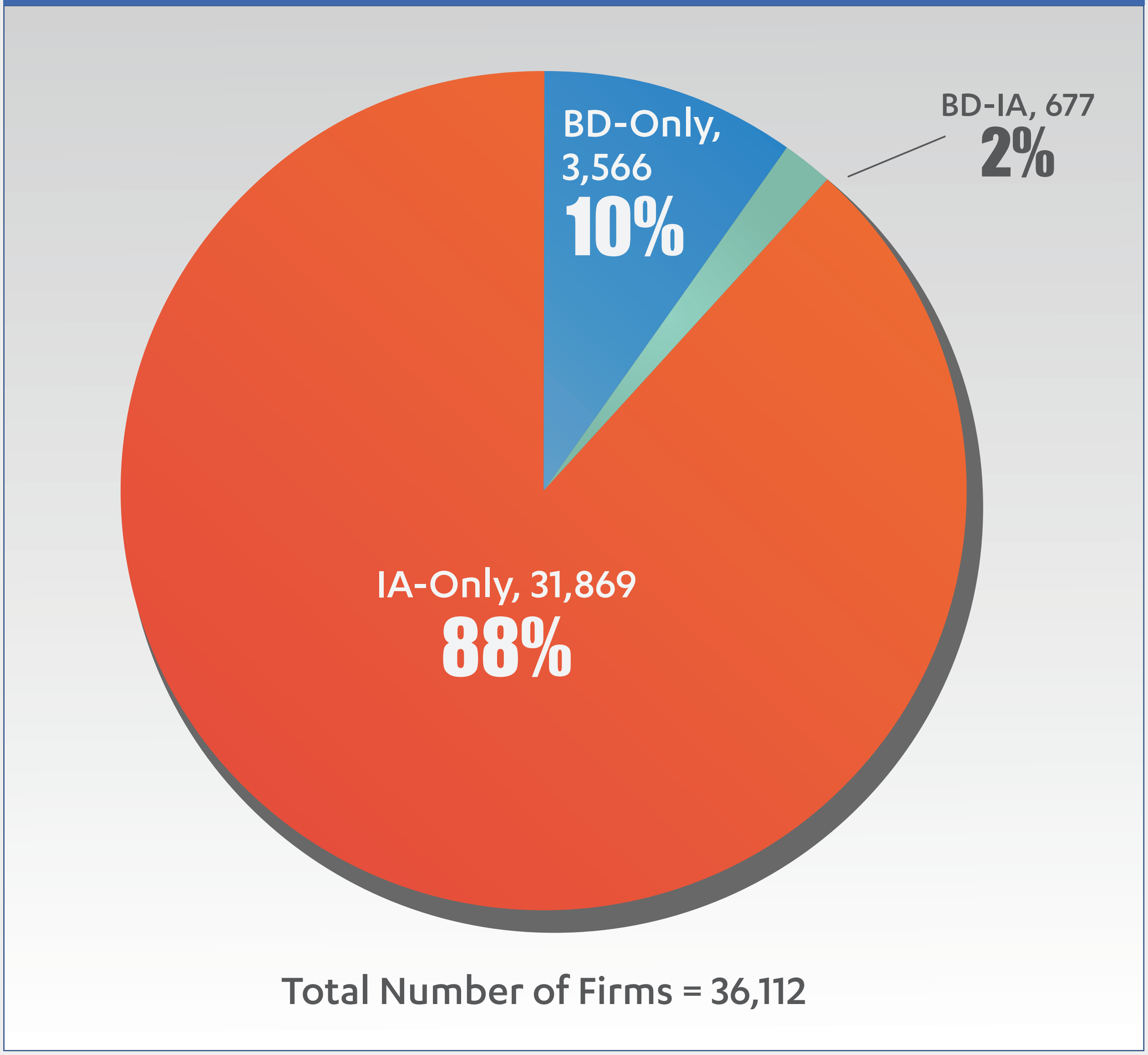
The number of firms has grown from 29,430 in December 2008 to 36,112 in December 2014 representing a 23% increase in firms. On average the number of firms increased 4% year-over-year.

At 53%, firms conducting retail-only business account for the majority of firms in the industry, and 95% of those firms are IA-only.

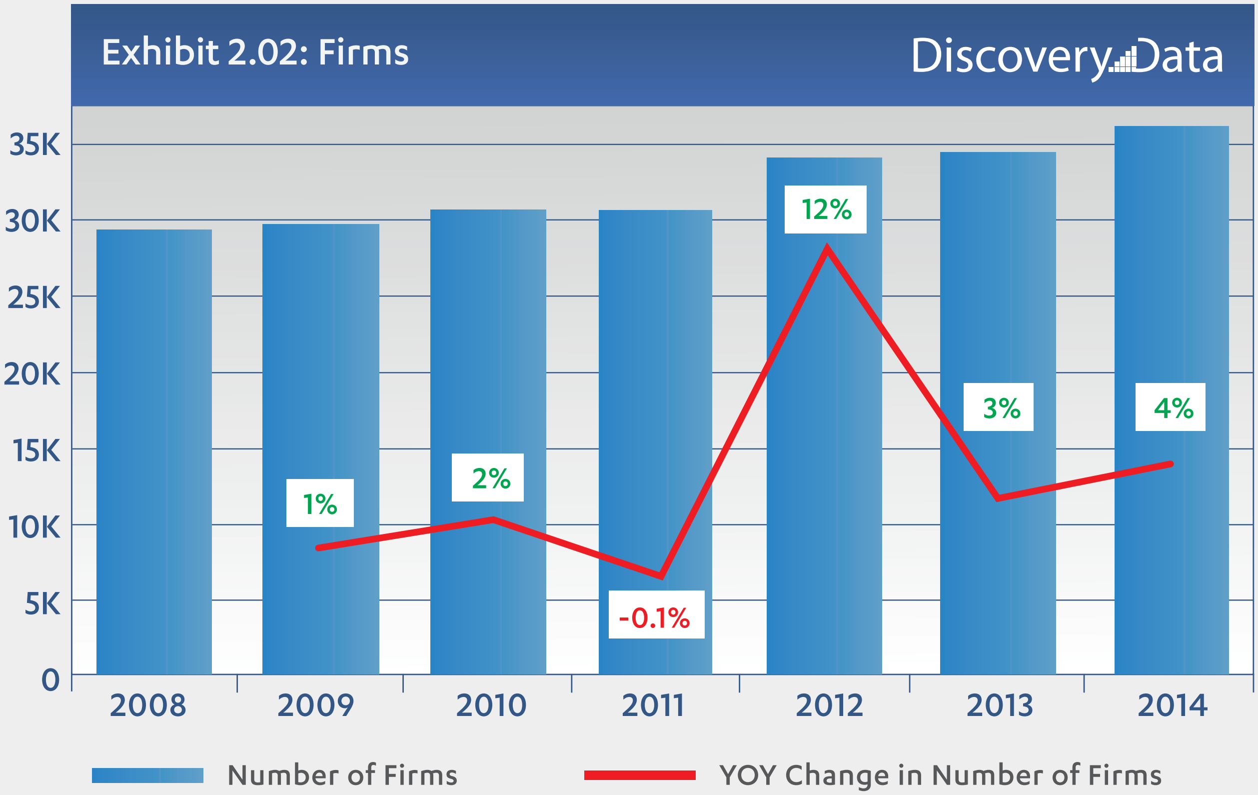
The number of firms conducting retail-only business has steadily increased from year-end 2008 through 2014 growing from over 13,000 firms in 2008 to nearly 19,000 firms in 2014.

More than six in ten (61%) of all firms in the industry are headquartered in ten states. Almost 30% of the main offices of all firms are located in either California or New York.

Exhibit 2.01: Firm Distribution by Channel
(December 2014)



As of December 31, 2014 there were 36,112 registered firms in the financial services industry, with 3,566 registered as BD-only, accounting for 10% of the firms, and 31,869 registered as IA-only, accounting for 88% of the firms. Currently 677 firms are dually registered BD-IA, accounting for the remaining 2% of firms.

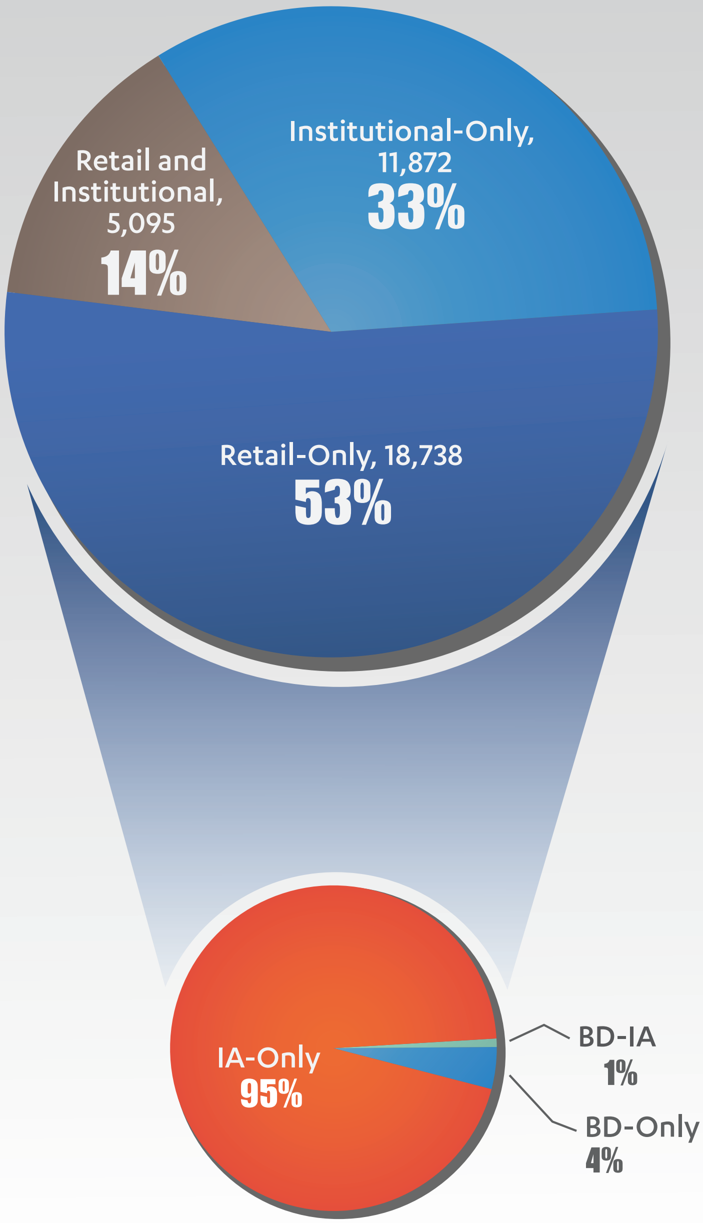


The number of firms has grown from 29,430 in December 2008 to 36,112 in December 2014 representing a 23% increase in firms. On average the number of firms increased 4% year-over-year. The growth is primarily due to a 30% increase in the number of IA-only firms offset by a 12% decline in BD-only firms.

The increase in firms from 2011 to 2012 can partially be attributed to the industry registration requirements implemented in 2012, leading to existing advisers to private funds registering for the first time. Year-over-year growth in the number of firms has been trending up as evidenced by the growth from 2008 to 2009 of 1% to the growth from 2013 to 2014 of 4%. As stated previously, the spike in 2012 can be largely attributed to the expanded registration requirements for IA firms.

Exhibit 2.03: Channels
(December 2014)

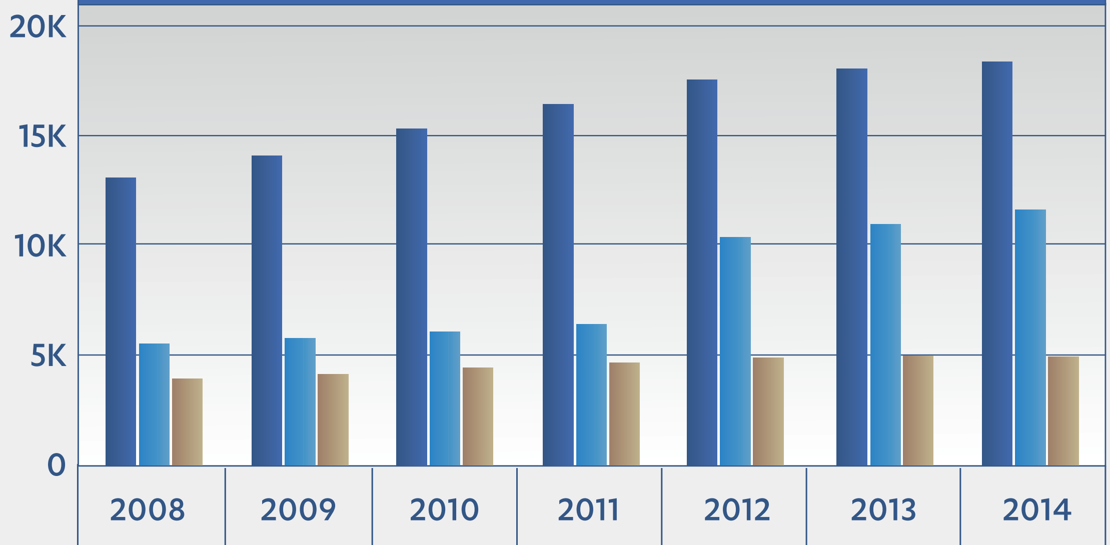
Discovery Data



At 53%, firms conducting retail-only business account for the majority of firms in the industry, and 95% of those firms are IA-only.

Firms conducting institutional-only business make up a third at 33%, and firms conducting both retail and institutional business represent about one in seven firms.

Exhibit 2.04: Retail-Only, Institutional-Only, Retail and Institutional Firms Discovery Data



	2008	2009	2010	2011	2012	2013	2014
Retail-Only	13,362	14,371	15,619	16,768	17,919	18,433	18,738
Institutional-Only	5,686	5,916	6,224	6,598	10,602	11,216	11,872
Retail and Institutional	4,043	4,268	4,532	4,774	5,047	5,100	5,095

The number of firms conducting retail-only business has steadily increased from year-end 2008 through 2014 growing from over 13,000 firms in 2008 to nearly 19,000 firms in 2014. The increase represents an average annual change of 6% with the greatest change occurring in 2010 with the number of firms increasing 9% from the previous year.

The number of industry firms increased more than 50% in seven years.

From 2008 to 2014 the number of firms conducting institutional-only business increased more than 100%. On average the number of institutional-only firms increased 15% year-over-year. This change can be specifically pinpointed to 2012 in which the number of firms conducting institutional-only business increased 61% from 2011. This change can be attributed to certain existing IA firms being required to register for the first time by filing Form ADV.

The number of firms conducting both retail and institutional business also grew from 2008 through 2014, but at a more modest average change year-over-year of 4%.

Exhibit 2.05: Top 10 States with Firm Headquarters
(December 2014)

DiscoveryData

STATE	% FIRMS
California	16
New York	13
Texas	6
Illinois	5
Florida	5
Massachusetts	4
Pennsylvania	4
New Jersey	3
Connecticut	3
Ohio	3

More than six in ten (61%) of all firms in the industry are headquartered in ten states. Almost 30% of the main offices of all firms are located in either California or New York.

Exhibit 2.06: Top 25 Firms by Rep Headcount
(December 2014)

Discovery Data

Firm	Channel	Firm Type	Primary BD Type	BD Reps	IA Reps	BD-IA Reps	Total Reps
Merrill Lynch	Retail & Institutional	BD-IA	Wirehouse	30,254	24,757	24,636	30,375
Wells Fargo Advisors	Retail & Institutional	BD-IA	Wirehouse	25,559	20,770	20,591	25,738
J.P. Morgan Securities	Retail & Institutional	BD-IA	Bank	25,034	6,222	5,550	25,706
Morgan Stanley	Retail & Institutional	BD-IA	Wirehouse	23,336	20,902	20,820	23,418
LPL Financial	Retail & Institutional	BD-IA	Independant	17,157	12,951	12,796	17,312
PFS Investments Inc.	Retail & Institutional	BD-IA	Insurance	16,679	1,946	1,928	16,697
Edward Jones	Retail & Institutional	BD-IA	Traditional	15,973	14,274	14,184	16,063
State Farm VP Management Corp.	Retail & Institutional	BD-Only	Insurance	13,729	N/A	N/A	13,729
Ameriprise Financial Services, Inc.	Retail & Institutional	BD-IA	Independant	12,639	11,590	11,479	12,750
UBS Financial Services Inc.	Retail & Institutional	BD-IA	Wirehouse	11,963	10,777	10,688	12,052
Fidelity Brokerage Services	Retail & Institutional	BD-Only	Discounter	11,794	N/A	N/A	11,794
Northwestern Mutual Investment Services	Retail & Institutional	BD-IA	Insurance	8,090	3,601	3,575	8,116
Allstate Financial Services	Retail-Only	BD-Only	Insurance	7,987	N/A	N/A	7,987
Citigroup Global Markets Inc.	Retail & Institutional	BD-IA	Bank	7,273	1,625	1,568	7,330
NYLIFE Securities	Retail-Only	BD-Only	Insurance	6,876	N/A	N/A	6,876
Charles Schwab & Co., Inc.	Retail & Institutional	BD-IA	Discounter	6,780	3,329	3,312	6,797
Vanguard Marketing Corporation	Retail & Institutional	BD-Only	Discounter	5,731	N/A	N/A	5,731
Farmers Financial Solutions	Retail-Only	BD-Only	Insurance	5,700	N/A	N/A	5,700
Goldman Sachs & Co.	Retail & Institutional	BD-IA	Boutique	5,347	1,310	1,304	5,353
Raymond James & Associates	Retail & Institutional	BD-IA	Traditional	5,122	3,398	3,369	5,151
MetLife Securities Inc.	Retail & Institutional	BD-IA	Insurance	5,024	2,489	2,438	5,075
AXA Advisors	Retail & Institutional	BD-IA	Insurance	4,910	3,577	3,529	4,958
RBC Capital Markets	Retail & Institutional	BD-IA	Traditional	4,773	2,886	2,834	4,825
Transamerica Financial Advisors, Inc	Retail & Institutional	BD-IA	Independant	4,747	2,158	2,103	4,802
Pruco Securities	Retail & Institutional	BD-IA	Insurance	4,619	1,841	1,829	4,631

Based on the total number of reps, Merrill Lynch is the largest firm.

Of the top 25 firms, 22 conduct both retail and institutional business. The remaining three firms conduct retail-only business and have affiliates that operate institutional businesses. Every one of the largest firms by number of reps conduct retail business. Of the top 25 firms, 19 are dually registered as BD and IA firms. The remaining six firms are BDs that have IA affiliates.

BROKER-DEALERS

As of December 31, 2014 there were 4,243 registered broker-dealer (BD) firms in the financial services industry.

There has been a steady downward trend in the number of BD firms from 4,972 firms in December 2008 to 4,243 firms in December 2014 representing a decline of 15%.

As of year-end 2014, 1,584 of the 4,243 BD-only and BD-IA firms are affiliated with another firm (IA firm(s), BD firm(s) or both a BD and an IA firm(s)).

There are 473 BD firms affiliated with BD and/or IA firms.

More than 80% of BD firms have 50 or fewer reps with more than a third (37%) with five or fewer reps, 18% with 6-10 reps and 28% with 11-50 reps.

The majority (54%) of BD firms conducting retail business are traditional firms, meaning the associated reps are, in most cases, employees rather than independent contractors and their primary focus is investments.

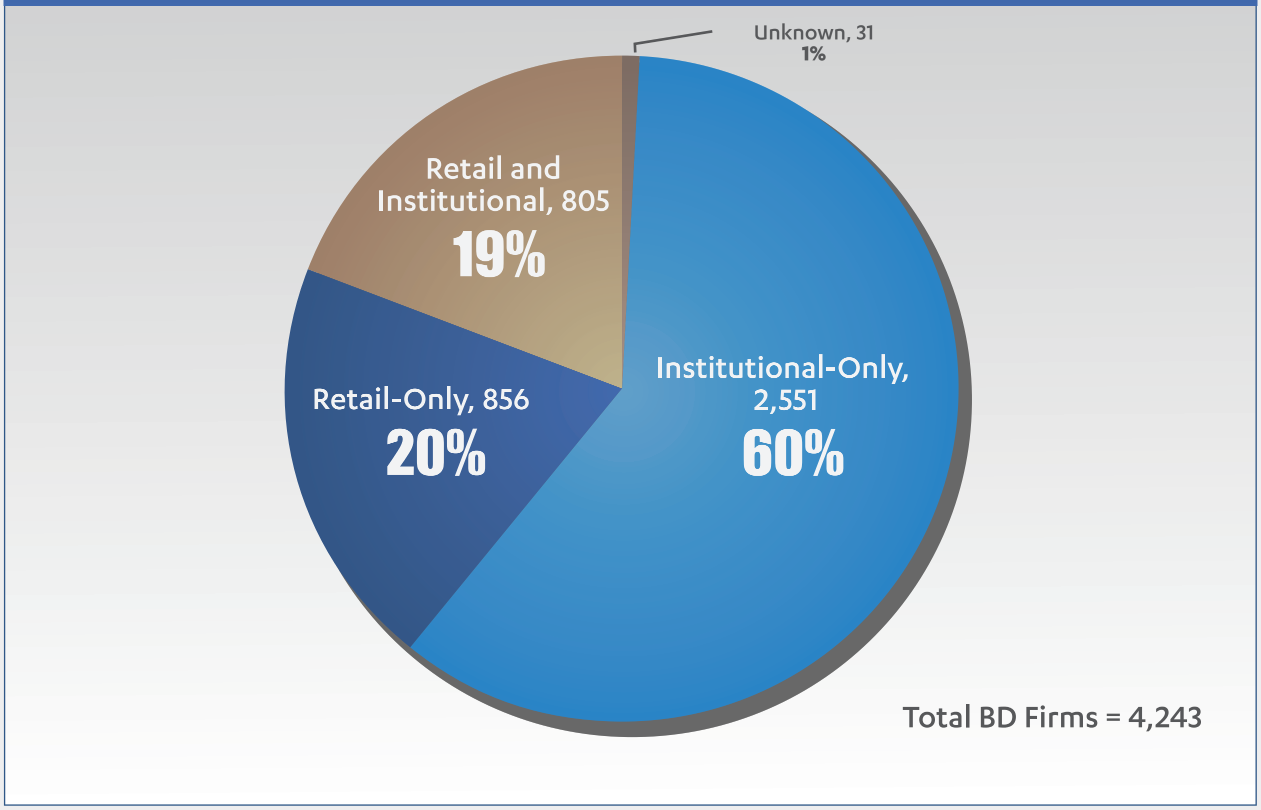
On a net basis, between 2008 and 2014 the number of retail firms declined by 222 with traditional firms contributing the largest proportion at 69%, or 145 firms.

At 64%, or 1,033 firms, the majority of retail BD firms have local footprints, which are defined as firms typically located in one or no more than a few offices in one state or local market.

Local traditional firms have the highest concentration of BD firms conducting retail business with an average of ten reps per firm. The next highest concentration of firms are multi-state independent firms with an average of 68 reps.

BD firms active for 26 years or more account for about a quarter (26%) of BD firms, firms active for ten years or less make up about a third (35%) and firms active between 11 and 25 years account for the remaining 39%.

Exhibit 2.07: BD Firm Distribution by Channel
(December 2014)



As of December 31, 2014 there were 4,243 BD firms in the financial services industry.

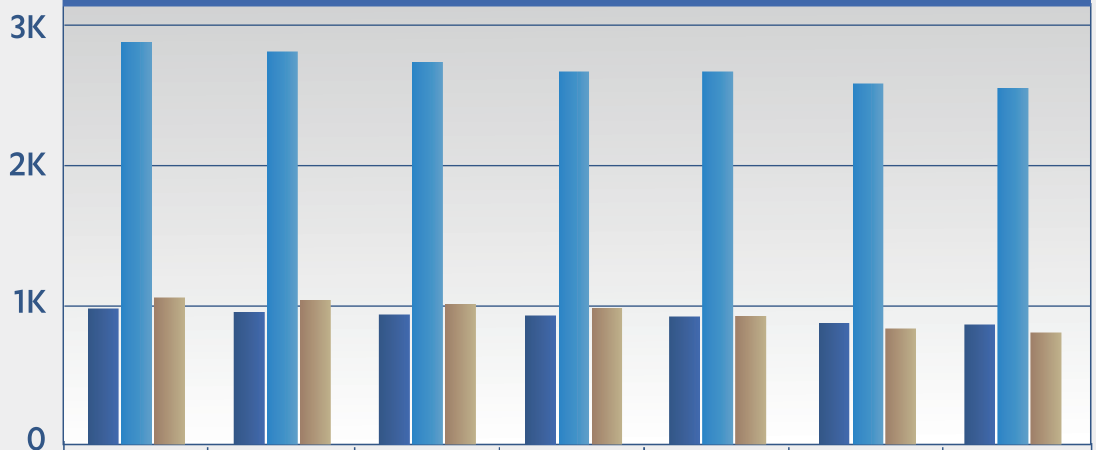
Among BD firms six in ten (60%) are conducting institutional-only business and one in five (20%) are conducting retail-only business. Discovery Data classifies another 19% as conducting both retail and institutional business and the remaining 1% are unknown.

There has been a steady downward trend in the number of BD firms from 4,972 firms in December 2008 to 4,243 firms in December 2014 representing a decline of 15%. Year-over-year the number of firms has declined 3% on average. The most substantial decline occurred in 2013 in which there were 5% less firms than the previous year.

The decline in retail BD firms can be attributed in large part to two key trends: ongoing industry consolidation and the shift in business practices to advisory from transactional, leading to the shift from BD to IA firms.

Exhibit 2.09: Retail-Only, Institutional-Only, Retail and Institutional BD Firms

Discovery Data



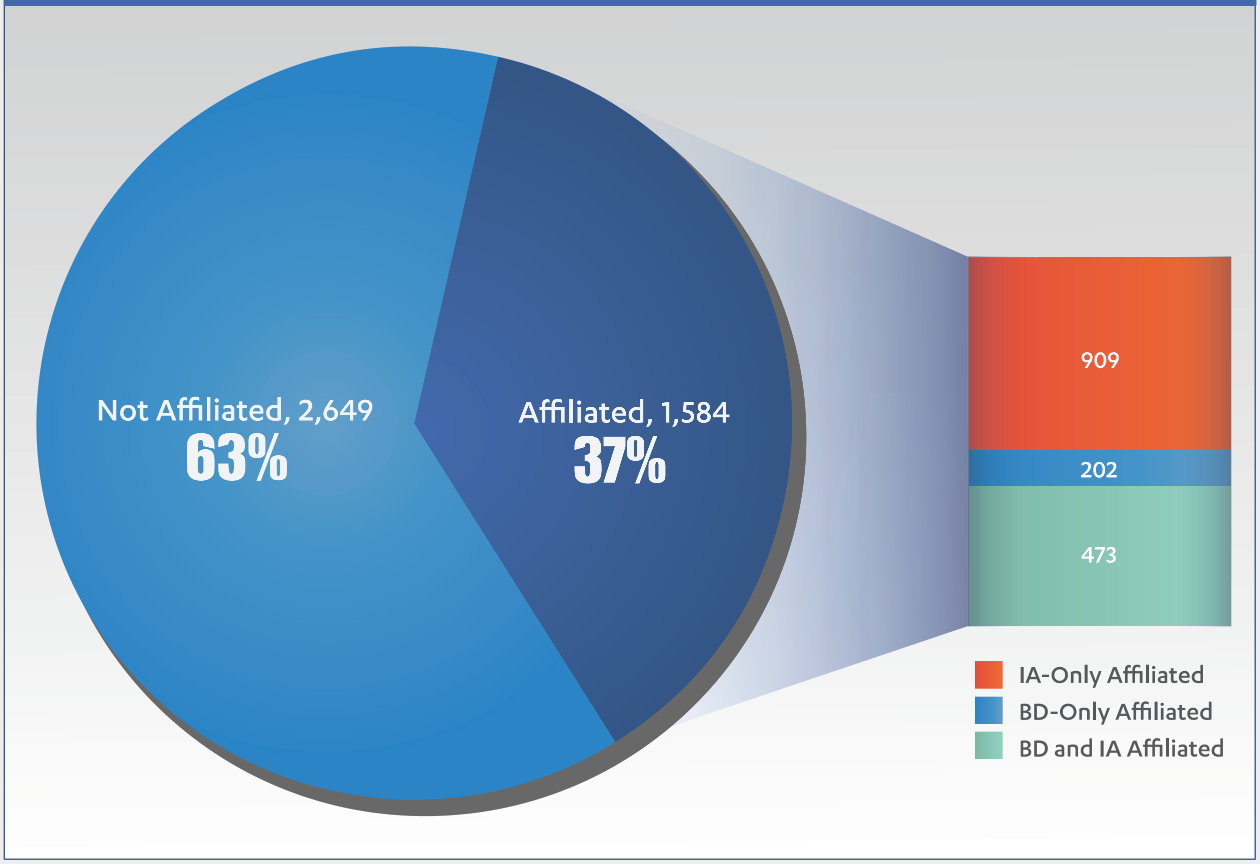
	2008	2009	2010	2011	2012	2013	2014
Retail-Only	977	946	933	924	911	868	856
Institutional-Only	2,880	2,814	2,737	2,667	2,672	2,578	2,551
Retail and Institutional	1,052	1,030	1,007	982	918	828	805

The number of BD firms conducting retail-only business declined 12% from year-end 2008 through 2014 from nearly 1,000 firms to less than 900. Year-over-year firms conducting only retail business declined 2%, on average, with the most substantial decline (-5%) occurring in 2013 in which there was a net decline of 43 firms.

While there are substantially more BD firms conducting institutional-only business in the industry than any other type, the rate at which they have declined in number has been very similar to retail-only firms. Since 2008 the total number of institutional-only firms declined 11% with a 2% average year-over-year decline.

The decline in the number of BD firms has been consistent across channels. Since 2008 the retail-only channel lost a net 121 firms for a decline of 12%, the institutional-only channel lost a net 329 firms for a decline of 11% and the retail and institutional channel lost a net 247 firms representing a 23% decline.

Exhibit 2.10: BD Firm Affiliations
(December 2014)



As of year-end 2014, 1,584 of the 4,243 BD-only and BD-IA firms are affiliated with another firm (IA firm(s), BD firm(s) or both a BD and an IA firm(s)). Just over 37% of BD firms have one or more affiliates. Nearly two-thirds of BD firms have no affiliates.

Of BD firms with affiliates, 909 or 21% are affiliated with an IA firm(s) only, 202 are affiliated with a BD firm(s) only, and 473 are affiliated with both a BD firm(s) and IA firm(s), or affiliated with a dually registered BD-IA firm(s).

Exhibit 2.11: BD-Only and IA-Only Firm Affiliations
(December 2014)

Discovery Data

	BD-Only Affiliated	IA-Only Affiliated
One Firm	127	732
Two Firms	29	112
Three Firms	25	31
Four Firms	3	12
Five+ Firms	18	22
Total	202	909

The above chart presents the number of firms, either BD-only or IA-only, with which BD firms are affiliated. BD firms are significantly more likely to be affiliated with an IA-only firm. Of the 1,584 BD firms affiliated with either a BD or IA firm, 909 are affiliated with one or more IA firms and only 202 are affiliated with one or more BD firms.

Most BD firms affiliated with either a BD or IA firm are only affiliated with one firm.

Exhibit 2.12: BD Firms wth Affilations
(December 2014)

Discovery Data

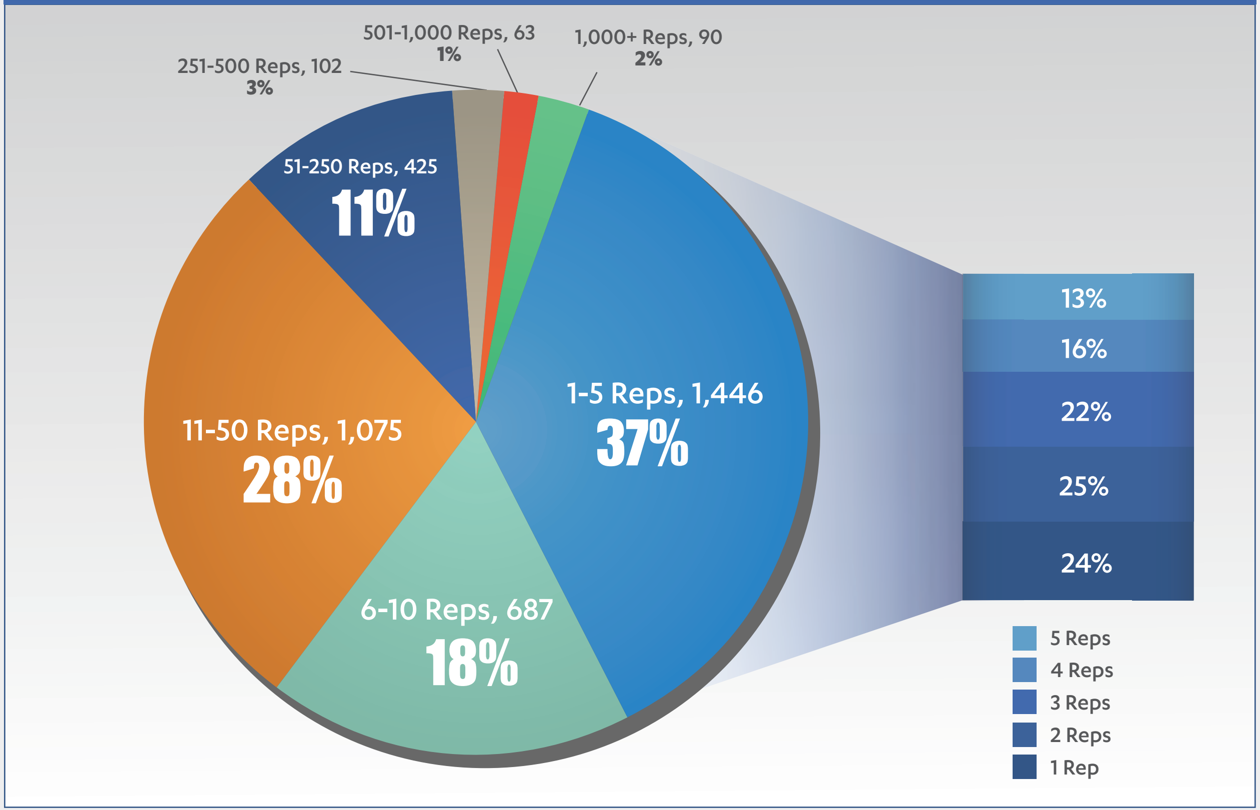
		IA Affilations				
		One Firm	Two Firms	Three Firms	Four Firms	Five+ Firms
BD Affiliations	One Firm	108	46	28	5	30
	Two Firms	26	18	14	7	22
	Three Firms	5	6	8	9	34
	Four Firms	3	5	3	1	41
	Five+ Firms	0	0	4	5	45

The above table is intended to present the number of BD firms affiliated with at least one BD firm and at least one IA Firm. For example, beginning in the upper left cell there are 108 BD firms which are affiliated with one BD firm as well as being affiliated with one IA firm. Continuing to the bottom right cell, there are 45 BD firms affiliated with five or more BD firms as well as five or more IA firms.

There are 473 BD firms affiliated with BD and/or IA firms. Firms are more likely to limit their affiliations to one firm as evidenced by the 108 firms affiliated with one BD firm and one IA firm.

The most substantial concentration of firms with affiliations are those affiliated with five or more IA firms. More than a third (36%) or 172 BD firms with affiliations are affiliated with five or more IA firms.

Exhibit 2.13: BD Firm Size by Number of Reps
(December 2014)



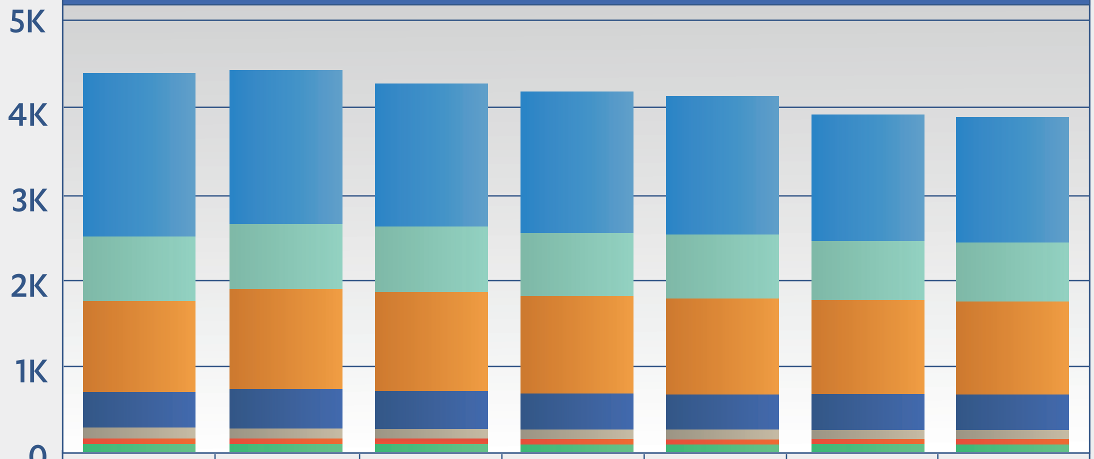
More than 80% of BD firms have 50 or fewer reps with more than a third (37%) with five or fewer reps, 18% with 6-10 reps and 28% with 11-50 reps.

Among those firms with five or fewer reps more than 70% have between one and three reps.

Firms with more than 50 reps account for 17% of the BD firms.

Exhibit 2.14: BD Firms by Number of Reps

Discovery Data



	2008	2009	2010	2011	2012	2013	2014
1-5 Reps	1,899	1,763	1,660	1,637	1,604	1,458	1,446
6-10 Reps	747	761	747	731	743	692	687
11-50 Reps	1,062	1,173	1,155	1,135	1,112	1,093	1,075
51-250 Reps	414	459	445	418	412	420	425
251-500 Reps	126	118	112	109	114	105	102
501-1,000 Reps	60	64	67	66	56	60	63
1,000+ Reps	96	94	93	89	91	90	90

While the number of BD firms employing five or fewer reps has remained the largest category, the number of these firms has declined 24% since 2008. Firms with 6-10 reps have declined 8% during the same period.

The decline in BD firms with 1-5 reps is caused by firms deactivating, merging with other firms or increasing rep count.

The number of firms with larger rep counts has remained relatively stable as evidenced by firms with 501-1,000 and more than 1,000 reps having remained nearly unchanged.

Exhibit 2.15: BD Firms by Number of Reps by Channel *(December 2014)*

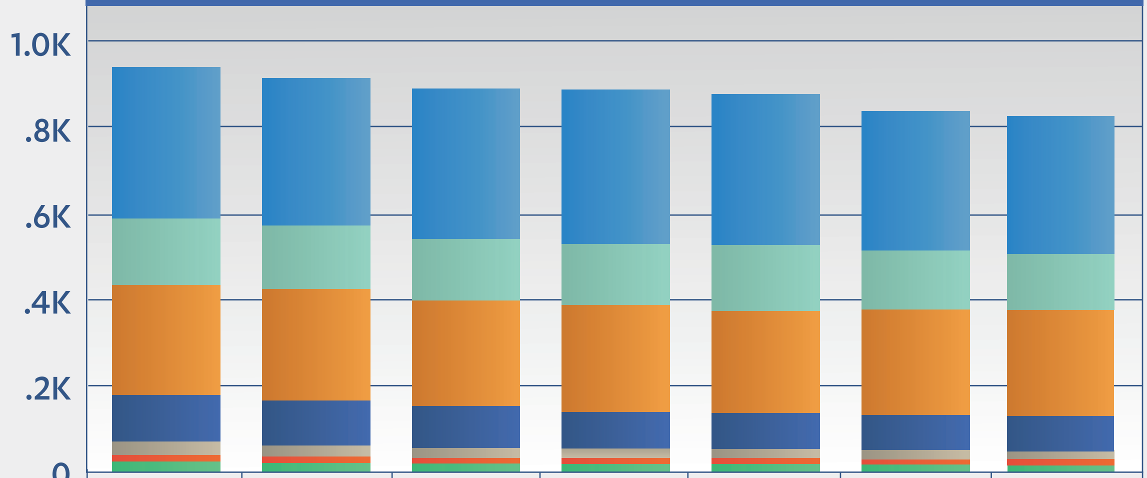
Discovery Data

Reps	Retail-Only	Institutional-Only	Retail and Institutional
1-5	320	979	139
6-10	136	457	94
11-50	249	567	259
51-250	79	197	149
251-500	20	39	43
501-1,000	11	17	35
1,000+	17	6	67

The majority (62%) of smaller BD firms (50 or fewer reps) are institutional-only.

The majority of larger firms (1,000+ reps) are conducting both retail and institutional business.

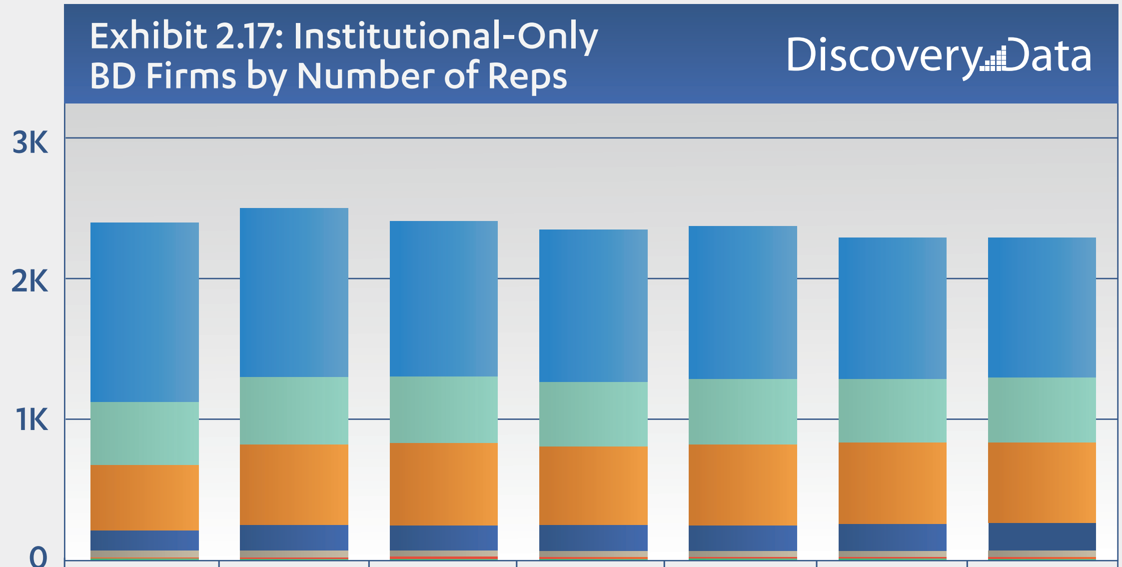
Exhibit 2.16: Retail-Only BD Firms by Number of Reps Discovery Data



	2008	2009	2010	2011	2012	2013	2014
1-5 Reps	352	344	351	361	352	324	320
6-10 Reps	155	149	145	143	155	139	136
11-50 Reps	257	260	246	250	238	246	249
51-250 Reps	108	104	97	84	84	82	79
251-500 Reps	31	26	23	23	21	22	20
501-1,000 Reps	16	15	13	13	13	12	11
1,000+ Reps	22	19	18	17	17	15	17

Since year-end 2008 the number of firms conducting retail-only business declined 12%. While each of the rep count categories contributed to the decline, the most substantial declines came from larger firms: 1,000+ reps (-23%), 501-1,000 reps (-31%) and 251-500 reps (-35%).

Exhibit 2.17: Institutional-Only BD Firms by Number of Reps

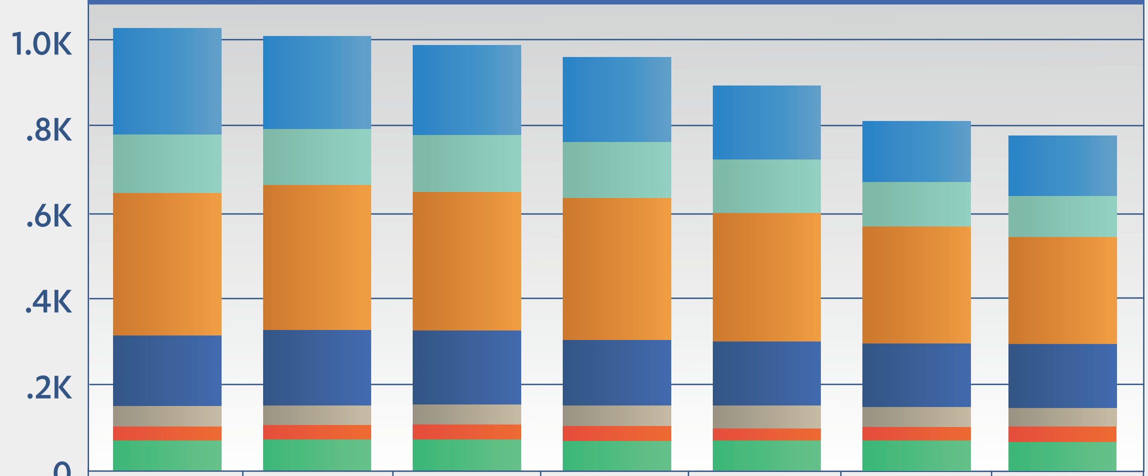


	2008	2009	2010	2011	2012	2013	2014
1-5 Reps	1,269	1,195	1,099	1,078	1,080	993	979
6-10 Reps	445	480	471	459	465	451	457
11-50 Reps	463	567	583	556	576	576	567
51-250 Reps	141	179	175	180	178	189	197
251-500 Reps	48	46	42	39	39	37	39
501-1,000 Reps	11	15	19	18	15	16	17
1,000+ Reps	6	5	5	5	6	6	6

The number of BD firms conducting institutional-only business declined 11% since year-end 2008. Much of the decline is driven by a 23% decline in the number of firms with 1-5 reps.

The decline in firms with 1-5 reps has slowed somewhat from an average annual decline of 5% from 2008 to 2013 to a 1% decline in 2014.

Exhibit 2.18: Retail and Institutional BD Firms by Number of Reps



	2008	2009	2010	2011	2012	2013	2014
1-5 Reps	248	217	209	198	172	141	141
6-10 Reps	136	128	131	129	123	102	96
11-50 Reps	331	338	322	329	298	271	260
51-250 Reps	165	176	173	154	150	149	149
251-500 Reps	47	46	47	47	54	46	43
501-1,000 Reps	33	34	35	35	28	32	35
1,000+ Reps	68	70	70	67	68	69	67

The number of BD firms conducting both retail and institutional business declined 23% since year-end 2008. Much of the decline in the number of these firms has occurred since 2011. Similar to institutional-only firms, the decline is driven largely by the smaller firms, specifically those firms with five or fewer reps (-44%).

The number of larger firms (250+ reps) has remained stable during the seven year period.

Exhibit 2.19: Top 10 BD Firms by Number of BD Reps *(December 2014)*

Discovery Data

Firm	Channel	Firm Type	Primary BD Type	BD Reps	IA Reps	BD-IA Reps	Total Reps
Merrill Lynch	Retail & Institutional	BD-IA	Wirehouse	**30,254**	24,757	24,636	30,375
Wells Fargo Advisors	Retail & Institutional	BD-IA	Wirehouse	**25,559**	20,770	20,591	25,738
J.P. Morgan Securities	Retail & Institutional	BD-IA	Bank	**25,034**	6,222	5,550	25,706
Morgan Stanley	Retail & Institutional	BD-IA	Wirehouse	**23,336**	20,902	20,820	23,418
LPL Financial	Retail & Institutional	BD-IA	Independent	**17,157**	12,951	12,796	17,312
PFS Investments Inc.	Retail & Institutional	BD-IA	Insurance	**16,679**	1,946	1,928	16,697
Edward Jones	Retail & Institutional	BD-IA	Traditional	**15,973**	14,274	14,184	16,063
State Farm VP Management Corp.	Retail & Institutional	BD-Only	Insurance	**13,729**	N/A	N/A	13,729
Ameriprise Financial Services, Inc.	Retail & Institutional	BD-IA	Independent	**12,639**	11,590	11,479	12,750
UBS Financial Services Inc.	Retail & Institutional	BD-IA	Wirehouse	**11,963**	10,777	10,688	12,052

With more than 30,000 BD reps, Merrill Lynch is the top firm based on number of reps. Wells Fargo Advisors is second with more than 25,000 reps.

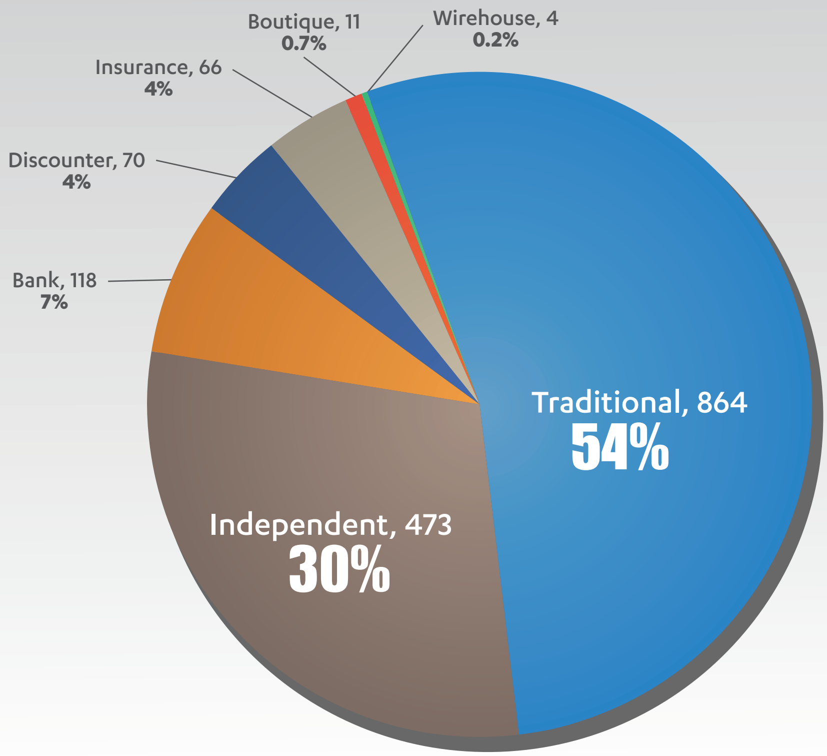
While the majority of reps for each of the firms above are BD reps, firms such as Merrill Lynch, Wells Fargo Advisors and Morgan Stanley have a significant number of IA reps, which in turn explains the significant number of dually registered reps.

State Farm is the only firm in the top ten that is BD-only, but it has an IA affiliate. LPL Financial and Ameriprise are the only independent firms in the top ten.

The vast majority of the practicing advisors associated with PFS Investments are solely transactional and not advisory in their business practices.

Exhibit 2.20: Retail BD Firm Type
(December 2014)

Discovery Data



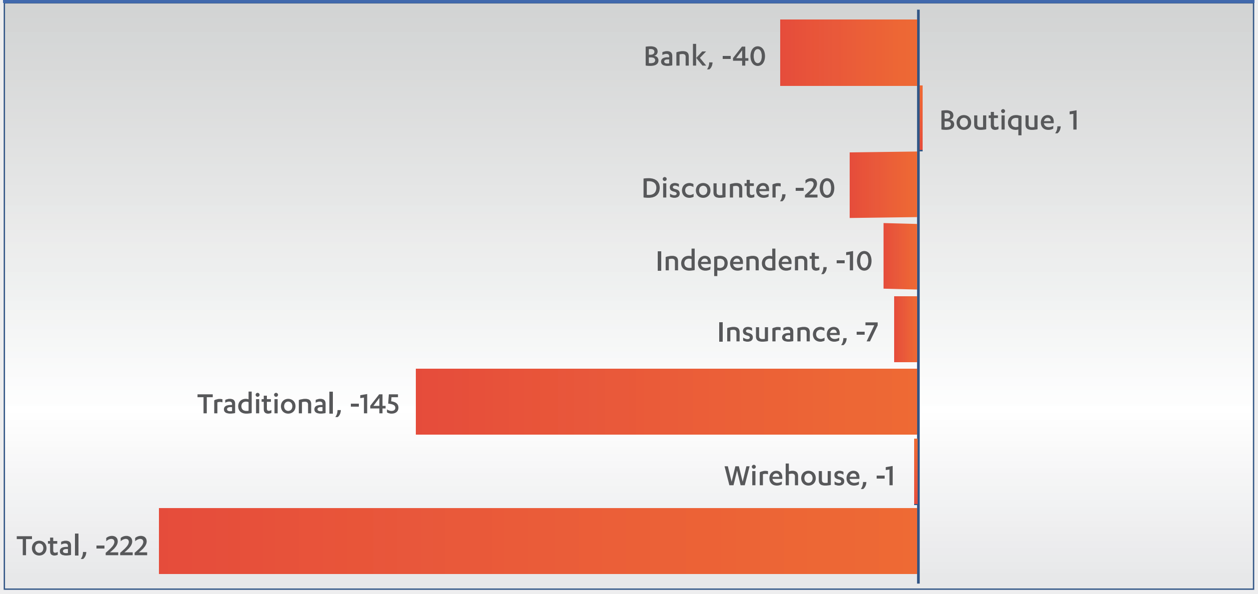
The majority (54%) of BD firms conducting retail business are traditional firms, meaning the associated reps are, in most cases, employees rather than independent contractors and their primary focus is investments.

The next largest business type by firm count is independent. Reps associated with these firms are typically independent contractors. At 473 firms, this independent group represents 30% of all retail firms.

The remaining approximately 16% of retail firms are classified as bank (7%), wirehouse (0.2%), boutique (0.7%), discounter (4%) and insurance (4%).

Exhibit 2.21: Net Change in Retail BD Firm Type *(2008-2014)*

Discovery Data



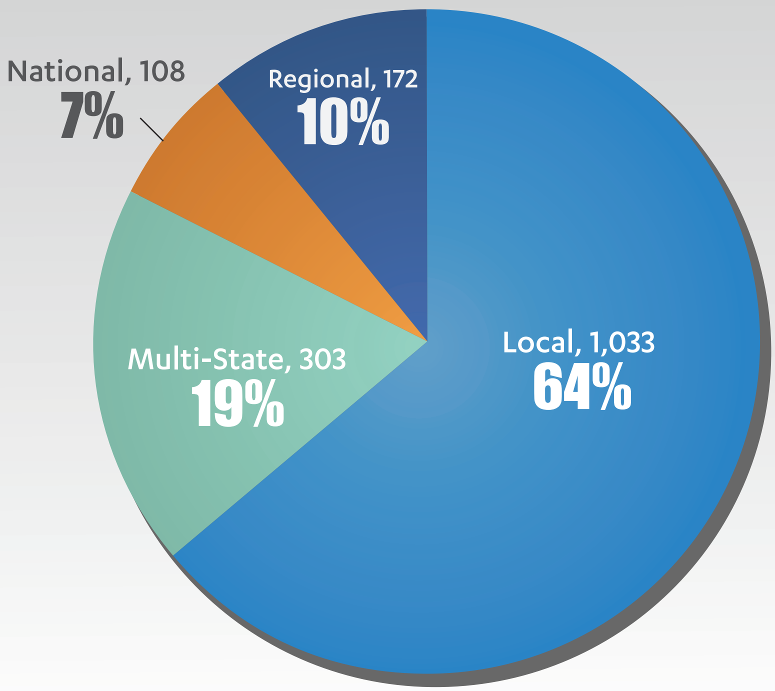
As shown previously in Exhibit 2.08, the number of BD firms declined 15% from 2008 to 2014. The chart above provides a closer look at how the different types of retail BD firms contributed to the overall decline. On a net basis, between 2008 and 2014 the number of retail firms declined by 222 with traditional firms contributing the largest proportion at 69%, or 145 firms.

> ...BD firms declined 15% from 2008 to 2014.

While the chart shows that all firm types have either remained unchanged or declined, it is interesting to note that the difference in the decline of traditional firms to the next most substantial decline, firms covering banks (-40), is significantly wide, providing additional evidence that as reps move to independence it is having an impact at the firm level. Another contributing factor is that a large number of traditional firms are, or were before deactivating, in the 1-5 rep category, which is the segment that had the largest number of firm deactivations, naturally.

Exhibit 2.22: Retail BD Firms by Geographic Footprint *(December 2014)*

Discovery Data



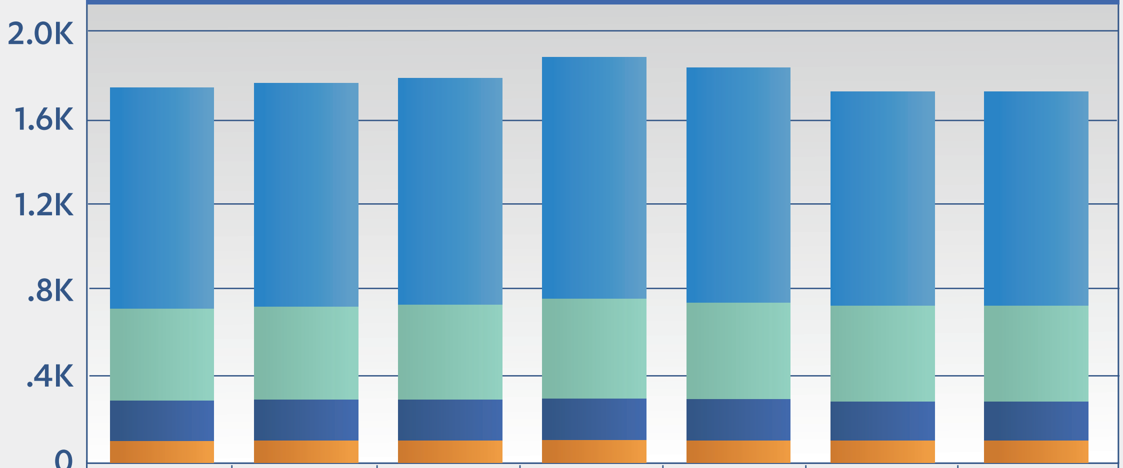
At 64%, or 1,033 firms, the majority of retail BD firms have local footprints, which are defined as firms typically located in one or no more than a few offices in one state or local market.

Multi-state firms make up the next largest grouping of firms by footprint with 19%. These firms have offices in multiple states but not a large enough coverage to amount to a regional footprint.

The remaining 17% are identified as regional (10%) and national (7%). Regional firms are those with office and rep coverage across a large enough number of states to constitute "regional" coverage. For example, a firm that has a substantial footprint across the entire Midwest region, such as offices in Chicago, Minneapolis, St. Louis, Detroit, Milwaukee, Indianapolis, Columbus, Louisville, Cincinnati and Cleveland. National firms are those with substantial office and rep coverage across the U.S.

Exhibit 2.23: Retail BD Firms by Geographic Footprint

Discovery Data



	2008	2009	2010	2011	2012	2013	2014
Local	1,135	1,147	1,159	1,164	1,127	1,047	1,033
Multi-State	356	361	367	367	346	314	303
Regional	181	184	186	186	187	174	172
National	112	113	113	113	111	109	108

Overall, the geographic distribution of BD firms conducting retail business between 2008 and 2014 remained relatively stable with some exceptions. The number of local firms declined 9% between 2008 and 2014 with the most substantial decline occurring between 2012 and 2013 in which there was a 7% decline.

The number of multi-state firms increased almost 3% between 2008 and 2011 from 356 firms to 367 firms. Since 2011 the number of these firms has trended down 17% to 303 in 2014.

Regional firms declined 5% between 2008 and 2014 with the most substantial decline (-7%) occurring in 2013.

Exhibit 2.24: Retail BD Firms Geographic Footprint by Firm Type and Rep Count *(December 2014)*

Discovery Data

	Local		Multi-State		Regional		National	
	Firms	Avg. BD Reps	Firms	Avg. BD Reps	Firms	Avg. BD Reps	Firms	Avg. BD Reps
Bank	50	37	24	140	40	553	5	5,974
Boutique	1	9	3	426	1	608	6	2,808
Discounter	43	10	19	101	2	90	5	5,400
Independent	173	19	160	68	84	160	56	1,788
Insurance	18	14	10	87	10	616	25	3,970
Traditional	740	10	85	57	31	310	7	4,927
Wirehouse	0	N/A	0	N/A	0	N/A	4	22,778
Total	1,025		301		168		108	

Local traditional firms have the highest concentration of BD firms conducting retail business with an average of ten reps per firm. The next highest concentration of firms are multi-state independent firms with an average of 68 reps.

While the number of local firms far outnumber firms in the other footprint categories they have the lowest average number of reps across the different firm types.

National firms have the greatest average number of reps spread out among the fewest number of firms.

Exhibit 2.25: Institutional BD Firm Type
(December 2014)

BD firms which conduct institutional business are dominated by those acting as placement agents and/or providing investment banking services.

Corporate finance and/or sales and trading are institutional businesses that are conducted by about four in ten (39%) BD firms.

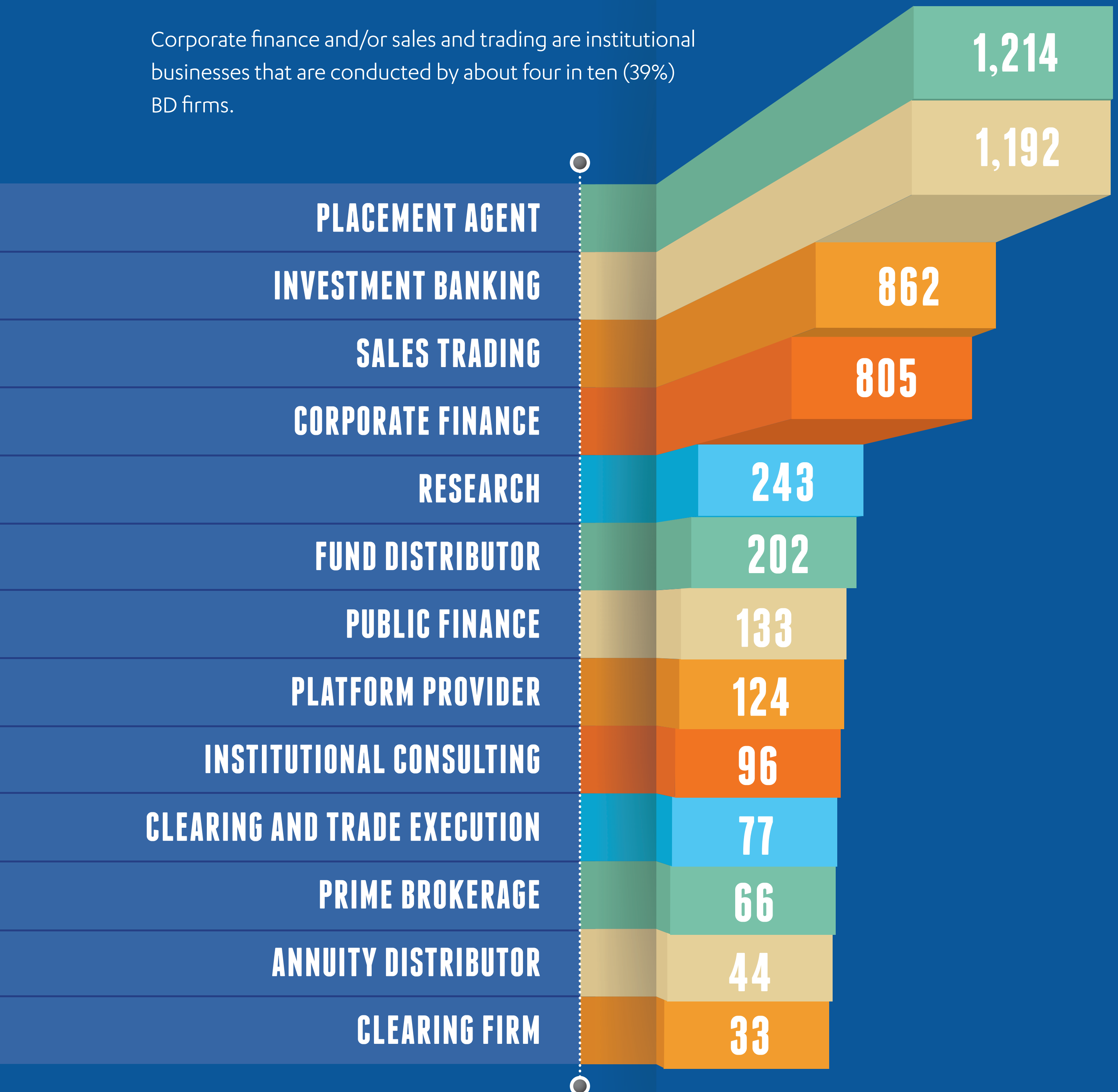
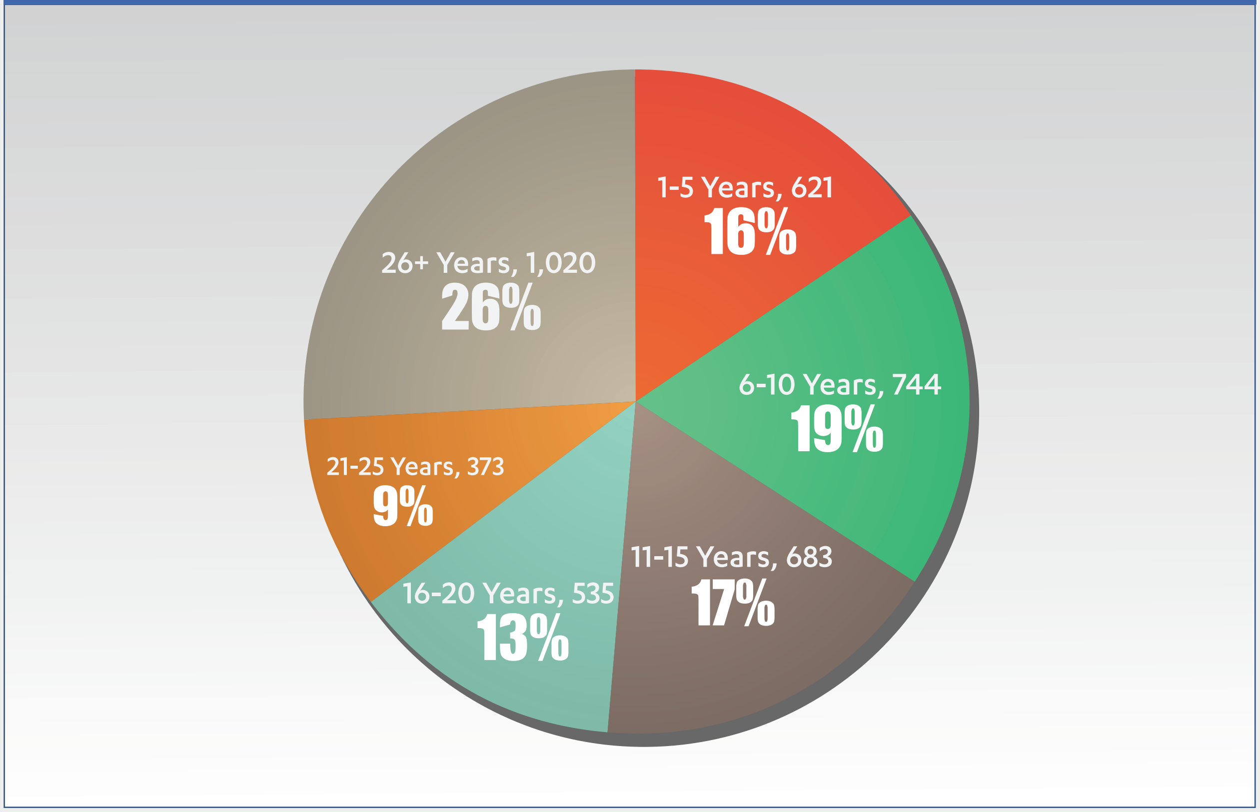


Exhibit 2.26: Age of BD Firms

(December 2014)



BD firms active for 26 years or more account for about a quarter (26%) of BD firms, firms active for ten years or less make up about a third (35%) and firms active between 11 and 25 years account for the remaining 39%.

BD firms have a median age of 14 years, with 50% of firms active for more than 14 years.

INVESTMENT ADVISERS

As of December 31, 2014 there were 32,546 investment advisory (IA) firms in the financial services industry.

The trend since January 2008 reveals the number of IA firms increased from 25,397 to 32,546 in December 2014 representing a 28% increase.

IA firm AUM from 2008 to 2014 increased 43%. Year-over-year the change in AUM averaged 7% with the most significant increase of 15% occurring in 2010. Included in this calculation is market movement, which has generally trended upward during this period.

The number of IA firms conducting retail-only business increased significantly (43%) from 2008 to 2014 from more than 12,500 to just over 18,000.

The majority of IA firms conducting retail business provide financial planning services.

The predominant services provided by IA firms conducting institutional business are managing private funds or advising investment companies.

Nearly six in ten (56%) IA-only firms are firms which conduct retail-only business. These firms together manage $1.6 trillion in assets with a median AUM of $26 million.

IA-only firms conducting institutional-only business make up about 30% of the IA-only firms. This group of firms manage more than $44 trillion in assets. The median AUM among these firms is $549 million.

Between 2008 and 2014 retail-only IA-only firm median AUM has grown at a rate of 4% year-over-year and the median AUM for IA-only firms conducting both retail and institutional business grew at a rate of 3%.

Institutional-only IA-only firm median AUM declined an average of 4% from 2008 to 2014, impacted heavily by a decline of 26% between 2008 and 2009.

Nearly nine in ten (86%) IA firms have no affiliation to an IA or BD firm.

Of the nearly 4,400 IA firms with affiliates, 2,922 IA firms are affiliated with either a BD firm(s) or an IA firm(s).

More than eight in ten (81%) IA firms have 1-5 reps. Almost half (48%) of these firms are one-rep shops.

With 24,757 IA reps Merrill Lynch is the top IA firm based on number of reps. Morgan Stanley is second with 20,902 IA reps.

Vanguard Group is the top IA firm based on AUM with $2.35 trillion followed by PIMCO with $1.95 trillion in AUM. Rather than having most assets in one entity like Vanguard and PIMCO, Blackrock is structured with 14 IA firms totaling over $2.2 trillion in AUM.

Individual investors make up the majority of IA firm clients with nearly 60% of firms with HNW clients and more than 60% of firms with non-HNW individual investors as clients.

More than one-fifth (21%) of all IA firms have 75% or more of their assets with HNW investors. Similarly, 22% of firms have 75% or more of their assets with individual investors.

Since 2008 the number of IA firms with HNW clients has increased 41% from 13,617 firms in 2008 to 19,192 firms in 2014. On average the number of firms with HNW clients increased 6% year-over-year.

Between 2010 and 2014 average AUM among firms with HNW clients grew a total of 19%.

Nearly nine in ten (87%) IA firms are independently owned and nearly one in ten (12%) corporate owned. Ownership structure for the remaining 1% has yet to be determined by Discovery Data.

Since 2008 the number of independently owned IA firms increased by more than 11,000. This increase represents average annual growth in the number of firms of 9% over the seven year period.

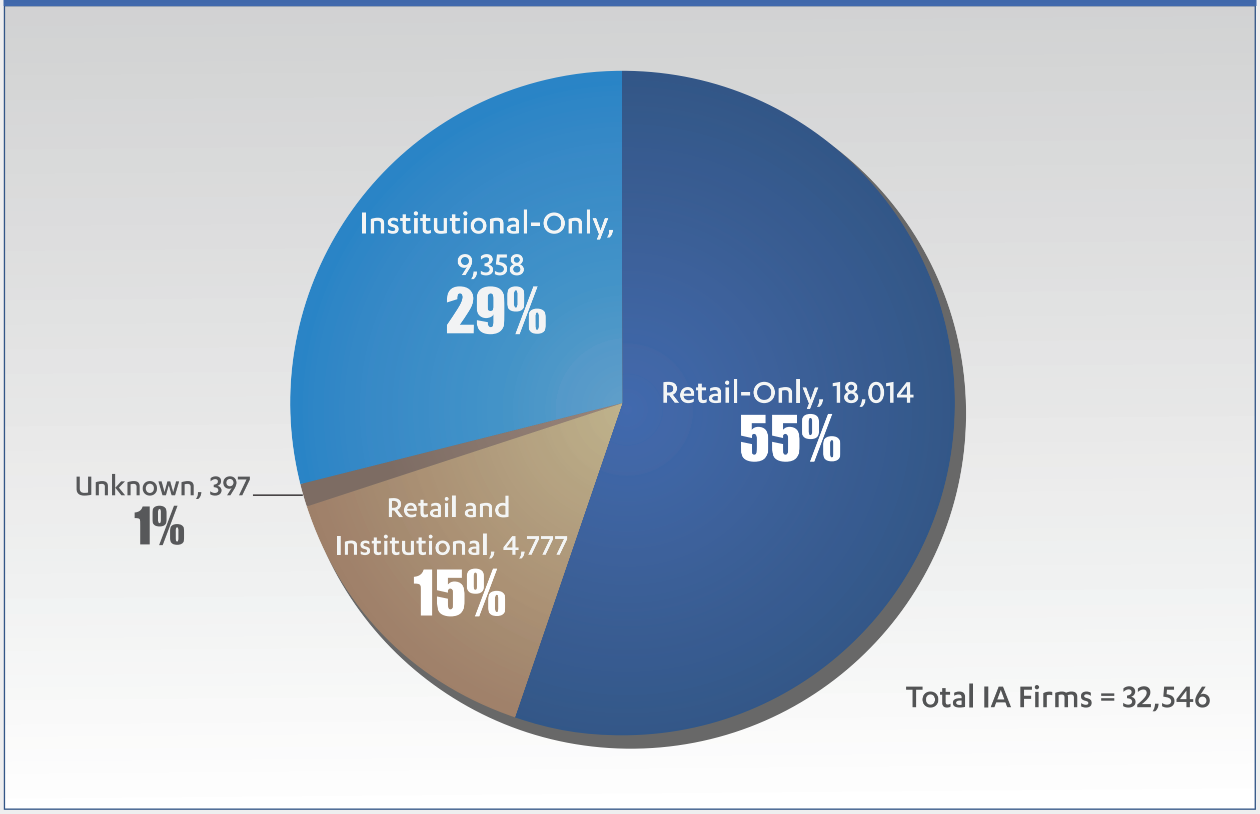
From year-end 2008 through 2011 the number of independently owned IA firms grew at a rate between 9% and 10%. In 2012 the number of these firms increased 20%. As noted previously, much of the increase was due to the new registration requirements.

The number of corporate owned firms increased 51% in 2012, which again is due largely to the registration requirements implemented that year, resulting in many existing IA firms having to register for the first time.

AUM among independently owned firms increased more than 40% in 2012. Much of that increase was the first time registration of existing IA firms, following regulatory changes.

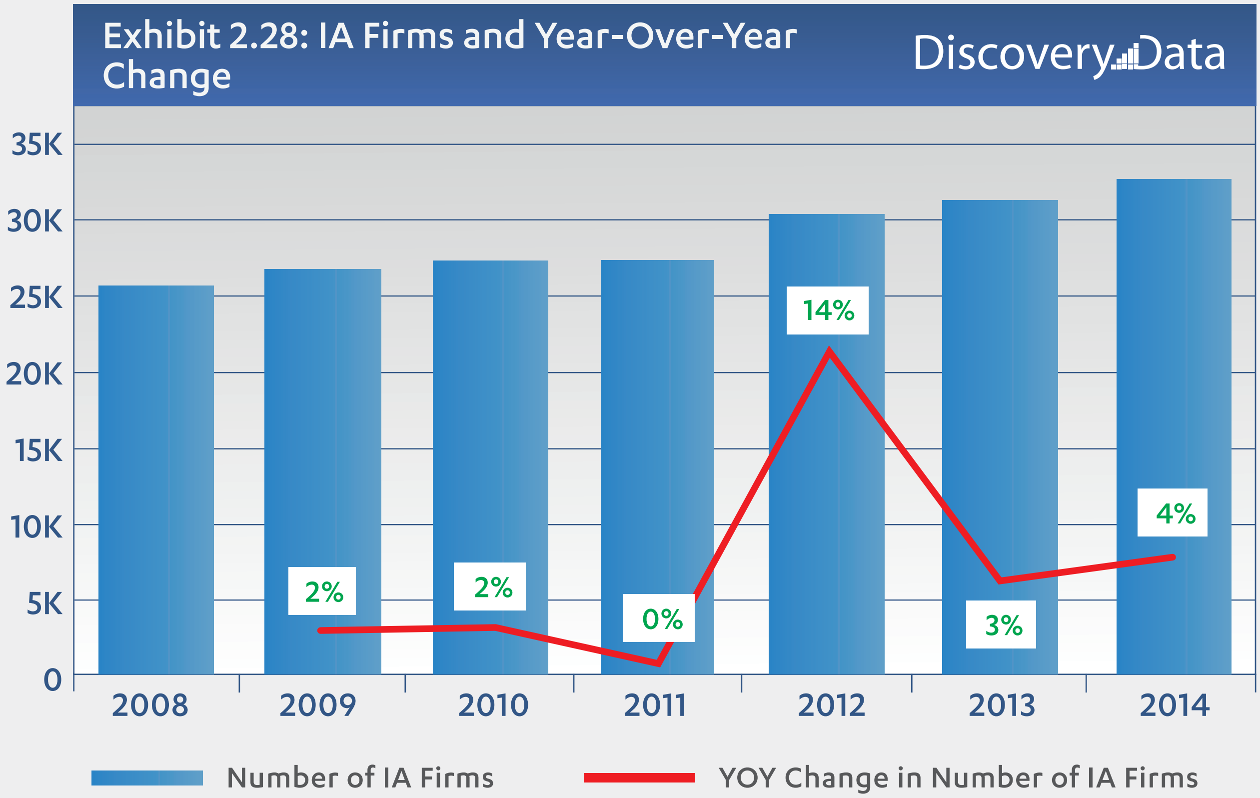
More than four in ten (43%) IA firms have been in business between one and five years. Firms in business 6-10 years account for 24% of all firms. Nearly 70% of IA firms have been in business ten or fewer years.

Exhibit 2.27: IA Firm Distribution by Channel
(December 2014)



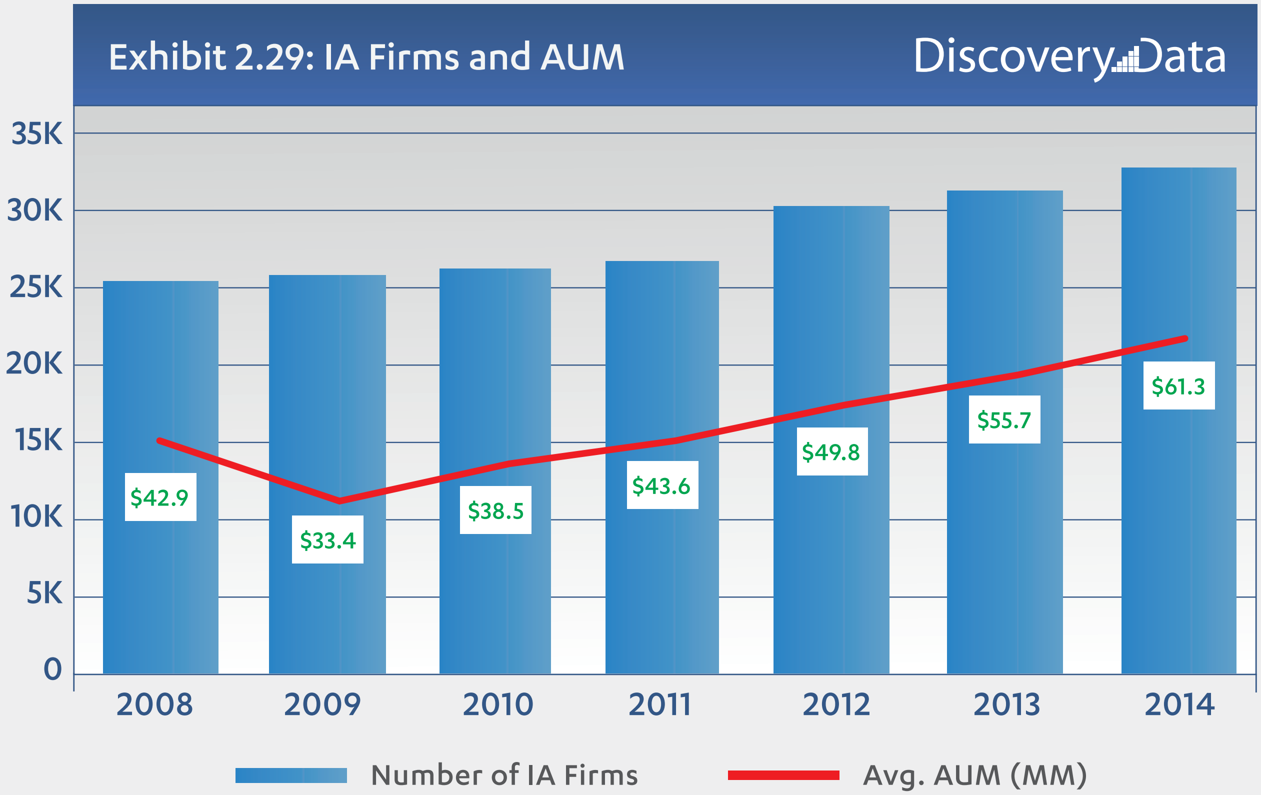
As of December 31, 2014 there were 32,546 IA firms in the financial services industry.

Nearly six in ten (55%) of IA firms are operating as firms conducting retail-only business, about three in ten (29%) are operating as institutional-only and more than one in seven (15%) conduct both retail and institutional business.



The trend since January 2008 reveals the number of IA firms increased from 25,397 to 32,546 in December 2014 representing a 28% increase with the most significant change (14%) occurring in 2012. The increase can partially be attributed to the industry registration requirements implemented in 2012, requiring many existing IA firms to register for the first time. On average, for the seven year period, the number of firms increased 4% year-over-year.

Year-over-year the number of IA firms in the industry was relatively unchanged from year-end 2008 through 2011, showing the impact of the financial crisis. Again, the increase in 2012 can be largely attributed to the first time registration of many existing IA firms. In 2013 and 2014 growth has trended up at 3% and 4%, respectively.

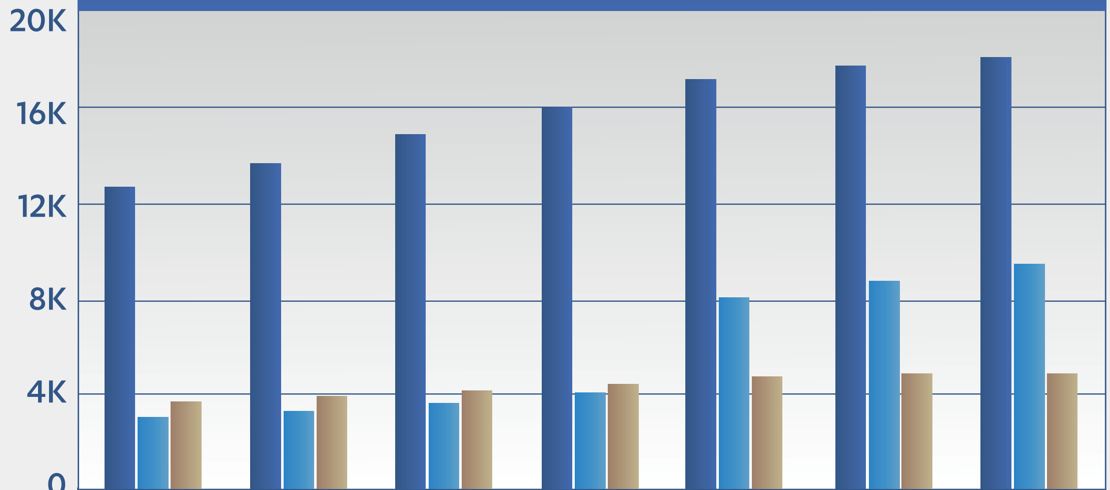


IA firm AUM from 2008 to 2014 increased 43%. Year-over-year the change in AUM averaged 7% with the most significant increase of 15% occurring in 2010. Included in this calculation is market movement, which has generally trended upward during this period.

It is important to note that the above AUM figures are derived by adding together all the individual IA firm AUM reports. The total AUM figures shown far exceed the actual industry AUM totals due to double reporting. For example, Vanguard reports its fund AUM while at the same time individual retail IA firms that hold Vanguard funds in client portfolios report the AUM of those funds, resulting in double counting.

Exhibit 2.30: Retail-Only, Institutional-Only, Retail and Institutional IA Firms

Discovery Data



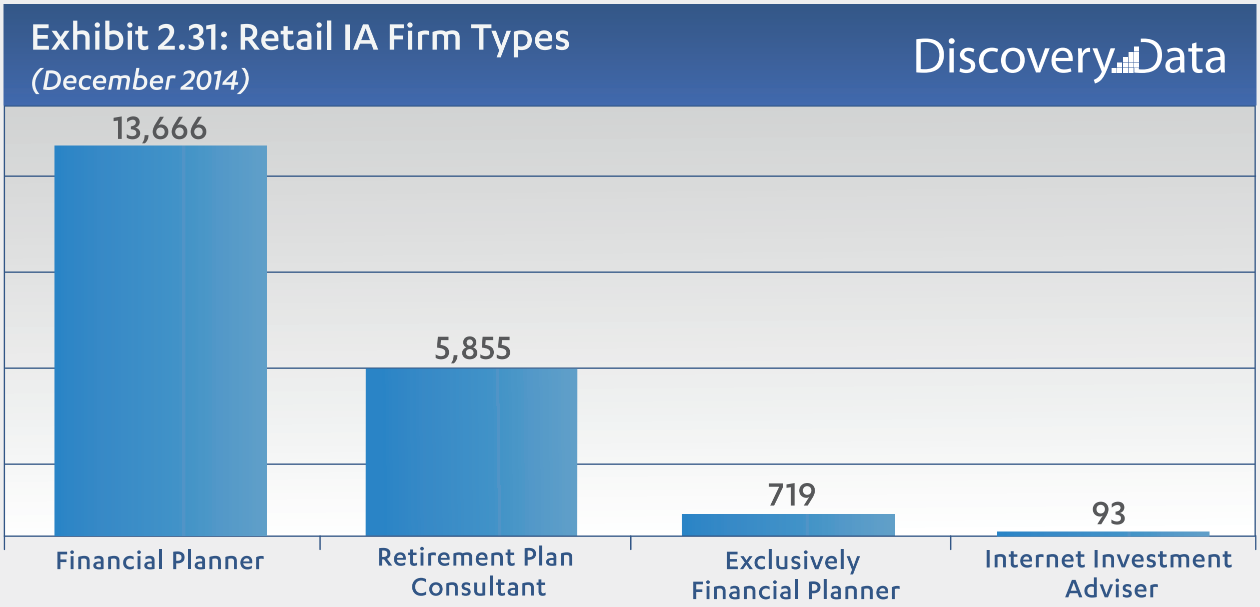
	2008	2009	2010	2011	2012	2013	2014
Retail-Only	12,574	13,592	14,841	15,979	17,140	17,697	18,014
Institutional-Only	2,941	3,222	3,581	4,008	8,000	8,698	9,358
Retail and Institutional	3,598	3,844	4,113	4,373	4,680	4,781	4,777

The number of IA firms conducting retail-only business increased significantly (43%) from 2008 to 2014 from more than 12,500 to just over 18,000. Year-over-year the number of firms increased at an average rate of 6%, with the most significant increases between 2008 and 2011. During this time the number of firms increased at an average rate of 8%. While the number of firms continued to increase between 2012 and 2014, the rate of increase slowed to an average of 4%.

While there are substantially less IA firms conducting institutional-only business in the industry, the rate at which these firms have increased has been more than four times on average compared to IA firms conducting retail-only business. The most significant increase was in 2012 in which the number of institutional-only firms nearly doubled, impacted heavily by the regulatory change leading to many existing institutional-only IA firms registering for the first time. The total number of existing firms did not actually increase at such a fast rate; the new registration requirements inflated the number of registered firms.

The rate of growth since 2008 in the number of IA firms conducting both retail and institutional businesses is comparable to the rate of growth of retail-only IA firms.

Exhibit 2.31: Retail IA Firm Types
(December 2014)

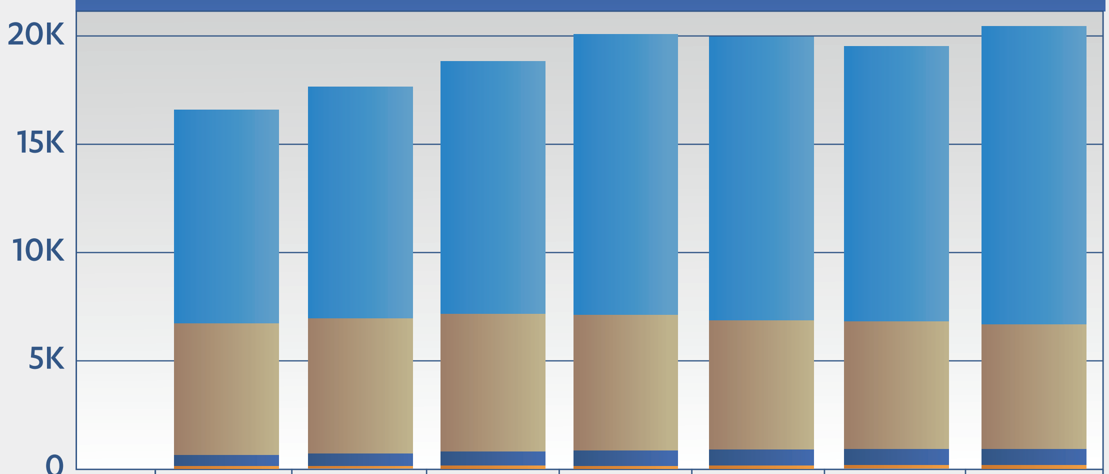


Considering the role of retail investment advisers, it is not surprising that the majority of IA firms conducting retail business provide financial planning services.

Nearly 6,000 IA firms conducting retail business are providing retirement plan consulting.

There are significantly fewer retail IA firms serving exclusively as financial planners or providing investment advice via the internet.

Exhibit 2.32: Retail IA Firm Types



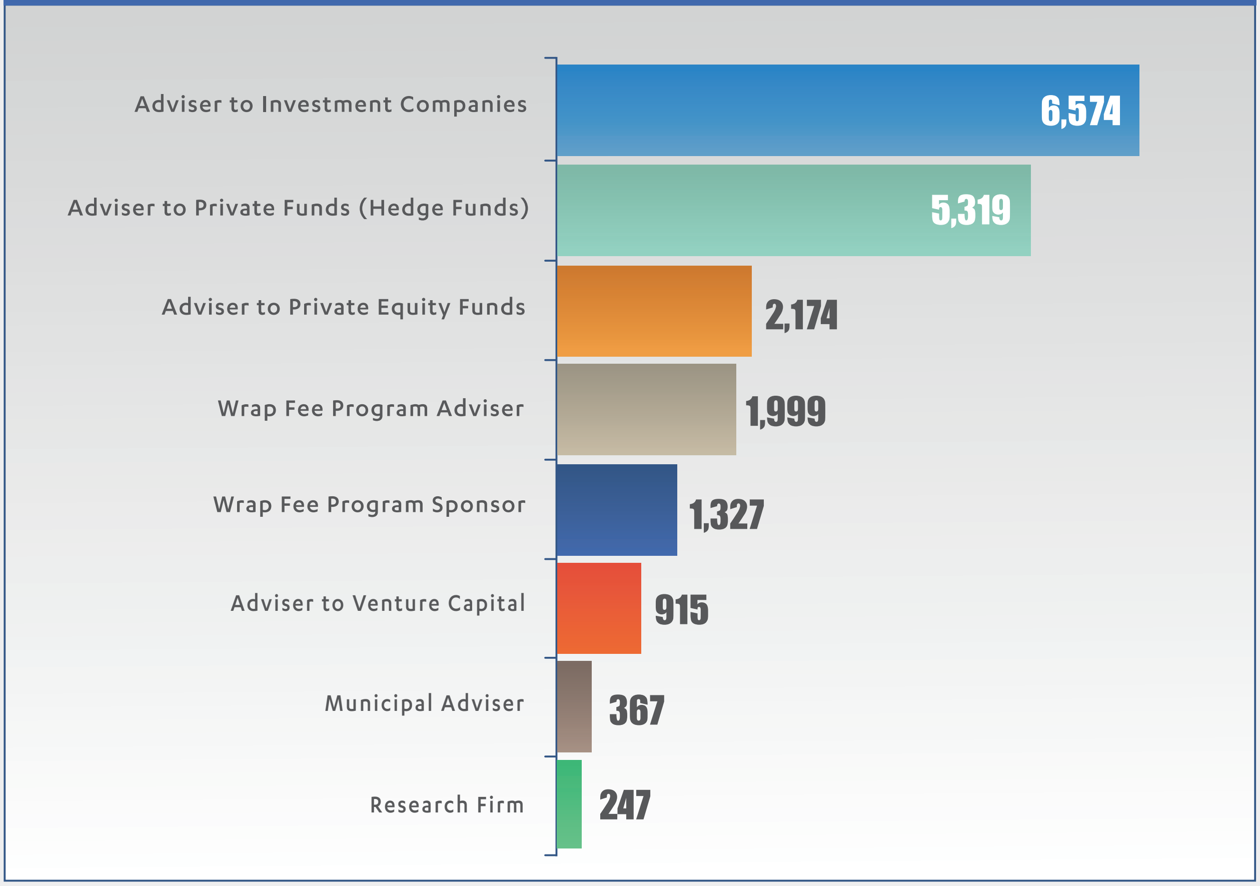
	2008	2009	2010	2011	2012	2013	2014
Financial Planner	9,892	10,689	11,653	12,911	13,006	12,633	13,666
Retirement Plan Consultant	6,132	6,279	6,394	6,295	6,016	5,935	5,855
Exclusively Financial Planner	550	590	663	715	762	755	719
Internet Investment Adviser	45	58	66	66	68	86	93

The number of IA firms conducting retail business providing financial planning services increased from 9,892 in 2008 to 13,666 in 2014 for a growth of 38%, with the largest increase of 9% in 2009.

Retail IA firms providing retirement plan consulting services declined an average of 1% during the seven year period.

The number of internet investment advisers has been increasing during the period 2008 to 2014. In 2008 there were 45 firms and in 2014 there were 93 firms for an increase of more than 100%.

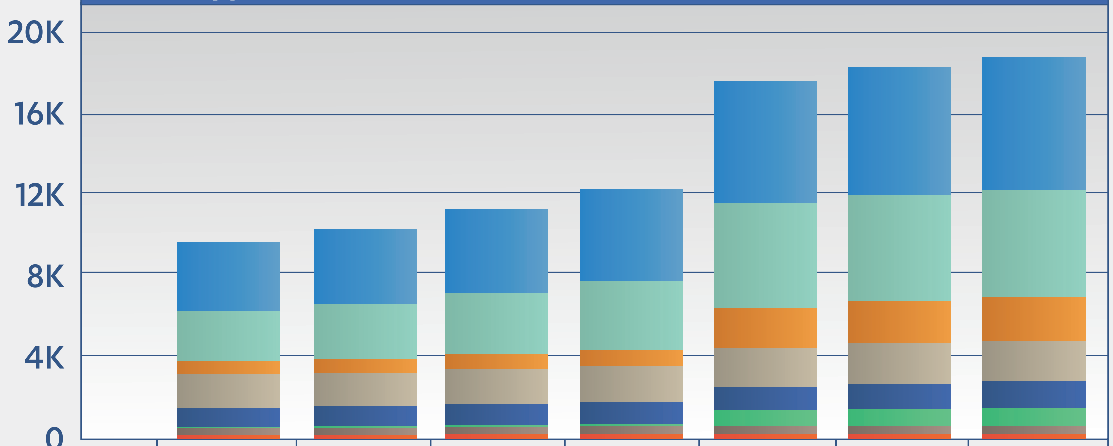
Exhibit 2.33: Institutional IA Firm Types
(December 2014)



The predominant services provided by IA firms conducting institutional business are managing private funds or advising investment companies.

Nearly 2,200 IA firms are providing advice to private equity funds and almost 2,000 firms are wrap fee program portfolio managers.

Exhibit 2.34: Institutional IA Firm Types

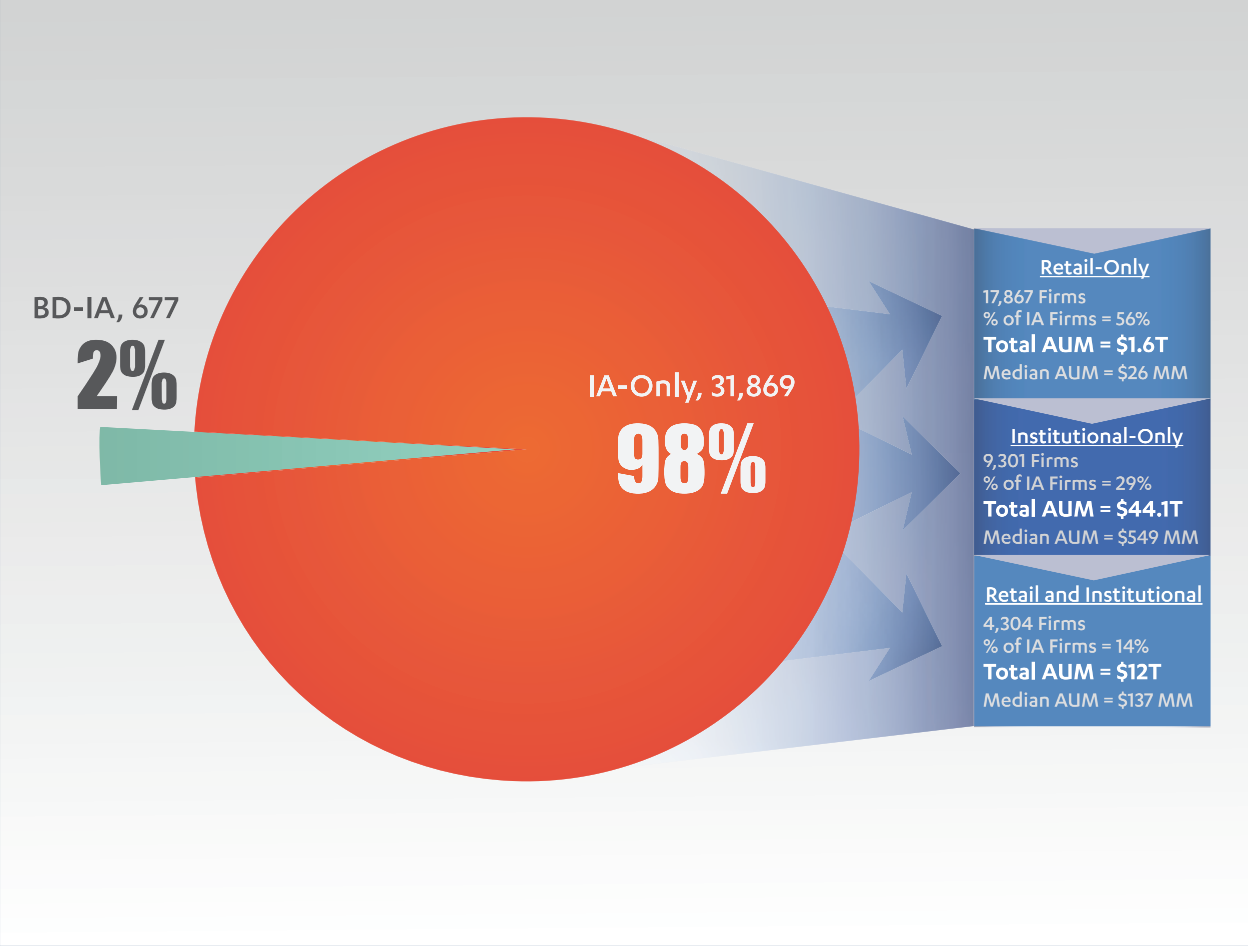


	2008	2009	2010	2011	2012	2013	2014
Adviser to Investment Companies	3,384	3,709	4,122	4,536	5,994	6,340	6,574
Adviser to Private Fund (Hedge Funds)	2,488	2,723	3,030	3,386	5,201	5,224	5,319
Adviser to Private Equity Funds	637	687	746	811	1,992	2,101	2,174
Wrap Fee Program Adviser	1,689	1,629	1,715	1,804	1,927	2,015	1,999
Wrap Fee Program Sponsor	938	988	1,028	1,079	1,149	1,252	1,327
Adviser to Venture Capital	96	103	108	114	800	858	915
Municipal Adviser	344	362	375	379	380	374	367
Research Firm	172	194	225	238	252	256	247

The increase in the number of firms conducting institutional business was driven primarily by advisers to investment companies and advisers to private funds (primarily hedge funds). From 2008 to 2014, the number of firms serving as advisers to private funds increased an average of 15% per year, which was primarily due to a regulatory change resulting in an increase in the registration of more than 2,800 existing firms providing this service.

Between 2008 and 2014 the number of firms serving as advisers to investment companies increased more than 90%. In addition to advisers to companies formed under the 1940 Investment Company Act, Discovery Data includes in this category advisers to business development companies.

Exhibit 2.35: IA-Only Firms by Channel
(December 2014)



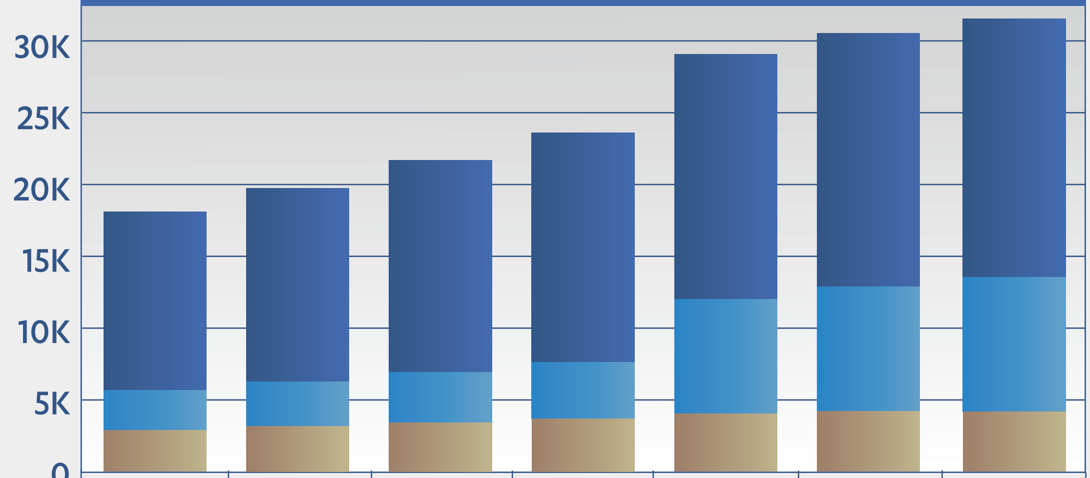
Nearly six in ten (56%) IA-only firms are firms which conduct retail-only business. These firms together manage $1.6 trillion in assets with a median AUM of $26 million.

IA-only firms conducting institutional-only business make up about 30% of the IA-only firms. This group of firms manage more than $44 trillion in assets. The median AUM among these firms is $549 million.

IA-only firms which conduct business in both the retail and institutional channels account for a seventh of this segment of firms. These firms manage $12 trillion in assets with a median AUM of $137 million.

Exhibit 2.36: IA-Only Firms by Channel

Discovery Data



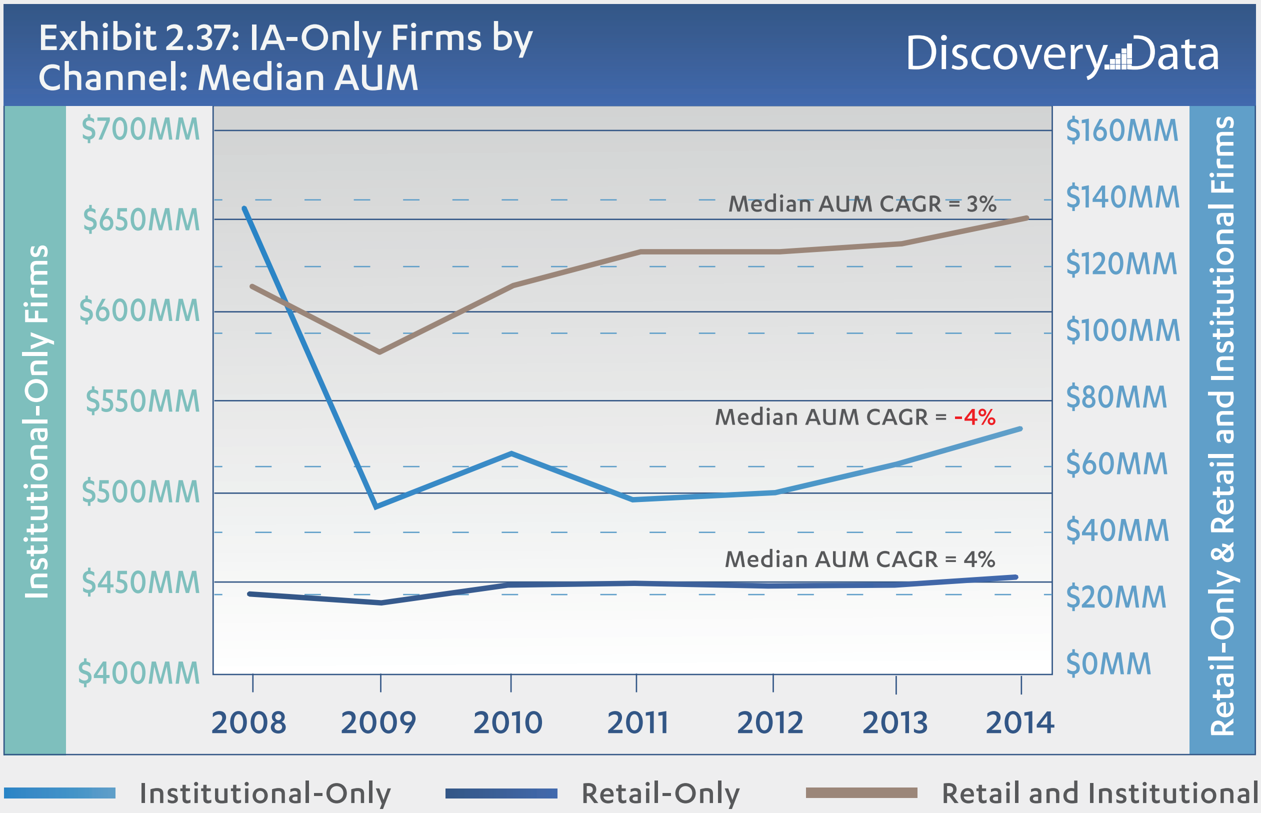
	2008	2009	2010	2011	2012	2013	2014
Retail-Only	12,370	13,412	14,673	15,831	16,995	17,552	17,867
Institutional-Only	2,806	3,102	3,487	3,931	7,930	8,638	9,301
Retail and Institutional	3,006	3,251	3,538	3,805	4,142	4,285	4,304

During the seven year period the number of IA-only firms conducting retail-only business increased by 44% or an average rate of 6% year-over-year.

While only accounting for 29% of IA-only firms, the number of firms conducting institutional-only business increased 26%, year-over-year, on average.

Firms operating in both the retail and institutional channels have increased at the same rate (6% year-over-year) as retail-only firms.

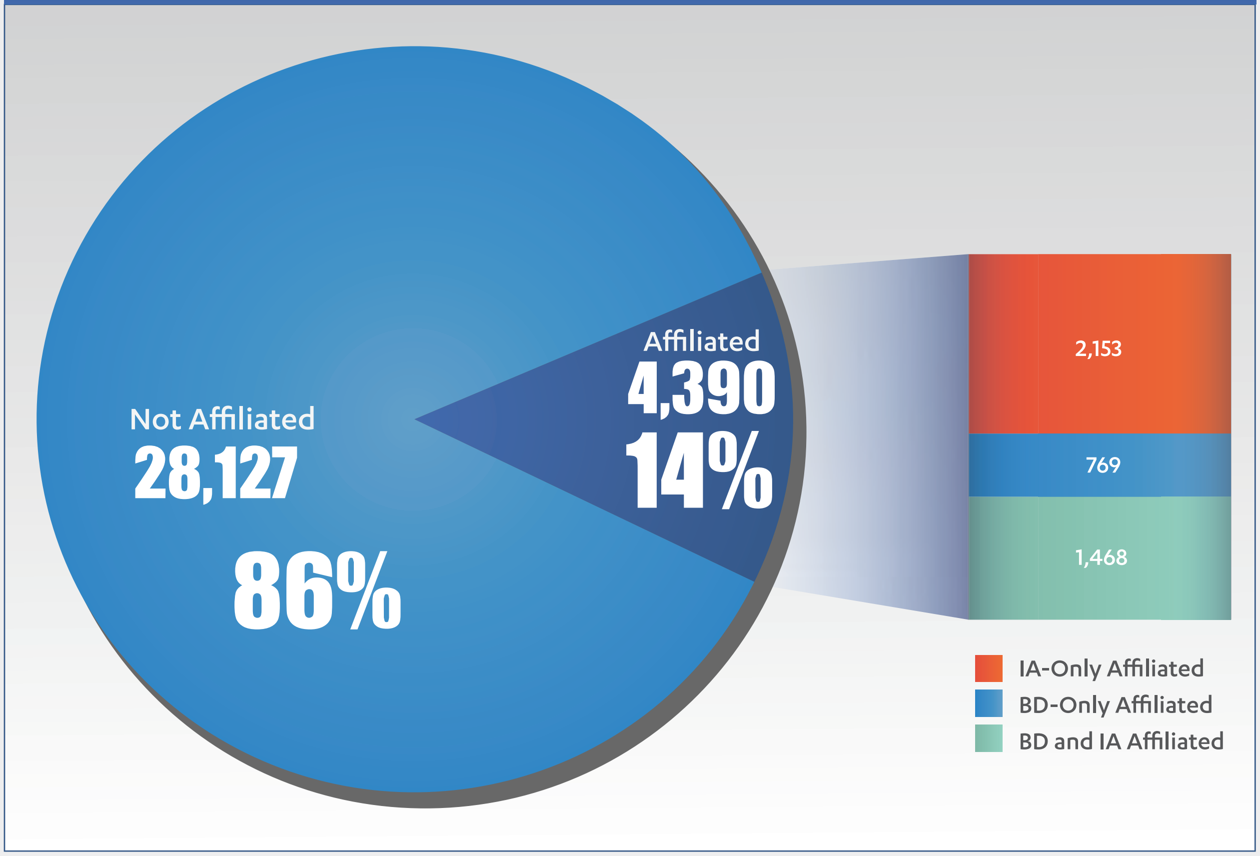
Exhibit 2.37: IA-Only Firms by Channel: Median AUM



Between 2008 and 2014 retail-only IA-only firm median AUM has grown at a rate of 4% year-over-year and the median AUM for IA-only firms conducting both retail and institutional business grew at a rate of 3%.

Institutional-only IA-only firm median AUM declined an average of 4% from 2008 to 2014, impacted heavily by a decline of 26% between 2008 and 2009. Much of the decline in AUM between 2008 and 2009 among firms conducting institutional-only business is the result of number of these firms losing AUM between 2008 and 2009. During this time firms such as John Hancock, Brandes, Putnam and Davis lost up to 55% of their AUM. Additionally, firms such as Van Kampen, Mellon, Grantham and Dimensional lost up to 37% of their AUM.

Exhibit 2.38: IA Firm Affiliations
(December 2014)



Nearly nine in ten (86%) IA firms have no affiliation to an IA or BD firm.

Among affiliated firms, 2,153 or about half are affiliated with only an IA firm(s).

Exhibit 2.39: BD-Only and IA-Only Firm Affiliations
(December 2014)

DiscoveryData

	BD Affiliated	IA Affiliated
One Firm	737	1,497
Two Firms	30	324
Three Firms	1	127
Four Firms	1	103
Five+ Firms	0	102
Total	769	2,153

The number of affiliates that IA firms have are represented above. Of the nearly 4,400 IA firms with affiliates, 2,922 IA firms are affiliated with either a BD firm(s) or an IA firm(s).

Of the 2,922 IA firms with affiliates, 2,153 are affiliated with only one or more IA firms and 769 IA firms are affiliated with only one or more BD firms.

Among those IA firms affiliated with only other IA firms, 2,153 are affiliated with just one IA firm. Among those IA firms affiliated with only BD firms, 737 are affiliated with just one BD firm.

Exhibit 2.40: BD and IA Firm Affiliations
(December 2014)

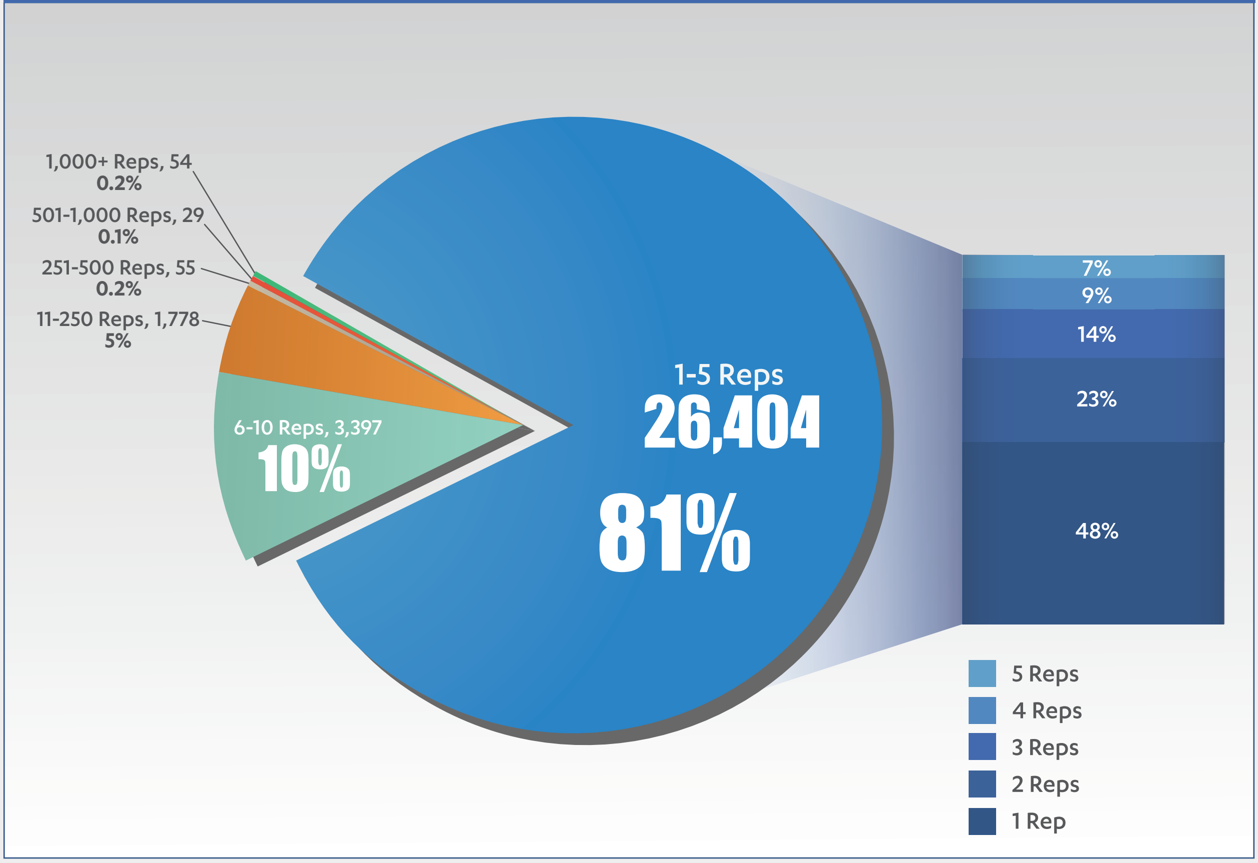
DiscoveryData

		IA Affiliations				
		One Firm	Two Firms	Three Firms	Four Firms	Five+ Firms
BD Affiliations	One Firm	381	204	88	45	218
	Two Firms	32	42	35	17	130
	Three Firms	5	15	14	6	58
	Four Firms	0	4	8	6	50
	Five+ Firms	0	0	1	0	109

The above table is intended to present the number of IA firms affiliated with at least one BD firm and at least one IA firm. For example, beginning in the upper left cell there are 381 IA firms which are affiliated with one BD firm as well as being affiliated with one IA firm. Continuing to the bottom right cell, there are 109 firms affiliated with five or more BD firms as well as five or more IA firms.

IA firms affiliated with other BD and IA firms tend to be affiliated with one BD firm and multiple IA firms. Of the nearly 1,500 IA firms affiliated with BD and IA firms, 26% or 381 firms are affiliated with one IA firm and one BD firm. Another 37% or 555 IA firms while affiliated with on BD firm are also affiliated with two or more IA firms.

Exhibit 2.41: IA Firm Size by Number of Reps
(December 2014)



More than eight in ten (81%) IA firms have 1-5 reps. Almost half (48%) of these firms are one-rep shops.

The next largest segment of IA firms are those with 6-10 reps. This group comprises 10% of all IA firms.

IA Firms with more than ten reps make up the remaining IA firms.

Exhibit 2.42: IA Firm Size by Channel
(December 2014)

DiscoveryData

Reps	Retail-Only	Institutional-Only	Retail and Institutional
1-5	16,063	6,850	3,122
6-10	947	1,738	710
11-250	517	497	761
251-500	6	2	47
501-1,000	1	0	28
1,000+	5	0	49

The majority (62%) of IA firms with 1-5 reps are firms conducting retail-only business. Another 26% are firms conducting institutional-only business and the remaining 12% conduct both retail and institutional business.

More than 90% of IA firms conducting retail-only business have 1-5 reps. There are no institutional-only firms with more than 500 reps.

Exhibit 2.43: Top 10 IA Firms by Number of Reps
(December 2014)

Discovery Data

Firm	Channel	Firm Type	IA Reps	BD Reps	BD-IA Reps	Total Reps
Merrill Lynch	Retail & Institutional	BD-IA	**24,757**	30,254	24,636	30,375
Morgan Stanley	Retail & Institutional	BD-IA	**20,902**	23,336	20,820	23,418
Wells Fargo Advisors	Retail & Institutional	BD-IA	**20,770**	25,559	20,591	25,738
Edward Jones	Retail & Institutional	BD-IA	**14,274**	15,973	14,184	16,063
LPL Financial	Retail & Institutional	BD-IA	**12,951**	17,157	12,796	17,312
Ameriprise Financial Services, Inc.	Retail & Institutional	BD-IA	**11,590**	12,639	11,479	12,750
UBS Financial Services Inc.	Retail & Institutional	BD-IA	**10,777**	11,963	10,688	12,052
J.P. Morgan Securities	Retail & Institutional	BD-IA	**6,222**	25,034	5,550	25,706
Strategic Advisers, Inc.	Retail & Institutional	IA-Only	**4,995**	N/A	N/A	4,995
Northwestern Mutual Investment Services	Retail & Institutional	BD-IA	**3,601**	8,090	3,575	8,116

With 24,757 IA reps Merrill Lynch is the top IA firm based on number of reps. Morgan Stanley is second with 20,902 IA reps.

While J.P. Morgan ranks third in total reps and eighth in IA reps.

Exhibit 2.44: Top 10 IA Firms by AUM

(December 2014)

Discovery Data

Firm	Channel	Firm Type	AUM ($MM)	IA Reps	Ownership
Vanguard Group Inc	Institutional-Only	IA-Only	$2,349,132	20	Corporate
Pacific Investment Management Company	Institutional-Only	IA-Only	$1,950,506	50	Corporate
Capital Research and Management Company	Institutional-Only	IA-Only	$1,366,308	25	Corporate
J.P. Morgan Asset Management	Institutional-Only	IA-Only	$1,053,257	19	Corporate
FMR Co., Inc.	Institutional-Only	IA-Only	$866,595	11	Corporate
Wellington Management Company	Institutional-Only	IA-Only	$826,187	13	Corporate
BlackRock Fund Advisors	Institutional-Only	IA-Only	$814,146	112	Corporate
T. Rowe Price Associates, Inc.	Retail & Institutional	IA-Only	$689,290	10	Corporate
Northern Trust Investments, Incorporated	Retail & Institutional	IA-Only	$638,421	12	Corporate
Goldman Sachs Asset Management	Institutional-Only	IA-Only	$614,193	8	Corporate

Vanguard Group is the top IA firm based on AUM with $2.35 trillion followed by PIMCO with $1.95 trillion in AUM. Rather than having most assets in one entity like Vanguard and PIMCO, Blackrock is structured with 14 IA firms totaling over $2.2 trillion in AUM.

All of the top firms are corporate owned and eight of the ten are firms conducting institutional-only business.

Exhibit 2.45: IA Client Types by % of Clients

(December 2014)

Discovery Data

% Clients	HNW Investors		Individual Investors		Banks		Corporations		Insurance Companies		Investment Companies		Retirement Plans	
	# Firms	% Firms	# Firms	% Firms	# Firms	% Firms	# Firms	% Firms	# Firms	% Firms	# Firms	% Firms	# Firms	% Firms
Up to 10	4,705	14%	1,991	6%	730	2%	7,003	22%	878	3%	1,031	3%	6,877	21%
11-25	4,117	13%	2,111	6%	92	0.3%	835	3%	110	0.3%	241	0.7%	1,292	4%
26-50	4,440	14%	3,572	11%	46	0.1%	339	1%	47	0.14%	200	0.6%	584	2%
51-75	2,776	9%	4,092	13%	15	0.05%	80	0.2%	18	0.06%	78	0.2%	226	0.7%
76-99	2,429	7%	5,931	18%	17	0.1%	51	0.2%	19	0.06%	93	0.3%	207	0.6%
100	725	2%	2,012	6%	38	0.1%	78	0.2%	19	0.06%	350	1%	175	0.5%
0	13,354	41%	12,837	39%	31,608	97%	24,160	74%	31,455	97%	30,553	94%	23,185	71%

Retail-Only

% Clients	HNW Investors		Individual Investors	
	# Firms	% Firms	# Firms	% Firms
Up to 10	3,510	19%	1,223	7%
11-25	3,215	18%	1,518	8%
26-50	3,253	18%	2,706	15%
51-75	1,945	11%	3,291	18%
76-99	1,769	10%	5,075	28%
100	568	3%	1,852	10%
0	3,754	21%	2,349	13%

The above table provides a breakdown of the types of IA clients and the percentage of the client base they make up. For example, there are 4,705 firms in which up to 10% of clients are HNW Investors.

Individual investors make up the majority of IA firm clients with nearly 60% of firms with HNW clients and more than 60% of firms with non-HNW individual investors as clients.

Among IA firms conducting retail-only business, the proportion of firms with HNW investors increases to nearly 80% and firms with non-HNW individual investors increases to 87%.

Exhibit 2.46: IA Client Types by % of Assets

(December 2014)

Discovery Data

% Assets	HNW Investors		Individual Investors		Banks		Corporations		Insurance Companies		Investment Companies		Retirement Plans	
	# Firms	% Firms	# Firms	% Firms	# Firms	% Firms	# Firms	% Firms	# Firms	% Firms	# Firms	% Firms	# Firms	% Firms
Up to 25	5,936	18%	6,223	19%	604	2%	6,462	20%	805	2%	802	2%	6,755	21%
Up to 50	3,789	12%	3,471	11%	57	0.2%	297	0.9%	76	0.2%	275	0.8%	734	2%
Up to 75	3,371	10%	2,972	9%	27	0.1%	121	0.4%	24	0.1%	177	0.5%	306	0.9%
Above 75	3,535	11%	4,177	13%	66	0.2%	135	0.4%	67	0.2%	553	2%	425	1%
0	15,915	49%	15,703	48%	31,792	98%	25,531	78%	31,574	97%	30,739	94%	24,326	75%

Retail-Only

% Assets	HNW Investors		Individual Investors	
	# Firms	% Firms	# Firms	% Firms
Up to 25	3,909	22%	4,189	23%
Up to 50	2,849	16%	2,797	16%
Up to 75	2,552	14%	2,473	14%
Above 75	2,761	15%	3,692	20%
0	5,943	33%	4,863	27%

The above table provides a breakdown of the types of IA clients and the percentage of assets they make up. For example, there are 5,936 firms in which up to 25% of their assets are with HNW clients.

More than one-fifth (21%) of all IA firms have 75% or more of their assets with HNW investors. Similarly, 22% of firms have 75% or more of their assets with individual investors.

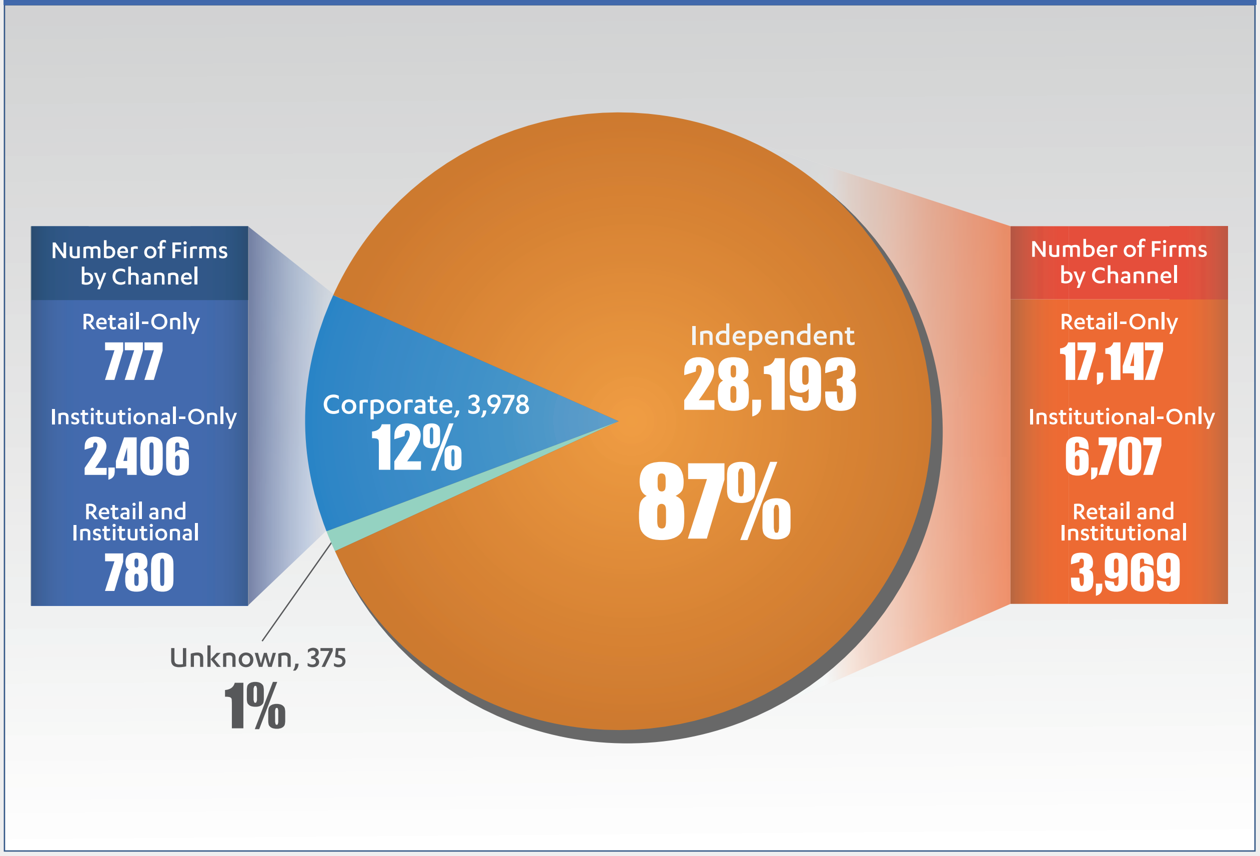
The proportion of firms with 75% or more of assets with HNW and non-HNW individual investors increases to 29% and 34%, respectively, among retail-only IA firms.

Exhibit 2.47: IA Firms with HNW Clients and Average AUM

Since 2008 the number of IA firms with HNW clients has increased 41% from 13,617 firms in 2008 to 19,192 firms in 2014. On average the number of firms with HNW clients increased 6% year-over-year.

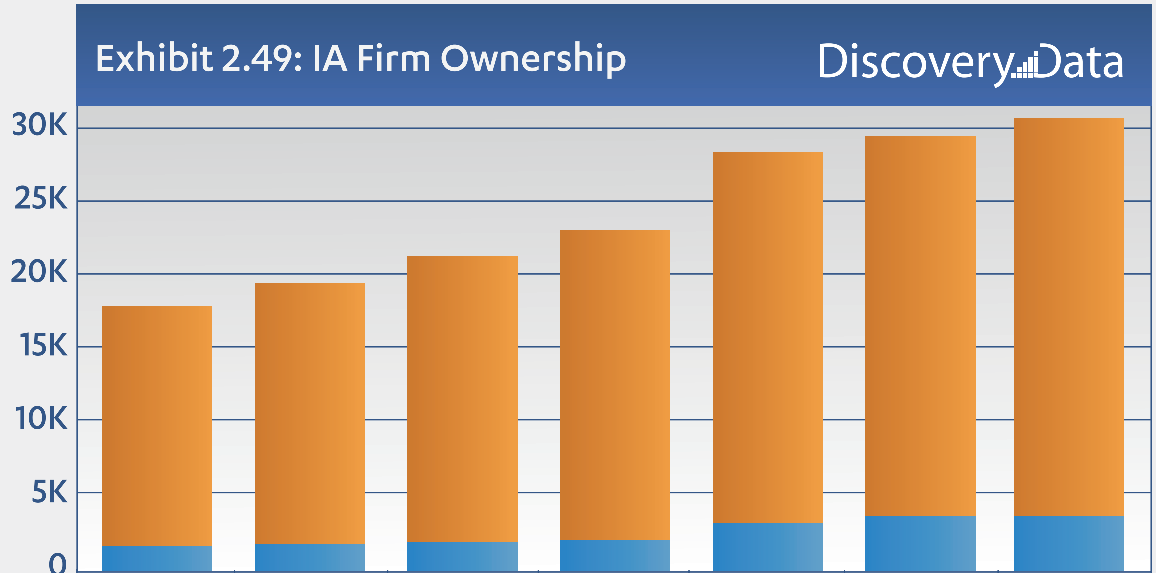
Between 2010 and 2014 average AUM among firms with HNW clients grew a total of 19%.

Exhibit 2.48: IA Firm Ownership
(December 2014)



Nearly nine in ten (87%) IA firms are independently owned and more than one in ten (12%) are corporate owned. Ownership structure for the remaining 1% has yet to be determined by Discovery Data.

Over 60% of corporate owned firms are conducting institutional-only business and 61% of independently owned firms are conducting retail-only business.

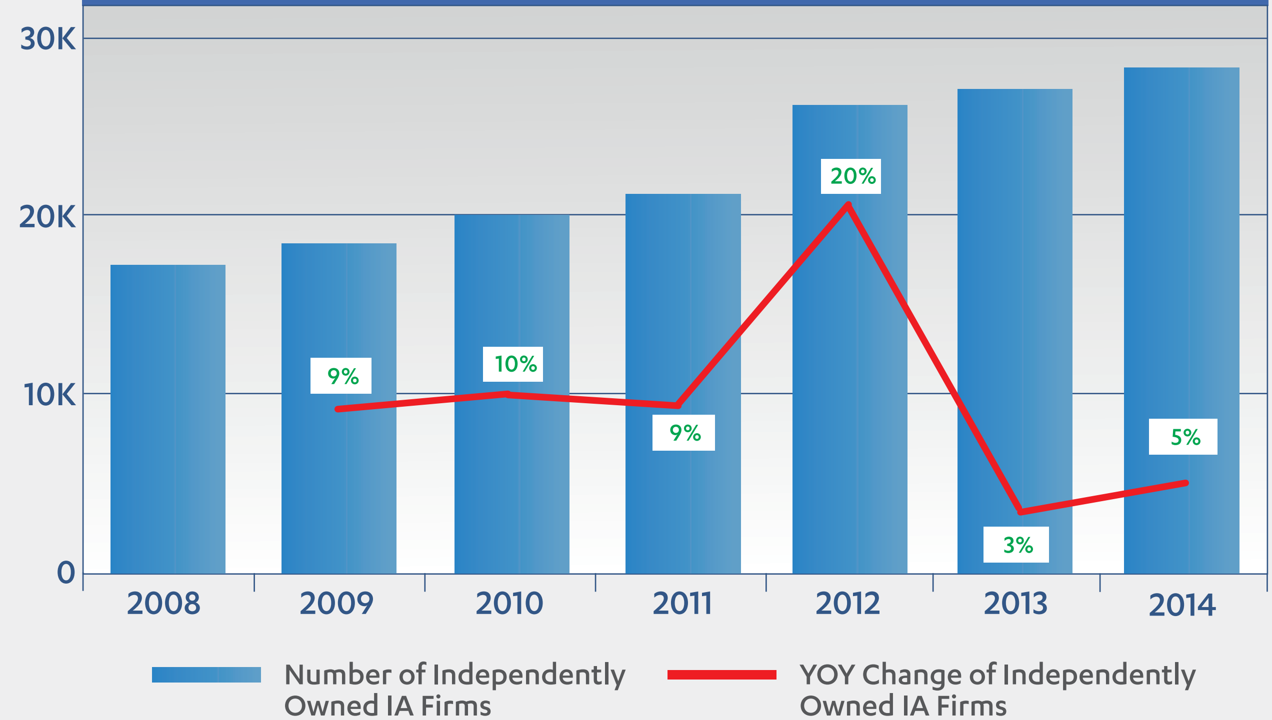


	2008	2009	2010	2011	2012	2013	2014
Independent	16,984	18,469	20,240	21,981	26,292	26,965	28,193
Corporate	1,871	1,982	2,130	2,293	3,454	3,956	3,978

Since 2008 the number of independently owned IA firms increased by more than 11,000. This increase represents average annual growth in the number of firms of 9% over the seven year period. The most substantial change occurred in 2012 when the number of firms increased by 20%. Again, this is largely due to the registration requirements implemented that year, resulting in many existing firms registering for the first time.

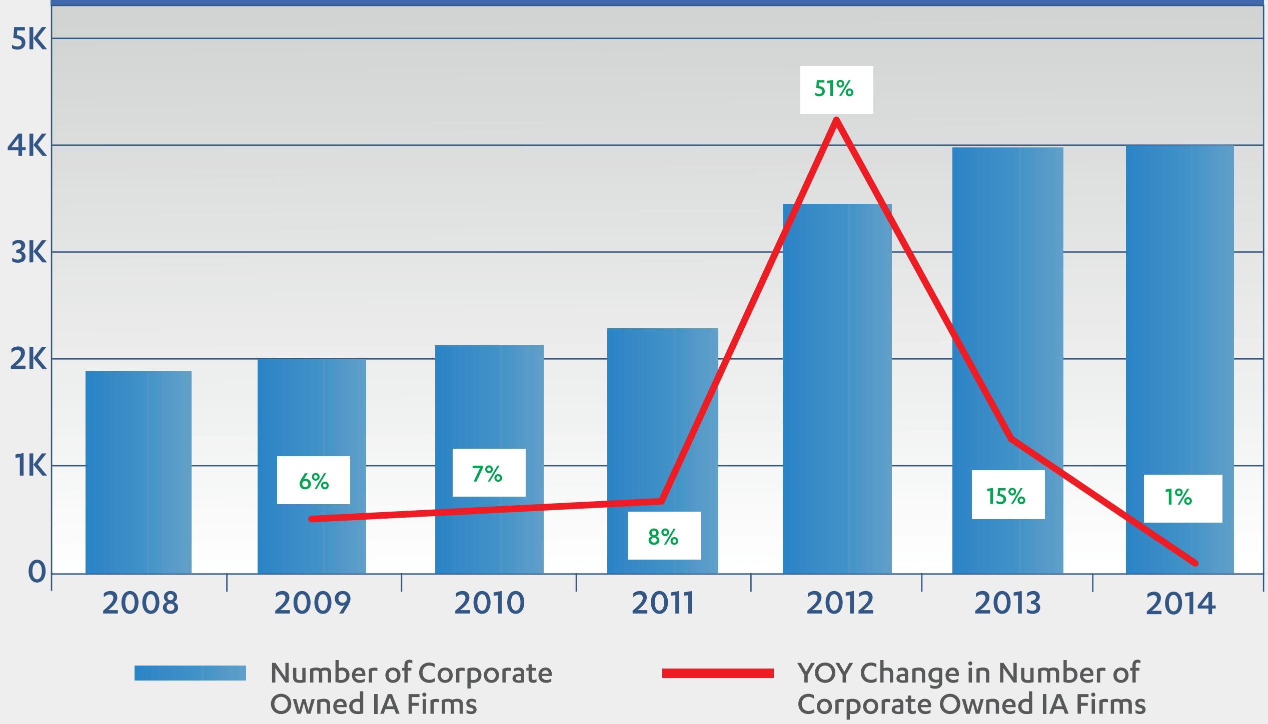
While the overall number of corporately owned firms is much smaller compared to independently owned, the number of firms grew at a higher average annual rate of 14% during the seven years. The largest increase in corporately owned firms occurred in 2012 in which the number of firms increased by 51%.

Exhibit 2.50: Year-Over-Year Change in Number of Independently Owned IA Firms



From year-end 2008 through 2011 the number of independently owned IA firms grew at a rate between 9% and 10%. In 2012 the number of these firms increased 20%. As noted previously, much of the increase was due to the new registration requirements. In 2014, while the number of firms continued to increase, the rate of growth was at a slower rate compared to 2009 through 2012.

Exhibit 2.51: Year-Over-Year Change in Number of Corporate Owned IA Firms

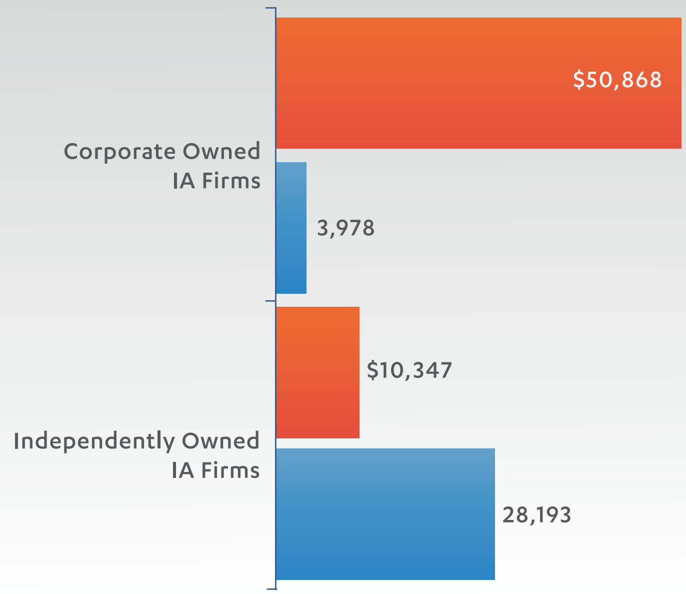


The number of corporate owned firms increased 51% in 2012, which again is due largely to the registration requirements implemented that year, resulting in many existing IA firms having to register for the first time.

What is of note is that the number of corporate owned firms increased 15% or 502 firms in 2013, which is a significantly higher rate of change compared to the change in independently owned firms in 2013. Likely this is a carryover from the registration requirements change in 2012, as a few states extended the registration deadline for certain firms. In 2014, at 1%, the growth of corporate owned firms was relatively unchanged from the previous year.

Exhibit 2.52: Distribution of Assets and Firms
(December 2014)

Discovery Data



	Change in AUM			
	2010-2011	2011-2012	2012-2013	2013-2014
Corporate Owned IA Firms	16%	13%	12%	9%
Independently Owned IA Firms	22%	44%	11%	17%

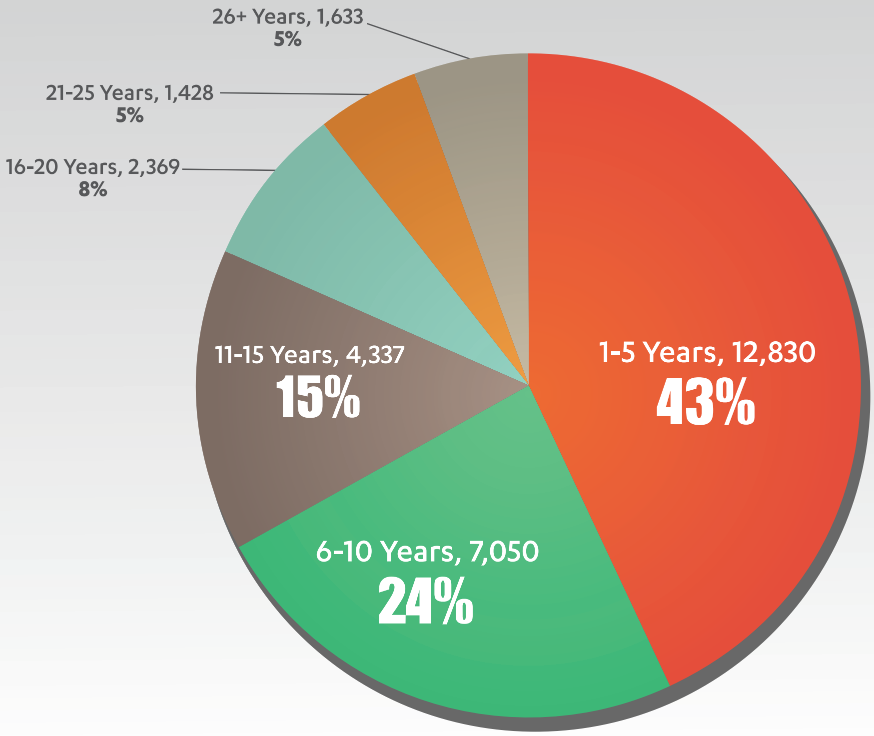
AUM(MM)   Number of Firms

As of December 2014 there are seven times less corporate owned IA firms versus independently owned firms, but they manage five times the assets.

AUM among independently owned firms increased more than 40% in 2012. Much of that increase was the first time registration of existing IA firms, following regulatory changes. Among corporate owned firms the rate of growth in assets has trended down since 2011.

Exhibit 2.53: Age of IA Firms
(December 2014)

Discovery Data



More than four in ten (43%) IA firms have been in business between one and five years. Firms in business 6-10 years account for 24% of all firms. Nearly 70% of IA firms have been in business ten or fewer years.

The above chart provides evidence that the majority of IA firms are relatively new with more than 80% in business 15 years or less. Additionally, when compared to BD firms the median age of all IA firms (six years) is eight years less than the median age of BD firms (14 years).

DUALLY REGISTERED BD-IA FIRMS

As of December 31, 2014 there were 677 dually registered broker-dealer and investment adviser (BD-IA) firms.

Seven in ten (70%) dually registered BD-IA firms are conducting both retail and institutional business.

Since January 2008 the total number of dually registered BD-IA firms decreased from 939 to 677 in 2014, representing a decline of more than a quarter of the firms. The most significant change occurred in 2013 in which the number of firms declined by nearly 7%.

Between year-end 2008 and year-end 2014 the number of institutional-only dually registered BD-IA firms declined an average of 13% each year from 135 to 57 firms.

Among dually registered BD-IA firms the largest proportion, nearly four in ten (38%), are classified by Discovery Data as traditional, meaning that associated reps are typically employees rather than independent contractors and focus primarily on investments.

Institutional firms declined by more than a third and firms operating in the bank channel declined nearly 30%. The number of independent firms declined the least at less than 10%.

Almost three in ten (29%) dually registered BD-IA firms have ten or fewer reps. Firms with 1-5 reps make up 17% of the total and firms with 6-10 reps accounting for 12% of the total.

Based on the number of reps, Merrill Lynch and Wells Fargo Advisors rank as the top two among dually registered BD-IA firms.

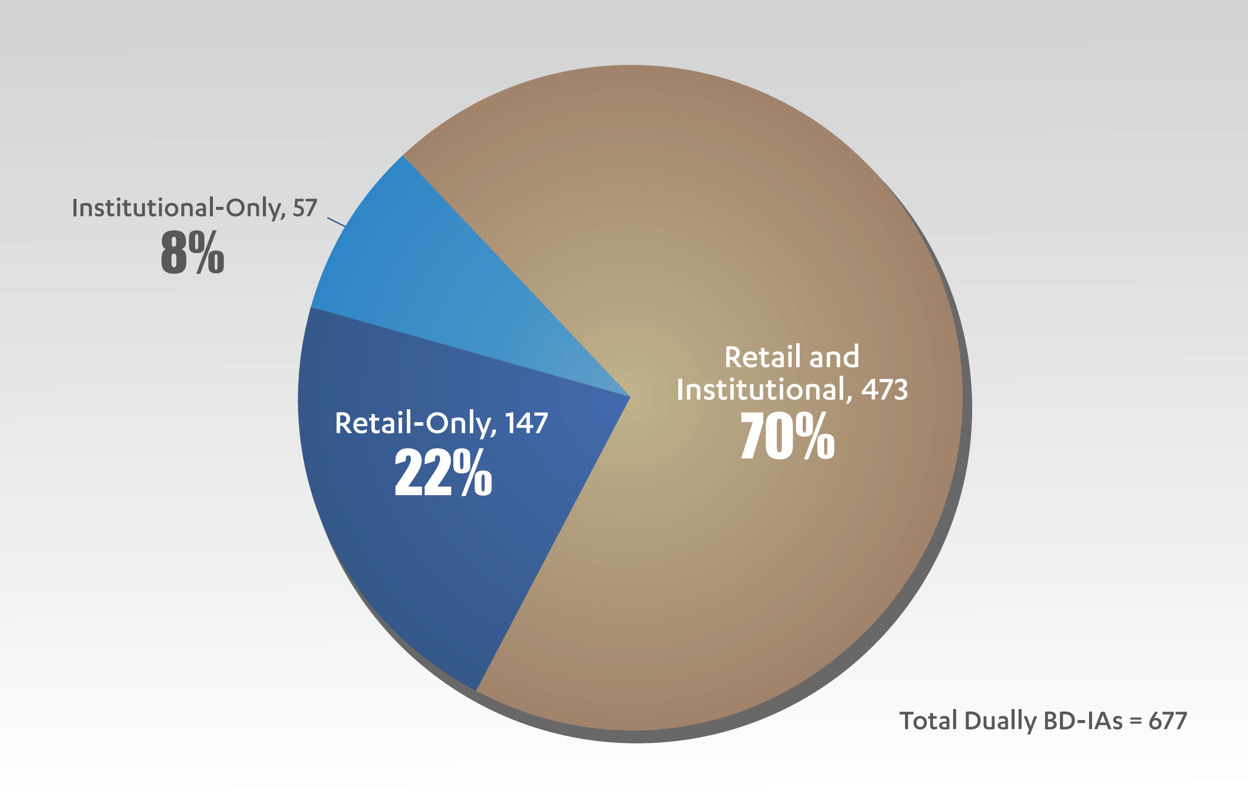
About a third (32%) of dually registered BD-IA firms are affiliated with one or more other registered firms.

More than six in ten (62%) dually registered BD-IA firms are independently owned and nearly four in ten (38%) are corporate owned.

Between 2008 and 2012 the number of independently owned dually registered BD-IA firms increased by nearly 6% from 443 to 468.

Exhibit 2.54: Dually BD-IA Firm Distribution by Channel *(December 2014)*

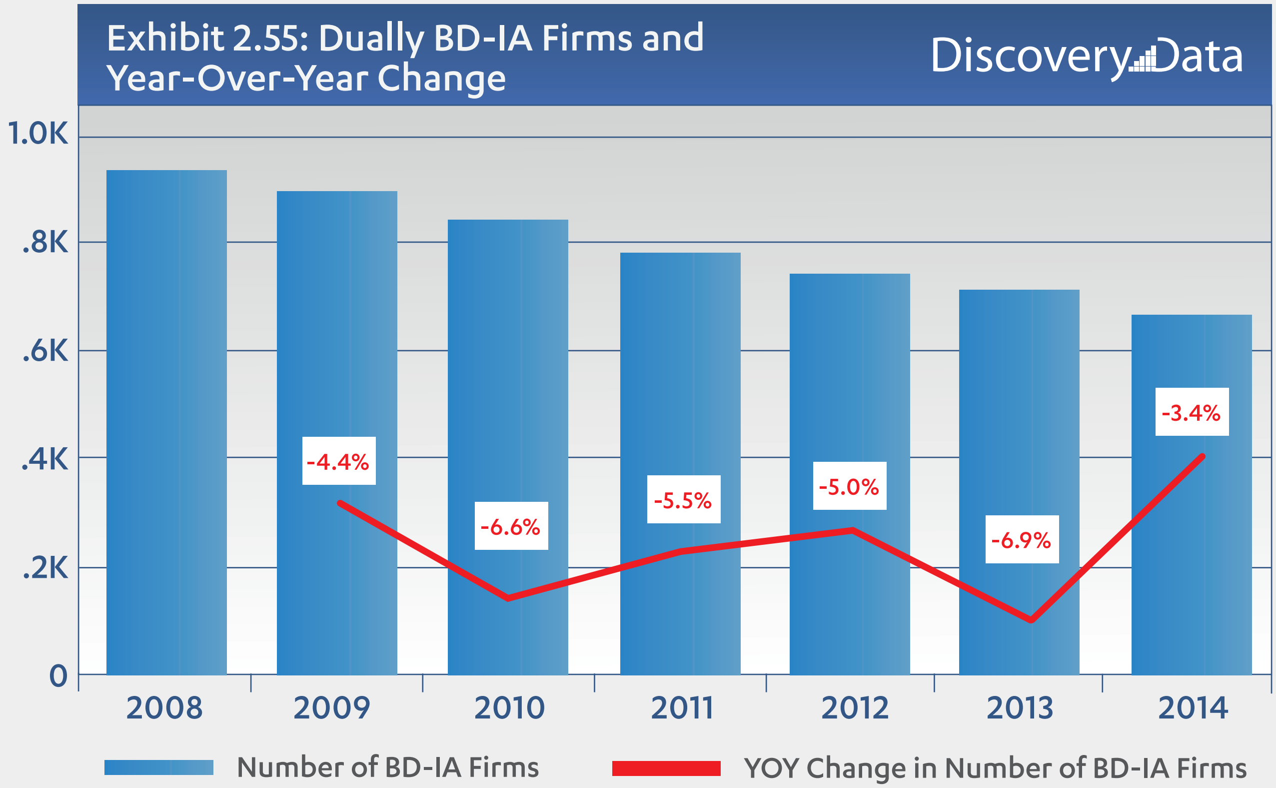
Discovery Data



As of December 31, 2014 there were 677 dually registered BD-IA firms.

Seven in ten (70%) dually registered BD-IA firms are conducting both retail and institutional business.

More than one in five (22%) are classified retail-only and 8% are classified institutional-only.

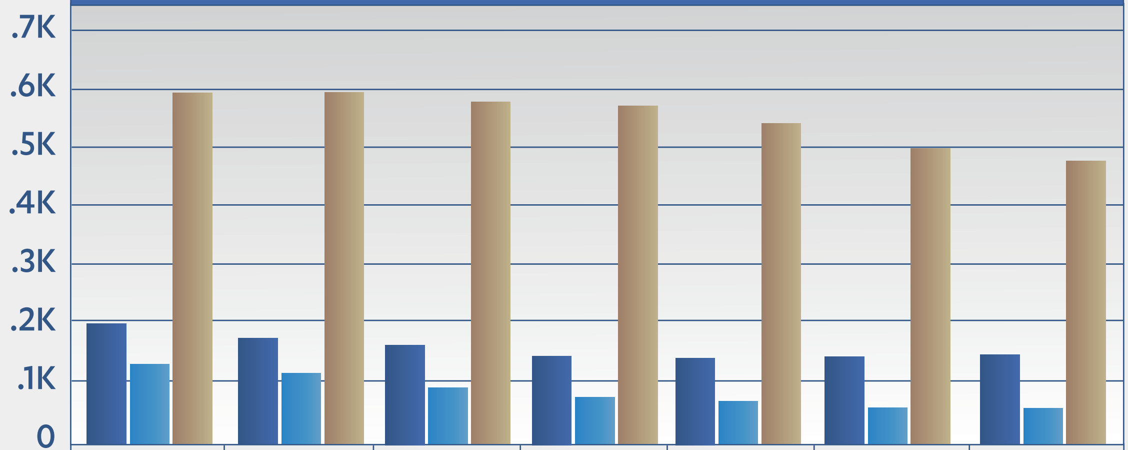


Since January 2008 the total number of dually registered BD-IA firms decreased from 939 to 677 in 2014, representing a decline of more than a quarter of the firms. The most significant change occurred in 2013 in which the number of firms declined by nearly 7%.

On average the number of dually registered BD-IA firms decreased at an annual rate of 5% during the seven years, which is at a rate of 2% higher than BD firms.

Exhibit 2.56: Dually BD-IA Firms by Channel

Discovery Data

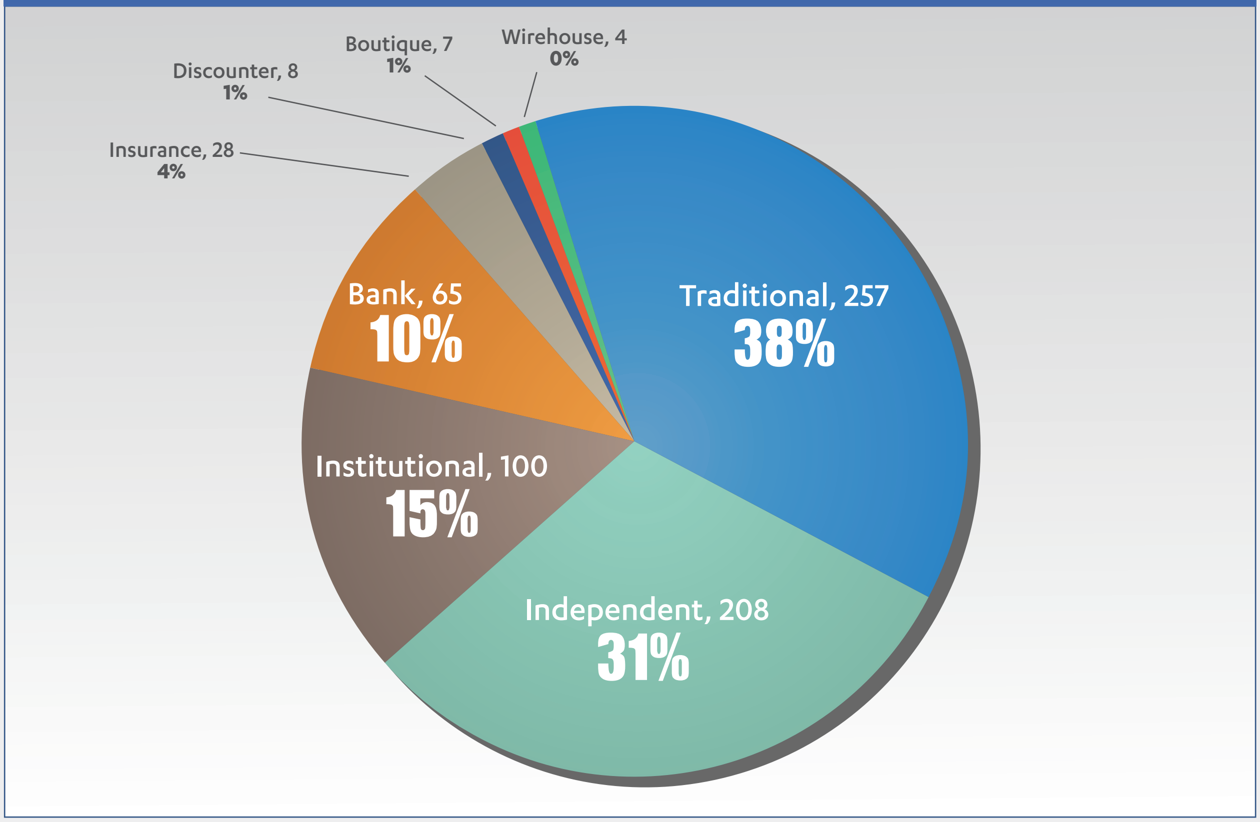


	2008	2009	2010	2011	2012	2013	2014
Retail-Only	204	180	168	148	145	145	147
Institutional-Only	135	120	94	77	70	60	57
Retail and Institutional	592	593	575	568	538	496	473

Between year-end 2008 and year-end 2014 the number of institutional-only dually registered BD-IA firms declined an average of 13% each year from 135 to 57 firms.

The number of retail-only and those conducting both retail and institutional business declined by an average 5% and 4% annually, respectively, during the period.

Exhibit 2.57: Dually BD-IA Firms - Primary BD Type *(December 2014)*



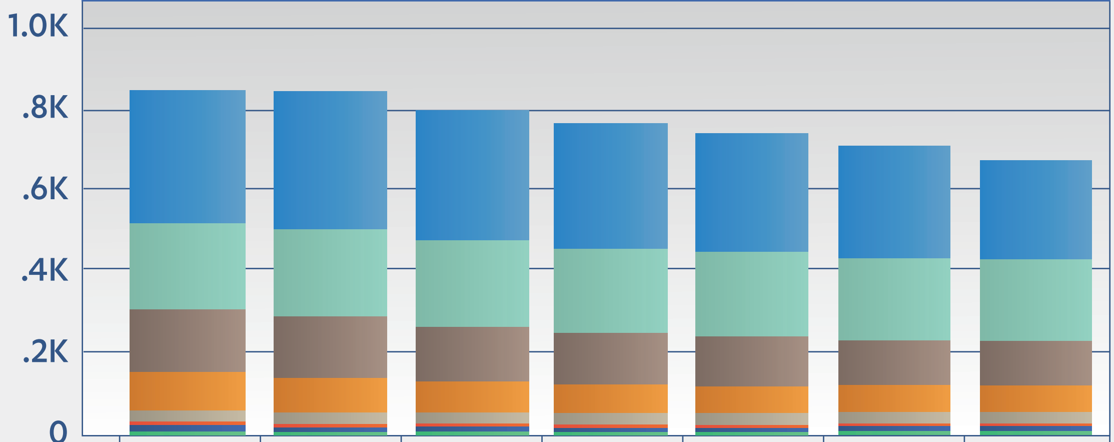
Due to a number of BD firms having multiple lines of business Discovery Data developed 'Primary BD Type' to identify a firm's primary retail business line. For example, Wells Fargo Advisors has retail BD types of wirehouse and bank and after examination of the firm's business it was assigned wirehouse as its Primary BD Type. If a firm does no retail business, its Primary BD Type is institutional.

Among dually registered BD-IA firms the largest proportion, nearly four in ten (38%), are classified by Discovery Data as traditional, meaning that associated reps are typically employees rather than independent contractors and focus primarily on investments.

Among the other dually registered BD-IA firms more than 30% are classified independent and 15% are institutional.

Exhibit 2.58: Dually BD-IA Firms - Primary BD Type

Discovery Data

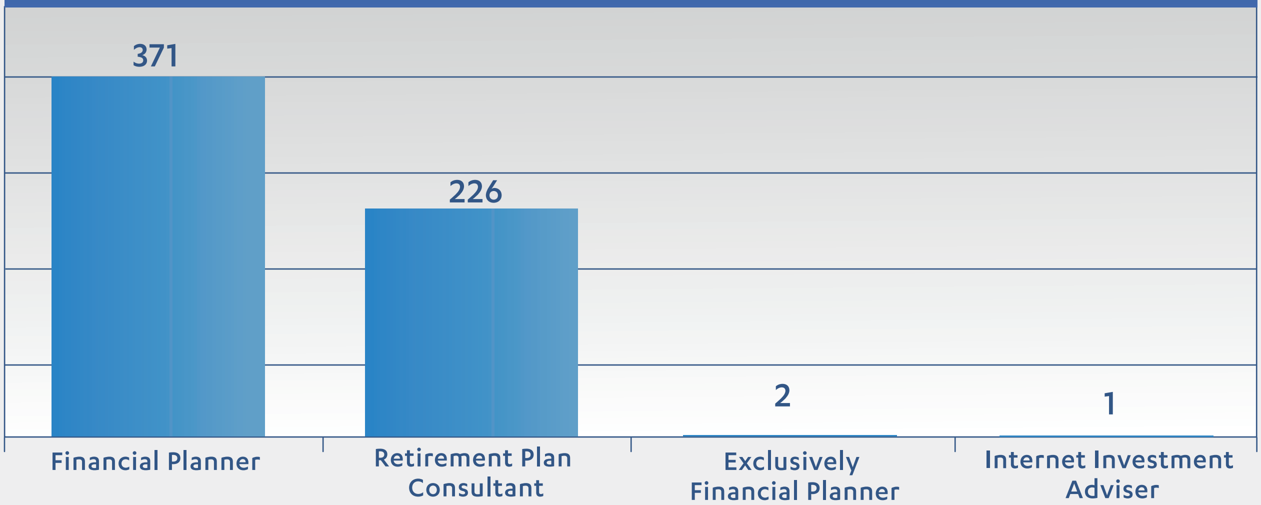


	2008	2009	2010	2011	2012	2013	2014
Traditional	324	332	324	312	290	270	257
Independent	221	226	229	224	221	210	208
Institutional	155	152	138	129	124	108	100
Bank	91	84	77	71	67	65	65
Insurance	30	30	28	30	28	27	28
Boutique	7	7	7	7	7	7	7
Discounter	15	13	13	12	12	10	8
Wirehouse	5	4	4	4	4	4	4

The total number of dually registered BD-IA firms declined 28% between year-end 2008 and year-end 2014 while, with the exception of boutique firms, the number of firms within each primary firm type declined between 2008 and 2014.

While having a small number of firms identified as a discounter, the total declined by nearly half (47%) from 15 firms in 2008 to eight firms at year-end 2014. Institutional firms declined by more than a third and firms operating in the bank channel declined nearly 30%. The number of independent firms declined the least at less than 10%.

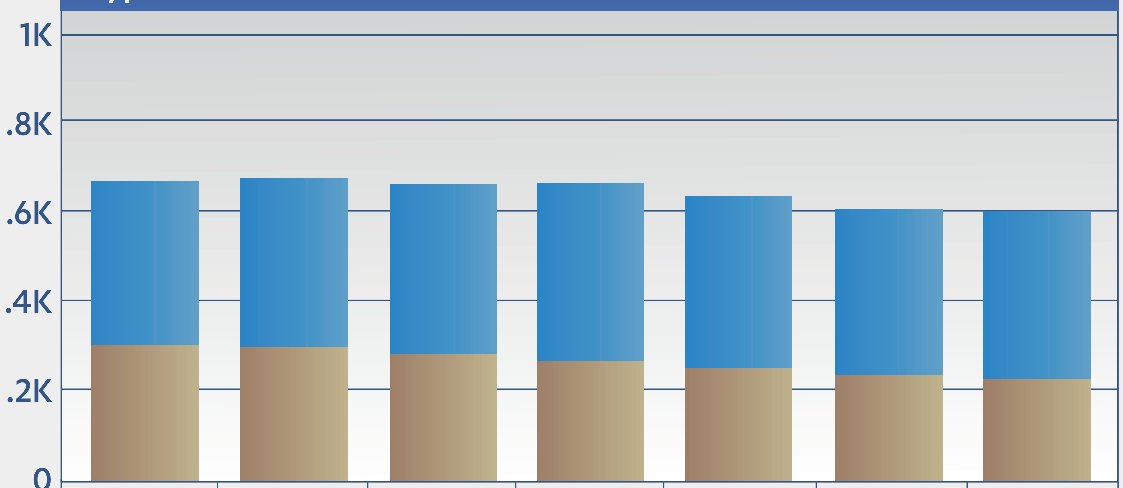
Exhibit 2.59: Dually BD-IA Firms Types - IA Retail
(December 2014)



Among the firm types in the above chart, the majority of firms operating in the retail channel are providing financial planning services.

Only two dually registered BD-IA firms are exclusively financial planners and one is classified as an internet investment adviser.

Exhibit 2.60: Dually BD-IA Firm Types - IA Retail



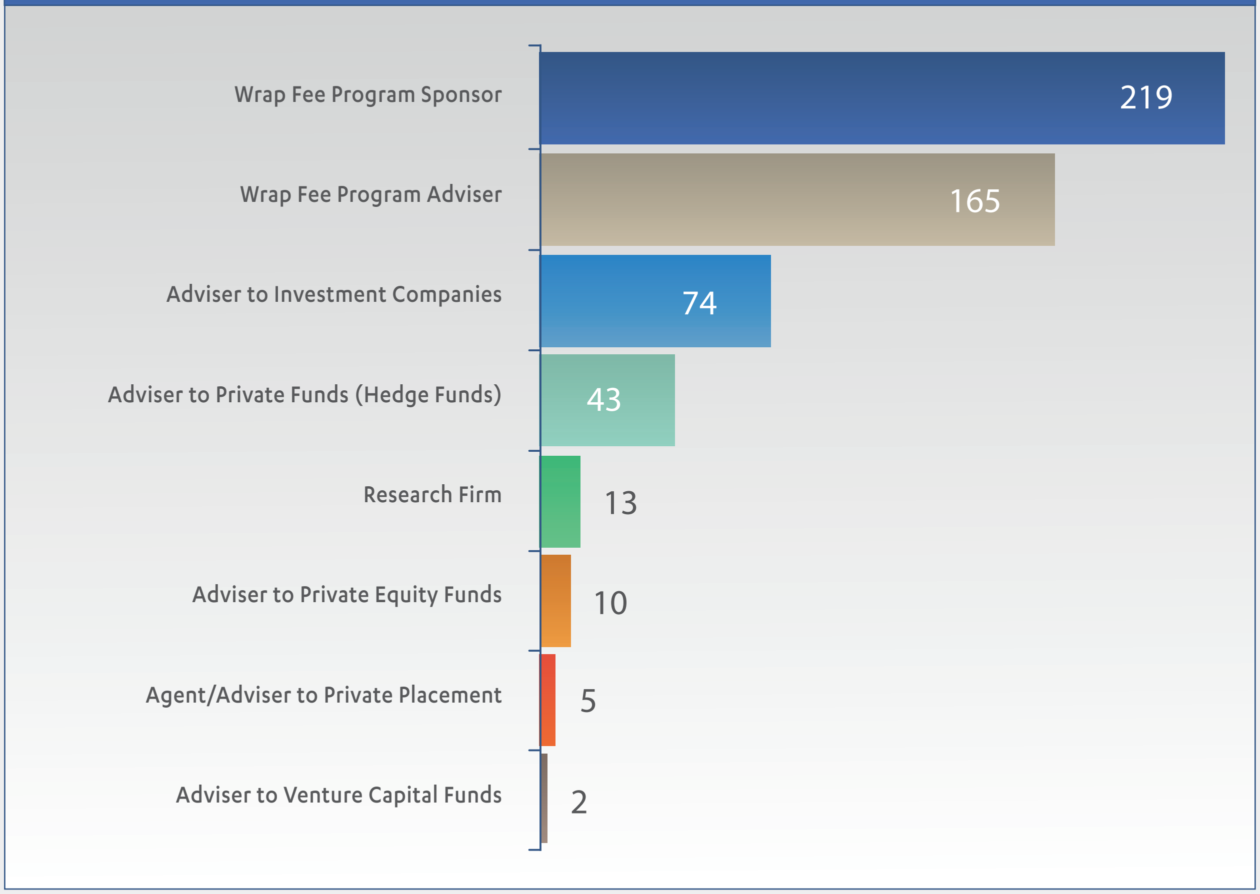
	2008	2009	2010	2011	2012	2013	2014
Financial Planner	364	373	376	392	381	367	371
Retirement Plan Consultant	299	295	280	265	248	234	226

The number of dually registered BD-IA retail firms providing financial planning increased slightly by seven firms while those providing retirement plan consulting decreased 73 firms, an average of 2% annually from year-end 2008 to year-end 2014.

The decline does not necessarily mean that retirement plan consulting is a declining business, because it is not. The decline is a product of the decrease in the total number of dually registered BD-IA firms.

The number of firms providing financial planning services increased 2%.

Exhibit 2.61: Dually BD-IA Firm Types - IA Institutional *(December 2014)*

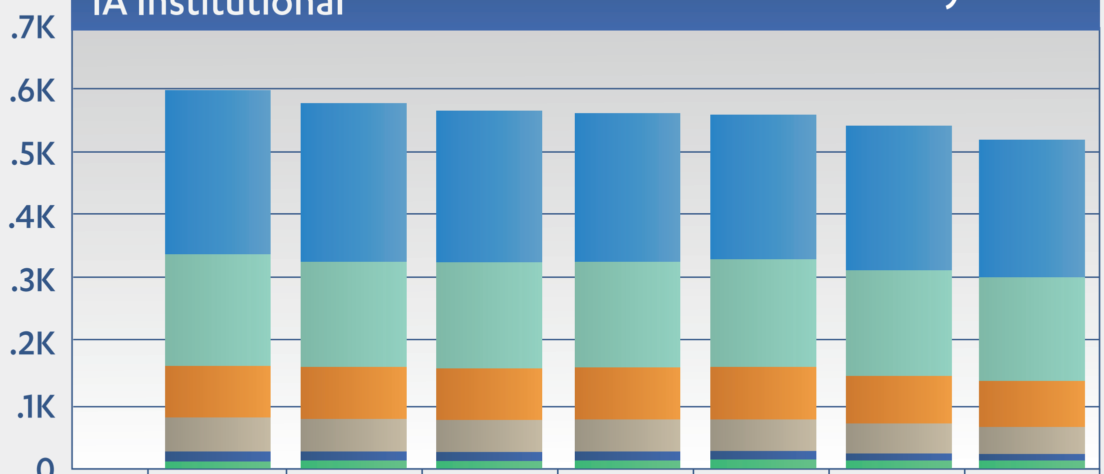


Most dually registered BD-IA firms operating in the institutional channel provide wrap fee program sponsor or wrap fee program adviser services. The reason is that the IA side of these firms are largely dedicated, in most cases, to providing fee-based money management programs to retail advisors, such as separate account programs and mutual fund wrap programs.

Adviser to investment companies and adviser to private funds are the next most frequent firm types among dually registered BD-IA firms providing institutional services.

Exhibit 2.62: Dually BD-IA Firm Types - IA Institutional

Discovery Data

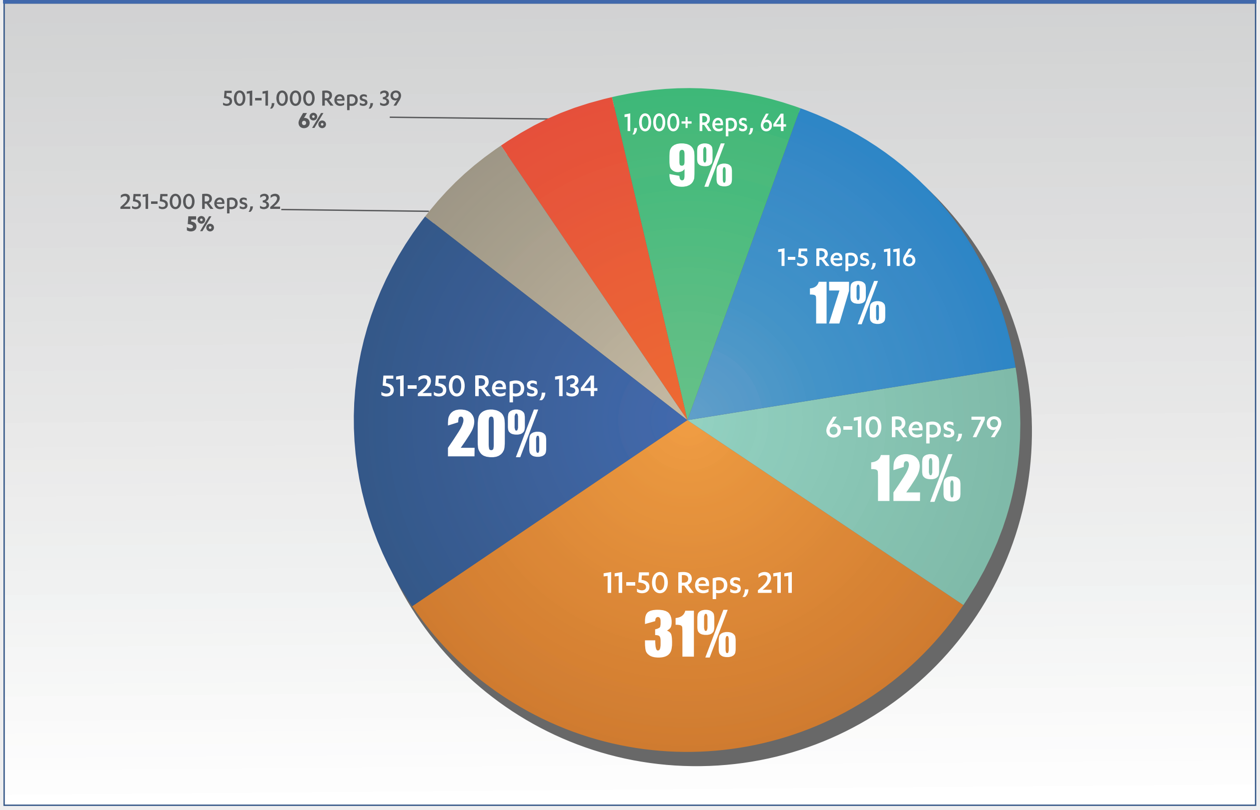


	2008	2009	2010	2011	2012	2013	2014
Wrap Fee Program Sponsor	261	252	241	236	230	230	219
Wrap Fee Program Adviser	178	168	169	171	172	168	165
Adviser to Investment Companies	83	83	83	84	83	76	74
Adviser to Private Funds (Hedge Funds)	54	52	51	50	51	48	43
Adviser to Private Equity Funds	16	14	14	14	14	11	10
Research Firm	11	13	12	13	14	13	13

The number of dually registered BD-IA firms providing the institutional services listed in the chart above declined 13% from 603 firms at year-end 2008 to 524 firms at year-end 2014.

Much of the decline was driven by a 20% decrease in firms advising private funds and a 38% decrease in firms advising private equity funds.

Exhibit 2.63: Dually BD-IA Firm Size by Number of Reps *(December 2014)*



Almost three in ten (29%) dually registered BD-IA firms have ten or fewer reps. Firms with 1-5 reps make up 17% of the total and firms with 6-10 reps accounting for 12% of the total.

Accounting for almost a third are firms with 11-50 reps. The next largest segment at 20% are those firms with 51-250 reps.

Exhibit 2.64: Top 10 Dually BD-IA Firms by Number of Reps *(December 2014)*

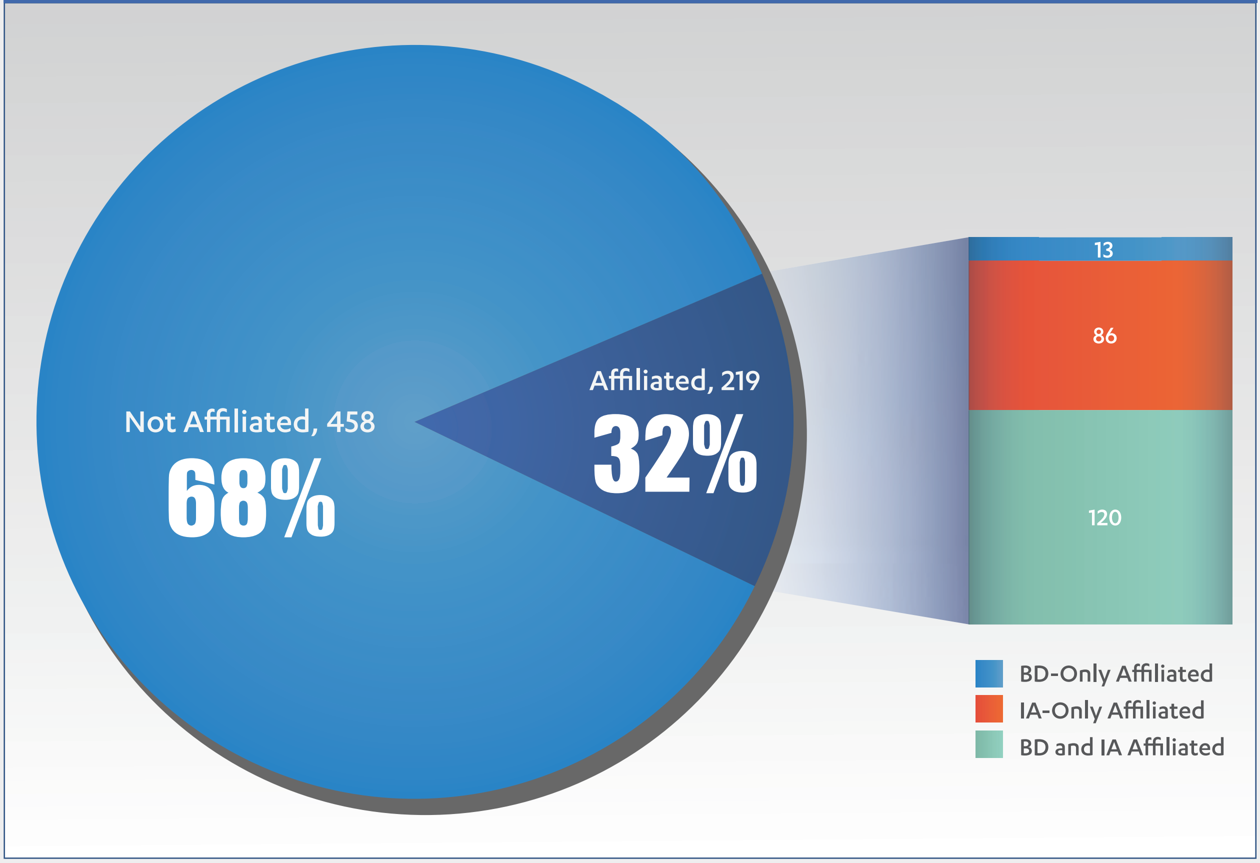
Discovery Data

Firm	Channel	BD Reps	IA Reps	Total Reps
Merrill Lynch	Retail & Institutional	30,254	24,757	30,375
Wells Fargo Advisors	Retail & Institutional	25,559	20,770	25,738
J.P. Morgan Securities	Retail & Institutional	25,034	6,222	25,706
Morgan Stanley	Retail & Institutional	23,336	20,902	23,418
LPL Financial	Retail & Institutional	17,157	12,951	17,312
PFS Investments	Retail & Institutional	16,679	1,946	16,697
Edward Jones	Retail & Institutional	15,973	14,274	16,063
Ameriprise Financial Services	Retail & Institutional	12,639	11,590	12,750
UBS Financial Services	Retail & Institutional	11,963	10,777	12,052
Northwestern Mutual	Retail & Institutional	8,090	3,601	8,116

Based on the number of reps, Merrill Lynch and Wells Fargo Advisors rank as the top two among dually registered BD-IA firms.

All of the firms listed operate in both the retail and institutional channels.

Exhibit 2.65: Dually BD-IA Firm Affiliations
(December 2014)



About a third (32%) of dually registered BD-IA firms are affiliated with one or more other registered firms.

Of the firms affiliated, 120 or 55% are affiliated with both a BD and an IA firm(s). About four in ten (39%) are affiliated with only an IA firm(s).

Exhibit 2.66: Top 10 Dually BD-IA Firms by Number of Reps *(December 2014)*

Discovery Data

	BD Affiliated	IA Affiliated
One Firm	12	62
Two Firms	1	14
Three Firms	0	3
Four Firms	0	2
Five+ Firms	0	5
Total	13	86

Nearly half (45%) of dually registered BD-IA firms that have a related party are affiliated with only an IA firm(s) or a BD firm(s).

Only 13 BD-IA firms are affiliated with only BD firms and 12 of those firms are affiliated with one BD firm.

Exhibit 2.67: BD and IA Firm Affiliations
(December 2014)

Discovery Data

		IA Affiliated				
		One Firm	Two Firms	Three Firms	Four Firms	Five+ Firms
BD Affiliations	One Firm	30	11	3	1	9
	Two Firms	2	8	2	1	6
	Three Firms	0	4	2	4	5
	Four Firms	2	0	0	0	12
	Five+ Firms	0	0	1	1	16

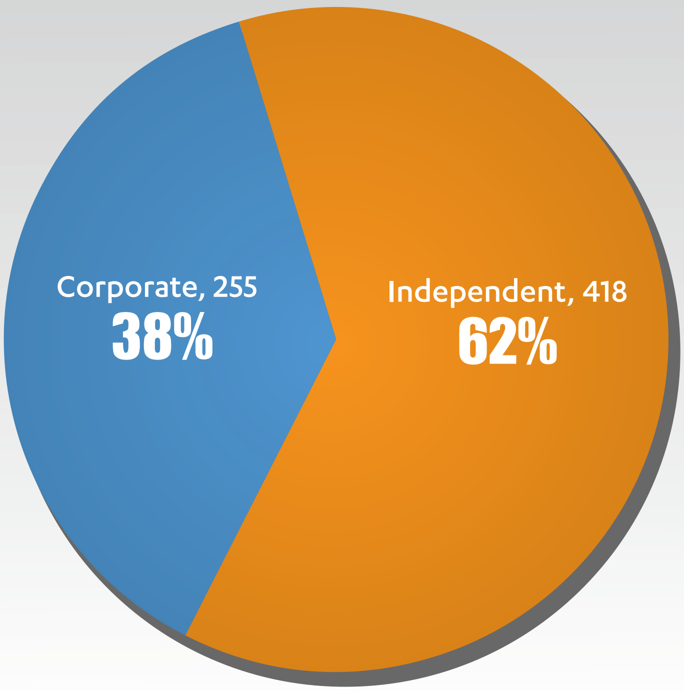
The above table is intended to present the number of dually registered BD-IA firms affiliated with at least one BD firm and at least one IA Firm. For example, beginning in the upper left cell there are 30 dually registered BD-IA firms which are affiliated with one BD firm as well as being affiliated with one IA firm. Continuing to the bottom right cell, there are 16 firms affiliated with five or more BD firms as well as five or more IA firms.

Of the 219 dually registered BD-IA firms with affiliations 120 firms have multiple affiliations. The largest segment is the group with an affiliation with one BD firm and one or more IA firms. This can be seen in the top line of the table. This group of 54 firms account for 45% of the firms with multiple affiliations.

More than one in eight (13%) dually registered BD-IA firms with multiple affiliations are affiliated with five or more BD firms and five or more IA firms.

Exhibit 2.68: Dually BD-IA Firm Ownership
(December 2014)

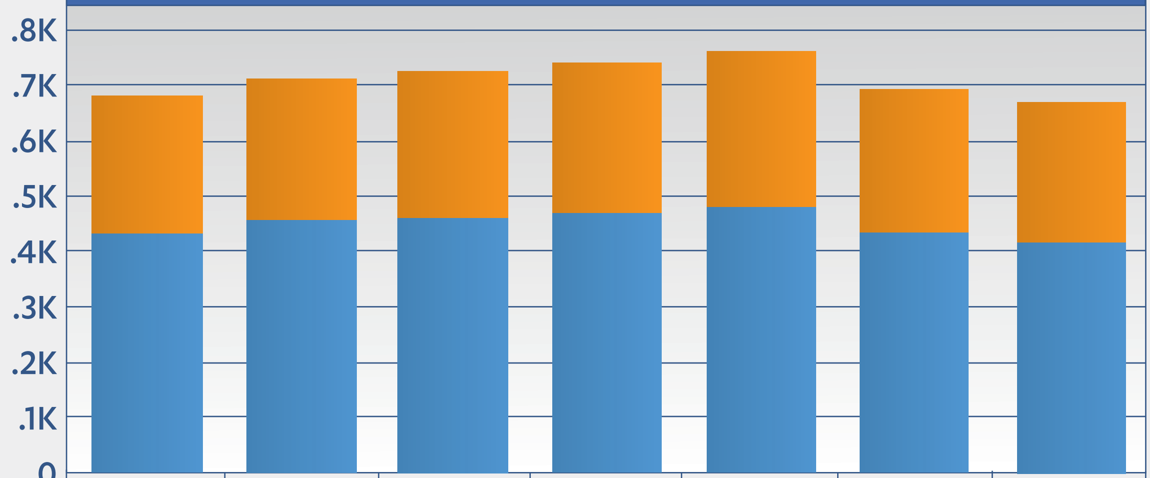
Discovery Data



More than six in ten (62%) dually registered BD-IA firms are independently owned and nearly four in ten (38%) are corporate owned.

Exhibit 2.69: Dually BD-IA Firm Ownership

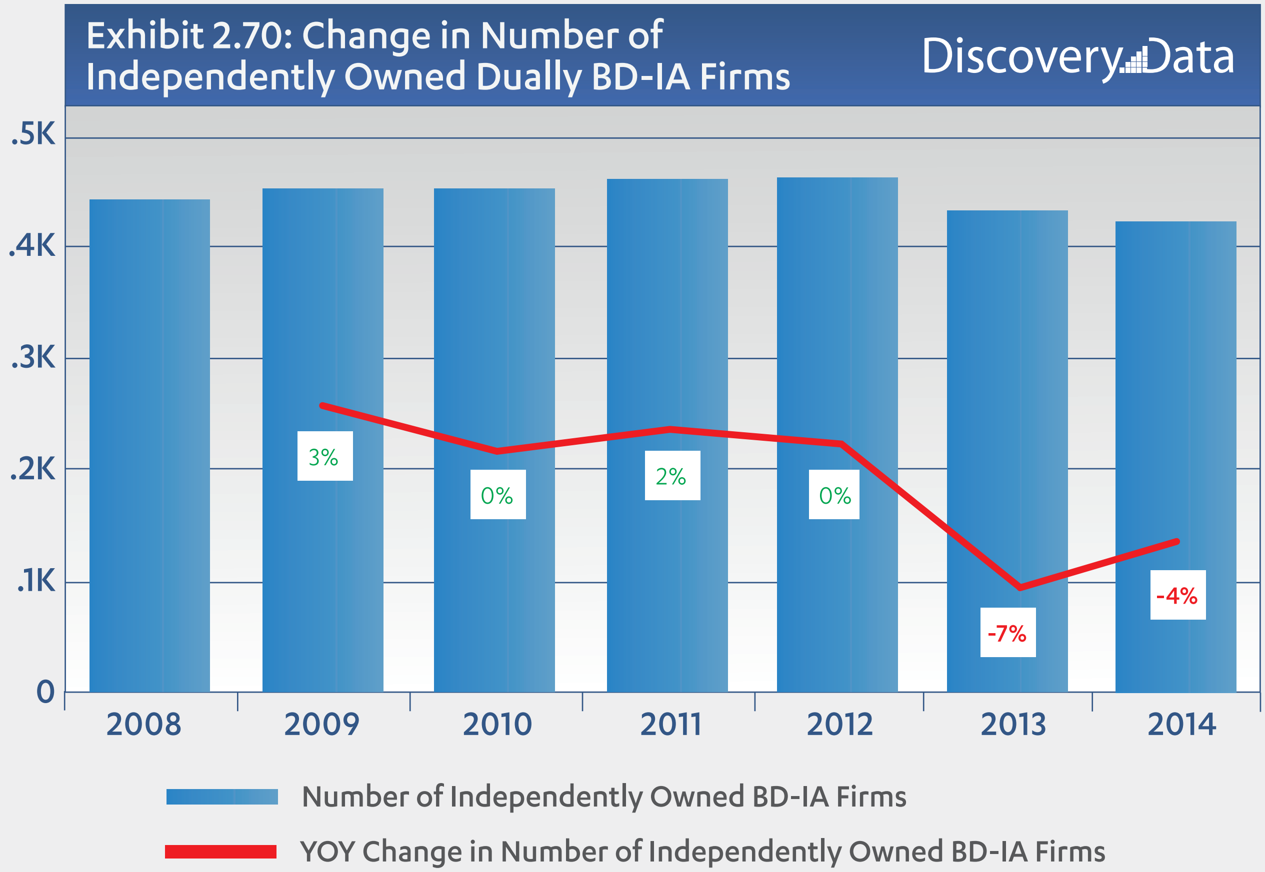
Discovery Data



	2008	2009	2010	2011	2012	2013	2014
Corporate	247	255	261	271	275	261	255
Independent	443	456	458	466	468	436	418

Between 2008 and 2012 the number of independently owned dually registered BD-IA firms increased by nearly 6% from 443 to 468. Since 2012 the number of these firms declined almost 11%, contributing to an overall decline of nearly 6% during the seven year period.

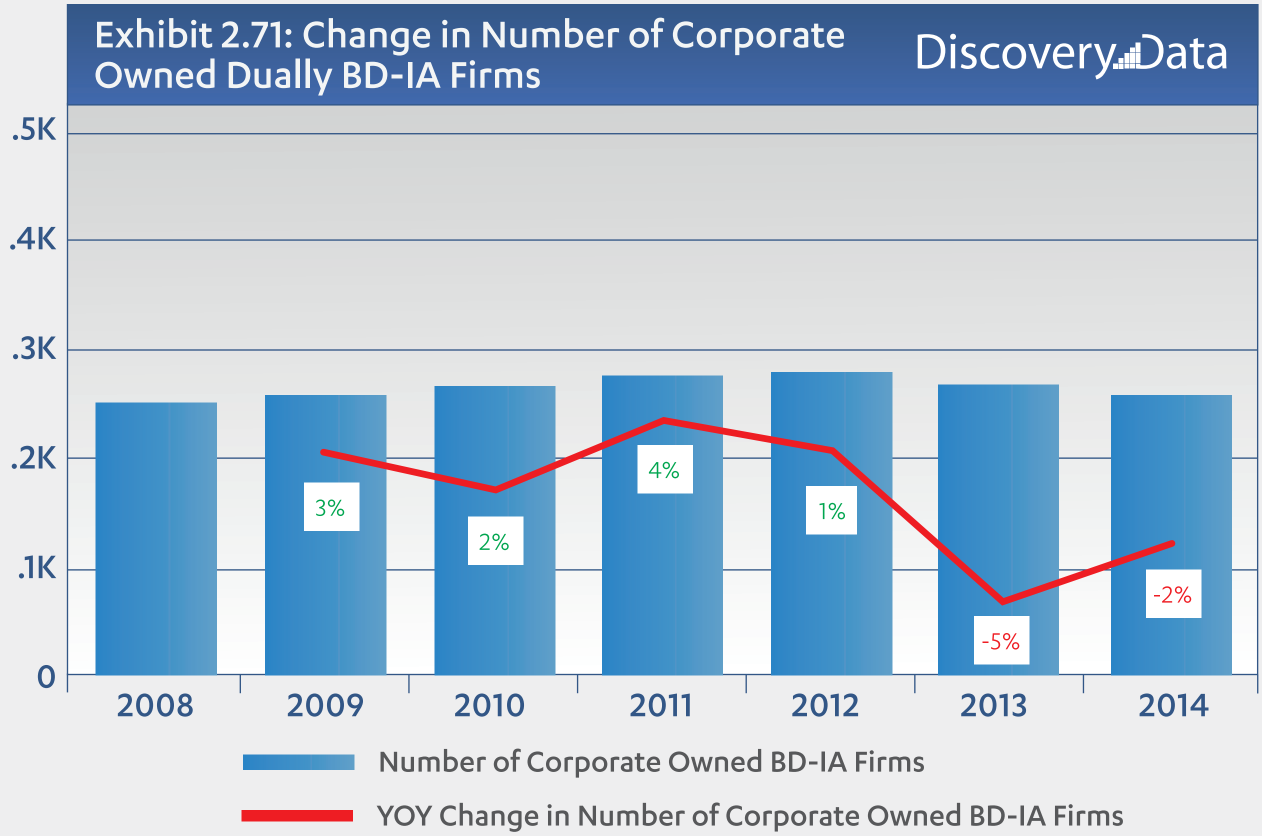
While the number of corporate owned firms declined between 2012 and 2014 (-7%) the change in the number of these firms from 2008 to 2014 was positive (3%) due to a 10% growth between 2008 and 2011.



Since 2008 the number of independently owned dually registered BD-IA firms declined 6%.

From 2008 through 2011 the number of independently owned dually registered BD-IA firms remained relatively flat. In 2013 the number of these firms declined 7%. In 2014 while the number of firms continued to decline, the rate at which they became inactive slowed from -7% in 2013 to -4% in 2014.

Exhibit 2.71: Change in Number of Corporate Owned Dually BD-IA Firms

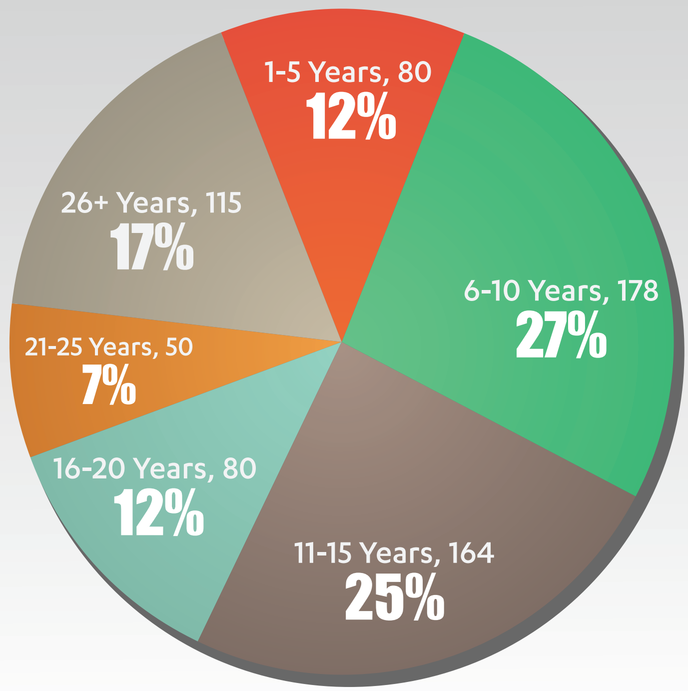


Between 2008 and 2014 the number of corporate owned dually registered BD-IA firms increased 3% from 247 in 2008 to 255 in 2014.

From 2008 through 2012 the number of corporate owned BD-IA firms increased 11%. Since 2012 the number of these firms declined 7%.

Exhibit 2.72: Age of Dually BD-IA Firms

(December 2014)



About four in ten (39%) of dually registered BD-IA firms have been in business up to ten years.

Those active 16-20 years represent 12% of firms. Another 7% are firms active 21-25 years.

The average age of dually registered BD-IA firms is about 16 years.

Nearly 100 pages of charts and commentary with thousands of data points spanning seven years of financial services industry activity is just the beginning. Part of the value you receive as a subscriber to the Almanac is ongoing updates with expanded insights triggered by the questions you have after reading through Firmographics.

We invite you to pose your questions and request additional charts. Through an interactive, iterative process we will keep the Almanac fresh and relative.

3

REPOGRAPHICS

INTRODUCTION

The purpose of Repographics is to provide an analysis of the types, numbers and trends among registered reps in the financial services industry. We begin by providing a view of all reps (whether associated with a broker-dealer (BD) or investment advisory (IA) firm or both) and then take a closer look as to how the numbers have changed, with a special emphasis on the retail channel.

ALL REPS

As of December 31, 2014 within Discovery Data there were 670,000 reps in the financial services industry actively associated with a firm, with 315,000 associated only with a BD firm, accounting for 47% of reps, 86,000 associated only with an IA firm, accounting for 13% of the reps, and 268,000 associated with both BD and IA firms, accounting for the remaining 40% of reps.

Since January 2008 the total number of industry reps within Discovery Data has decreased from 718,000 to 670,000 in December 2014 representing a 7% decrease.

While IA-only reps represent 13% of the universe, the number of IA-only reps within Discovery Data increased 45% between 2008 and 2014.

BD-only reps declined 26% over the seven year period and the number of BD-IA reps has grown 14%.

Among all reps within Discovery Data, almost two-thirds (65%) or 433,000 are associated with dually registered BD-IA firms.

The number of reps associated with IA-only firms has increased more than 100% between 2008 and 2014 with the most significant increase (62%) in the number of reps occurring in 2012.

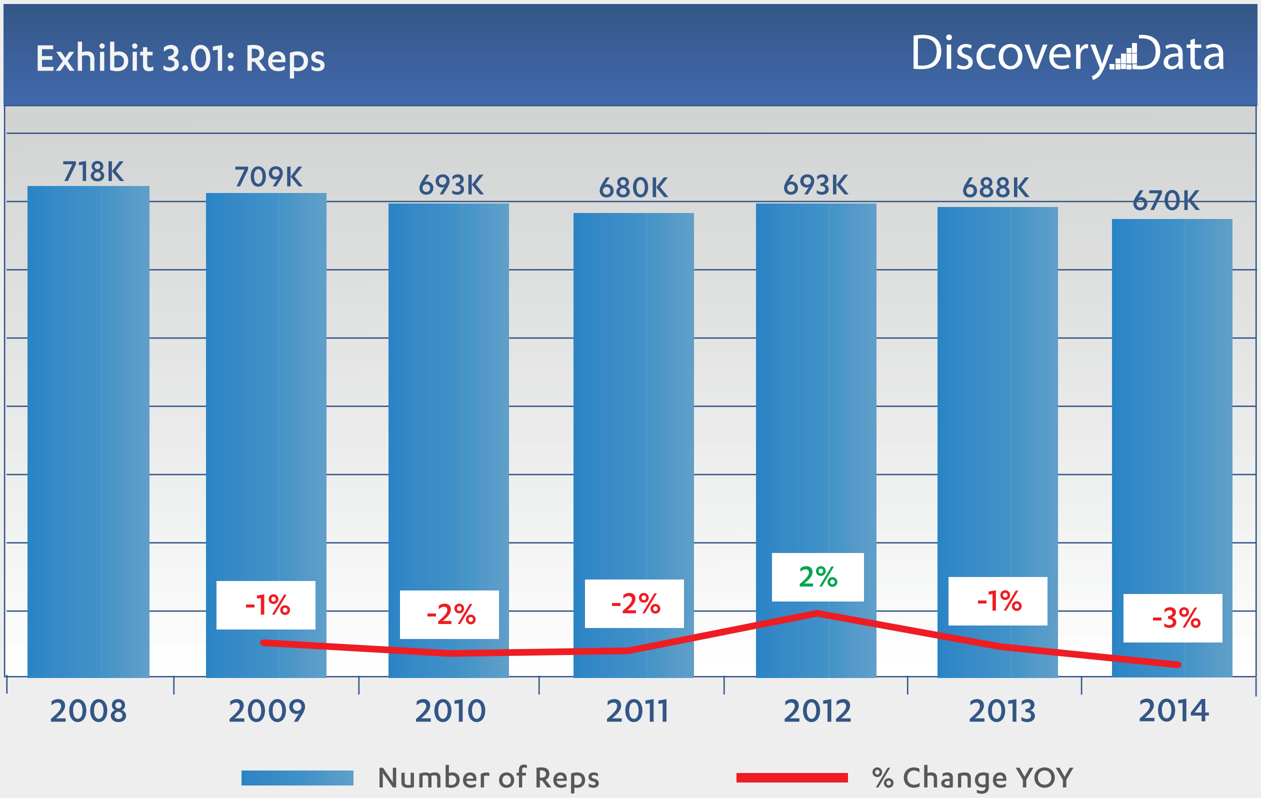
Since 2008 the number of reps at retail-only firms declined 35% from 157,000 to 102,000.

The largest population of reps (327,000) are with BD-IA firms conducting both retail and institutional business. This group accounts for nearly half (49%) of all reps.

More than half (52%) of the reps in the industry are between the ages of 36 and 55.

The decline in the number of reps is being driven primarily by reps 45 and under. The decline is offset somewhat by the growth in the number of reps older than 45.

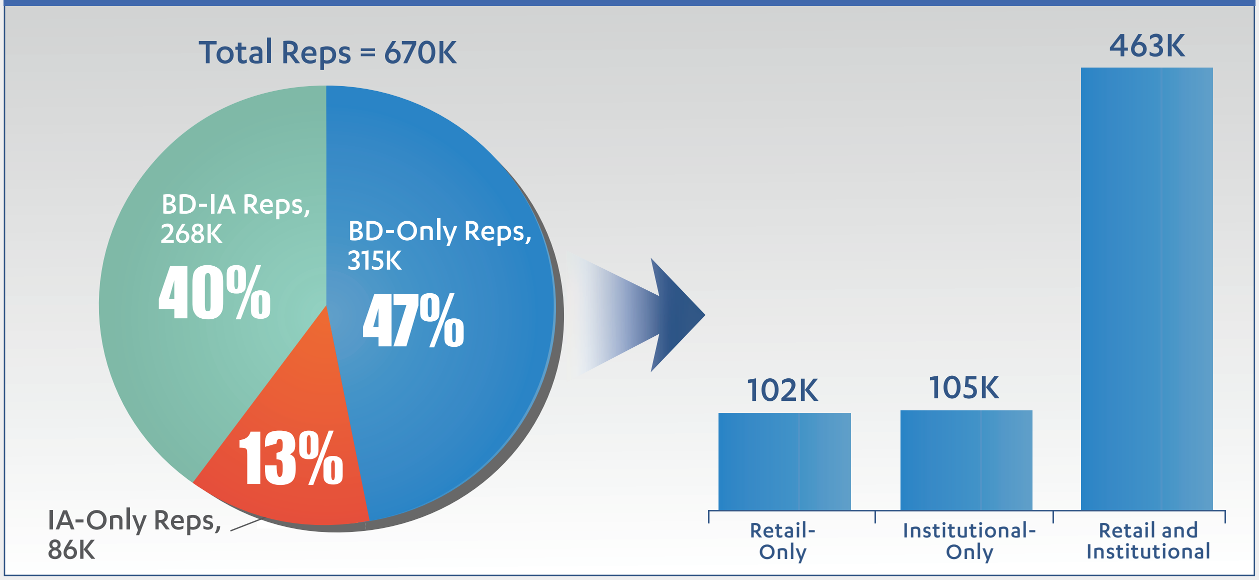
Exhibit 3.01: Reps



Since January 2008 the total number of industry reps within Discovery Data has decreased from 718,000 to 670,000 in December 2014 representing a 7% decrease. On average the number of reps in the industry decreased 1% annually.

Between 2008 and 2011 the number of reps in the industry trended down 5%. In 2012 the number of reps grew 2%, driven primarily by a growth in the number of IA reps. The increase in the number of IA reps can be somewhat attributed to new regulatory requirements leading to thousands of existing IA firms and associated reps registering for the first time.

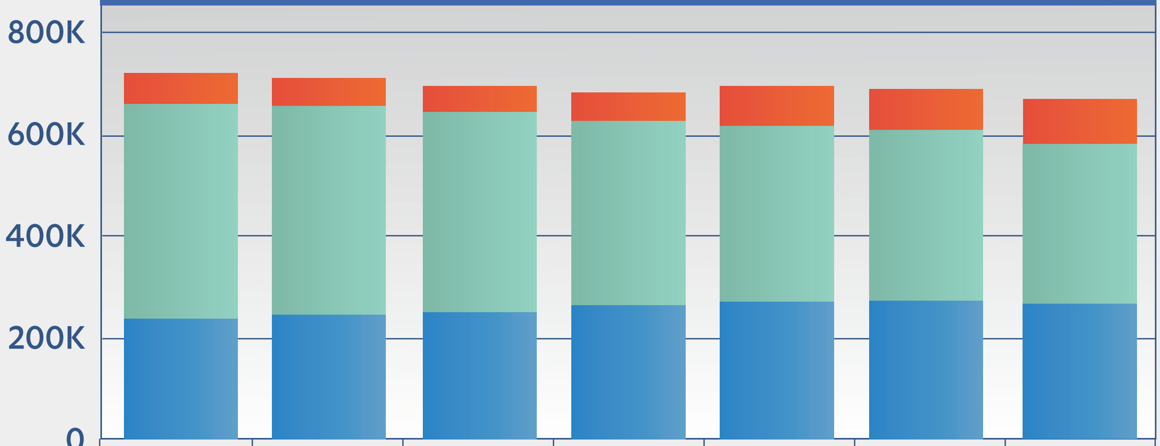
Exhibit 3.02: Reps
(December 2014)



As of December 31, 2014 within Discovery Data there were 670,000 reps in the financial services industry actively associated with a firm, with 315,000 associated only with a BD firm, accounting for 47% of reps, 86,000 associated only with an IA firm, accounting for 13% of the reps, and 268,000 associated with both BD and IA firms, accounting for the remaining 40% of reps.

More than 460,000 reps are associated with firms conducting both retail and institutional business. More than 100,000 are associated with retail-only firms and, similarly, more than 100,000 reps are with institutional-only firms.

Exhibit 3.03: BD-Only, IA-Only and BD-IA Reps

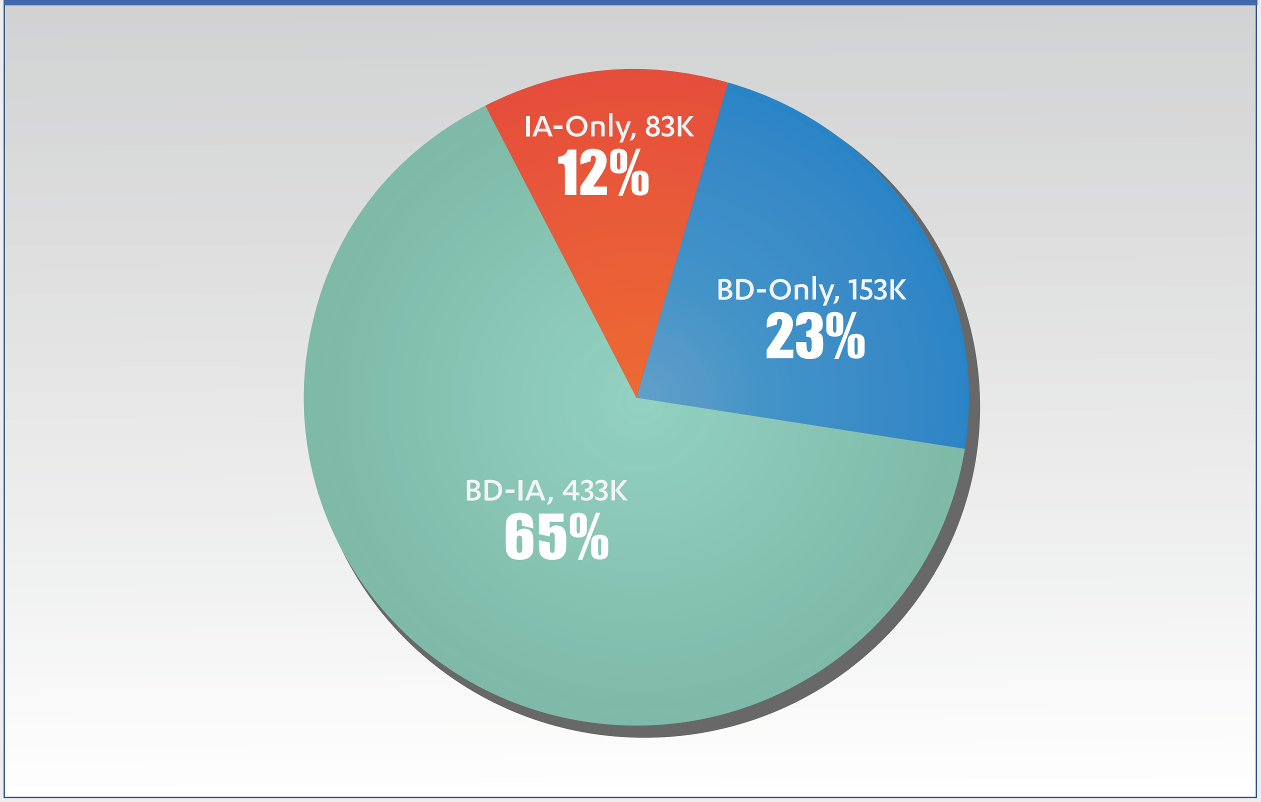


	2008	2009	2010	2011	2012	2013	2014
IA-Only Reps	59K	54K	50K	55K	76K	79K	86K
BD-Only Reps	424K	410K	394K	363K	348K	338K	315K
BD-IA Reps	236K	245K	249K	262K	269K	271K	268K

While IA-only reps represent 13% of the universe, the number of IA-only reps within Discovery Data increased 45% between 2008 and 2014.

BD-only reps declined 26% over the seven year period and the number of BD-IA reps has grown 14%.

Exhibit 3.04: Reps by Association Type
(December 2014)

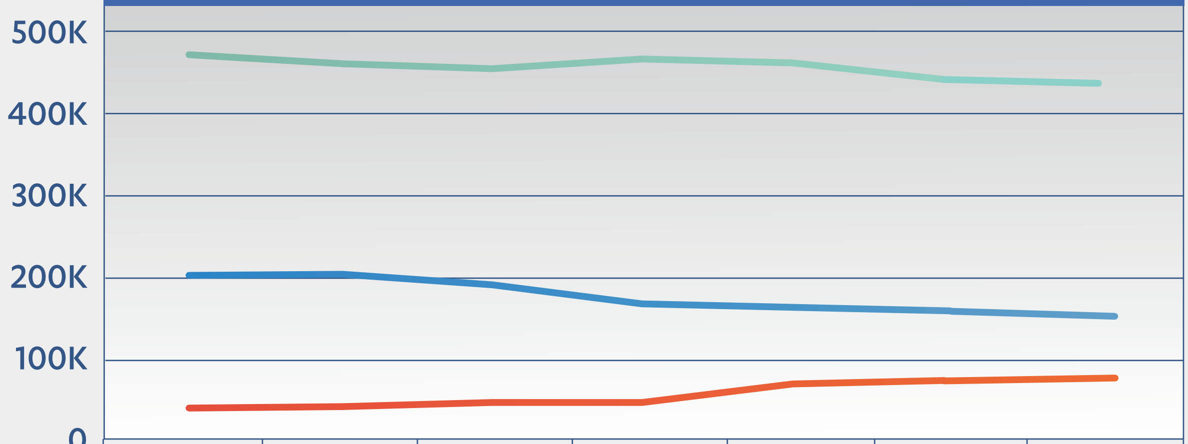


Among all reps within Discovery Data, almost two-thirds (65%) or 433,000 are associated with dually registered BD-IA firms. Approximately a quarter (23%) are associated with BD-only firms and the remaining 12% are with IA-only firms.

The counts in this chart represent the firms reps are associated with. For example, a rep may be registered as BD-only but is associated with a BD-IA firm.

Exhibit 3.05: Reps by Association Type

Discovery Data



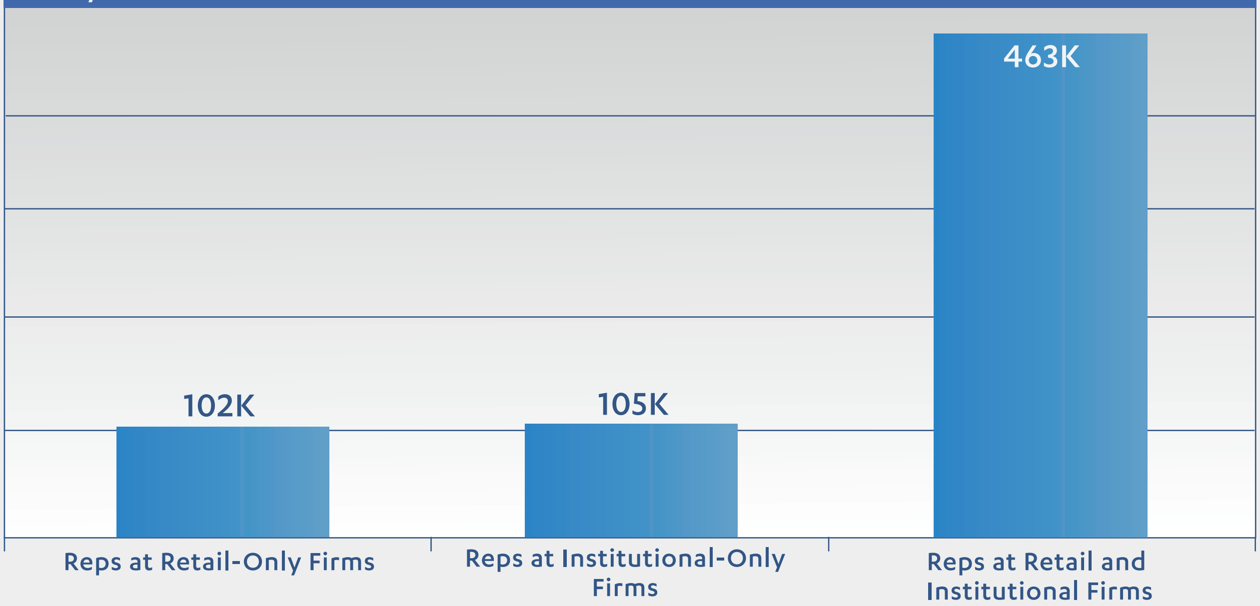
	2008	2009	2010	2011	2012	2013	2014
BD-Only	207K	209K	196K	169K	165K	163K	153K
BD-IA	473K	460K	453K	466K	457K	447K	433K
IA-Only	37K	38K	40K	43K	70K	76K	83K

The number of reps associated with IA-only firms has increased more than 100% between 2008 and 2014 with the most significant increase (62%) in the number of reps occurring in 2012. On average reps with IA-only firms have grown 16% year-over-year.

The increase in the number of IA reps in 2012 can be somewhat attributed to new regulatory requirements leading to thousands of existing IA firms and associated reps registering for the first time.

The number of reps associated with BD-only firms and dually registered BD-IA firms declined 26% and 8% respectively between 2008 and 2014.

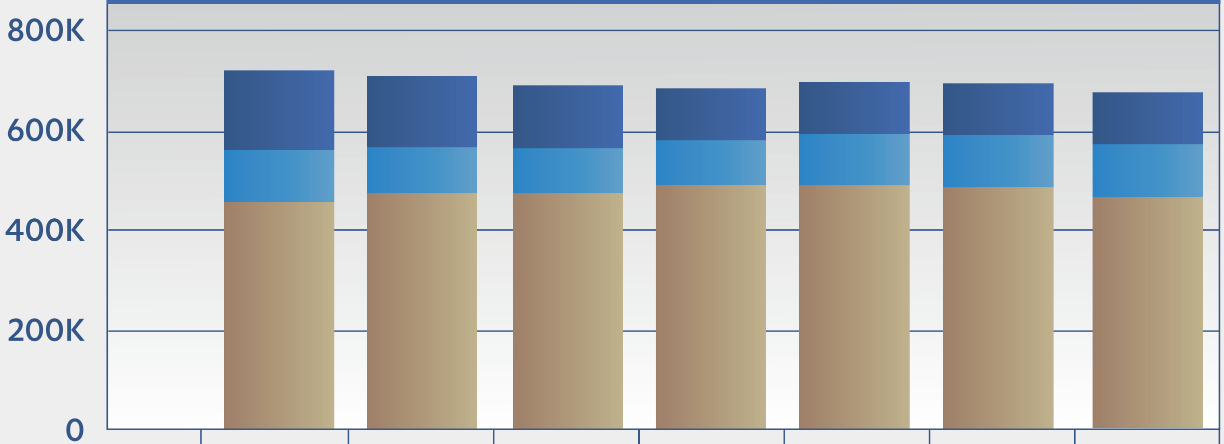
Exhibit 3.06: Reps by Channel: Retail-Only, Institutional-Only and Retail and Institutional *(December 2014)*



Nearly seven in ten (69%) or 463,000 reps within Discovery Data are with firms conducting both retail and institutional business. Almost 20% or 102,000 are with firms conducting retail-only business and, similarly, at 105,000, nearly 20% of reps are with firms conducting institutional-only business.

Exhibit 3.07: Reps by Channel: Retail-Only, Institutional-Only & Retail and Institutional

Discovery Data



	2008	2009	2010	2011	2012	2013	2014
Reps at Retail-Only Firms	157K	142K	124K	102K	103K	101K	102K
Reps at Institutional-Only Firms	104K	92K	91K	89K	104K	105K	105K
Reps at Retail and Institutional Firms	452K	469K	469K	486K	484K	481K	463K

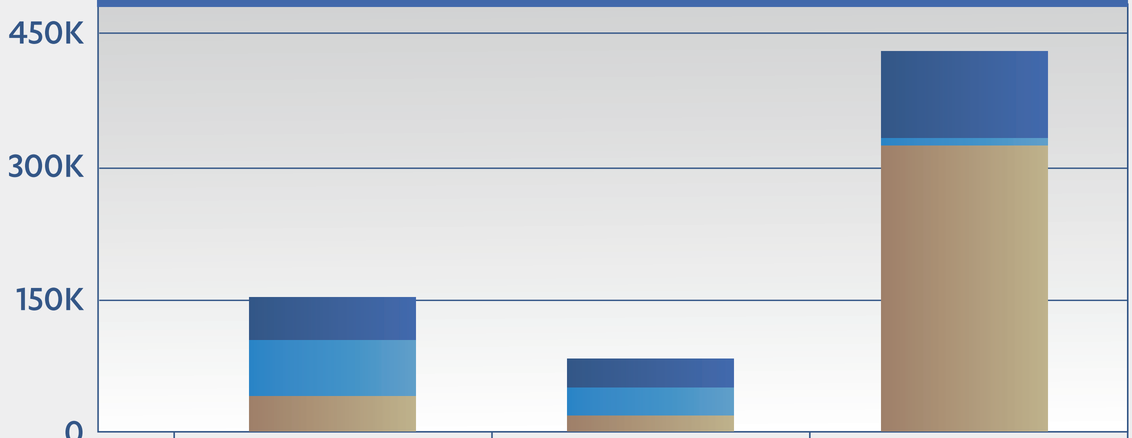
Since 2008 the number of reps at retail-only firms declined 35% from 157,000 to 102,000. Year-over-year the decline in reps at retail-only firms was 7% with the most substantial decline occurring in 2010 and 2011 in which the number of reps declined an average of 15% annually.

Despite a 4% decline in 2014 in the number of reps with firms conducting both retail and institutional business, between year-end 2008 and year-end 2013 the number of reps increased 1%.

The number of reps at institutional-only firms increased 1% between 2008 and 2014 with the most substantial increase (17%) in the number of these reps occurring in 2012.

Exhibit 3.08: Reps by Channel and Firm Type *(December 2014)*

Discovery Data



	BD-Only	IA-Only	BD-IA
Retail-Only	47K	32K	98K
Institutional-Only	65K	31K	9K
Retail and Institutional	42K	20K	327K

The largest population of reps (327,000) are with dually registered BD-IA firms conducting both retail and institutional business. This group accounts for nearly half (49%) of all reps.

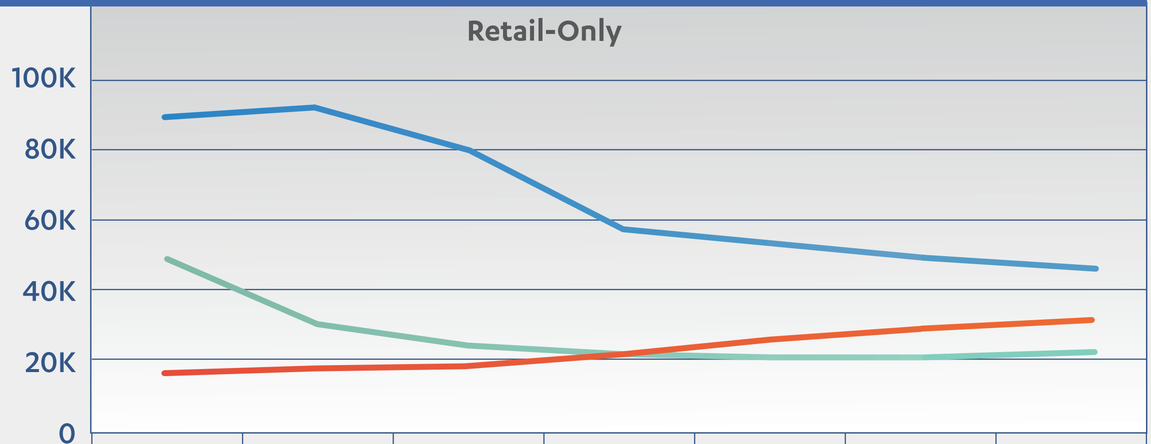
Conversely, the smallest number of reps (9,000) are also with dually registered BD-IA firms, but the firms these reps are with are conducting only institutional business.

Reps with IA-only firms account for 12% of all reps with 31,000 at institutional-only firms and 32,000 at retail-only firms.

Among reps at BD-only firms about 27% or 42,000 are with firms conducting both retail and institutional business. Most reps with BD-only firms are with firms either conducting retail-only or institutional-only business.

Exhibit 3.09: Reps by Channel and Firm Type

Discovery Data



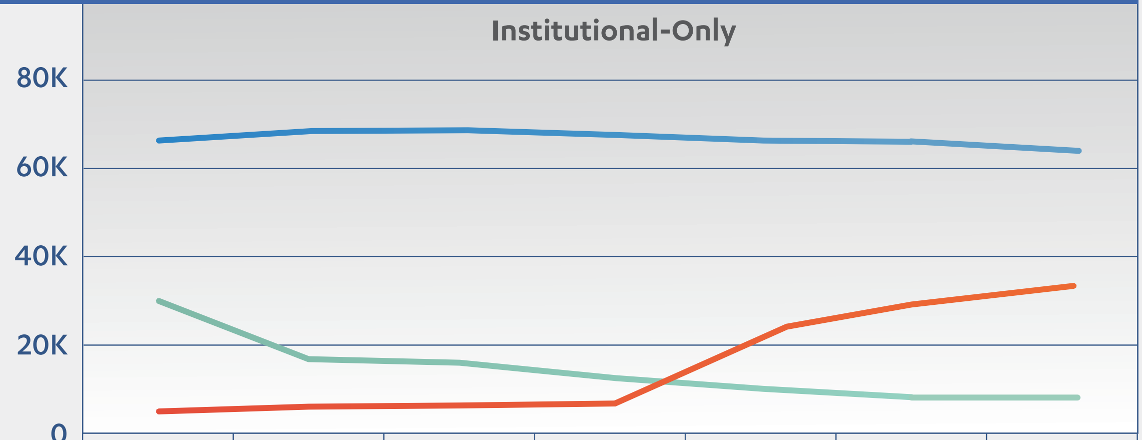
	2008	2009	2010	2011	2012	2013	2014
BD-Only	90K	93K	80K	57K	54K	50K	47K
IA-Only	17K	18K	19K	22K	27K	30K	32K
BD-IA	50K	31K	25K	23K	22K	22K	23K

continued on next page

continued from previous page

Exhibit 3.09: Reps by Channel and Firm Type

Discovery Data



	2008	2009	2010	2011	2012	2013	2014
BD-Only	68K	69K	69K	68K	67K	67K	65K
IA-Only	6K	6K	6K	7K	26K	29K	32K
BD-IA	30K	17K	16K	13K	10K	8K	8K

Exhibit 3.09: Reps by Channel and Firm Type

	2008	2009	2010	2011	2012	2013	2014
BD-Only	48K	46K	46K	44K	44K	46K	42K
IA-Only	10K	10K	10K	12K	16K	17K	19K
BD-IA	394K	412K	412K	429K	424K	418K	403K

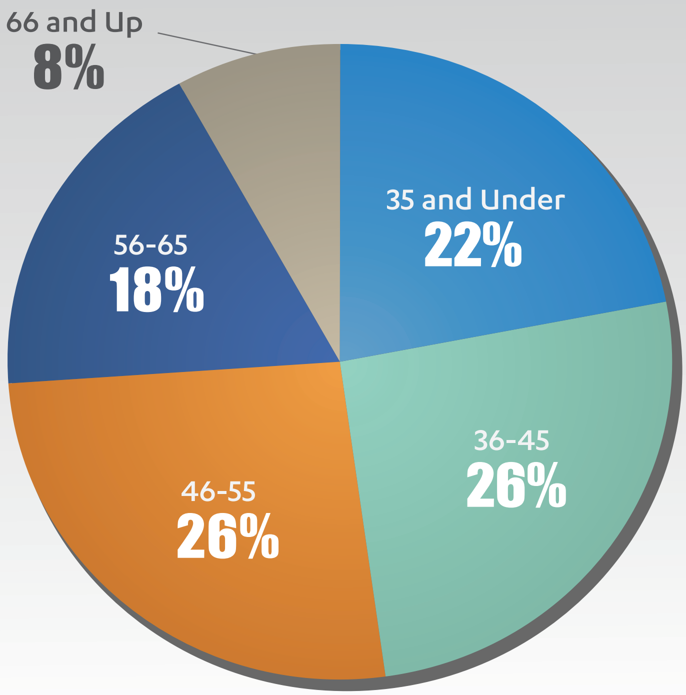
At firms conducting only retail business the number of reps with IA-only firms increased 88% from 17,000 in 2008 to 32,000 in 2014. The most significant growth occurred in 2012 in which there was a 24% growth in reps. Year-over-year for the seven year period the number of reps at retail-only IA-only firms increased 11% on average. The number of reps at BD-only firms declined 48% and at BD-IA firms the number of reps declined 54%.

At firms conducting institutional-only business the number of reps at IA-only firms grew by more than five times from 6,000 in 2008 to 32,000 in 2014. This increase was largely due to the registration requirements implemented in 2012, resulting in many existing IA firms having to register for the first time.

Among firms conducting both retail and institutional business, reps with IA-only firms increased 81% from 10,252 in 2008 to 18,539 in 2014. The most significant growth occurred in 2012 in which the number of reps grew 31%.

Exhibit 3.10: Reps by Age
(December 2014)

Discovery Data

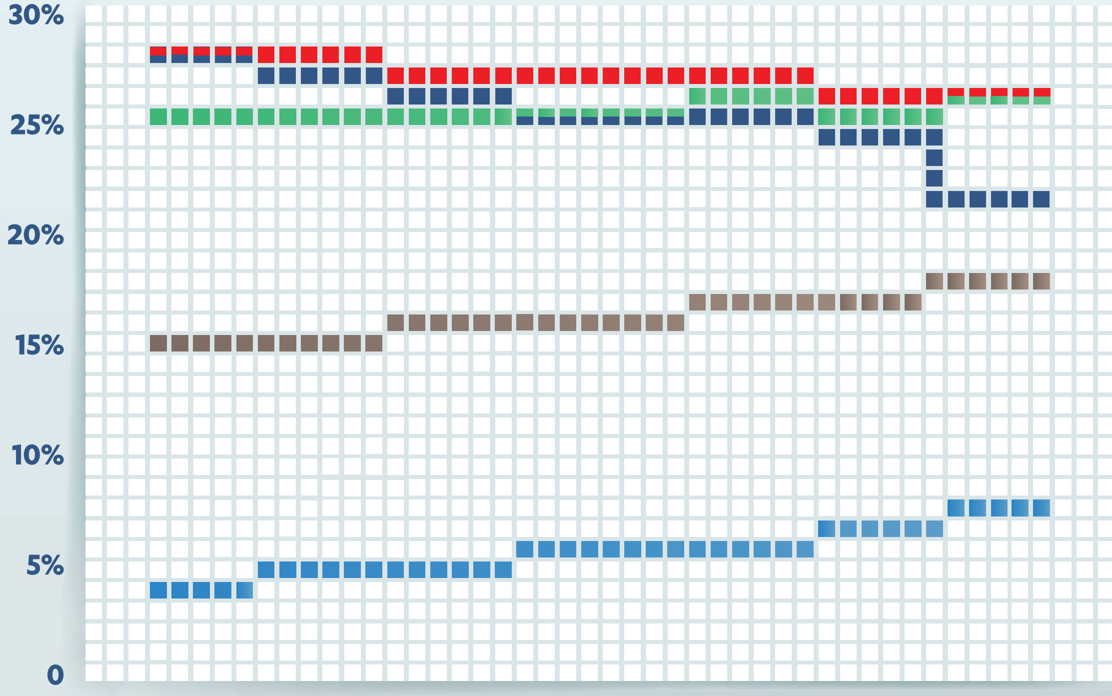


More than half (52%) of the reps in the industry are between the ages of 36 and 55.

Reps 35 and under and 56-65 each represent approximately a fifth of all reps and reps 66 and older account for less than a tenth of all reps.

Exhibit 3.11: Reps by Age

Discovery Data



	2008	2009	2010	2011	2012	2013	2014
35 and Under	28%	27%	26%	25%	25%	24%	22%
36-45	28%	28%	27%	27%	27%	26%	26%
46-55	25%	25%	25%	25%	26%	25%	26%
56-65	15%	15%	16%	16%	17%	17%	18%
66 and Up	4%	5%	5%	6%	6%	7%	8%

As cited previously (Exhibit 3.01), year-over-year the total rep population has been trending down. The decline in the number of reps is being driven primarily by reps 45 and under. The decline is offset somewhat by the growth in proportion of reps older than 45.

The proportion of reps 35 and under has declined most significantly with this population losing 21% between 2008 and 2014. Year-over-year this group of reps declined 4% on average. The only other age category to decline between 2008 and 2014 was the 36-45 set. The proportion of reps in this category declined 8% during the seven year period.

The proportion of reps in all other age categories grew; specifically, 46-55 increased by 4%, 56-65 increased by 24% and 66 and older increased 82%.

Growth in the proportion of older reps and a declining proportion of younger reps indicates that those reps in the business are remaining longer and younger reps are not being brought into the industry as fast as they are leaving.

RETAIL

As of December 2014 within Discovery Data there were 564,000 reps in the industry associated with firms conducting retail business.

The number of reps associated with firms conducting retail business declined 8% from 615,000 in January 2008 to 564,000 in December 2014.

The number of reps associated with investment advisory (IA)-only firms conducting retail business increased 88% between 2008 and 2014.

The number of reps associated with broker-dealer (BD)-only and dually registered BD-IA firms conducting retail business has declined 36% and 5% respectively between 2008 and 2014.

Of the 564,000 reps within Discovery Data who are associated with firms conducting retail business, nearly half (47%) or 265,000 are dually registered BD-IA reps.

The number of BD-only reps associated with firms conducting retail business declined 28% between 2008 and 2014.

IA-only reps at firms conducting retail business increased 22% between 2008 and 2014.

In December 2014 nearly seven in ten (69%) reps at firms conducting retail business were associated with firms conducting both retail and institutional business.

Among firms conducting retail-only business, those operating in the insurance channel have the greatest number of reps at 68,000.

In December 2014 the greatest proportion (23%) of reps at firms conducting retail business were with firms in the independent channel.

Since 2008 firms conducting retail business operating in the independent channel have experienced the most growth with the number of reps, increasing 11% from 116,000 to 129,000.

Nearly three-quarters (73%) of reps with firms conducting retail business have been in the industry for up to 20 years.

The industry is getting older, with the proportion of reps with more than ten years experience at firms conducting retail business growing at an average annual rate of 7% year-over-year compared to the proportion of reps with less than ten years experience which declined at an average annual rate 5% from 2008 to 2014.

Two-thirds (67%) of reps at firms conducting retail business are Series 7 licensed and nearly four in ten (37%) are Series 6 licensed. More than half (51%) have a Series 65 or 66 license.

Among reps within Discovery Data with firms conducting retail business, more than two-thirds (67%) in addition to having a Series 7 have a Series 65 or 66 license.

More than one-third (35%) of reps with firms conducting retail business have been with at least one other firm prior to their current firm.

While the average age of reps with firms conducting retail business is 48, less than half (43%) are 45 years of age and younger.

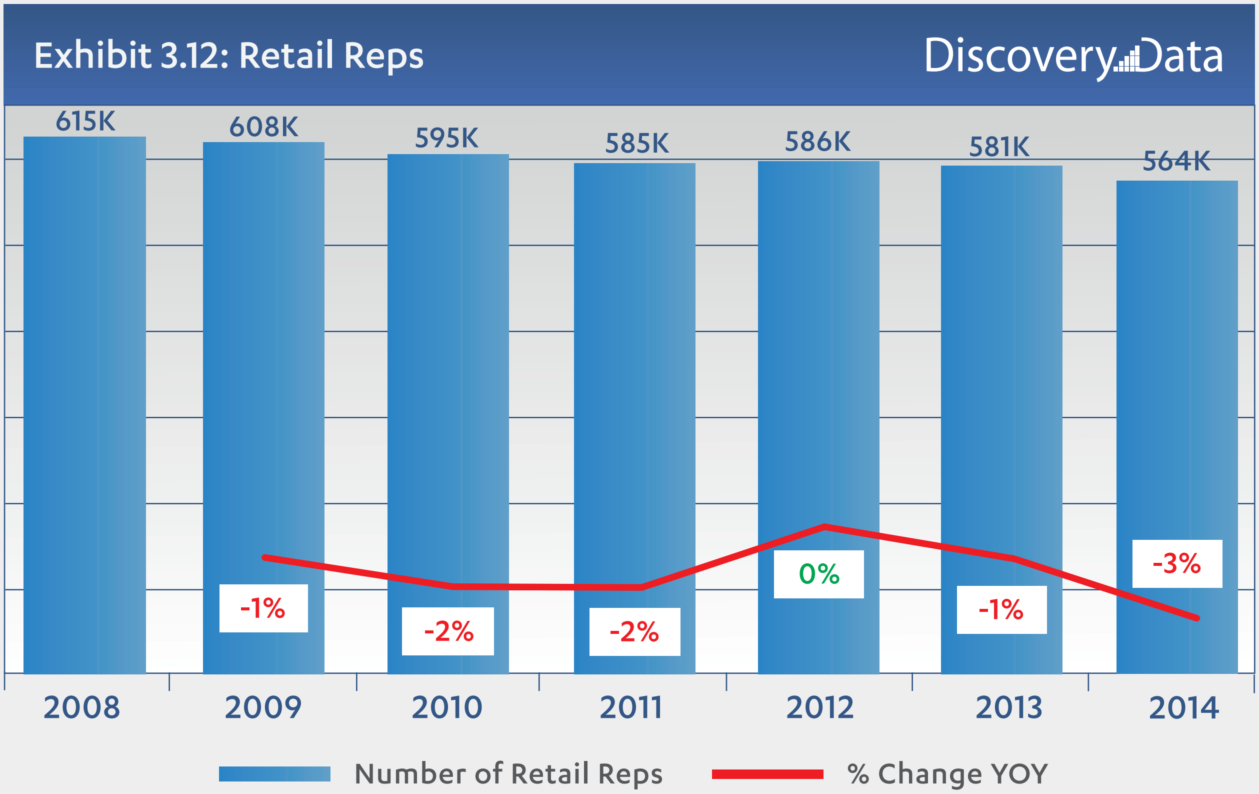
While the proportion of reps 35 years of age and under with firms conducting retail business has been declining, the proportion of reps 66 years of age and up with firms conducting retail business has been growing. The proportion of reps 66 years of age and up increased 66% between 2008 and 2014, which translates into an average annual year-over-year growth of 10%.

The highest proportion (24%) of reps 35 years of age and under with firms conducting retail business and are at BD-only firms. The highest proportion (12%) of reps 66 years of age and up are with IA-only firms.

Between 2008 and 2014 reps 35 years of age and under with IA-only firms conducting retail business declined 22% and those age 36-45 declined 11%.

As of December 2014 males represented 74% and females 26% of reps at firms conducting retail business.

The proportion of male to female reps at firms conducting retail business has remained relatively unchanged between 2008 and 2014 with about three in four male and one in four female.



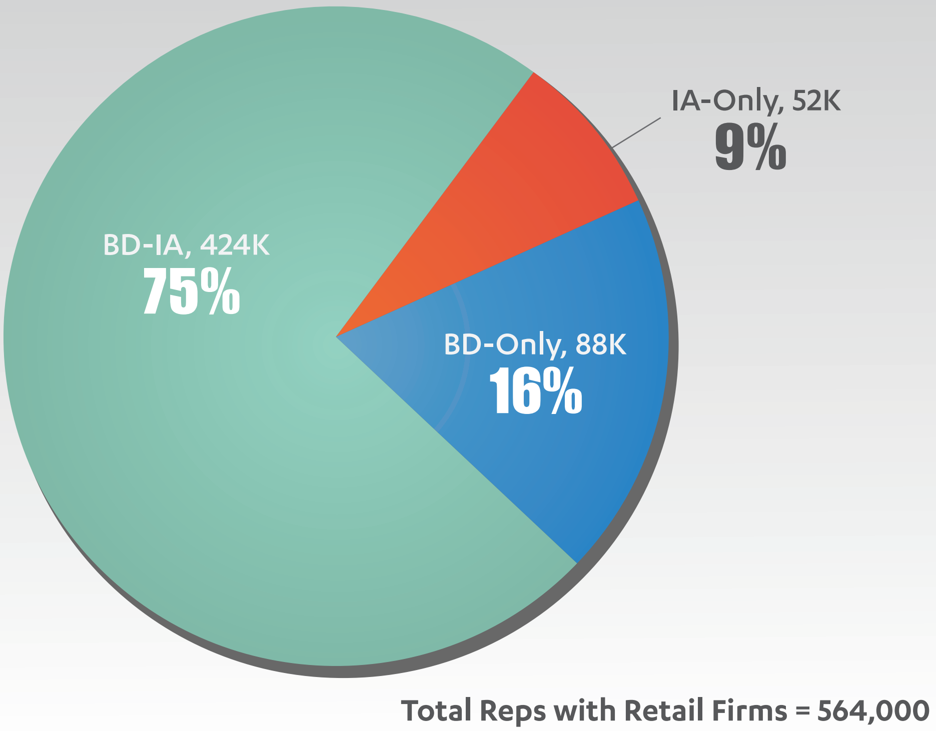
The number of reps associated with firms conducting retail business declined 8% from 615,000 in December 2008 to 564,000 in December 2014. Year-over-year the number of reps declined 1% on average. The most substantial decline occurred in 2014 in which the number of reps declined 3% from the previous year.

The decline in reps associated with firms conducting retail business is largely the result of a decline in BD reps which can be attributed to the following:

- Ongoing industry consolidation.
- A steady decline in reps doing institutional business at firms conducting retail and institutional business. The reps may be on the institutional side of the business, but are included when counting reps at firms doing both retail and institutional business.
- Productivity gains resulting from leveraging technology, leading to declining back office reps.

Exhibit 3.13: Retail Reps by Firm Type
(December 2014)

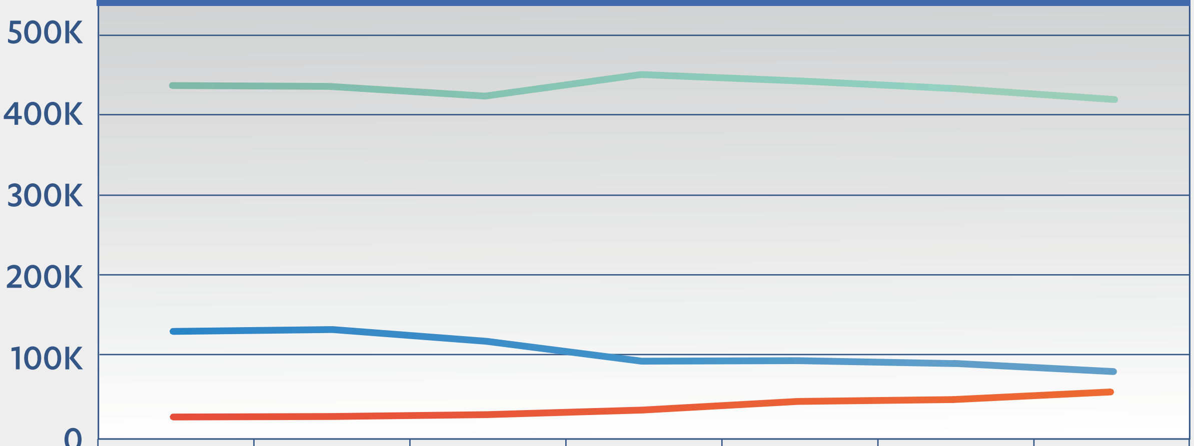
Discovery Data



As of December 2014 there were 564,000 reps in the industry associated with firms conducting retail business.

Among reps associated with firms conducting retail business, three in four (75%) or 424,000 are associated with dually registered BD-IA firms. A sixth (16%) are associated with BD-only firms and the remaining 9% are with IA-only firms.

Exhibit 3.14: Retail Reps by Firm Type



	2008	2009	2010	2011	2012	2013	2014
BD-Only	138K	139K	126K	101K	98K	95K	88K
BD-IA	449K	439K	434K	449K	445K	437K	424K
IA-Only	27K	28K	30K	34K	43K	47K	52K

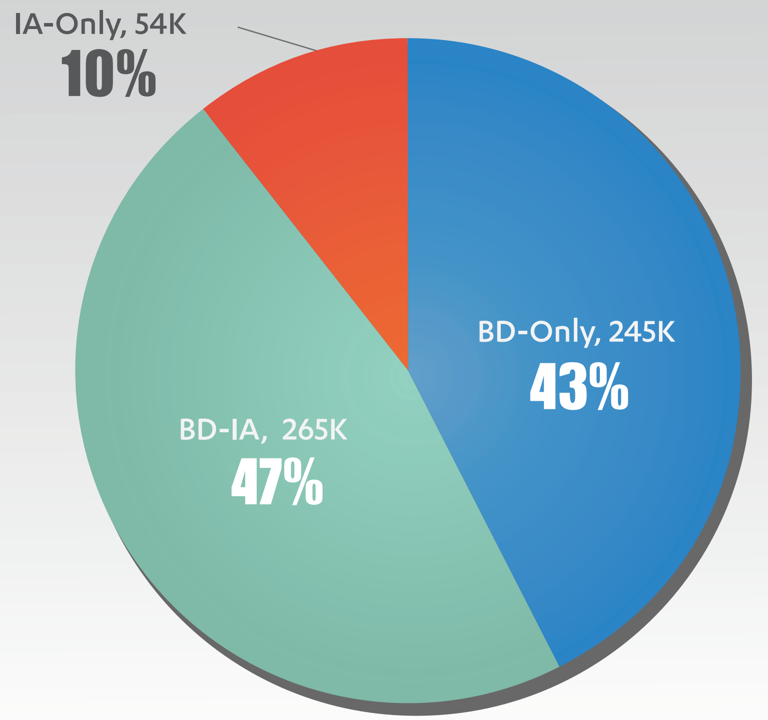
The number of reps associated with IA-only firms conducting retail business increased 88% between 2008 and 2014. On average the number of reps with IA firms has grown 11% year-over-year.

The number of reps associated with BD-only and dually registered BD-IA firms conducting retail business has declined 36% and 5% respectively between 2008 and 2014.

Exhibit 3.15: Retail Reps by Firm Type

(December 2014)

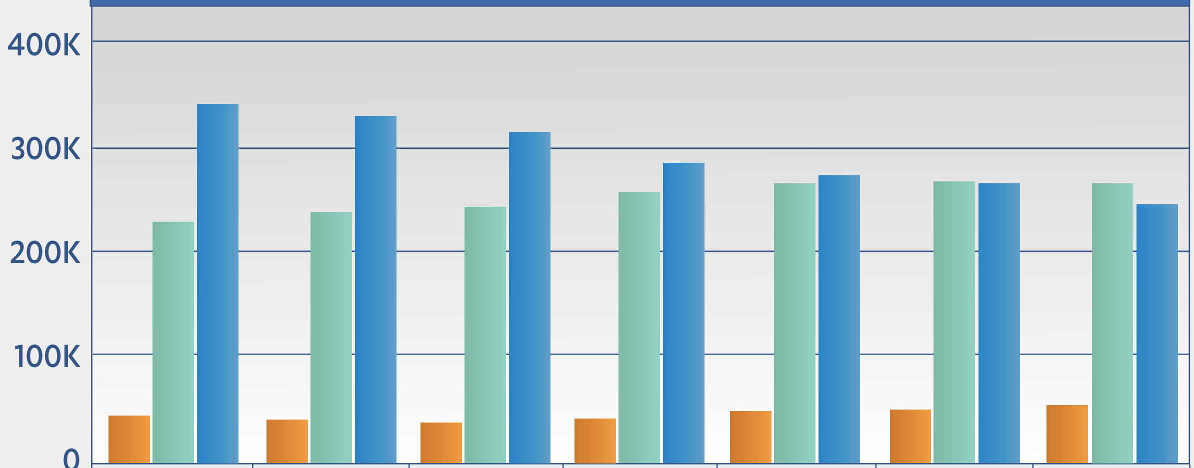
Discovery Data



Of the 564,000 reps within Discovery Data who are associated with firms conducting retail business, nearly half (47%) or 265,000 are dually registered BD-IA reps. More than four in ten (43%) are BD-only and one in ten (10%) are IA-only.

Exhibit 3.16: Retail Reps by Firm Type

Discovery Data



	2008	2009	2010	2011	2012	2013	2014
IA-Only	45K	41K	38K	42K	49K	50K	54K
BD-IA	229K	238K	243K	257K	265K	267K	265K
BD-Only	341K	329K	314K	285K	273K	265K	245K

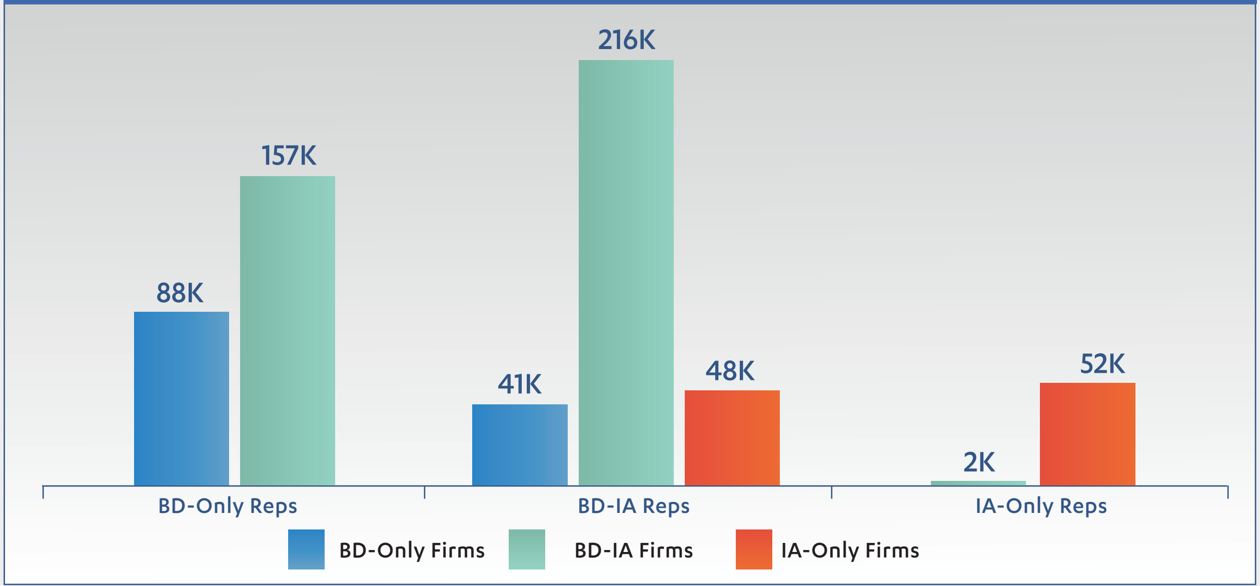
Since 2008 the number of dually registered BD-IA reps at firms conducting retail business increased 16% from 229,000 in 2008 to 265,000 in 2014. Year-over-year the growth in the number of reps was 3% on average with the most substantial growth occurring between 2010 and 2011 in which the number of reps increased 6%.

The number of BD-only reps associated with firms conducting retail business declined 28% between 2008 and 2014 with the most substantial decrease (9%) occurring between 2010 and 2011. A number of BD-only firms converted to dually registered BD-IA firms, contributing to the decline in BD-only reps.

IA-only reps at firms conducting retail business increased 22% between 2008 and 2014. On average IA reps grew at a rate of 4% annually during the seven years with the most substantial growth in 2011 and 2012 in which the number of reps increased an average 14%.

Exhibit 3.17: Retail Reps by Firm Type and Registration *(December 2014)*

Discovery Data



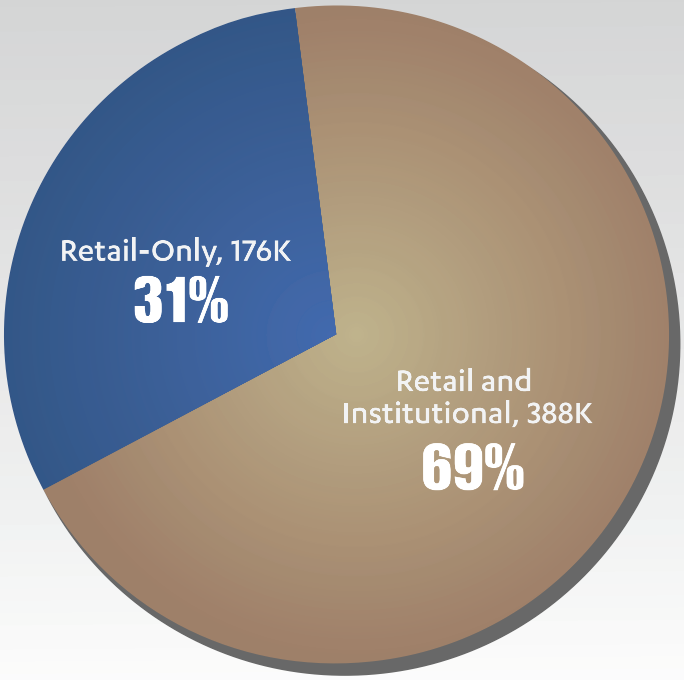
Among BD-only reps at firms conducting retail business, 157,000 are associated with dually registered BD-IA firms and 88,000 are associated with BD-only firms.

More than 200,000 dually registered BD-IA reps at firms conducting retail business are with dually registered BD-IA firms. More than 40,000 dually registered BD-IA reps are with BD-only firms and nearly 50,000 dually registered BD-IA reps are with IA-only firms conducting retail business. A portion of dually registered BD-IA reps are associated with both a BD-only firm and an IA-only firm, and, therefore, are counted in both categories. Some are associated with a dually registered BD-IA firm and at the same time associated with an IA-only firm.

The majority of IA-only reps at firms conducting retail business are with IA-only firms. A small minority, 2,000 IA-only reps, are with dually registered BD-IA firms.

Exhibit 3.18: Retail Reps by Channel
(December 2014)

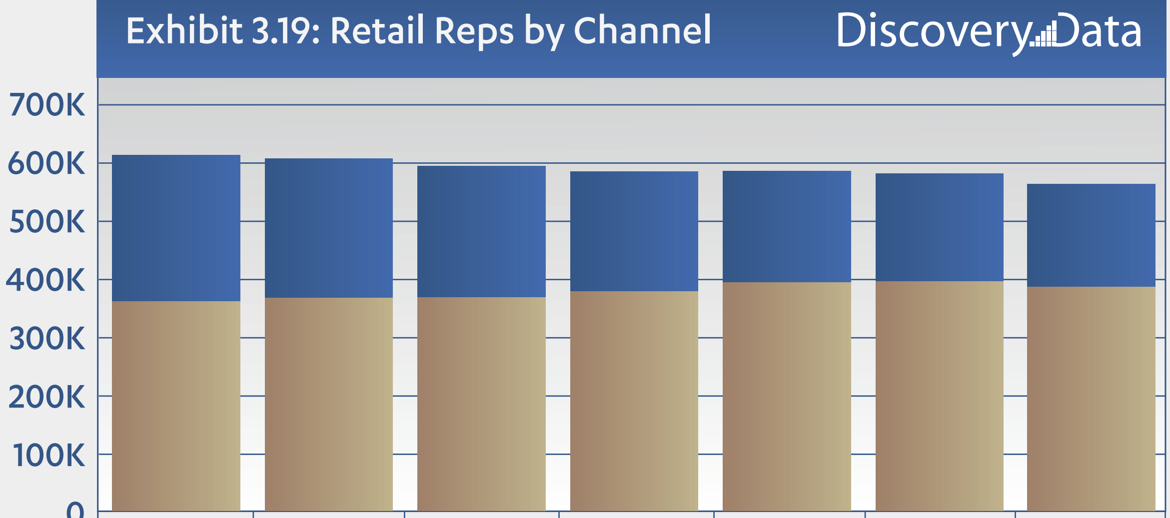
Discovery Data



In December 2014 nearly seven in ten (69%) reps at firms conducting retail business were associated with firms conducting both retail and institutional business.

The remaining 31% were with firms conducting only retail business.

Exhibit 3.19: Retail Reps by Channel



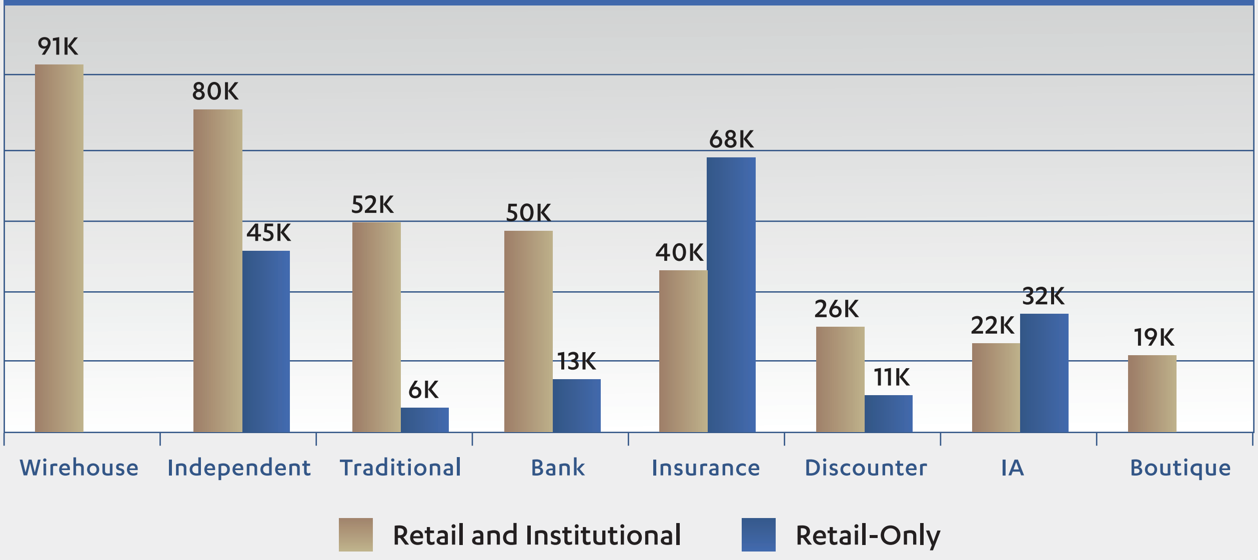
	2008	2009	2010	2011	2012	2013	2014
Retail-Only	252K	240K	226K	205K	190K	185K	176K
Retail and Institutional	362K	368K	369K	380K	396K	397K	388K

The number of reps associated with firms conducting retail business declined 8% between 2008 and 2014. The above chart reveals that the decline was primarily driven by a 30% decline in the number of reps with firms conducting only retail business. Since 2008 this segment of reps with retail-only firms declined by 76,000.

Conversely, the number of reps with firms conducting both retail and institutional business increased 7% from 362,000 reps in 2008 to 388,000 reps in 2014.

Retail firms are adding institutional business lines at an increasing rate.

Exhibit 3.20: Retail Reps by Firm Type and Channel
(December 2014)



Among firms conducting both retail and institutional business, those in the wirehouse channel have the greatest number of reps at 91,000 followed by firms in the independent channel with 80,000 reps and firms in the traditional channel with 52,000 reps.

Among firms conducting retail-only business, those operating in the insurance channel have the greatest number of reps at 68,000 followed by the independent channel with 45,000 reps and IA firms where there are 32,000 reps.

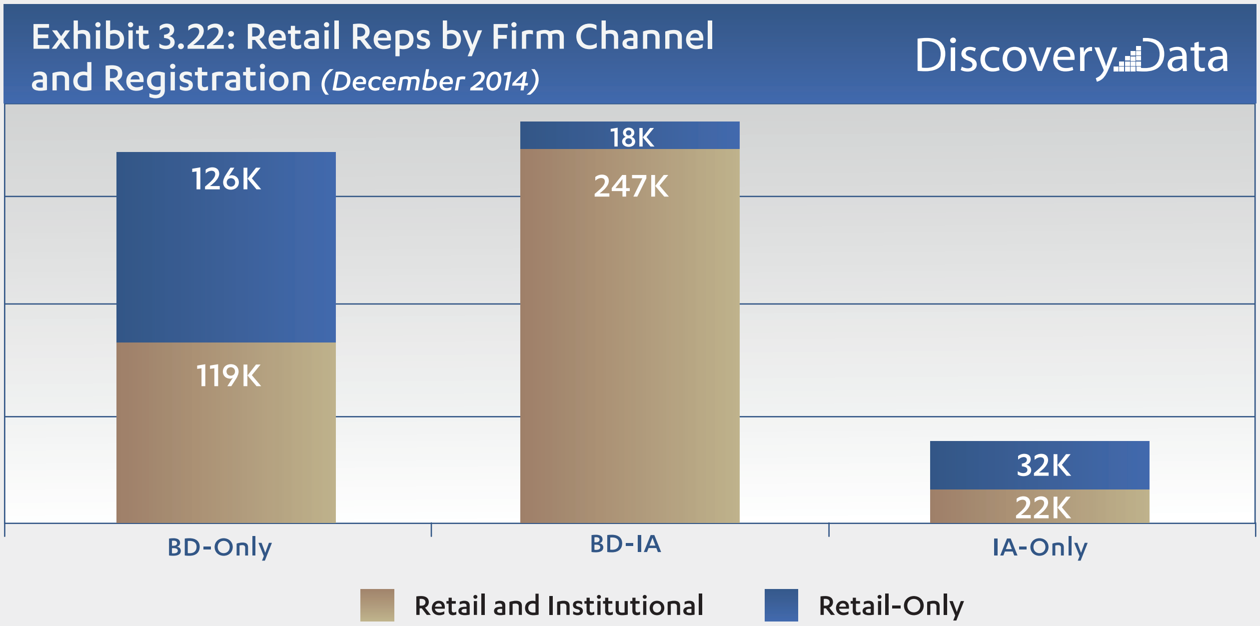
Exhibit 3.21: Retail Reps by Primary Firm Type and Channel

Discovery Data

		Bank	Boutique	Discounter	IA	Independent	Insurance	Traditional	Wirehouse
2008	Retail-Only	42K	N/A	12K	18K	60K	96K	16K	N/A
	Retail and Institutional	42K	21K	25K	27K	52K	39K	50K	96K
2009	Retail-Only	39K	N/A	12K	18K	58K	93K	15K	N/A
	Retail and Institutional	45K	22K	24K	22K	59K	41K	55K	91K
2010	Retail-Only	37K	N/A	11K	19K	59K	85K	14K	N/A
	Retail and Institutional	41K	23K	24K	18K	67K	39K	56K	93K
2011	Retail-Only	29K	N/A	11K	22K	52K	79K	12K	N/A
	Retail and Institutional	39K	22K	24K	21K	75K	40K	54K	96K
2012	Retail-Only	18K	N/A	11K	27K	50K	76K	8K	N/A
	Retail and Institutional	50K	21K	25K	22K	81K	41K	53K	95K
2013	Retail-Only	15K	N/A	11K	30K	49K	73K	7K	N/A
	Retail and Institutional	53K	20K	27K	20K	80K	41K	53K	95K
2014	Retail-Only	13K	N/A	11K	32K	45K	68K	6K	N/A
	Retail and Institutional	50K	19K	26K	22K	80K	40K	52K	91K

With the exception of IA firms, the number of reps with firms conducting retail-only business has declined since 2008. The decline has been primarily among reps at firms operating in the traditional, bank and insurance channels. Since 2008 the number of reps at retail-only traditional firms declined 63%, at retail-only firms operating in the bank channel declined 69% and at retail-only firms operating in the insurance channel declined 29%. While the number of reps at retail firms conducting retail-only business operating in a number of channels declined, the number of reps with retail-only IA firms increased 77% between 2008 and 2014.

There has been an upward trend in the number of reps with firms conducting both retail and institutional business since 2008 with firms operating in the independent and bank channels realizing the greatest increase. Since 2008 the number of reps with independent firms conducting both retail and institutional business has increased 54% and the number of reps with firms operating in the bank channel has increased 19%. The number of reps at wirehouse firms declined 5% between 2008 and 2014.



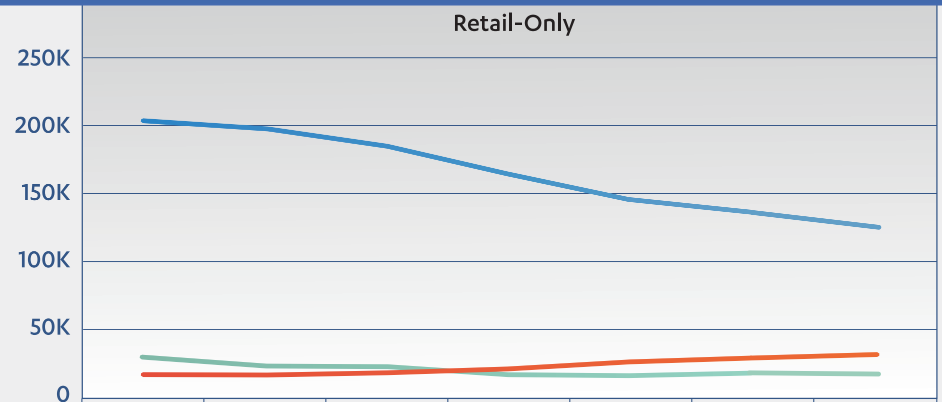
The majority of dually registered BD-IA reps (247,000) are with firms conducting both retail and institutional business. Another 18,000 dually registered BD-IA reps are with firms conducting retail-only business.

Conversely, the majority of BD-only (126,000) reps are with firms conducting retail-only business.

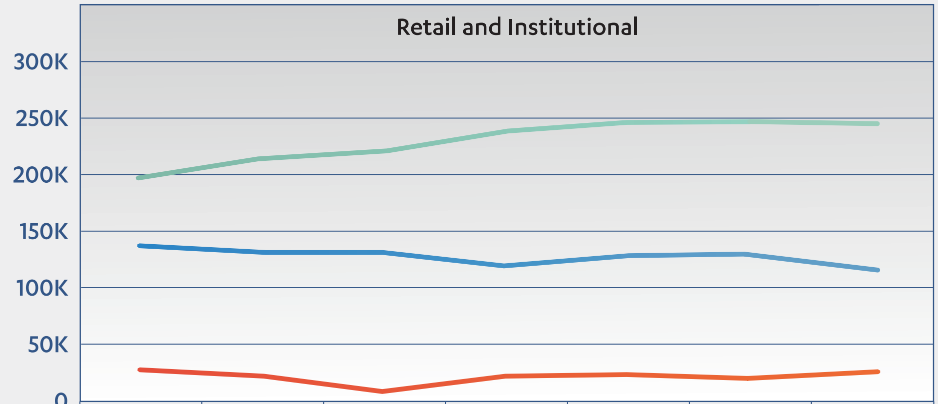
Among IA-only reps at firms conducting retail business, 32,000 are with firms conducting retail-only business and 22,000 are with firms conducting both retail and institutional business.

Exhibit 3.23: Retail Reps by Firm Channel and Registration

Discovery Data



	2008	2009	2010	2011	2012	2013	2014
BD-Only	204K	198K	184K	165K	146K	137K	126K
IA-Only	18K	18K	19K	22K	27K	30K	32K
BD-IA	30K	24K	23K	18K	17K	18K	18K

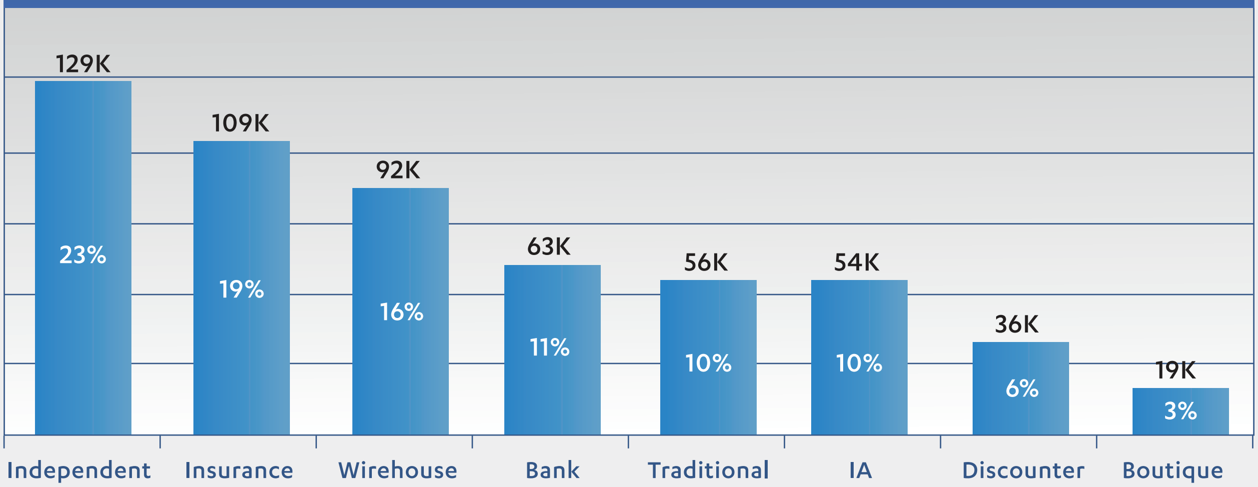


	2008	2009	2010	2011	2012	2013	2014
BD-Only	137K	131K	130K	120K	127K	128K	119K
IA-Only	27K	22K	18K	21K	22K	20K	22K
BD-IA	198K	215K	221K	239K	247K	249K	247K

At firms conducting retail-only business, the number of BD-only reps declined 38% between 2008 and 2014 and the number of dually registered BD-IA reps declined 40%, while the number of IA-only reps increased 77% with an average year-over-year growth of 11% annually.

Growth in the number of reps with firms conducting both retail and institutional business has only been among those who are dually registered BD-IA reps. The number of dually registered BD-IA reps with firms conducting both retail and institutional business increased 25% since 2008 with an average growth of 4% year-over-year. The number of BD-only and IA-only reps declined 13% and 19%, respectively, between 2008 and 2014.

Exhibit 3.24: Reps at Retail Firms by Primary Firm Type *(December 2014)*



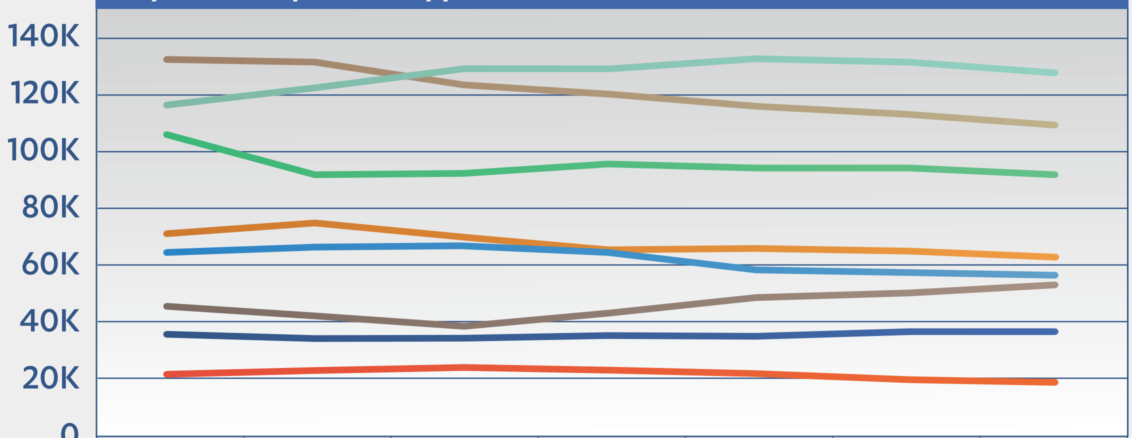
In December 2014 the greatest proportion (23%) of reps at firms conducting retail business were with firms in the independent channel.

At 19% and 16%, respectively, firms operating in the insurance and wirehouse channels had the next highest proportion of reps at firms conducting retail business.

Reps at IA firms account for 10% of the population of reps at firms conducting retail business.

Exhibit 3.25: Reps at Retail Firms by Primary Firm Type

Discovery Data

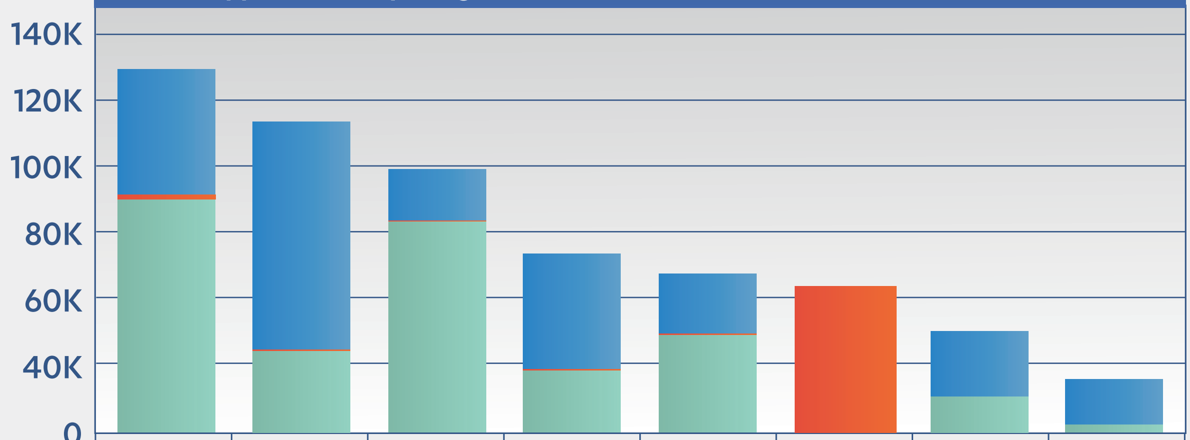


	2008	2009	2010	2011	2012	2013	2014
Bank	72K	75K	70K	66K	67K	67K	63K
Boutique	21K	22K	23K	22K	21K	20K	19K
Discounter	35K	33K	33K	34K	35K	36K	36K
IA	45K	41K	38K	42K	49K	50K	54K
Independent	116K	122K	130K	130K	134K	133K	129K
Insurance	134K	133K	124K	120K	117K	114K	109K
Traditional	63K	66K	66K	63K	58K	57K	56K
Wirehouse	107K	91K	93K	96K	95K	95K	92K

Since 2008 firms conducting retail business operating in the independent channel experienced the most growth with the number of reps, increasing 11% from 116,000 to 129,000. Year-over-year the number of reps at independent firms grew at an average annual rate of 2%. Other retail firm types showing average year-over-year increases in the number of reps between 2008 and 2014 were discounter (1%) and IA (4%).

Significant declines in the number of reps at firms conducting retail business between 2008 and 2014 occurred in several channels, including those firms operating in the insurance channel declining 19%, firms in the wirehouse channel declining 14% and firms operating in the bank channel declining 13%. While the decline was not as substantial as in the previously cited channels, the number of reps at retail firms in the traditional channel declined 11% between 2008 and 2014.

Exhibit 3.26: Reps at Retail Firms by Primary Firm Type and Rep Registration *(December 2014)* Discovery Data



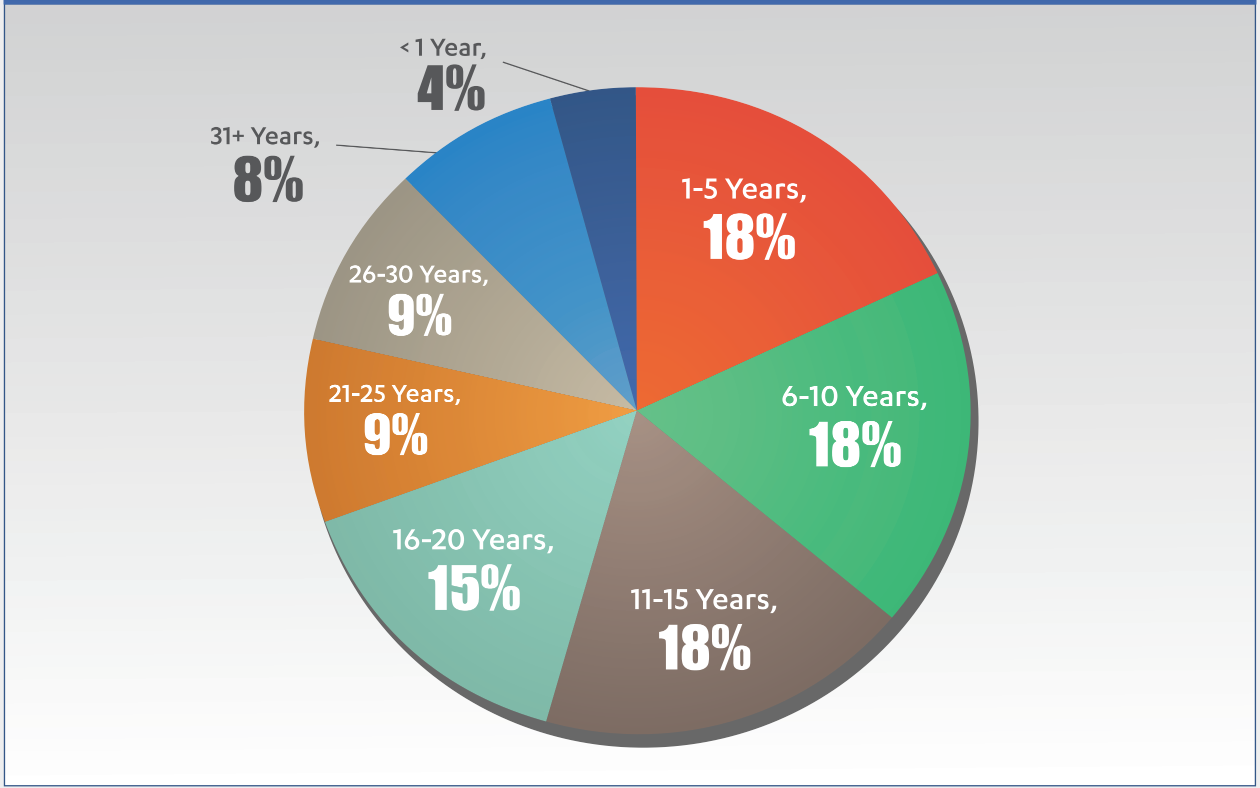
	Independent	Insurance	Wirehouse	Bank	Traditional	IA	Discounter	Boutique
BD-Only	45K	81K	16K	41K	21K	0	23K	16K
IA-Only	1K	0.3K	0.3K	0.5K	0.4K	52K	0	0
BD-IA	83K	29K	75K	22K	35K	0	13K	3K

More than half (52%) or 126,000 of BD-only reps at firms conducting retail business are with firms in the independent and insurance channels. Another 17% or 41,000 BD-only reps are with firms operating in the bank channel.

Among dually registered BD-IA reps at firms conducting retail business, more than six in ten (61%) or 158,000 reps are with firms in the independent and wirehouse channels.

The vast majority (96%) or 52,000 IA-only reps are with IA firms conducting retail business.

Exhibit 3.27: Retail Reps by Industry Tenure
(December 2014)

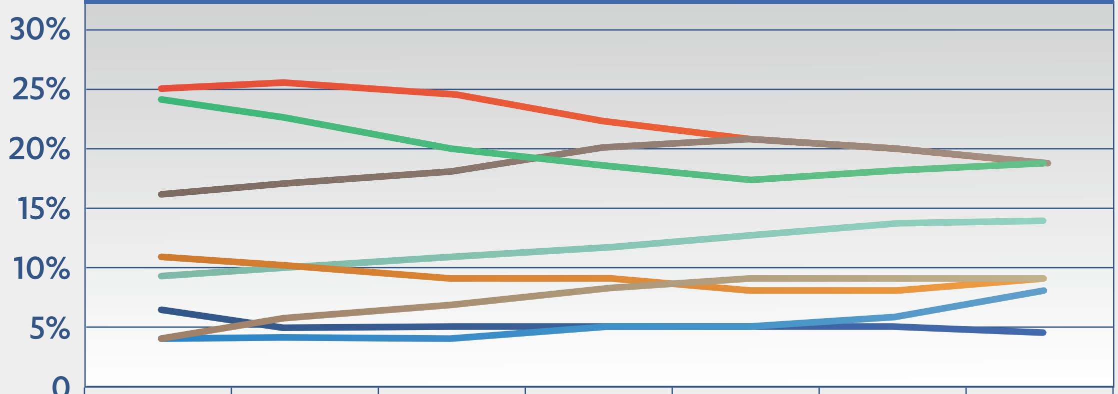


Nearly three-quarters (73%) of reps with firms conducting retail business have been in the industry for up to 20 years. Less than one in five (18%) reps with firms conducting retail business have been in the business between 21 and 30 years.

Less than one in ten (8%) reps with firms conducting retail business have been in the business for more than 31 years.

Exhibit 3.28: Retail Reps by Industry Tenure

Discovery Data



	2008	2009	2010	2011	2012	2013	2014
< 1 Year	7%	5%	5%	5%	5%	5%	4%
1-5 Years	25%	26%	24%	22%	21%	20%	18%
6-10 Years	24%	22%	20%	18%	17%	18%	18%
11-15 Years	16%	17%	18%	20%	21%	20%	18%
16-20 Years	9%	10%	11%	12%	13%	14%	15%
21-25 Years	11%	10%	9%	9%	8%	8%	9%
26-30 Years	4%	6%	7%	8%	9%	9%	9%
31+ Years	4%	4%	4%	5%	5%	6%	8%

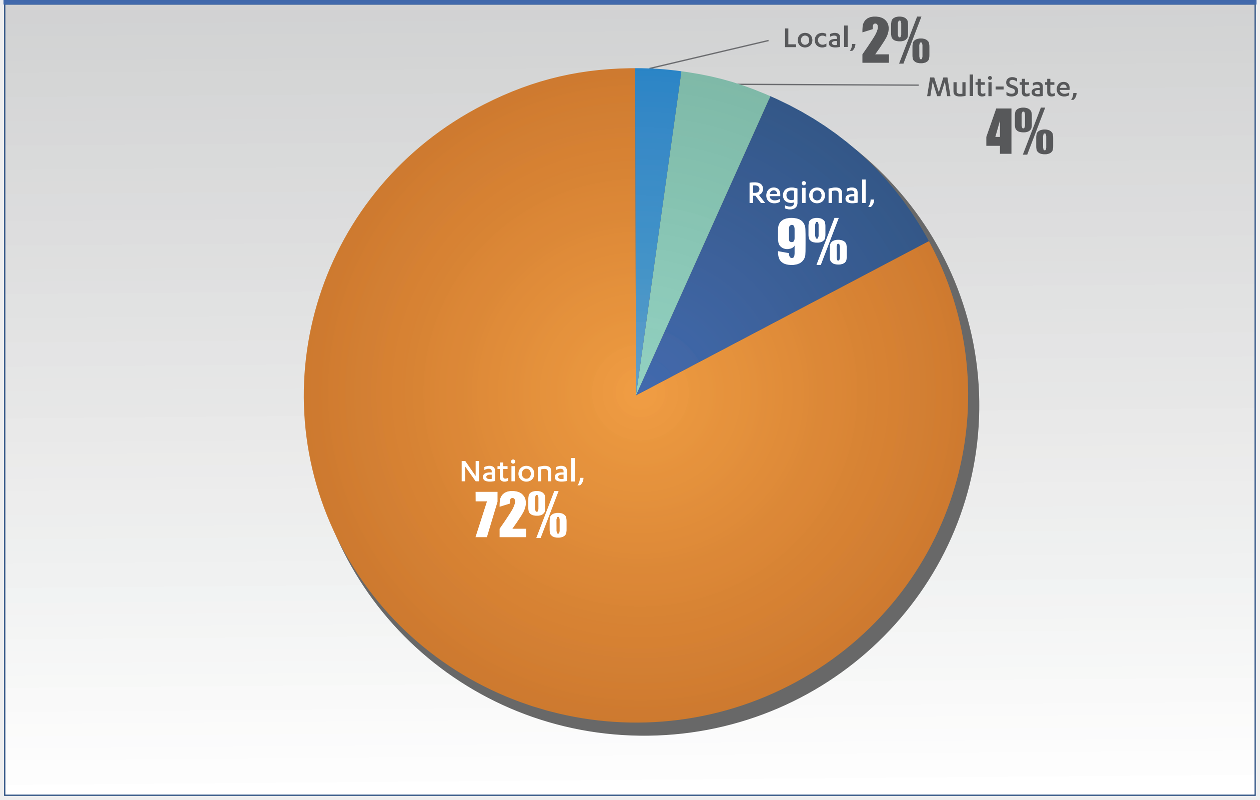
Identifying some of the significant trends in industry experience among reps at firms conducting retail business must include the decline since 2008 of reps with experience of ten years or less.

The most significant change among reps with ten or fewer years experience has been a 43% decline in reps with firms conducting retail business with less than one year of experience. Year-over-year this group of reps declined at an average annual rate of 7%. Reps with firms conducting retail business with 1-5 years experience declined 28% and those reps with 6-10 years declined 25%. At firms conducting retail business, reps with ten or fewer years experience declined at a rate of 5% year-over-year.

The proportion of reps with more than ten years experience at firms conducting retail business increased between 2008 and 2014, with the exception of reps with 21-25 years experience, which declined 15%. Reps with 16-20 years at firms conducting retail business increased 66%, while those with 26-30 years and 31+ years each increased 100% or more.

The industry is getting older, with the proportion of reps with more than ten years experience at firms conducting retail business growing at an average annual rate of 7% year-over-year compared to the proportion of reps with less than ten years experience which declined at an average annual rate 5% from 2008 to 2014.

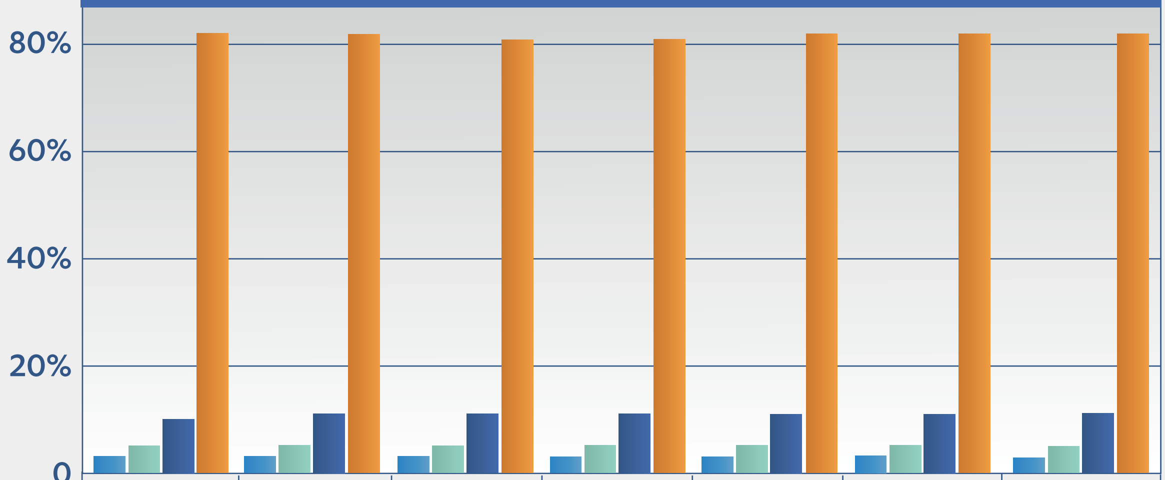
Exhibit 3.29: Retail Reps by Firm Footprint
(December 2014)



Among reps with firms conducting retail business, more than seven in ten (72%) are with firms with national footprints.

Only 2% are with firms conducting retail business with a local footprint, 9% with a regional footprint and the remaining 4% with a multi-state footprint.

Exhibit 3.30: Retail Reps by Firm Footprint



	2008	2009	2010	2011	2012	2013	2014
Local	3%	3%	3%	3%	3%	3%	3%
Multi-State	5%	5%	5%	5%	5%	5%	5%
Regional	10%	11%	11%	11%	11%	11%	11%
National	82%	82%	81%	81%	82%	82%	82%

Between 2008 and 2014 the proportion of reps with firms conducting retail business with local, multi-state or regional footprints have remained relatively unchanged.

Firms conducting retail business with a national footprint have maintained the largest proportion of reps, while those with a local footprint have the smallest proportion.

Exhibit 3.31: Retail Reps by Firm Footprint and Primary Firm Type *(December 2014)*

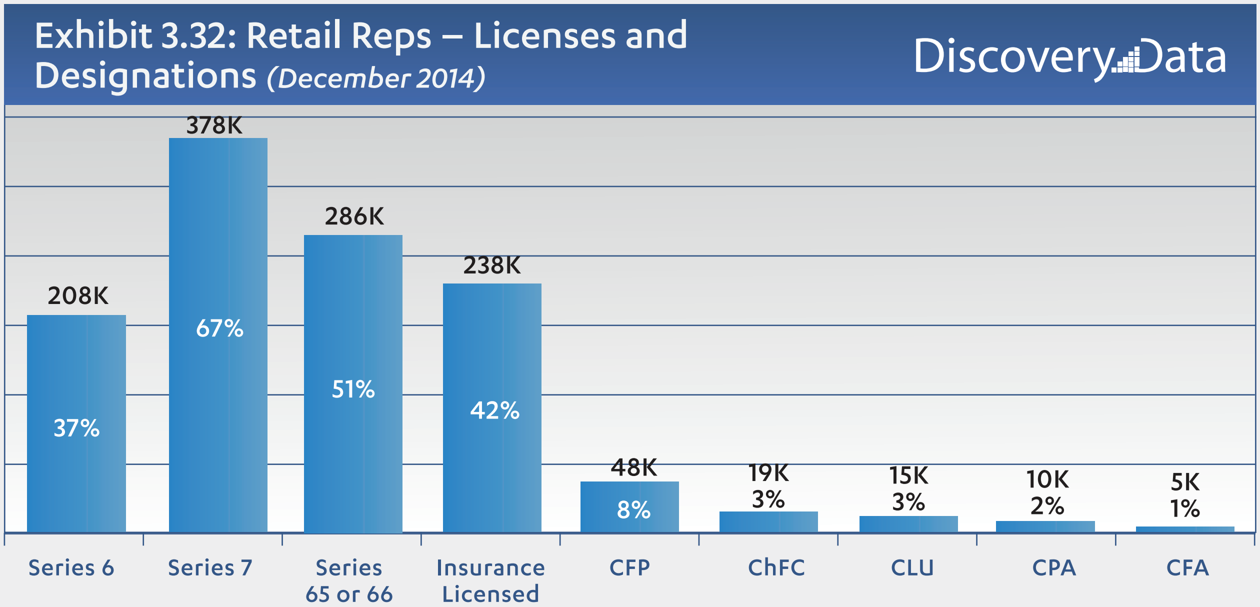
Discovery Data

	Local	Multi-State	Regional	National
Bank	3%	5%	35%	57%
Boutique	0%	7%	3%	90%
Discounter	1%	7%	1%	91%
Independent	3%	9%	10%	78%
Insurance	0%	1%	6%	93%
Traditional	12%	9%	17%	62%
Wirehouse	0%	0%	0%	100%

Overlaying primary firm type on geographic footprints reveals:

- The highest proportion of reps with firms conducting retail business of each firm type are with firms with national footprints.
- Firms conducting retail business operating in the bank channel with regional and national footprints have more than nine in ten (92%) of the reps in the channel.
- The highest proportion of reps with firms conducting retail business with local footprints are in the traditional channel (12%).

Exhibit 3.32: Retail Reps – Licenses and Designations *(December 2014)*



Two-thirds (67%) of reps at firms conducting retail business are Series 7 licensed and nearly four in ten (37%) are Series 6 licensed. More than half (51%) have a Series 65 or 66 license.

Within Discovery Data less than 10% of reps at firms conducting retail business have any one of the following designations: CFP, ChFC, CLU, CPA, CFA.

Exhibit 3.33: Retail Reps - Licenses and Designations

Discovery Data

		2008	2009	2010	2011	2012	2013	2014
Series 6	Reps	256K	252K	239K	230K	216K	223K	208K
	%	42%	41%	40%	39%	37%	38%	37%
Series 7	Reps	404K	402K	402K	395K	393K	400K	378K
	%	66%	66%	68%	68%	67%	69%	67%
Series 65 or 66	Reps	261K	268K	272K	276K	278K	287K	286K
	%	42%	44%	46%	47%	47%	49%	51%
CFA	Reps	5K	6K	6K	6K	7K	7K	5K
	%	1%	1%	1%	1%	1%	1%	1%
CFP	Reps	51K	53K	53K	53K	53K	53K	48K
	%	8%	9%	9%	9%	9%	9%	8%
CPA	Reps	10K	10K	10K	10K	11K	10K	10K
	%	2%	2%	2%	2%	2%	2%	2%
ChFC	Reps	21K	22K	21K	21K	21K	20K	19K
	%	3%	4%	4%	4%	4%	3%	3%
CLU	Reps	16K	17K	16K	16K	16K	16K	15K
	%	3%	3%	3%	3%	3%	3%	3%

Year-to-year the Series 7 is the most widely held license among reps at firms conducting retail business. Between 2008 and 2014 no less than two-thirds of reps with firms conducting retail business were Series 7 licensed. However, the number of reps with a Series 7 declined 6% between 2008 and 2014, roughly in line with the overall decline in the total rep population.

The number of reps with a Series 6 at firms conducting retail business declined 19% from 256,000 in 2008 to 208,000 in 2014, with more firms transitioning reps to the Series 7 from the Series 6.

The number of reps with a Series 65 or 66 at firms conducting retail business increased nearly 10% from 261,000 in 2008 to 286,000 in 2014.

Among the various designations, reps with a CFP at firms conducting retail business have year-over-year remained the most numerous. Despite the CFP being the most prevalent designation among reps at firms conducting retail business, the number of these reps with a CFP declined 6% from 51,000 in 2008 to 48,000 in 2014, again roughly in line with the decline in the overall rep population. While the number of reps at firms conducting retail business who are Chartered Financial Consultants (ChFC) are the next most prevalent, the number declined almost 10% from 21,000 in 2008 to 19,000 in 2014.

Exhibit 3.34: Retail Reps - Licenses and Designations by Firm Type *(December 2014)*

DiscoveryData

	BD-Only		BD-IA		IA-Only	
	Reps	% Reps	Reps	% Reps	Reps	% Reps
Series 6	54K	61%	148K	35%	6K	11%
Series 7	40K	45%	328K	77%	10K	19%
Series 65 or 66	11K	12%	252K	59%	24K	46%
Insurance Licensed	29K	32%	205K	48%	4K	8%
CFA	0.1K	0%	2K	1%	3K	6%
CFP	1K	1%	41K	10%	5K	10%
CPA	0.4K	0%	7K	2%	2K	4%
ChFC	1K	2%	17K	4%	0.5K	1%
CLU	1K	1%	13K	3%	0.3K	1%

Among reps at dually registered BD-IA firms conducting retail business, nearly eight in ten (77%) or 328,000 reps were Series 7 licensed.

More than six in ten (61%) or 54,000 reps with BD-only firms conducting retail business were Series 6 licensed.

As expected, the smallest proportion (12%) of reps with firms conducting retail business with a Series 65 or 66 license are at BD-only firms.

Exhibit 3.35: Retail Reps - Licenses and Designations by Primary Retail Firm Type *(December 2014)*

Discovery Data

	Bank		Boutique		Discounter		IA		Independent		Insurance		Traditional		Wirehouse	
	Reps	% Reps	Reps	% Reps	Reps	% Reps	Reps	% Reps	Reps	% Reps	Reps	% Reps	Reps	% Reps	Reps	% Reps
Series 6	28K	45%	.63K	3%	10K	29%	6K	11%	55K	43%	89K	81%	6K	10%	11K	12%
Series 7	39K	62%	17K	91%	32K	89%	10K	19%	100K	78%	33K	31%	53K	95%	87K	95%
Series 65 or 66	23K	37%	5K	24%	15K	43%	24K	45%	77K	60%	30K	27%	35K	62%	72K	79%
Insurance Licensed	19K	30%	0.5K	3%	7K	19%	4K	8%	79K	61%	60K	55%	23K	40%	45K	49%
CFA	0.2K	0.3%	0.2K	1%	0.05K	0.1%	3K	5%	0.5K	0.4%	0.1K	0.1%	0.6K	1%	0.7K	1%
CFP	2K	3%	0.1K	1%	0.9K	3%	5K	9%	20K	16%	4K	4%	4K	7%	11K	12%
CPA	0.2K	0.3%	0.1K	0.3%	0.1K	0.2%	2K	4%	3K	3%	0.6K	1%	1.2K	2%	2K	2%
ChFC	0.5K	1%	0.1K	0.3%	0.1K	0.3%	0.5K	1%	8K	6%	6K	6%	1.2K	2%	2K	2%
CLU	0.3K	1%	0.1K	0.4%	0.1K	0.2%	0.3K	1%	4K	3%	5K	5%	1.5K	3%	3K	3%

Among reps with firms conducting retail business, by primary retail firm type, boutique, traditional and wirehouse firms have the highest proportion of reps with a Series 7 at over 90%.

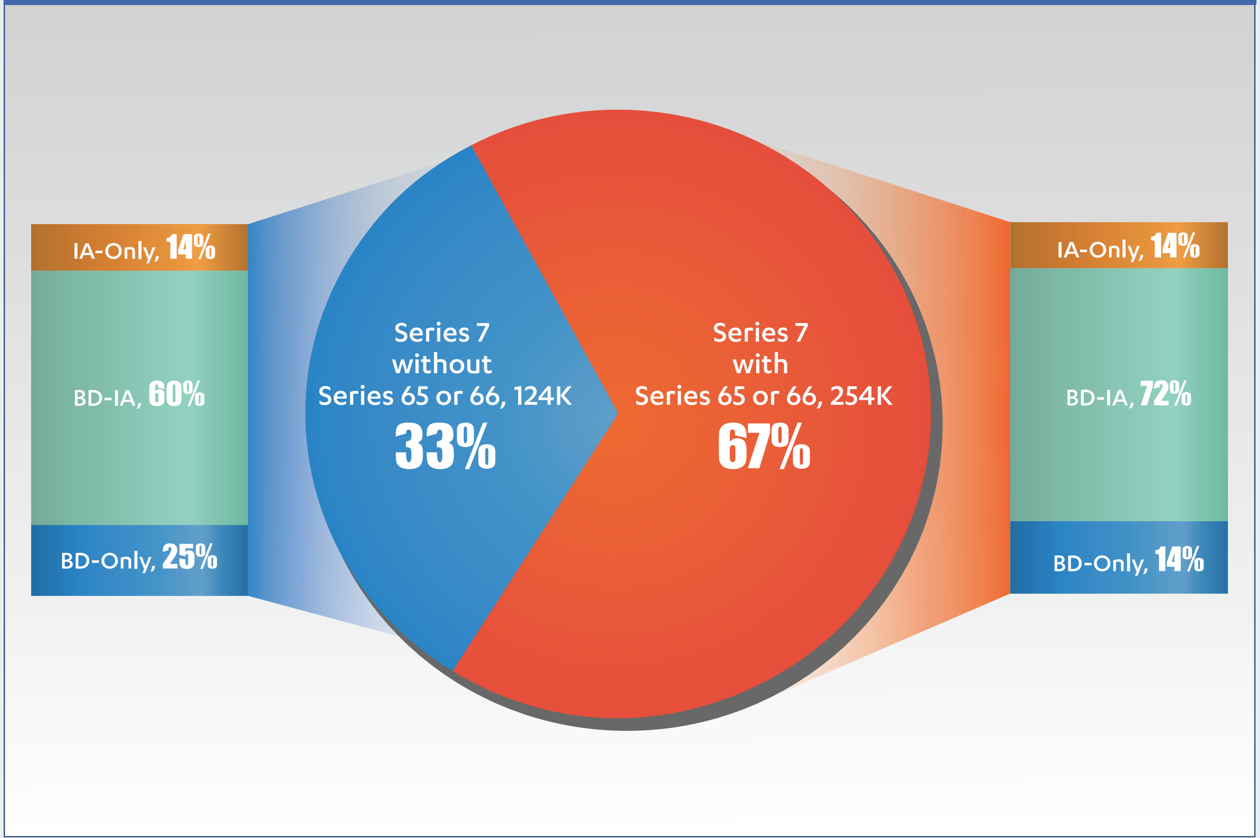
With the exception of firms operating in the insurance channel, less than half of reps with firms of each type have a Series 6.

The highest proportion of reps with a Series 65 or 66 license at firms conducting retail business are with independent, traditional and wirehouse firms.

Generally, reps with firms conducting retail business with any of the designations (CFA, CFP, CPA, ChFC, CLU) are most prevalent at IA, independent and wirehouse firms.

Exhibit 3.36: Retail Reps – Series 7 with and without Series 65 or 66 *(December 2014)*

Discovery Data

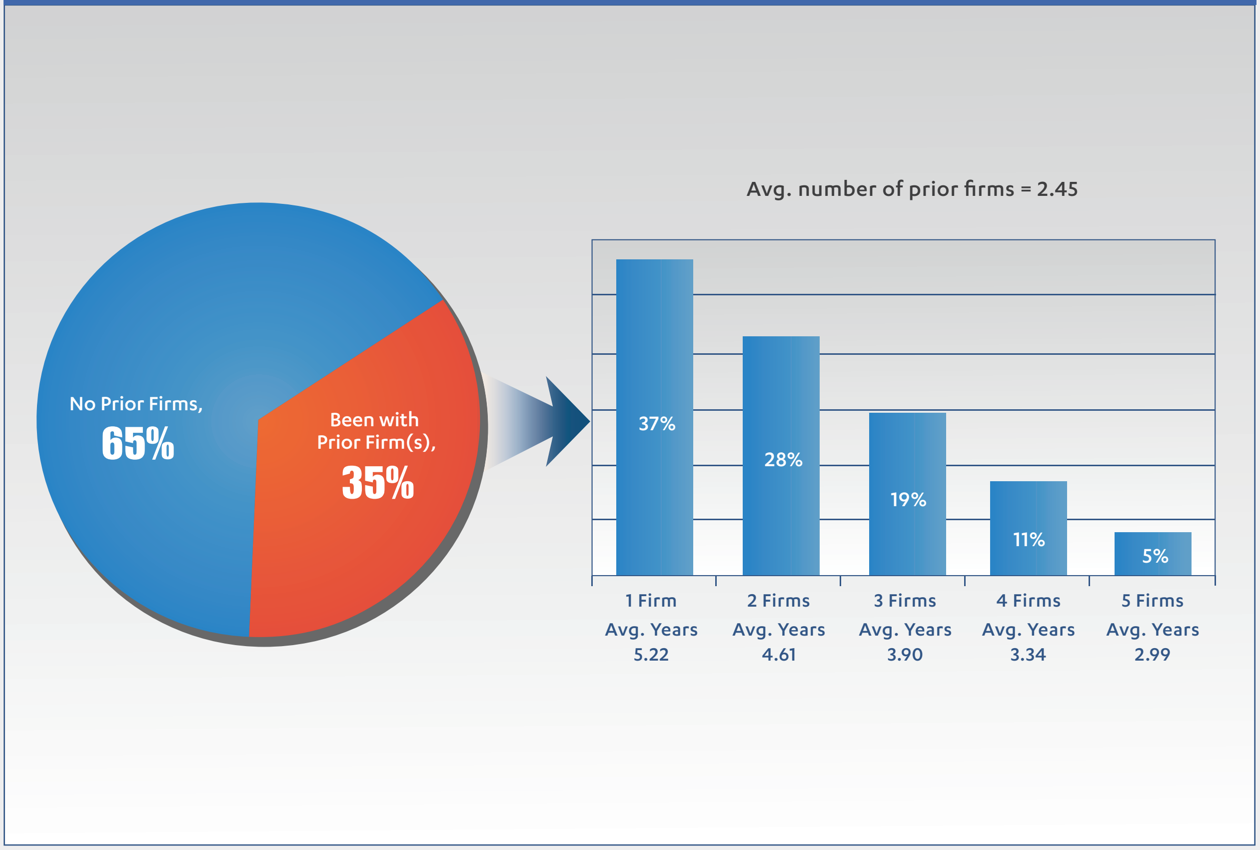


Among reps within Discovery Data with firms conducting retail business, more than two-thirds (67%) in addition to having a Series 7 have a Series 65 or 66 license.

Among reps with a Series 7 and 65 or 66 at firms conducting retail business, more than seven in ten (72%) are associated with a dually registered BD-IA firm, and about a seventh (14%) are associated with either a BD-only firm or an IA-only firm.

While the majority (60%) of reps with a Series 7 and without a 65 or 66 at firms conducting retail business are with dually registered BD-IA firms, a quarter (25%) are with BD-only firms and 14% are with IA-only firms.

Exhibit 3.37: Retail Reps – Prior Firms
(December 2014)

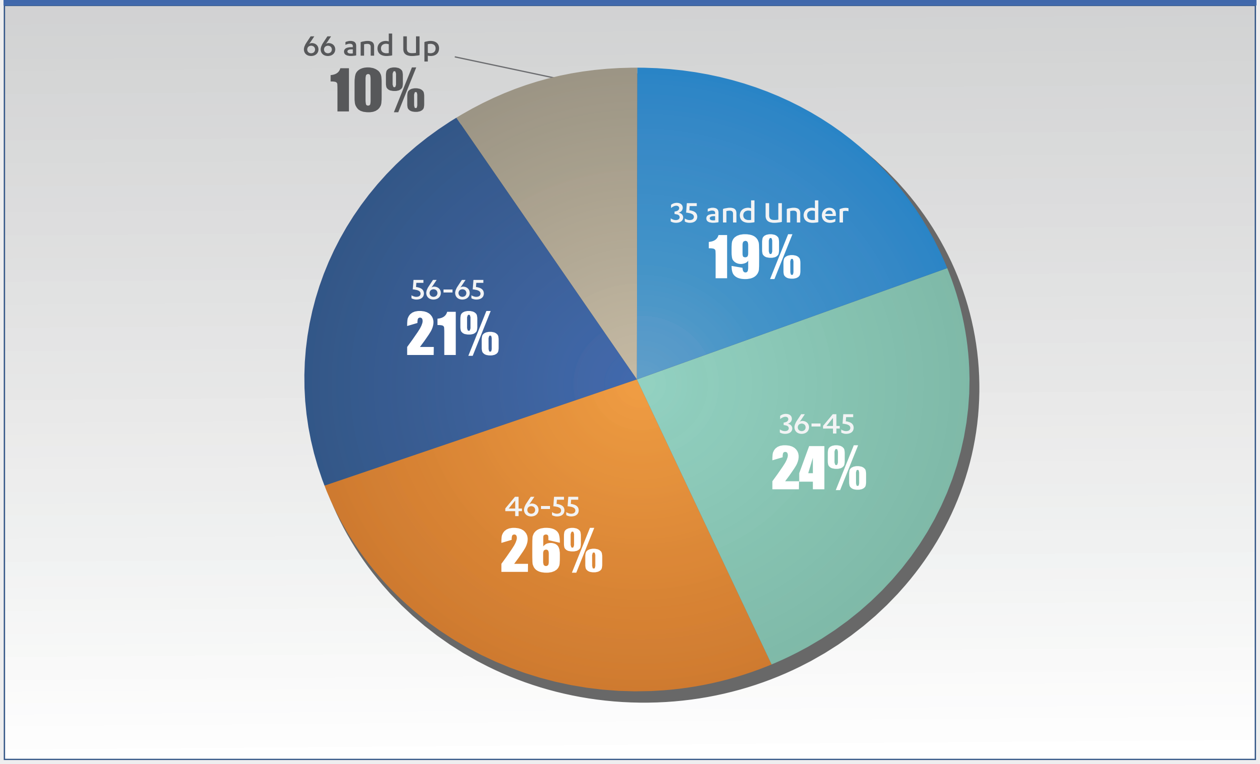


More than one-third (35%) of reps with firms conducting retail business have been with at least one other firm prior to their current firm.

On average these reps with firms conducting retail business have been with more than 2.4 firms prior to their current firm.

Nearly four in ten (37%) reps with firms conducting retail business have been with only one prior firm with the average tenure at that firm more than five years. Almost three in ten (28%) reps with firms conducting retail business have been with two other firms with the average length of time with those firms being more than four years.

Exhibit 3.38: Retail Reps by Age
(December 2014)

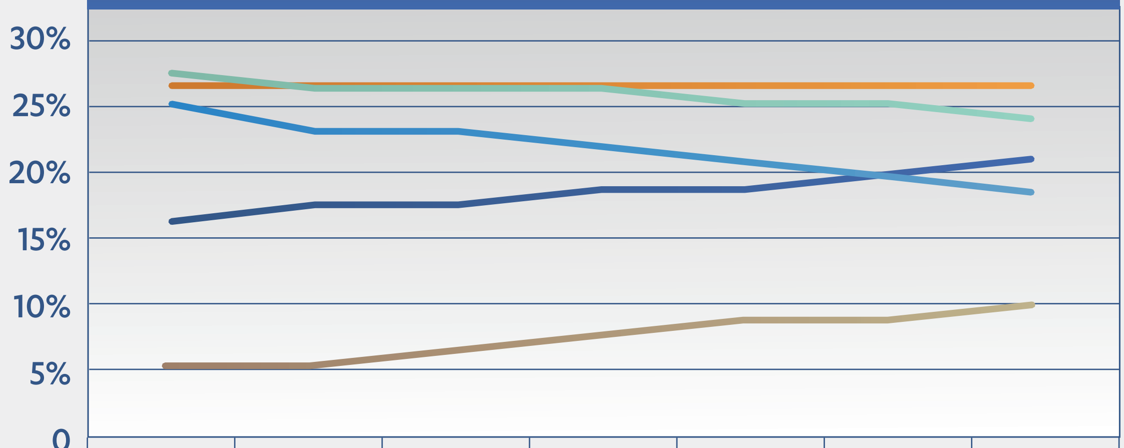


While the average age of reps with firms conducting retail business is 48, less than half (43%) are 45 years of age and younger. Another 26% are between the ages of 46 and 55.

Reps more than 55 years of age account for 31% of all reps at firms conducting retail business.

Exhibit 3.39: Retail Reps by Age

Discovery Data



	2008	2009	2010	2011	2012	2013	2014
35 and Under	25%	23%	23%	22%	21%	20%	19%
36-45	27%	26%	26%	26%	25%	25%	24%
46-55	26%	26%	26%	26%	26%	26%	26%
56-65	17%	18%	18%	19%	19%	20%	21%
66 and Up	6%	6%	7%	8%	9%	9%	10%

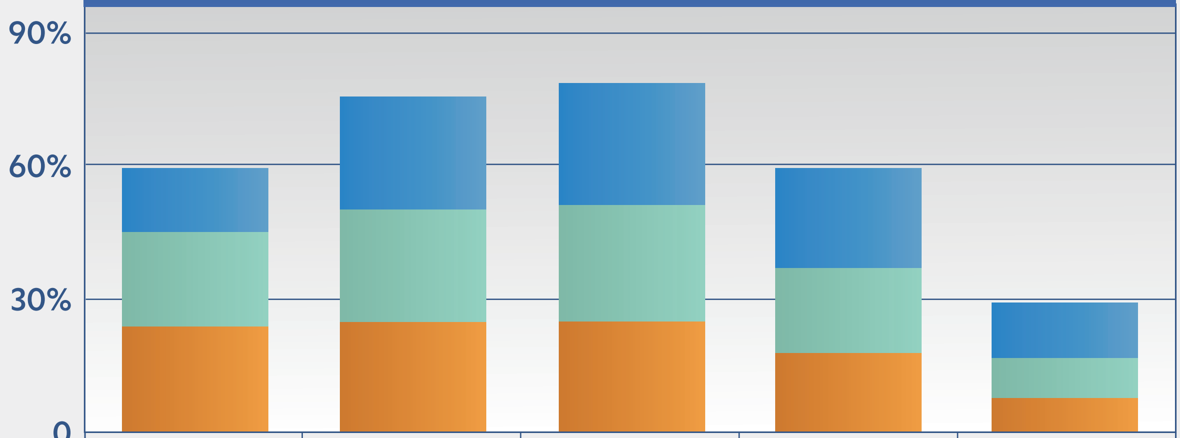
The most substantial changes among reps with firms conducting retail business have been with those 35 years and under and 66 years of age and up.

Reps 35 years of age and under declined 24% between 2008 and 2014 which represents an average year-over-year decline of 4% annually.

While the proportion of reps 35 years of age and under with firms conducting retail business has been declining, the proportion of reps 66 years of age and up with firms conducting retail business has been growing. The proportion of reps 66 years of age and up increased 66% between 2008 and 2014, which translates into an average annual year-over-year growth of 10%.

Exhibit 3.40: Retail Reps by Registration and Age *(December 2014)*

Discovery Data



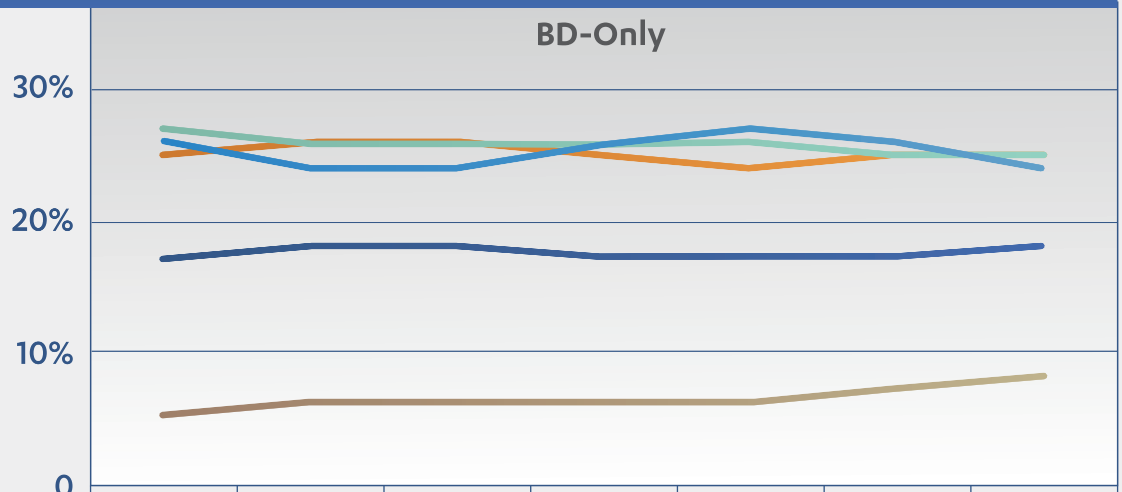
	35 and Under	36-45	46-55	56-65	66 and Up
BD-Only	24%	25%	25%	18%	8%
BD-IA	21%	25%	26%	19%	9%
IA-Only	14%	25%	27%	22%	12%

The twenty year range combining 36-45 and 46-55 has the highest proportion of reps at firms conducting retail business, with BD-only (50%), BD-IA (51%) and IA-only firms (52%).

The highest proportion (24%) of reps 35 years of age and under with firms conducting retail business and are at BD-only firms. The highest proportion (12%) of reps 66 years of age and up are with IA-only firms.

Exhibit 3.41: Retail Reps by Rep Registration and Age

Discovery Data



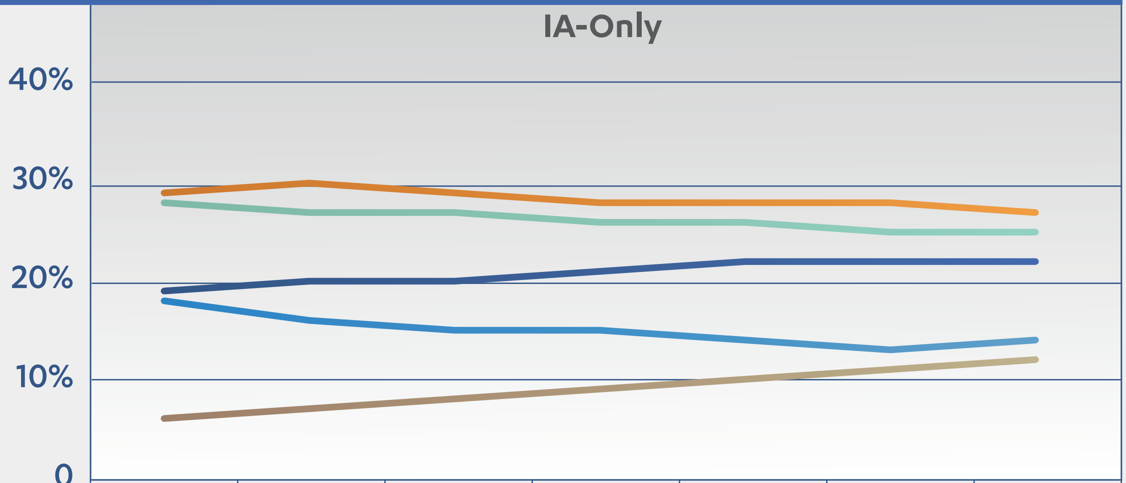
	2008	2009	2010	2011	2012	2013	2014
35 and Under	26%	24%	24%	26%	27%	26%	24%
36-45	27%	26%	26%	26%	26%	25%	25%
46-55	25%	26%	26%	25%	24%	25%	25%
56-65	17%	18%	18%	17%	17%	17%	18%
66 and Up	5%	6%	6%	6%	6%	7%	8%

continued on next page

continued from previous page

Exhibit 3.41: Retail Reps by Rep Registration and Age

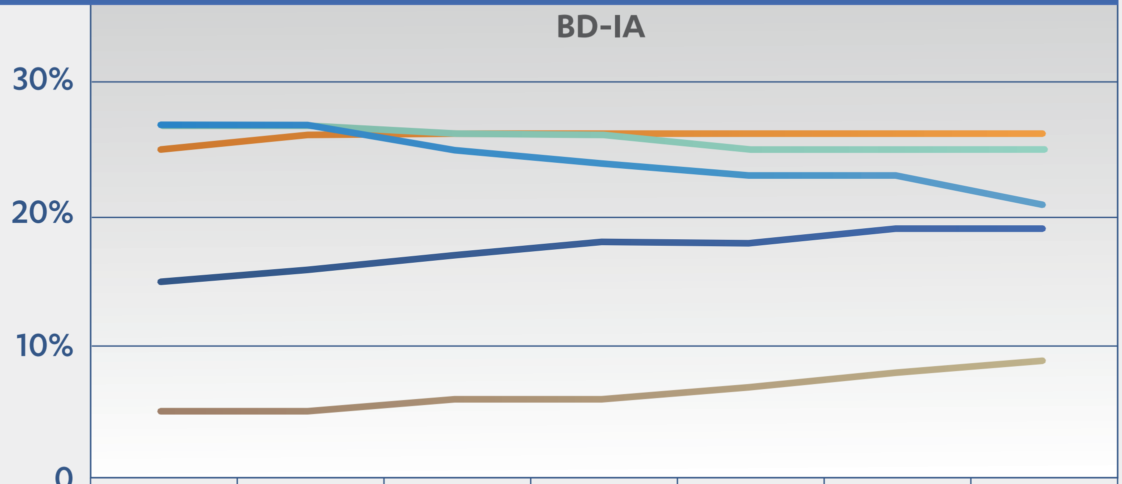
Discovery Data



	2008	2009	2010	2011	2012	2013	2014
35 and Under	18%	16%	15%	15%	14%	13%	14%
36-45	28%	27%	27%	26%	26%	25%	25%
46-55	29%	30%	29%	28%	28%	28%	27%
56-65	19%	20%	20%	21%	22%	22%	22%
66 and Up	6%	7%	8%	9%	10%	11%	12%

Exhibit 3.41: Retail Reps by Rep Registration and Age

Discovery Data

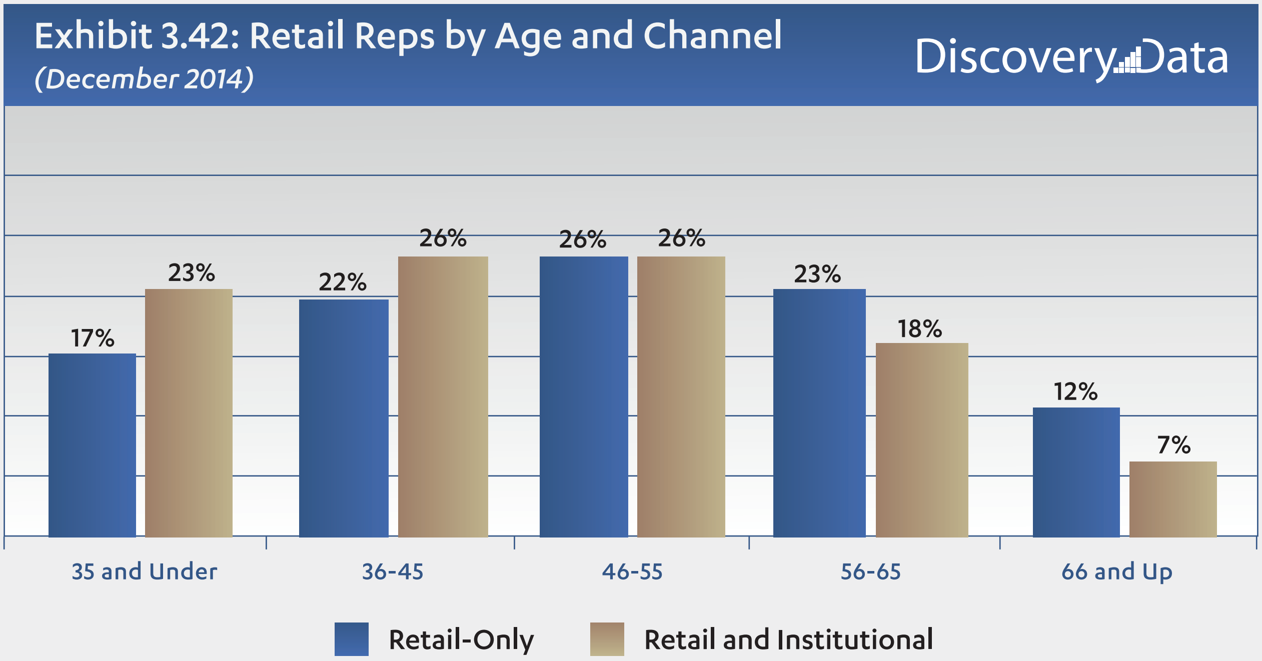


	2008	2009	2010	2011	2012	2013	2014
35 and Under	27%	27%	25%	24%	23%	23%	21%
36-45	27%	27%	26%	26%	25%	25%	25%
46-55	25%	26%	26%	26%	26%	26%	26%
56-65	15%	16%	17%	18%	18%	19%	19%
66 and Up	5%	5%	6%	6%	7%	8%	9%

The above charts display the trend cited previously in which the proportion of reps 35 years of age and under at firms conducting retail business is declining, while the proportion of older reps, particularly those 66 years of age and up, has been growing.

Between 2008 and 2014 reps 35 years of age and under with IA-only firms conducting retail business declined 22% and those age 36-45 declined 11%. Reps 35 years of age and under with dually registered BD-IA firms conducting retail business declined 22% between 2008 and 2014 and reps in the same age category with BD-only firms declined 7%.

While not nearly the highest proportion of reps, those 66 years of age and up with firms conducting retail business have increased between 2008 and 2014. Specifically, the proportion of BD-only reps 66 years of age and up with firms conducting retail business increased 60% from 5% in 2008 to 8% in 2014, IA-only reps 66 years of age and up increased 100% from 6% in 2008 to 12% in 2014 and the proportion of reps 66 years of age and up with dually registered BD-IA firms increased 80% from 5% in 2008 to 9% in 2014.



Reps between the ages of 36 and 55 with firms conducting both retail and institutional business account for more than half (52%) of those at firms conducting retail business.

The proportion of reps with firms conducting retail business decline as age increases, but of note is that as reps get older there is a larger proportion with firms conducting retail-only business (35% 56+) versus reps with firms conducting both retail and institutional business (25% 56+).

Exhibit 3.43: Retail Reps by Age and Channel

Discovery Data

		2008	2009	2010	2011	2012	2013	2014
35 and Under	Retail-Only	23%	22%	22%	21%	20%	18%	17%
	Retail and Institutional	29%	28%	27%	26%	25%	24%	23%
36-45	Retail-Only	25%	24%	23%	23%	23%	23%	22%
	Retail and Institutional	29%	28%	28%	27%	27%	26%	26%
46-55	Retail-Only	27%	27%	27%	26%	26%	26%	26%
	Retail and Institutional	25%	25%	26%	26%	26%	26%	26%
56-65	Retail-Only	19%	20%	21%	21%	22%	22%	23%
	Retail and Institutional	14%	15%	15%	16%	17%	17%	18%
66 and Up	Retail-Only	6%	7%	8%	9%	10%	11%	12%
	Retail and Institutional	4%	4%	5%	5%	6%	7%	7%

While the highest proportion of reps with firms conducting retail business has remained those between the ages of 36 and 55, the proportion of reps 35 years of age and under declined and the proportion of reps 56 years of age and older increased between 2008 and 2014.

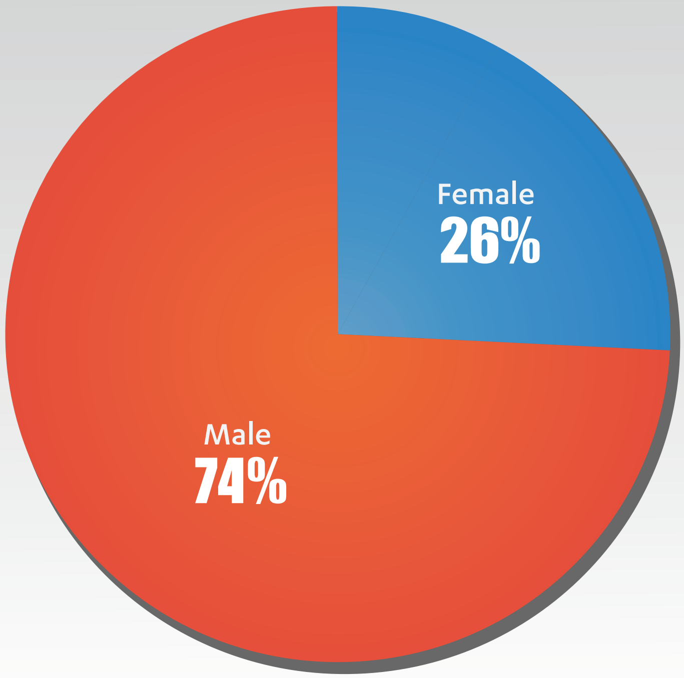
By age category the following are notable changes in the proportion of reps at firms conducting retail-only business between 2008 and 2014:

- 35 and Under: (-26%)
- 56-65: (+21%)
- 66 and Up: (+100%)

At firms conducting both retail and institutional business between 2008 and 2014 notable changes were:

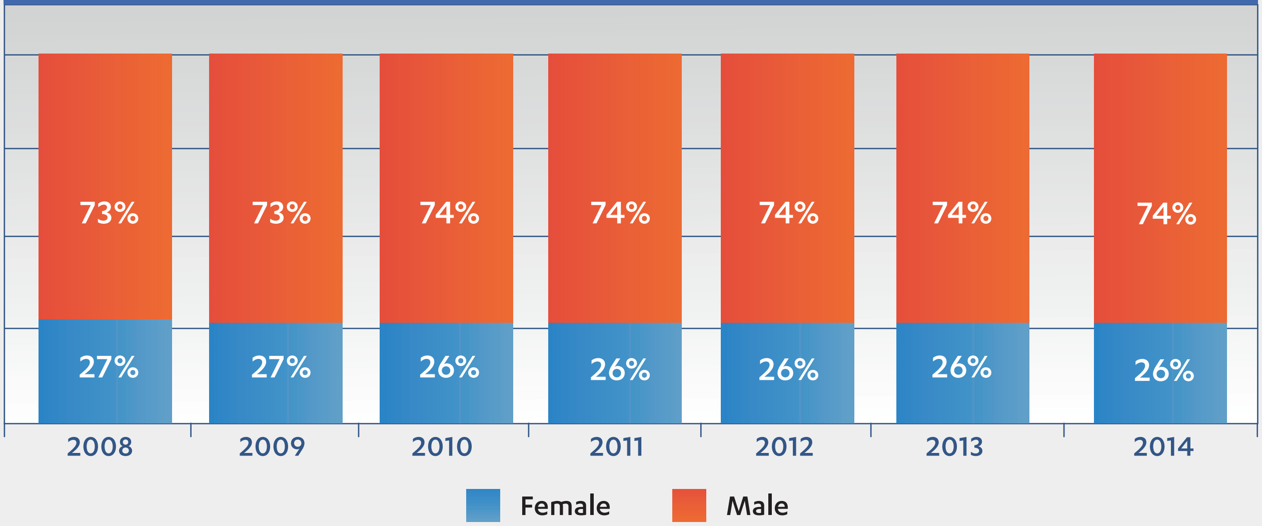
- 35 and Under: (-21%)
- 56-65: (+29%)
- 66 and Up: (+75%)

Exhibit 3.44: Retail Reps by Gender
(December 2014)



As of December 2014 males represented 74% and females 26% of reps at firms conducting solely retail business.

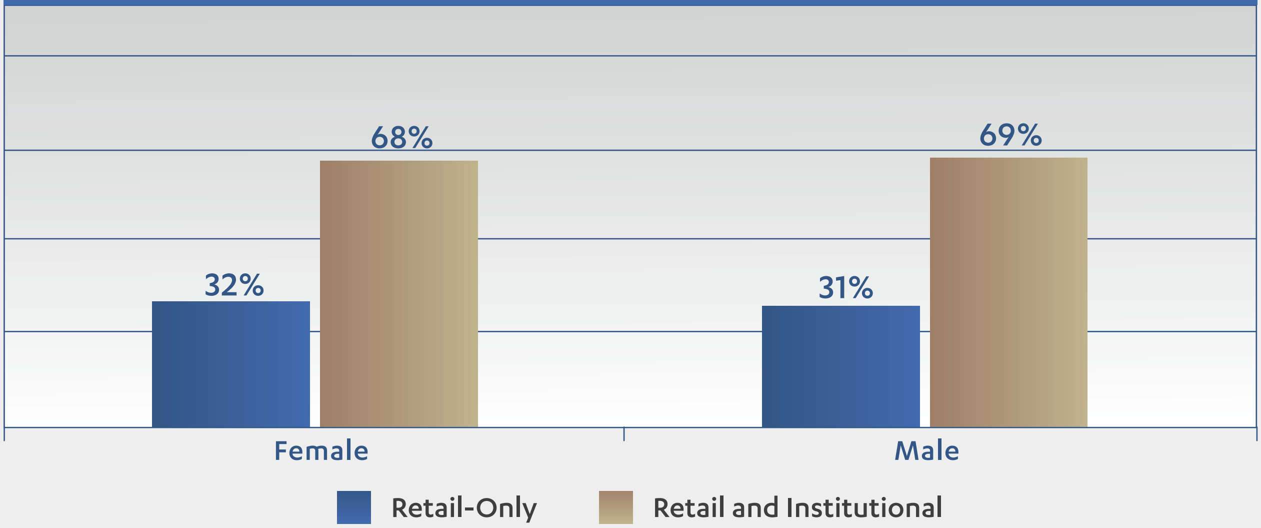
Exhibit 3.45: Retail Reps by Gender



The proportion of male to female reps at firms conducting retail business has remained relatively unchanged between 2008 and 2014 with about three in four male and one in four female.

Between 2008 and 2014 the proportion of male and female reps at firms conducting retail business has changed less than 1%, either positive or negative.

Exhibit 3.46: Retail Reps by Gender and Channel
(December 2014)



More than two-thirds of male and female reps with firms conducting retail business are at firms conducting both retail and institutional business.

About a third of male and female reps with firms conducting retail business are with those firms conducting retail-only business.

Exhibit 3.47: Retail Reps by Gender and Channel

		2008	2009	2010	2011	2012	2013	2014
Female	Retail-Only	11%	11%	10%	10%	9%	8%	8%
	Retail and Institutional	16%	16%	16%	17%	18%	18%	18%
Male	Retail-Only	29%	28%	27%	25%	23%	23%	23%
	Retail and Institutional	44%	45%	46%	48%	50%	51%	51%

Between 2008 and 2014, while the proportion of male and female reps at firms conducting only retail business declined, the proportion of male and female reps at firms conducting both retail and institutional business increased.

The proportion of male reps with firms conducting retail-only business declined 21% between 2008 and 2014 and the proportion female reps with firms conducting retail-only business declined 27% during the same time.

At firms conducting both retail and institutional business the proportion of male and female reps increased 13% and 16%, respectively, between 2008 and 2014.

BROKER-DEALER

As of December 2014 there were 584,000 reps at broker-dealer (BD) firms.

The number of reps at BD firms declined 11% from 659,000 in December 2008 to 584,000 in December 2014.

The number of reps at BD firms conducting retail-only business declined 20% from 316,000 at year-end 2008 to 254,000 at year-end 2014.

As of December 2014 males represented 74% and females represented 26% of the reps at BD firms.

The proportion of male and female reps at BD firms has remained relatively unchanged between 2008 and 2014 with about three in four male and one in four female.

While the average age of a rep at a BD firm is 48, nearly half (49%) are 45 years of age or younger.

The highest proportion of reps across all age categories are at BD firms conducting either retail-only or both retail and institutional business.

Increasingly, reps at BD firms across all age categories are associating with firms conducting both retail and institutional business.

Following some years of training and gaining experience, the data suggests that reps at BD firms are migrating to firms in the independent channel (either starting their own or joining an existing firm).

As of December 2014 nearly three in four (74%) reps at BD firms have been in the business for up to 20 years, with 23% in the business five years or less.

The number of reps with ten years or less experience at BD firms declined 35% between 2008 and 2014 which was an average annual decline of 7% year-over-year.

As reps increase their number of years in the industry they are more likely to become associated with firms conducting retail-only business (either retail-only or both retail and institutional).

As of December 2014 an even 40% of all reps at BD firms have been with their current firm for 1-5 years and almost 10% have been with their current firm for less than one year.

Between 2008 to 2014 the number of reps at their current BD firm for less than one year declined 25% and those with their current firm for between one and five years declined 16%.

Reps at BD firms operating in the insurance channel have the longest average tenure with their current firm at 9.8 years followed by reps with BD firms in the wirehouse channel with an average tenure at their current firm of 9.3 years.

More than half (53%) of reps at BD firms have been with at least one other firm prior to their current firm.

As of December 2014 within Discovery Data nearly six in ten (57%) reps at BD firms were at either firms operating in the independent channel (22%), insurance channel (19%) or wirehouse channel (16%).

Between 2008 and 2014 independent firms realized the most growth in the number of reps with an increase of 12% and an average year-over-year growth of 2%.

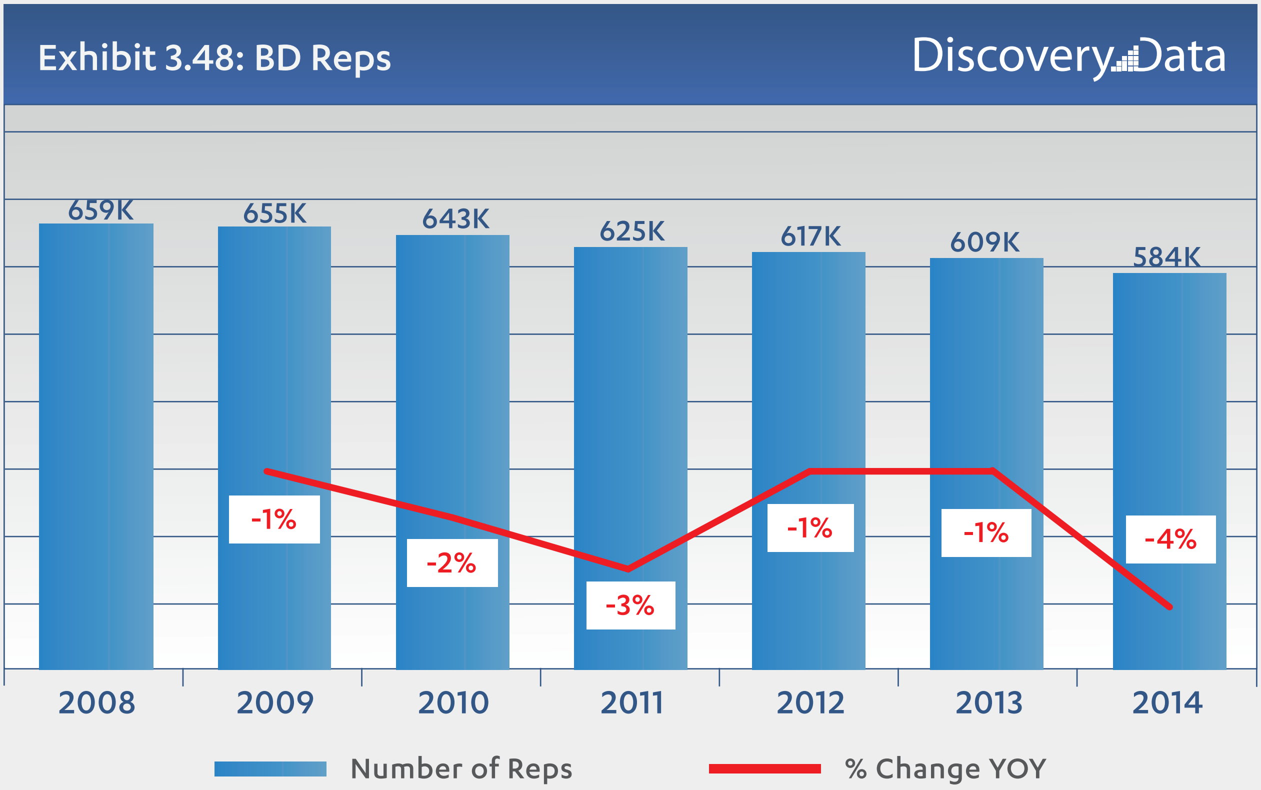
Reps at BD firms in the independent channel have the longest average tenure in the industry.

About three-quarters (74%) of reps at firms are Series 7 licensed and almost 40% are Series 6 licensed.

Among Series 7 licensed reps at BD firms, six in ten (60%) or 259,000 also hold a Series 65 or 66 license.

As of December 2014 about one in ten (11%) of reps at BD firms in Discovery Data had at least one professional designation.

More than eight in ten (82%) or 408,000 reps at BD firms are at firms with a national footprint.



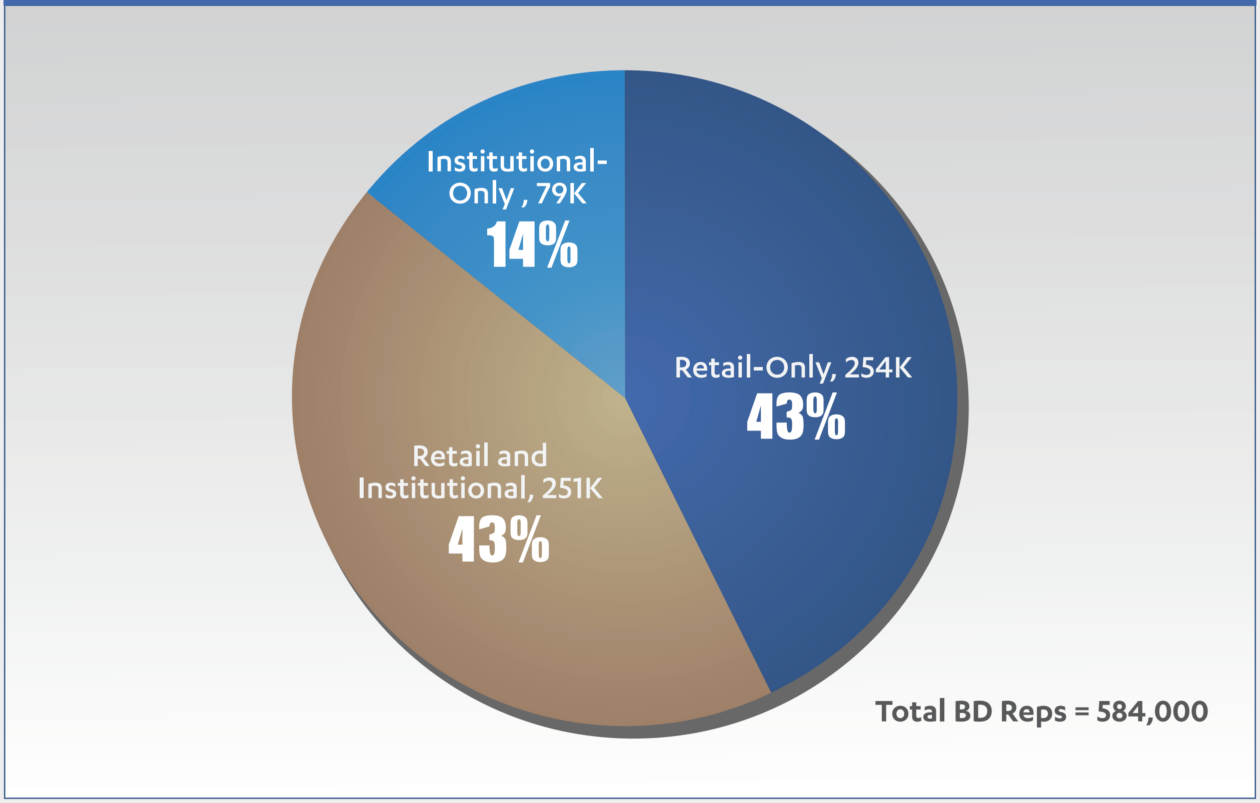
The number of reps at BD firms declined 11% from 659,000 in December 2008 to 584,000 in December 2014. Year-over-year the number of reps declined 2% on average annually. The most substantial decline occurred in 2014 in which there were 4% fewer reps than the previous year.

> The shift to advisory is contributing to a steady decline in BD reps.

The decline in reps at BD firms can be attributed in large part to two key trends: ongoing industry consolidation and the shift in business practices to advisory from transactional, leading to the shift from BD to IA firms.

Exhibit 3.49: BD Reps by Channel Type
(December 2014)

Discovery Data

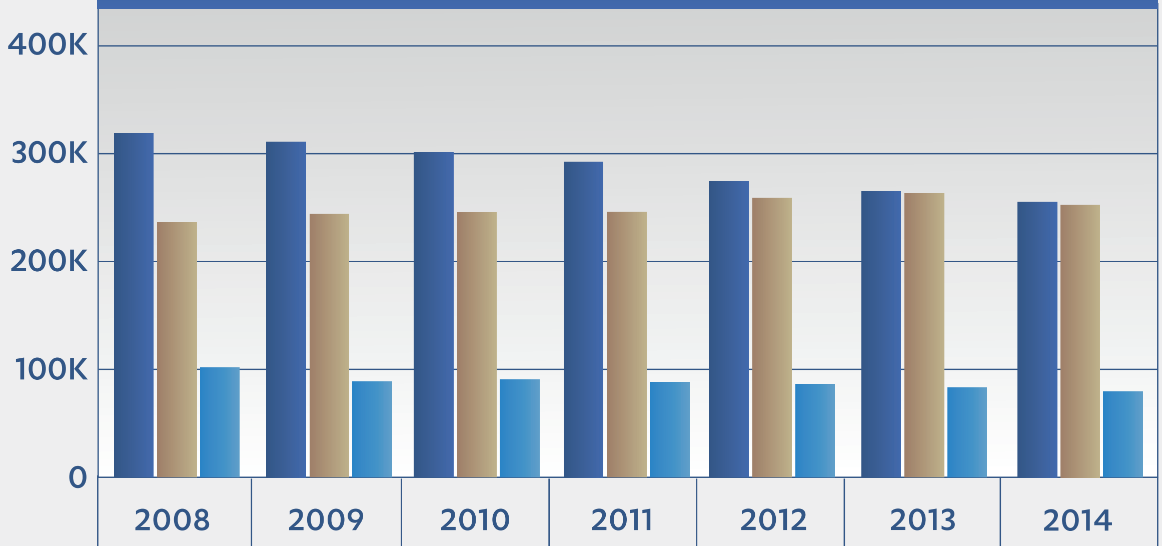


As of December 2014 there were 584,000 reps at BD firms.

Reps at BD firms conducting retail-only business and those at BD firms conducting both retail and institutional business each accounted for more than four in ten (43%) reps.

Exhibit 3.50: BD Reps by Channel Type

Discovery Data



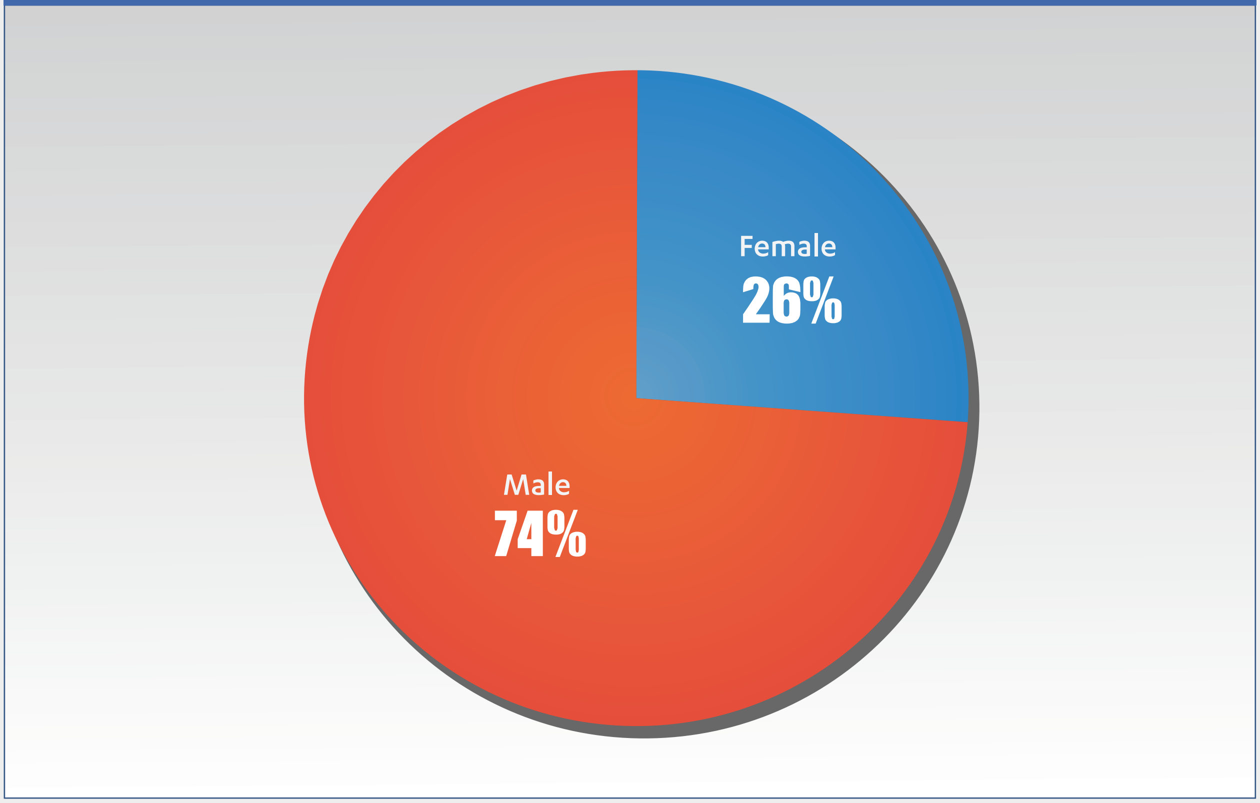
	2008	2009	2010	2011	2012	2013	2014
Retail-Only	316K	309K	299K	290K	272K	263K	254K
Retail and Institutuional	234K	242K	244K	244K	257K	261K	251K
Institutional-Only	101K	88K	89K	87K	85K	82K	79K

The number of reps at BD firms conducting retail-only business declined 20% from 316,000 at year-end 2008 to 254,000 at year-end 2014. Year-over-year the number of reps at BD firms conducting retail-only business declined at an average annual rate of 4%, with the most substantial decline occurring between 2011 and 2012 in which 18,000 reps either left the business or moved to a firm operating in a different channel.

While there are substantially fewer reps at BD firms conducting institutional-only business, the rate at which the number of reps declined has been similar to the decline in the number of reps at BD firms conducting retail-only business. Between 2008 and 2014 the number of reps with institutional-only firms declined 22% with a 4% average year-over-year decline annually.

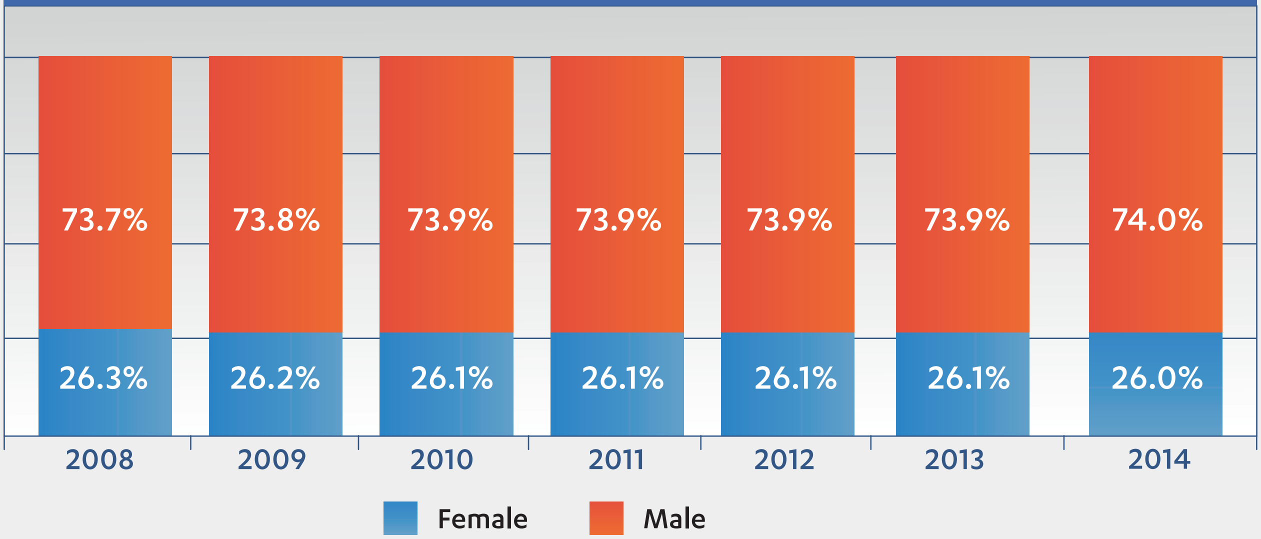
The number of reps at BD firms conducting both retail and institutional business increased 7% from 2008 to 2014, growing at an average rate of 1% annually during the seven year period. The rate of growth has been slowed by a nearly 4% decline in the number of reps in 2014.

Exhibit 3.51: BD Reps by Gender
(December 2014)



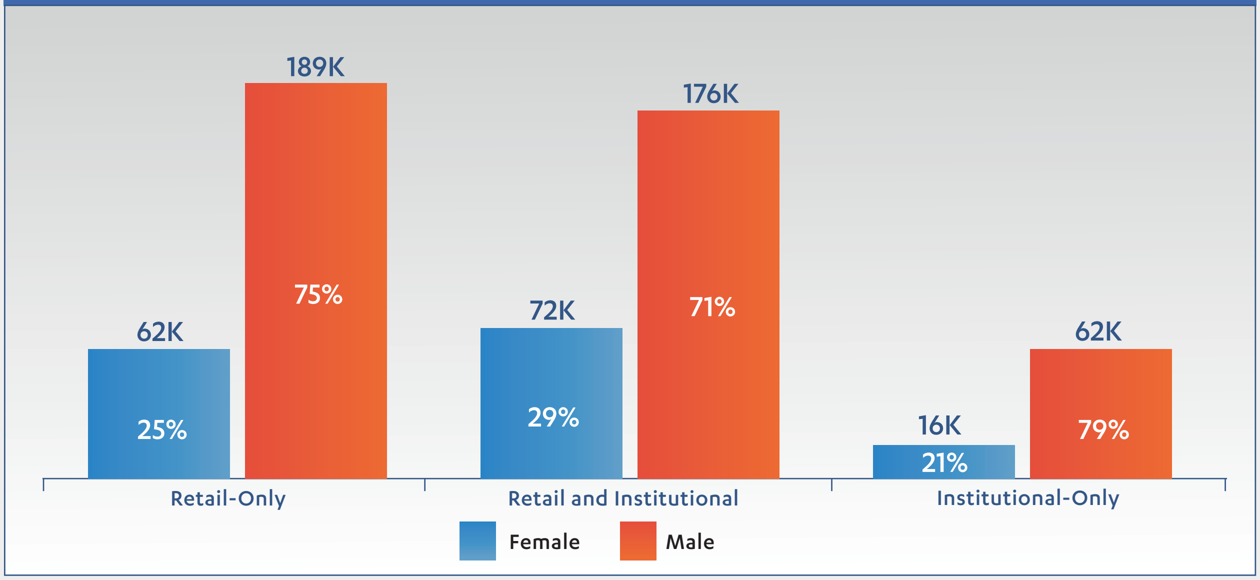
As of December 2014 males represented 74% and females represented 26% of the reps at BD firms.

Exhibit 3.52: BD Reps by Gender



The proportion of male and female reps at BD firms has remained relatively unchanged between 2008 and 2014 with about three in four male and about one in four female.

Exhibit 3.53: BD Reps by Channel Type and Gender *(December 2014)*



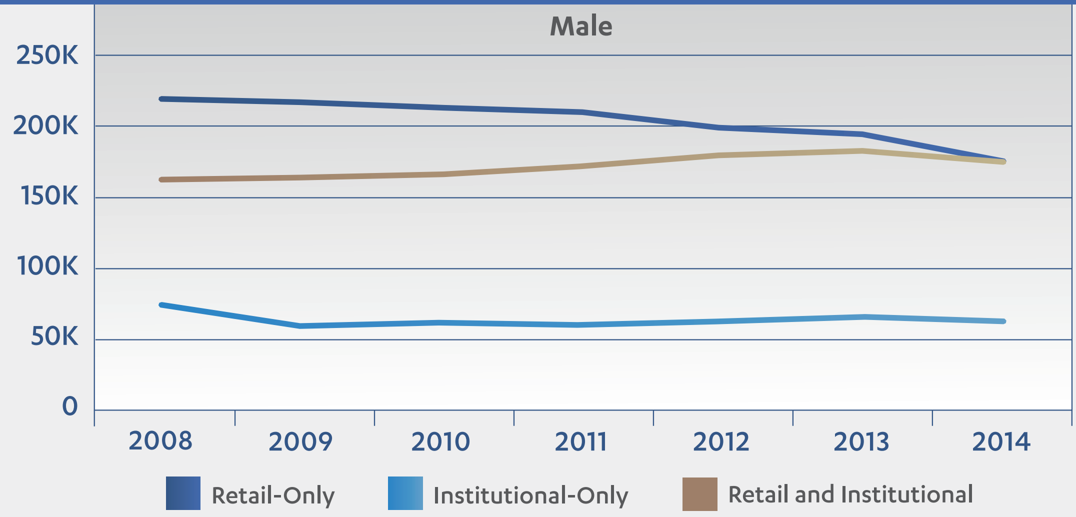
The majority of male and female reps are at BD firms conducting retail-only and both retail and institutional business.

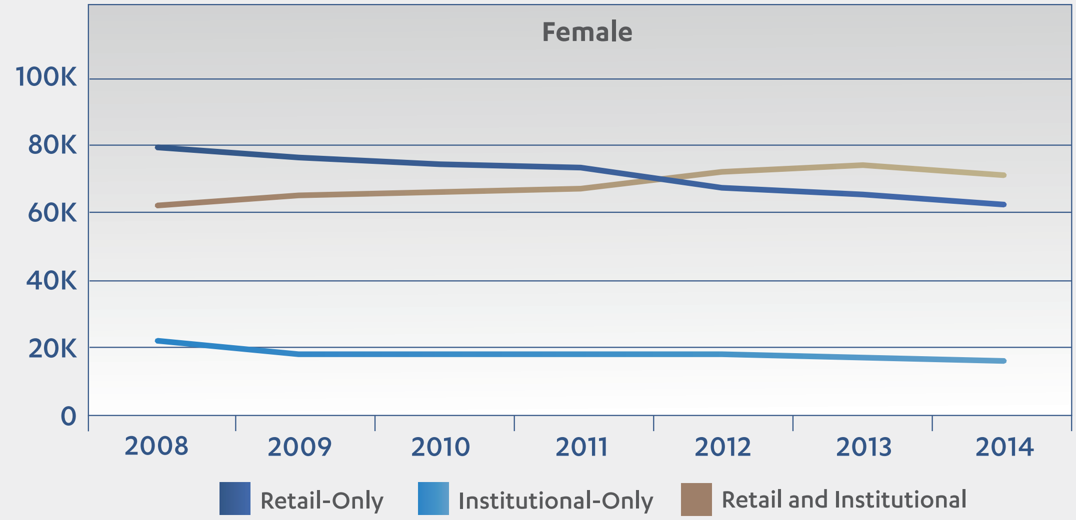
Male reps represent more than 70% of the reps at BD firms conducting retail-only and both retail and institutional business.

Female reps account for less than 30% of the reps at BD firms in each channel.

Exhibit 3.54: BD Reps by Channel Type and Gender

Discovery Data



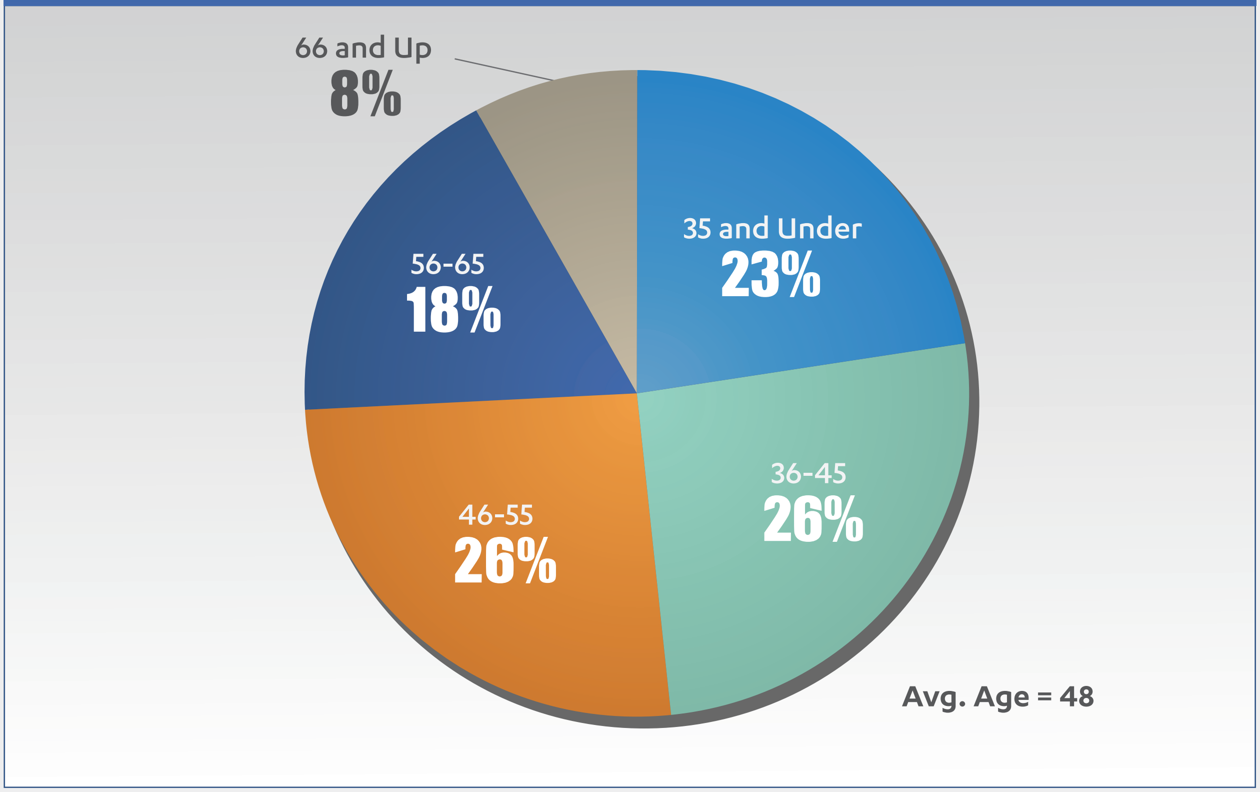


Between 2008 and 2014, while the number of male and female reps at BD firms conducting retail-only business and institutional-only business declined, the number of male and female reps at BD firms conducting both retail and institutional business increased.

Specifically, at BD firms conducting retail-only business the number of male reps declined 14% and the number of female reps declined 21%. Among BD firms conducting institutional-only business the number of male reps declined 17% and the number of female reps declined 27% and among BD firms conducting both retail and institutional business the number of male reps increased 9% and the number of female reps increased 14%.

Despite overall increases in the number of male and female reps at BD firms conducting both retail and institutional business between 2008 and 2014, there was a decline of 4% among each gender in 2014.

Exhibit 3.55: BD Reps by Age
(December2014)

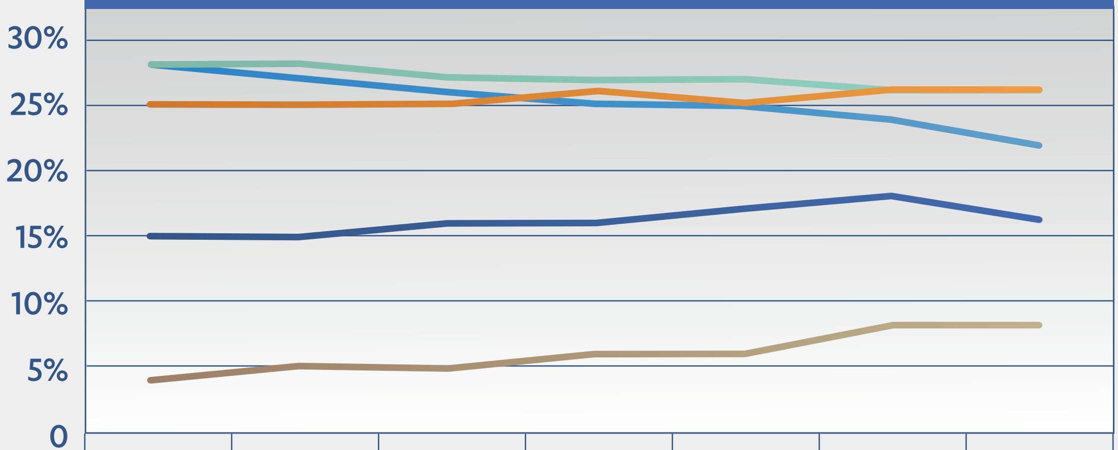


While the average age of a rep with a BD firm is 48, nearly half (49%) are 45 years of age and younger. Another 26% are between the ages of 46 and 55.

Reps 56 years of age and older account for 26% of reps at BD firms.

Exhibit 3.56: BD Reps by Age

Discovery Data



	2008	2009	2010	2011	2012	2013	2014
35 and Under	28%	27%	26%	25%	25%	24%	23%
36-45	28%	28%	27%	27%	27%	26%	26%
46-55	25%	25%	25%	26%	25%	25%	26%
56-65	15%	15%	16%	16%	17%	17%	18%
66 and Up	4%	5%	5%	6%	6%	7%	8%

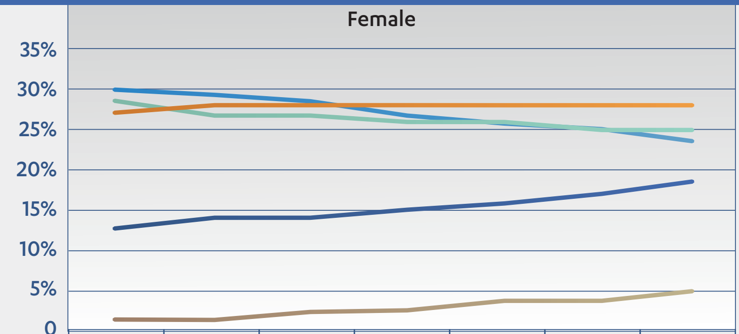
The most substantial changes in the proportion of reps at BD firms among the different age groups between 2008 and 2014 have been among reps 45 years and younger and 66 years of age and up.

Reps 35 years of age and under declined 18%, which represents an average annual year-over-year decline of 3% and reps 36-45 years of age declined 7% which represents an average annual year-over-year decline of 1%.

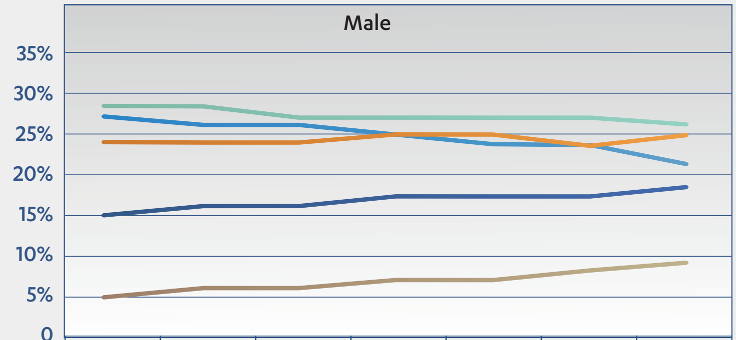
While the proportion of reps 45 years of age and under at BD firms has been declining, the proportion of reps 66 and up has been growing. In fact, the proportion of reps 66 years of age and up has grown 100% between 2008 and 2014 for an average annual growth of 10%.

Exhibit 3.57: BD Reps by Age and Gender

Discovery Data



Female	2008	2009	2010	2011	2012	2013	2014
35 and Under	30%	29%	28%	27%	26%	25%	24%
36-45	28%	27%	27%	26%	26%	25%	25%
46-55	27%	28%	28%	28%	28%	28%	28%
56-65	13%	14%	14%	15%	16%	17%	18%
66 and Up	2%	2%	3%	3%	4%	4%	5%



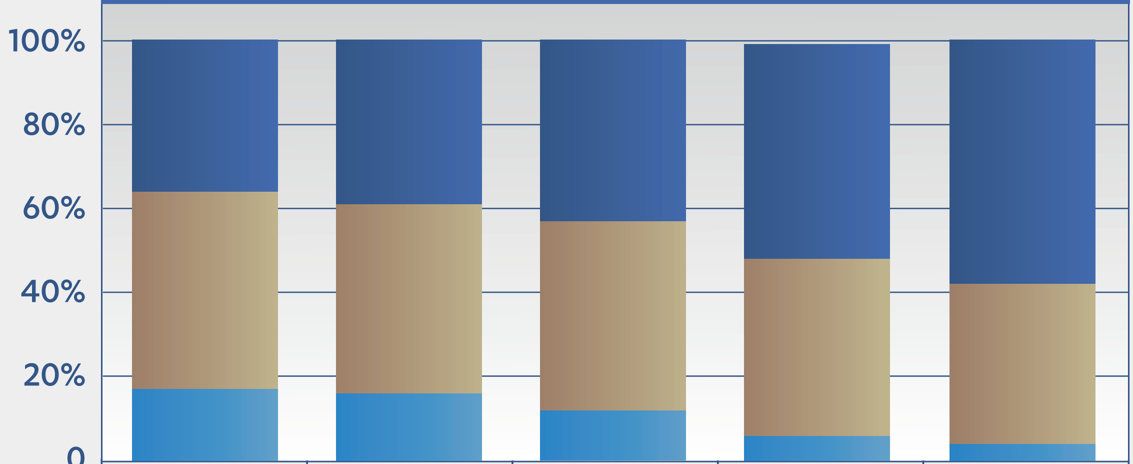
Male	2008	2009	2010	2011	2012	2013	2014
35 and Under	27%	26%	26%	25%	24%	24%	22%
36-45	28%	28%	27%	27%	27%	27%	26%
46-55	24%	24%	24%	25%	25%	24%	25%
56-65	15%	16%	16%	17%	17%	17%	18%
66 and Up	5%	6%	6%	7%	7%	8%	9%

By age and gender, the most substantial changes among reps at BD firms have been among those 45 years of age and younger and 66 years of age and up. Between 2008 and 2014 the proportion of female reps 35 years of age and under declined 20% and male reps 35 years of age and under declined 19%. Furthermore, female reps 36-45 years of age declined 11% and male reps 36-45 years of age declined 7%.

While the proportion of male and female reps at BD firms 45 years of age and younger have declined, the proportion of male and female reps 66 years of age and up have been increasing. Between 2008 and 2014 female reps 66 years of age and up increased more than 100% and the proportion of male reps 66 years of age and up increased 80%.

Exhibit 3.58: BD Reps by Age and Channel Type *(December 2014)*

Discovery Data



	35 and Under	36-45	46-55	56-65	66 and Up
Retail-Only	36%	39%	43%	51%	58%
Retail and Institutional	47%	45%	45%	42%	38%
Institutional-Only	17%	16%	12%	6%	4%

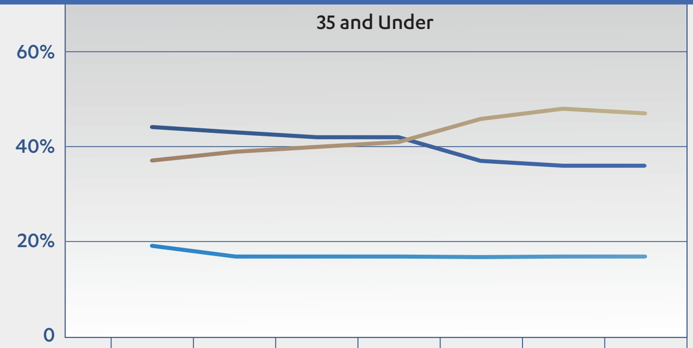
The highest proportion of reps across all age categories are at BD firms conducting either retail-only or both retail and institutional business.

The proportion of reps at BD firms conducting retail-only and both retail and institutional business within each age category either double or more than double the proportion of reps at BD firms conducting institutional-only business.

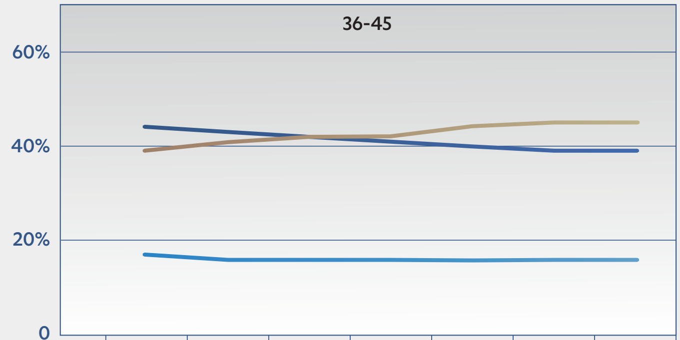
The majority of older reps are with BD firms conducting retail-only business. This point is evident from the chart in which 51% of reps 56-65 years of age and 58% of reps 66 and up are with firms conducting retail-only business.

Exhibit 3.59: BD Reps by Age and Channel Type

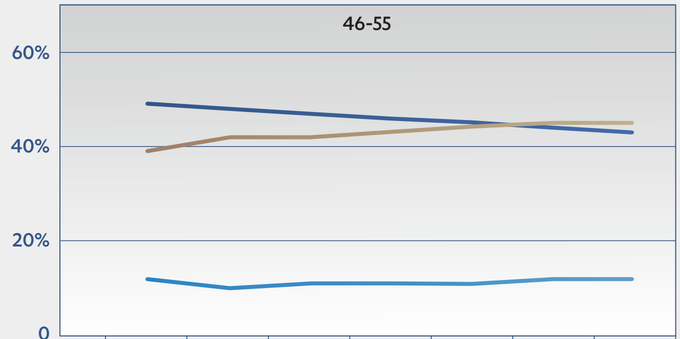
Discovery Data



	2008	2009	2010	2011	2012	2013	2014
Retail-Only	44%	43%	42%	42%	37%	36%	36%
Retail and Institutional	37%	39%	40%	41%	46%	48%	47%
Institutional-Only	19%	17%	17%	17%	17%	17%	17%



	2008	2009	2010	2011	2012	2013	2014
Retail-Only	44%	43%	42%	41%	40%	39%	39%
Retail and Institutional	39%	41%	42%	42%	44%	45%	45%
Institutional-Only	17%	16%	16%	16%	16%	16%	16%



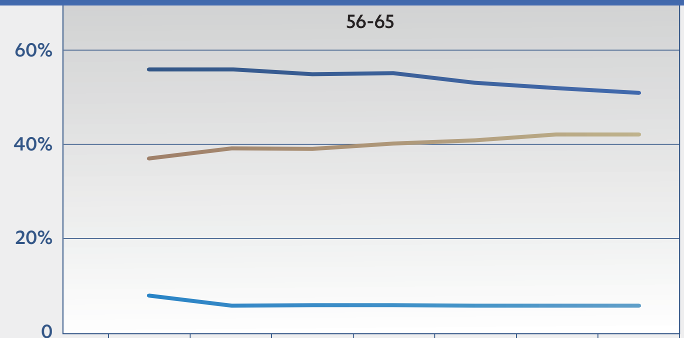
	2008	2009	2010	2011	2012	2013	2014
Retail-Only	49%	48%	47%	46%	45%	44%	43%
Retail and Institutional	39%	42%	42%	43%	44%	45%	45%
Institutional-Only	12%	10%	11%	11%	11%	12%	12%

continued on next page

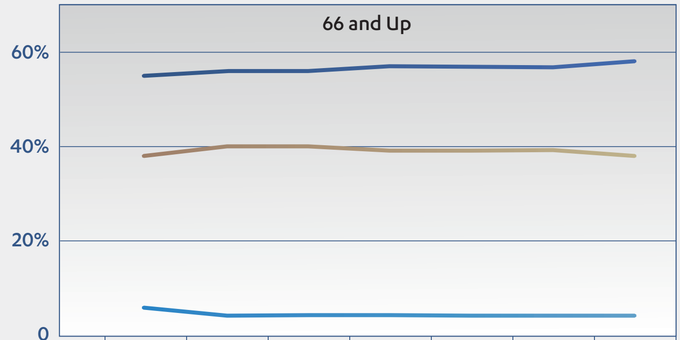
continued from previous page

Exhibit 3.59: BD Reps by Age and Channel Type

Discovery Data



	2008	2009	2010	2011	2012	2013	2014
Retail-Only	56%	56%	55%	55%	53%	52%	51%
Retail and Institutional	36%	39%	39%	40%	41%	42%	42%
Institutional-Only	8%	6%	6%	6%	6%	6%	6%



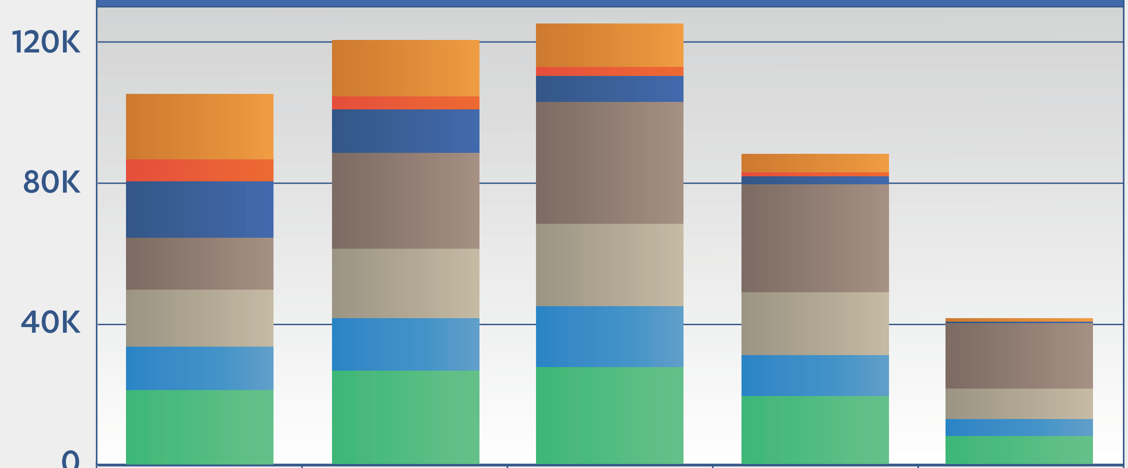
	2008	2009	2010	2011	2012	2013	2014
Retail-Only	55%	56%	56%	57%	57%	57%	58%
Retail and Institutional	38%	40%	40%	39%	39%	39%	38%
Institutional-Only	6%	4%	4%	4%	4%	4%	4%

Increasingly, reps at BD firms across all age categories are associating with firms conducting both retail and institutional business.

Between 2008 and 2014 the proportion of reps at BD firms conducting both retail and institutional business increased or was unchanged across each age category. Specifically, reps 35 and under increased 27%, reps 36-45 increased 15%, reps 46-55 increased 15%, reps 56-65 increased 17% and reps 66 and up was unchanged.

Exhibit 3.60: BD Reps by Age and Primary Firm Type *(December 2014)*

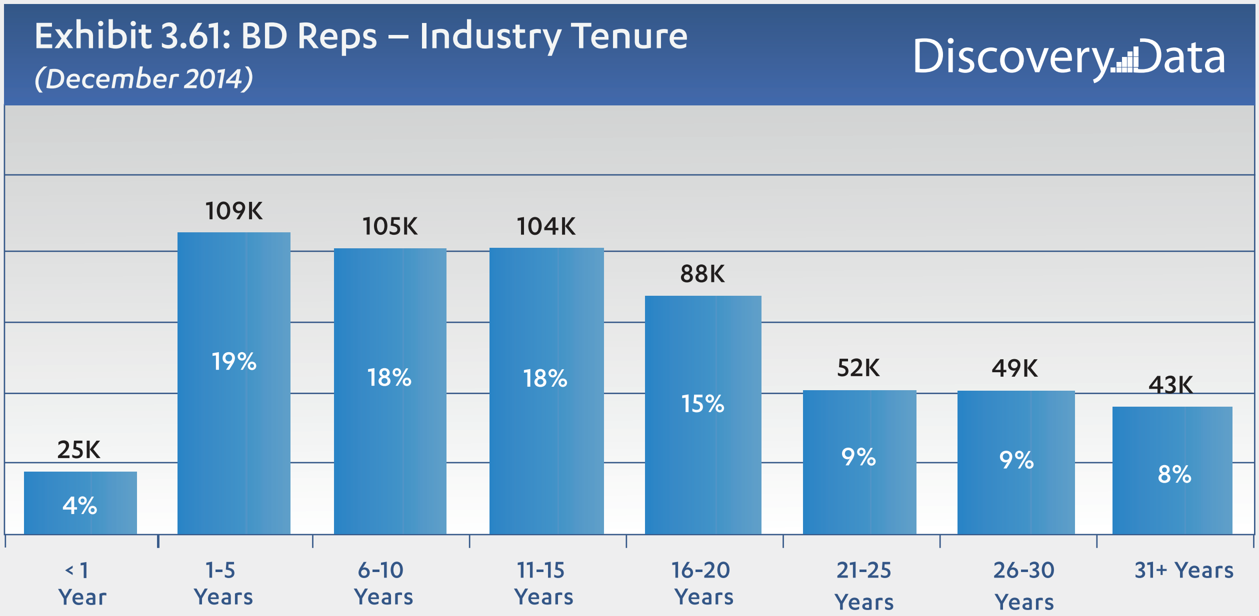
Discovery Data



	35 and Under	36-45	46-55	56-65	66 and Up
Bank	15K	13K	10K	5K	0.8K
Boutique	5K	3K	2K	0.7K	0.1K
Discounter	13K	10K	6K	2K	0.3K
Independent	12K	22K	28K	27K	15K
Insurance	13K	16K	19K	16K	7K
Traditional	10K	12K	14K	10K	4K
Wirehouse	17K	21K	22K	16K	6K

Following some years of training and gaining experience, the data suggests that reps at BD firms are migrating to firms in the independent channel (either starting their own or joining an existing firm). This point is evident particularly among those reps 66 years of age and up in which there are more than two times the number of reps (15,000) at firms in the independent channel compared to the number of reps in the same age category at firms operating in the other channels.

Exhibit 3.61: BD Reps – Industry Tenure
(December 2014)

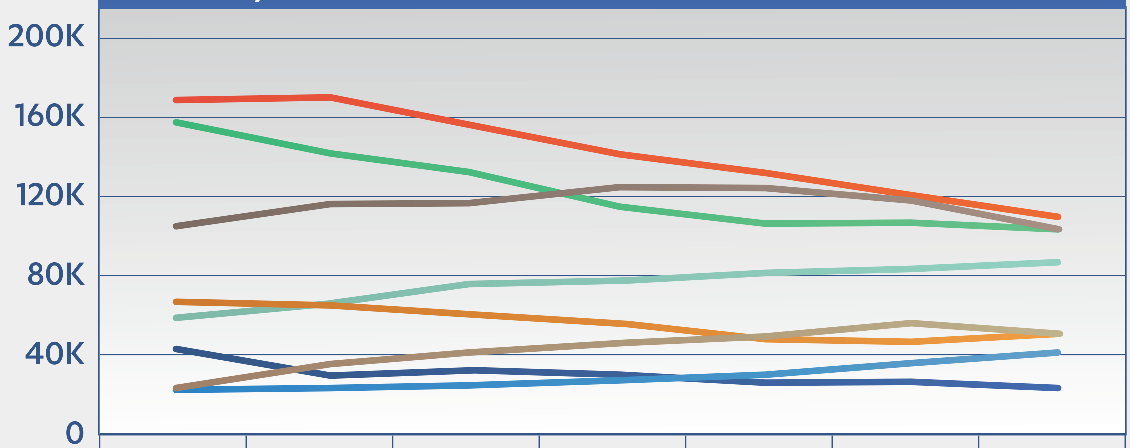


As of December 2014 nearly three in four (74%) reps at BD firms have been in the business for up to 20 years, with 23% in the business five years or less.

After 20 years there is a substantial drop-off in the number of reps at BD firms. This is probably due to either reps leaving the industry or moving to an IA-only firm.

Exhibit 3.62: BD Reps – Industry Tenure

Discovery Data



	2008	2009	2010	2011	2012	2013	2014
< 1 Year	41K	27K	31K	30K	29K	30K	25K
1-5 Years	170K	172K	155K	142K	134K	121K	109K
6-10 Years	159K	144K	132K	116K	109K	109K	105K
11-15 Years	106K	115K	118K	127K	127K	121K	104K
16-20 Years	60K	67K	74K	78K	83K	85K	88K
21-25 Years	69K	64K	60K	55K	49K	48K	52K
26-30 Years	25K	35K	42K	47K	51K	55K	49K
31+ Years	24K	25K	26K	28K	31K	36K	43K

The number of reps with ten years or less experience at BD firms declined 35% between 2008 and 2014 which was an average annual decline of 7% year-over-year.

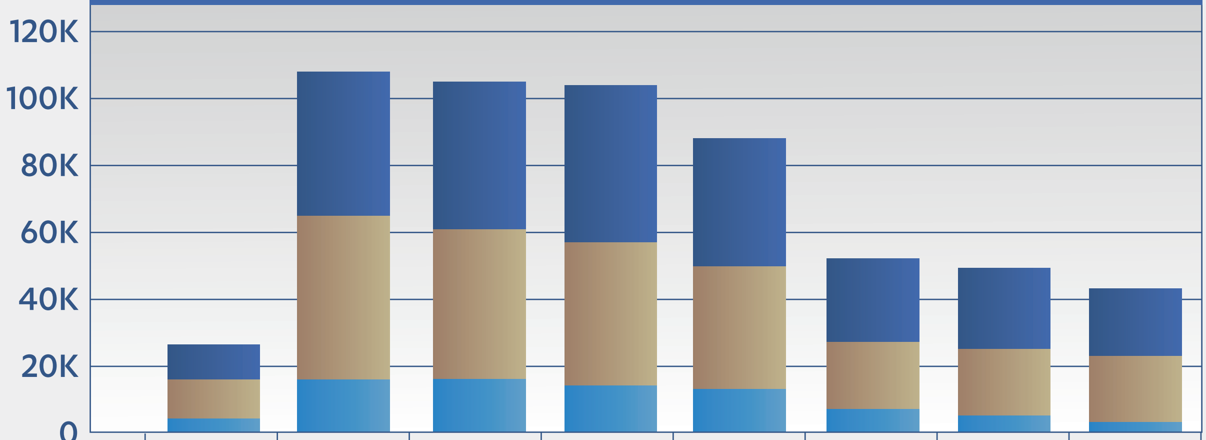
The number of reps with 11-15 years experience declined almost 2% between 2008 and 2014. The decline within this segment was primarily due to a decline of 14% between 2013 and 2014.

Also, reps with 21-25 years in the industry declined almost 25% between 2008 and 2014.

On the other hand, the number of reps at BD firms with more than 25 years experience increased 88% between 2008 and 2014, which was an average annual increase of 11% year-over-year.

Exhibit 3.63: BD Reps - Industry Tenure by Channel Type *(December 2014)*

Discovery Data



	< 1 Year	1-5 Years	6-10 Years	11-15 Years	16-20 Years	21-25 Years	26-30 Years	31+ Years
Retail-Only	10K	43K	44K	47K	38K	25K	24K	20K
Retail and Institutional	12K	49K	45K	43K	37K	20K	20K	20K
Institutional-Only	4K	16K	16K	14K	13K	7K	5K	3K

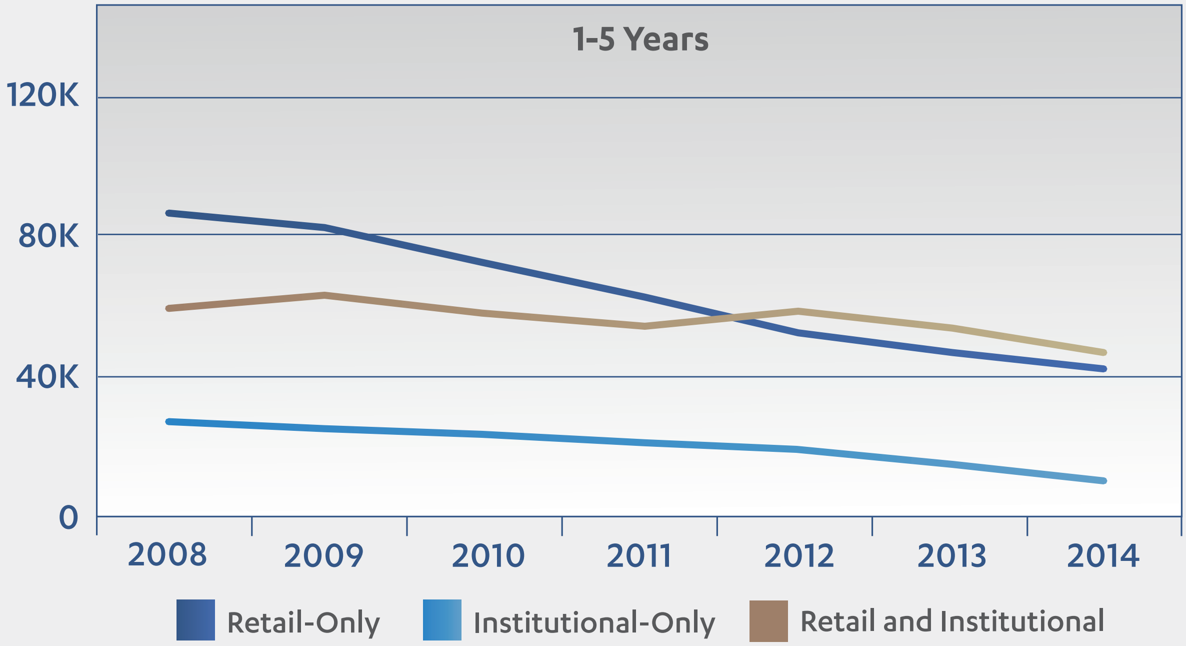
More than four in ten (45%) or 61,000 reps with up to five years experience are at BD firms conducting both retail and institutional business.

As reps increase their number of years in the industry they are more likely to become associated with firms conducting retail business (either retail-only or both retail and institutional). The number of reps at BD firms conducting retail business is 3% greater among those reps with 16 or more years experience versus those with 16 or fewer years experience.

Additionally, as reps at BD firms gain experience there are significantly fewer of them with firms conducting institutional-only business. This is evidenced by there being more than two times the number of reps with up to five years experience at firms conducting institutional-only business (20,000) versus those with 26 or more years experience (8,000).

Exhibit 3.64: BD Reps – Industry Tenure by Channel Type

Discovery Data



continued on next page

continued from previous page

Exhibit 3.64: BD Reps – Industry Tenure by Channel Type

Discovery Data

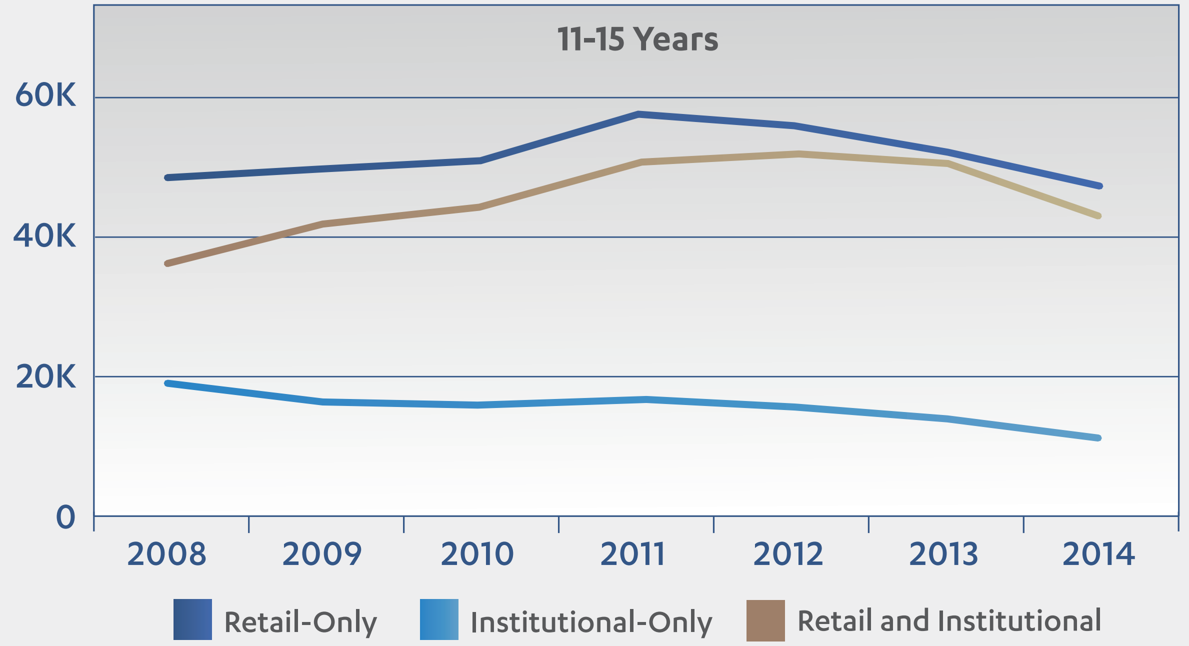
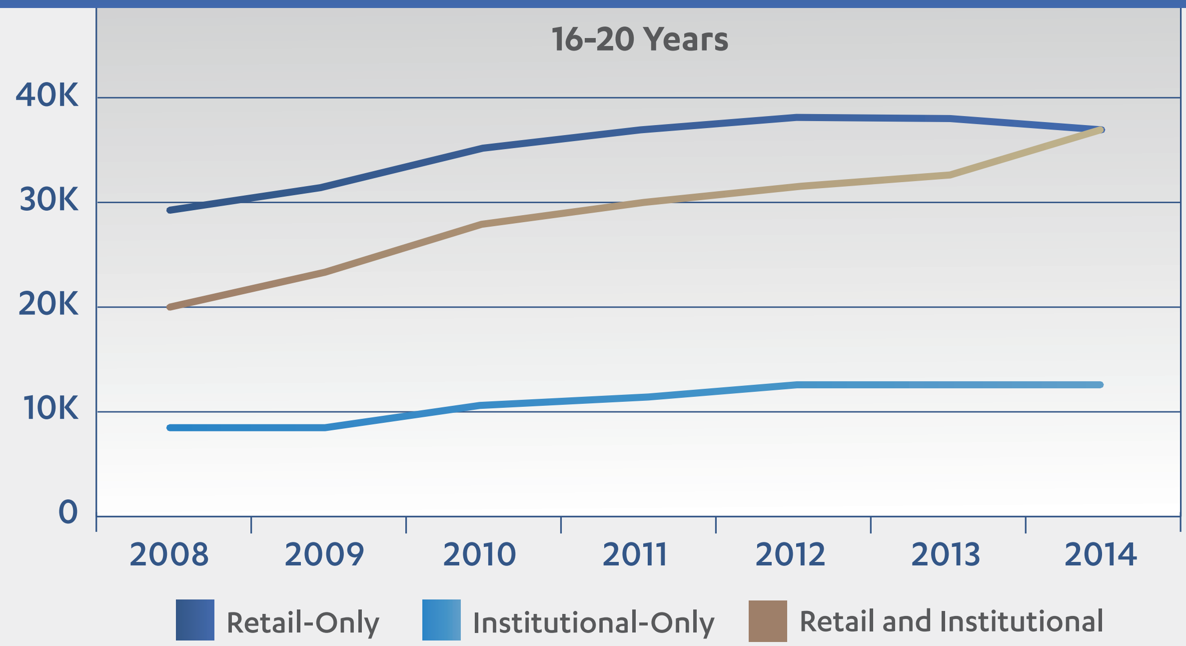
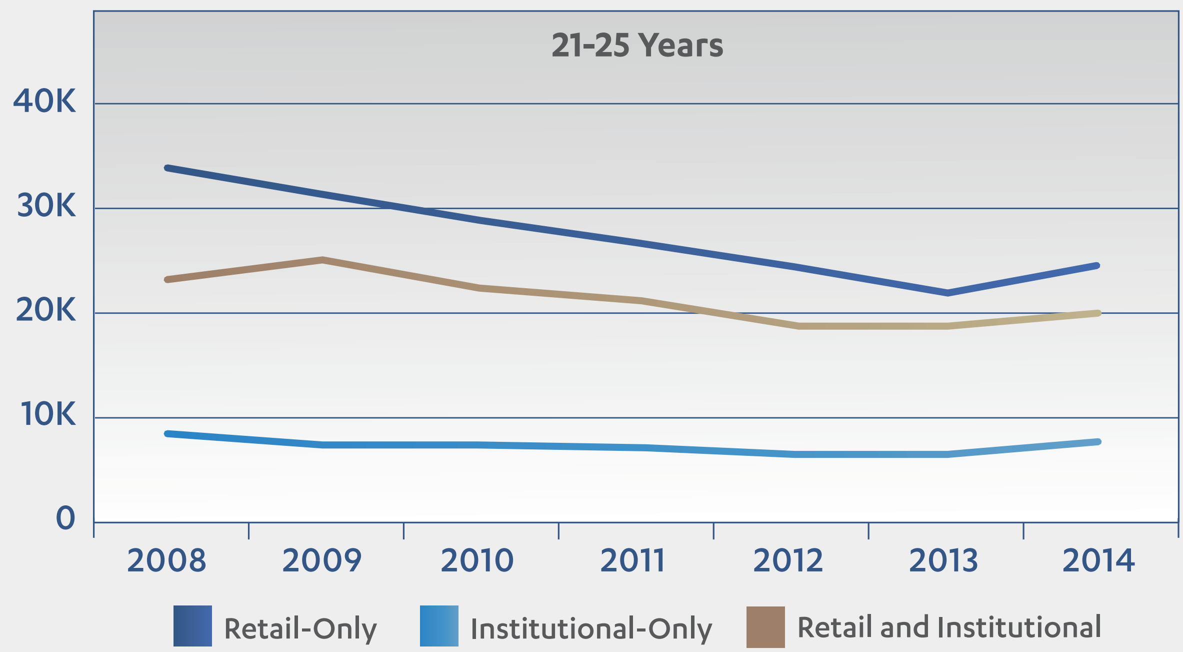


Exhibit 3.64: BD Reps – Industry Tenure by Channel Type



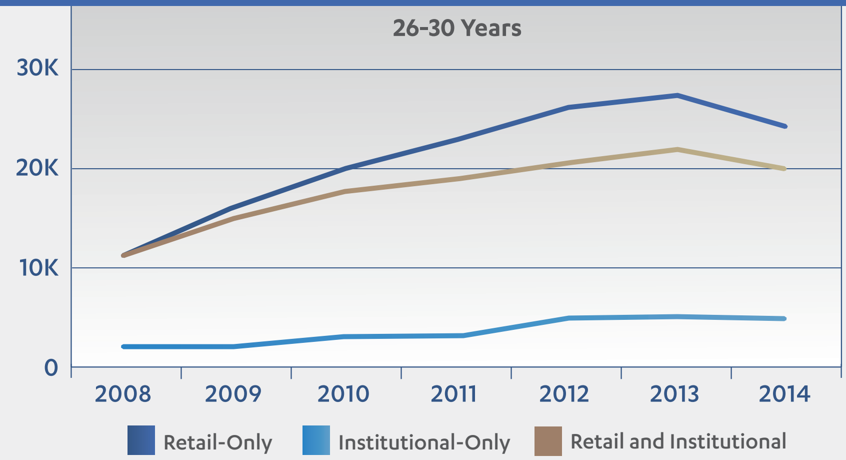


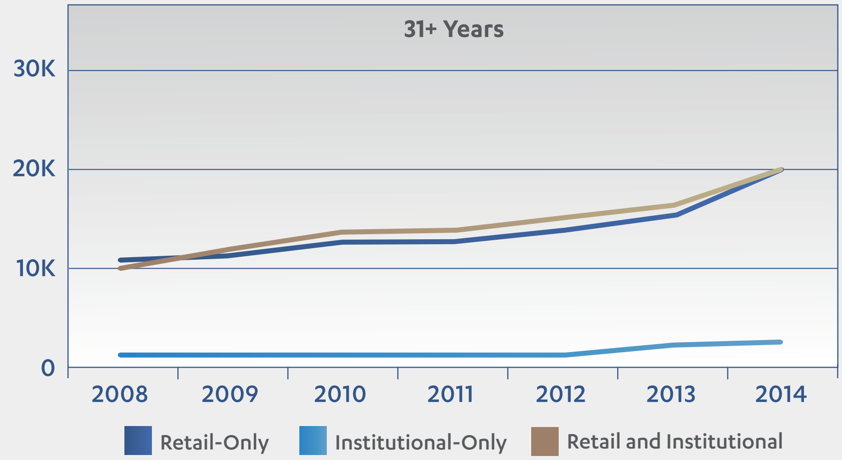
continued on next page

continued from previous page

Exhibit 3.64: BD Reps – Industry Tenure by Channel Type

Discovery Data





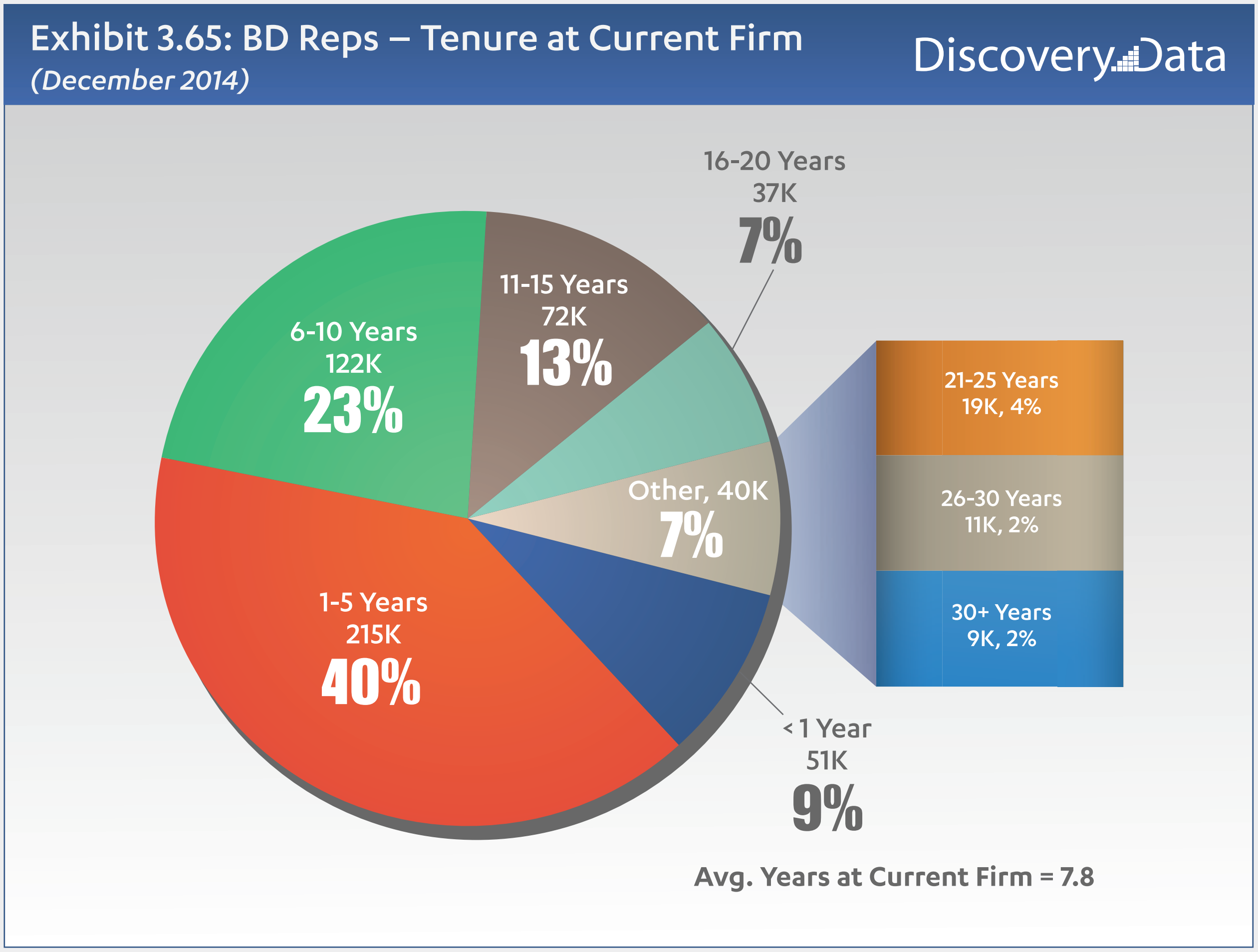
The charts show there has been an overall decline in the number of reps at BD firms with up to five years experience and a growth in the number of reps with 31 or more years experience.

The charts also reveal the decline in the number of reps at BD firms with up to five years experience is primarily from those at firms conducting retail-only and institutional-only business. Between 2008 and 2014 the number of reps with up to five years experience at BD firms conducting retail-only business declined 49% and the number of reps with up to five years experience at BD firms conducting institutional-only business declined 39%. As a point of comparison the number of reps with up to five years experience at firms conducting both retail and institutional business declined 16% between 2008 and 2014.

The number of reps with 31 years or more experience in the industry at BD firms increased significantly. Between 2008 and 2014 the number of reps with 31 years or more experience at BD firms conducting retail-only business increased 82% from 11,000 in 2008 to 20,000 in 2014. Additionally, the number of reps with 31 years or more experience at BD firms conducting both retail and institutional business increased 100% from 10,000 in 2008 to 20,000 in 2014.

Exhibit 3.65: BD Reps – Tenure at Current Firm

(December 2014)



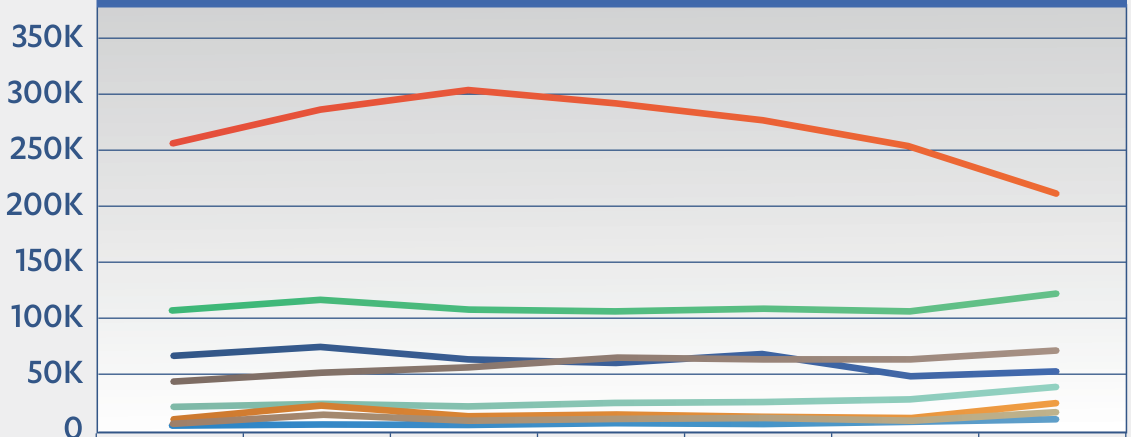
As of December 2014 an even 40% of reps at BD firms have been with their current firm for 1-5 years and almost 10% have been with their current firm for less than one year.

Nearly four in ten (36%) reps have been with their current firm between six and 15 years. On average reps have been with their current firm for nearly eight years.

Reps at BD firms with 16+ years at their current firm account for less than one in six (15%) reps.

Exhibit 3.66: BD Reps – Tenure at Current Firm

Discovery Data



	2008	2009	2010	2011	2012	2013	2014
< 1 Year	68K	76K	63K	58K	68K	47K	51K
1-5 Years	257K	285K	304K	291K	277K	253K	215K
6-10 Years	107K	114K	108K	106K	108K	106K	122K
11-15 Years	45K	51K	56K	63K	65K	63K	72K
16-20 Years	21K	23K	23K	24K	25K	27K	37K
21-25 Years	14K	14K	14K	15K	15K	14K	19K
26-30 Years	6K	7K	8K	9K	10K	10K	11K
31+ Years	4K	5K	5K	6K	6K	7K	9K

Between 2008 and 2014 the number of reps at their current BD firm for less than one year declined 25% and those with their current firm for between one and five years declined 16%. Combined there were nearly 60,000 fewer reps at firms with five years or less with their current firm in 2014 than there was in 2008. The decline can be attributed to the result of lack of hiring into the industry, reps leaving the industry and reps changing firms.

Exhibit 3.67: BD Reps - Tenure at Current Firm by Channel Type *(December 2014)*

Discovery Data

	Years at Current Firm							
	<1 Year	1-5 Years	6-10 Years	11-15 Years	16-20 Years	21-25 Years	26-30 Years	31+ Years
Retail-Only	22K	91K	53K	35K	17K	10K	6K	5K
Institutional-Only	9K	32K	15K	6K	3K	1K	0.5K	0.3K
Retail and Institutional	20K	92K	54K	30K	17K	8K	4K	4K

Most reps have been at their current BD firm for between one and 15 years regardless of channel.

The number of reps at BD firms conducting retail-only business and those conducting both retail and institutional business is very similar in the number of years they have been with their current firms. For example, as of December 2014 there were 166,000 reps at BD firms conducting retail-only business that have been with their current firm for ten years or less and 166,000 reps at BD firms conducting both retail and institutional business with their current firm for ten years or less.

In total, only 2%, or 9,300 reps, have been with their current firm for 31+ years.

Exhibit 3.68: BD Reps - Tenure at Current Firm by Channel Type

Discovery Data

		Years at Current Firm							
		<1 Year	1-5 Years	6-10 Years	11-15 Years	16-20 Years	21-25 Years	26-30 Years	31+ Years
2008	Retail-Only	27K	125K	56K	22K	12K	8K	3K	2K
	Institutional-Only	10K	45K	12K	4K	2K	1K	0.3K	0.2K
	Retail and Institutional	31K	85K	38K	18K	7K	5K	3K	2K
2009	Retail-Only	23K	133K	60K	24K	13K	8K	4K	3K
	Institutional-Only	8K	42K	13K	6K	2K	1K	0.4K	0.2K
	Retail and Institutional	44K	101K	38K	20K	7K	4K	3K	2K
2010	Retail-Only	29K	128K	56K	28K	13K	9K	5K	3K
	Institutional-Only	11K	42K	14K	6K	2K	1K	0.4K	0.2K
	Retail and Institutional	22K	128K	36K	21K	7K	4K	3K	2K
2011	Retail-Only	24K	119K	57K	33K	14K	9K	5K	3K
	Institutional-Only	11K	41K	15K	7K	2K	1K	0.4K	0.2K
	Retail and Institutional	23K	129K	33K	23K	8K	4K	3K	2K
2012	Retail-Only	25K	106K	56K	34K	15K	9K	6K	3K
	Institutional-Only	9K	42K	15K	6K	2K	1K	0.5K	0.3K
	Retail and Institutional	34K	128K	36K	25K	8K	4K	3K	3K
2013	Retail-Only	19K	94K	53K	33K	15K	9K	6K	4K
	Institutional-Only	7K	33K	14K	6K	3K	1K	1K	0.3K
	Retail and Institutional	21K	124K	38K	24K	9K	4K	3K	3K
2014	Retail-Only	22K	91K	53K	35K	17K	10K	6K	5K
	Institutional-Only	9K	32K	15K	6K	3K	1K	0.5K	0.3K
	Retail and Institutional	20K	92K	54K	30K	17K	8K	4K	4K

The table illustrates there has been a decline in the number of reps at BD firms with less than five years at their current firm along with a growth in the number of reps who have been at their current firm for 11 years or more.

Among reps with less than one year at their current BD firm, the number of those at firms conducting both retail and institutional business declined 35% and those at firms conducting retail-only business declined 19% between 2008 and 2014. Among reps at their current firm for 1-5 years, those at BD firms conducting retail-only business declined 27%, those at BD firms conducting both retail and institutional business declined 8% and those at BD firms conducting institutional-only business declined 29% between 2008 and 2014.

While there has been growth in the number of reps at BD firms among each channel and in each tenure category from 11-15 years to 31+ years, growth has been most significant among reps that have been with their current firm for 31 years or more. Between 2008 and 2014 reps with 31+ years with their current firm conducting retail-only business and both retail and institutional business have each increased more than 100%.

Exhibit 3.69: BD Reps – Tenure at Current Firm by Primary Firm Type *(December 2014)*

Discovery Data

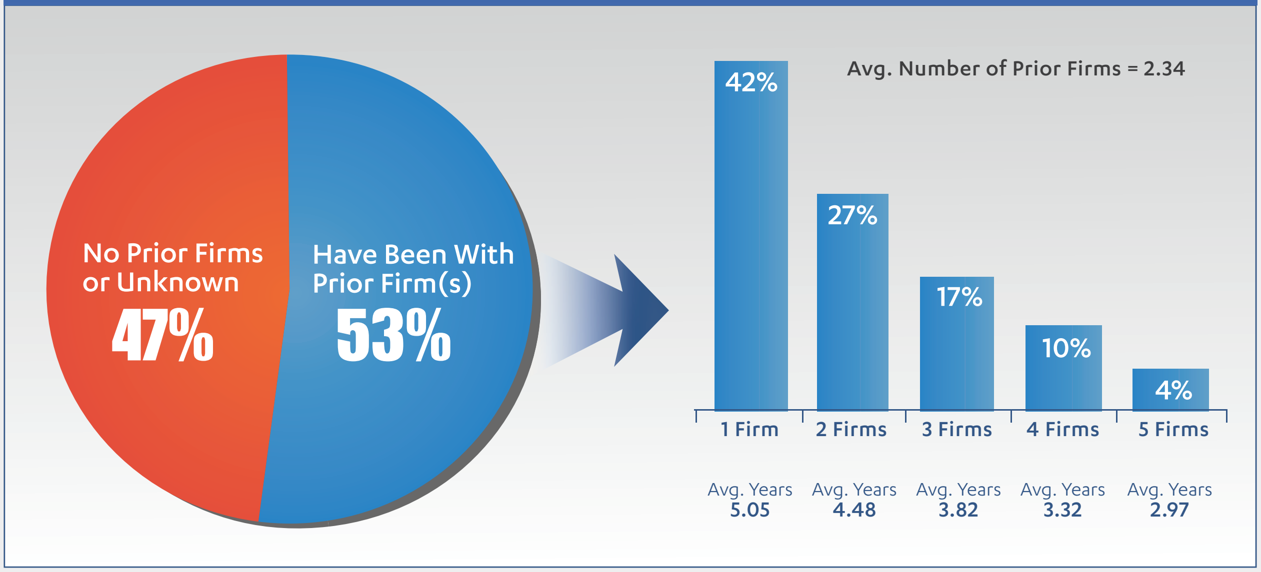
	Bank		Boutique		Discounter		Independent		Insurance		Traditional		Wirehouse	
	Reps	% Reps	Reps	% Reps	Reps	% Reps	Reps	% Reps	Reps	% Reps	Reps	% Reps	Reps	% Reps
< 1 Year	7K	13%	1K	9%	4K	10%	11K	9%	8K	8%	4K	8%	6K	7%
1-5 Years	30K	53%	5K	41%	14K	40%	51K	41%	33K	32%	20K	38%	30K	35%
6-10 Years	13K	23%	3K	28%	10K	29%	28K	23%	20K	20%	12K	23%	21K	24%
11-15 Years	4K	8%	2K	14%	3K	10%	17K	14%	18K	18%	8K	15%	13K	15%
16-20 Years	1K	3%	1K	5%	3K	7%	9K	7%	10K	10%	4K	8%	6K	7%
21-25 Years	0.5K	1%	0.2K	2%	1K	3%	5K	4%	4K	4%	2K	4%	5K	6%
26-30 Years	0.2K	<1%	0.1K	1%	0.3K	1%	2K	2%	4K	4%	1K	2%	3K	3%
31+ Years	0.2K	<1%	0.1K	1%	0.1K	<1%	1K	1%	4K	4%	1K	2%	3K	3%
Avg. Years at Current Firm	4.9		6.8		6.9		7.5		9.8		8.3		9.3	

Reps at BD firms operating in the insurance channel have the longest average tenure with their current firm at 9.8 years followed by reps with BD firms in the wirehouse channel with an average tenure at their current firm of 9.3 years. The average tenure for reps with firms operating in the insurance and wirehouse channels is bolstered by the number of reps remaining for 21+ years.

Reps at BD firms operating in the bank channel have the shortest average tenure with their current firm at 4.9 years. Contributing to the shorter tenure among reps at firms operating in the bank channel is the fact that less than 1,000 reps have tenures with their current firms of 21+ years.

Across all firm types the majority of reps have been with their current firm between one and 15 years.

Exhibit 3.70: BD Reps – Prior Firms
(December 2014)

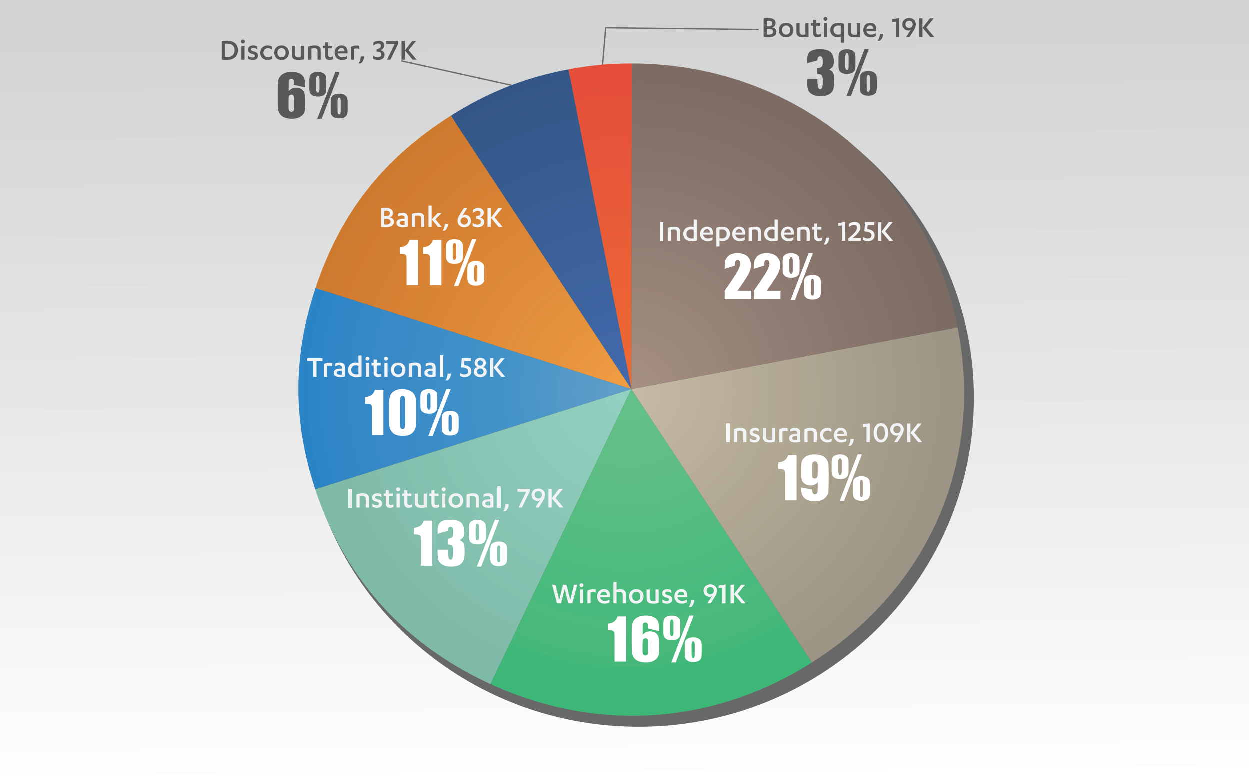


More than half (53%) of reps at BD firms have been with at least one other firm prior to their current firm.

On average reps have been with about two other firms prior to their current firm.

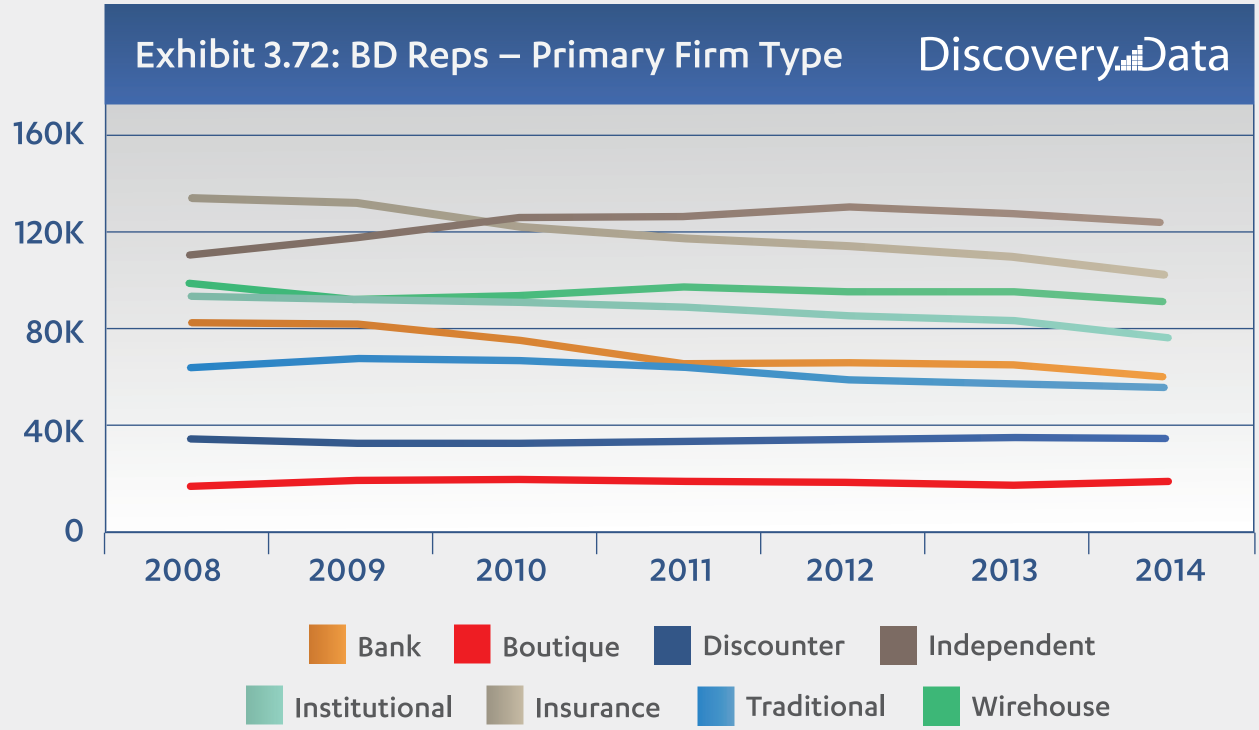
Among reps who have been at prior firm(s), more than four in ten (42%) have been at only one prior firm with the average tenure at that prior firm of more than five years. More than a quarter (27%) have been at two other firms with the average length of time at those firms of more than four years.

Exhibit 3.71: BD Reps - Primary Firm Type
(December 2014)



As of December 2014 within Discovery Data nearly six in ten (57%) reps at BD firms were at either firms operating in the independent channel (22%), insurance channel (19%) or wirehouse channel (16%).

The remaining 43% of reps are at BD firms operating in the traditional, bank, discounter or boutique channels, or at firms conducting only institutional business.



Between 2008 and 2014 independent firms realized the most growth in the number of reps with an increase of 12% and an average annual year-over-year growth of 2%.

The number of reps at BD firms operating in the bank (-26%), insurance (-20%) and traditional (-12%) channels each declined between 2008 and 2014.

Exhibit 3.73: BD Reps – Primary Firm Type by Industry Tenure *(December 2014)*

Discovery Data

Years a Rep	Bank		Boutique		Discounter		Independent		Insurance		Traditional		Wirehouse	
	Reps	% Reps	Reps	% Reps	Reps	% Reps	Reps	% Reps	Reps	% Reps	Reps	% Reps	Reps	% Reps
<1 Year	4K	6%	1.4K	7%	3K	7%	2K	2%	6K	6%	2K	4%	3K	4%
1-5 Years	18K	29%	5K	27%	9K	26%	13K	10%	23K	22%	10K	18%	14K	15%
6-10 Years	14K	23%	5K	24%	9K	25%	18K	14%	19K	18%	9K	16%	15K	17%
11-15 Years	11K	18%	3K	17%	6K	16%	24K	19%	22K	20%	9K	17%	15K	17%
16-20 Years	7K	11%	2K	13%	5K	14%	23K	18%	15K	14%	8K	14%	14K	16%
21-25 Years	3K	6%	1K	6%	2K	6%	16K	12%	8K	7%	6K	10%	9K	10%
26-30 Years	2K	4%	0.7K	4%	1.3K	4%	17K	13%	8K	7%	6K	10%	10K	11%
31+ Years	1.2K	2%	0.4K	2%	0.4K	1%	15K	12%	6K	6%	6K	11%	10K	12%
Avg. Years a Rep	11.2		11.3		11.4		18.9		13.9		17.2		17.2	

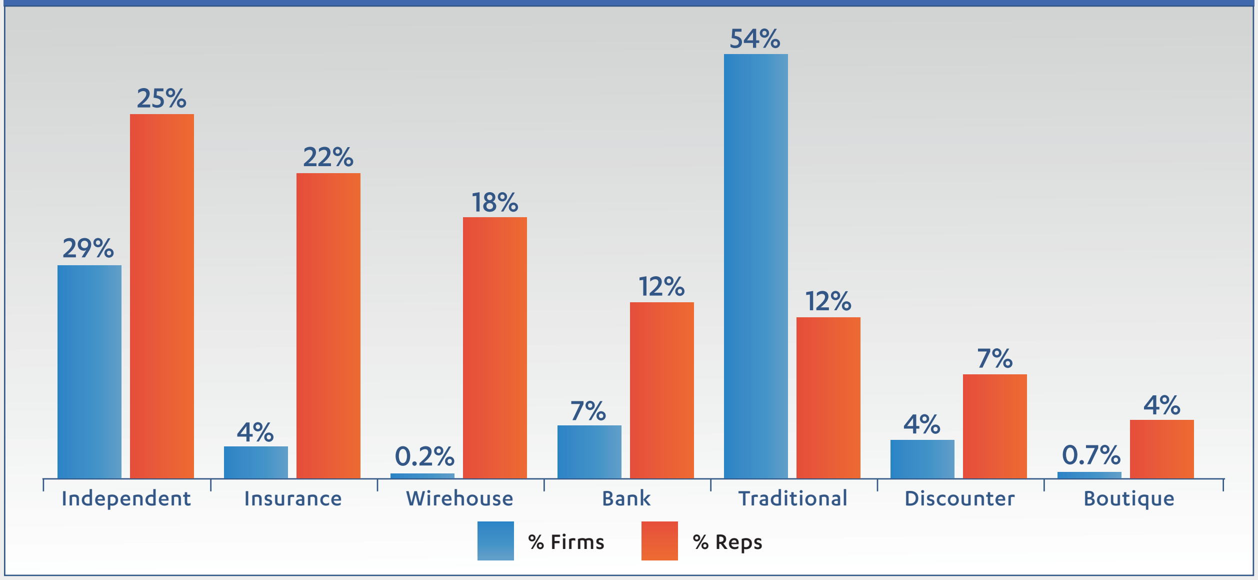
Reps at BD firms in the independent channel have the longest average tenure in the industry.

On average reps at BD firms in the independent channel have been in the business for nearly 19 years, primarily the result of more than half (55%) of the reps with 16+ years experience.

Reps at BD firms operating in the traditional and wirehouse channels are similar in that the average experience is the same at 17.2 years. Also, the proportion of reps at traditional and wirehouse firms with 16+ years experience is the about the same at between 46% and 47%. This similarity makes sense because wirehouse is really a sub-group of the four largest traditional firms.

Reps at BD firms operating in the bank channel have the shortest industry tenure at 11.2 years. Only 12% of the reps at these firms have been in the industry for more than 20 years.

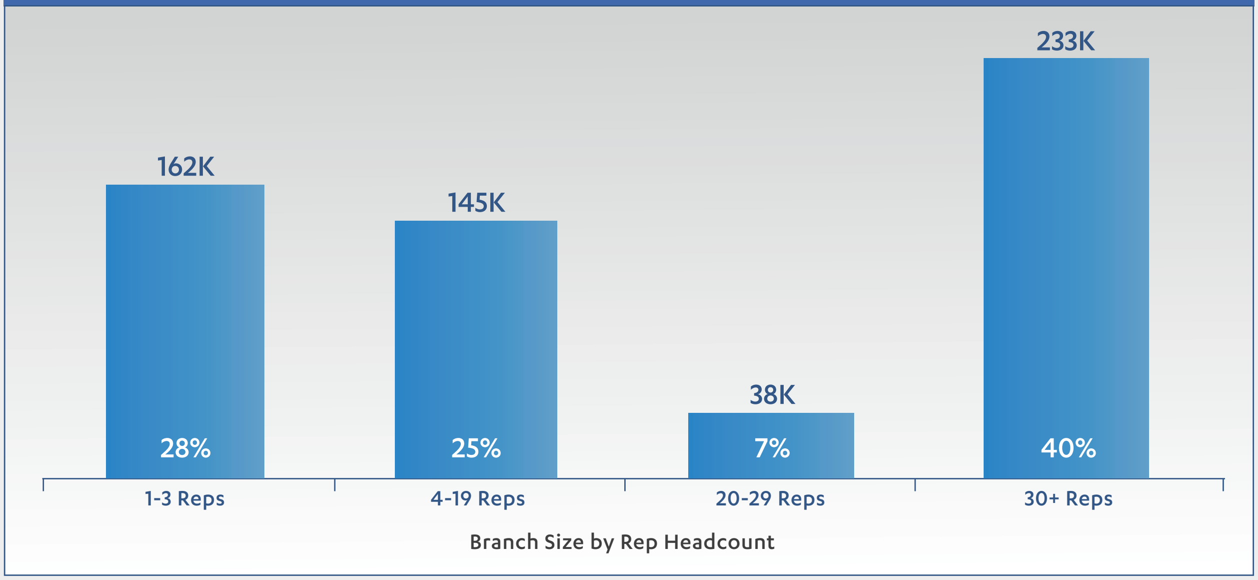
Exhibit 3.74: BD Reps - Primary Firm Type by % Reps *(December 2014)*



A third (33%) of BD firms operating in the independent, insurance and wirehouse channels have almost two-thirds (65%) of the reps.

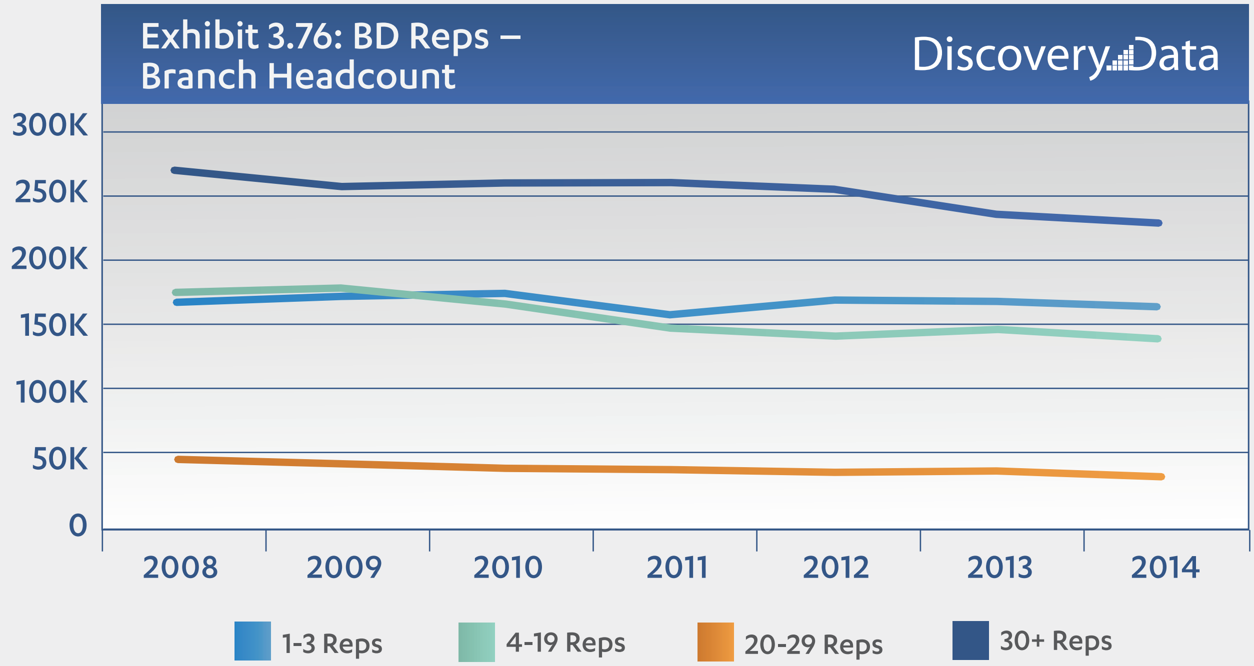
More than a third (35%) of reps at BD firms are in the bank, traditional, discounter and boutique channels. These four channels account for two-thirds (66%) of all firms with more than half (54%) in the traditional channel.

Exhibit 3.75: BD Reps – Branch Headcount
(December 2014)



More than two-thirds (68%) of reps at BD firms either work in a branch of 1-3 reps (28%) or in a branch of 30+ reps (40%).

Another quarter (25%) of reps work in branches of 4-19 reps, while less than one in ten (7%) work from branches of 20-29 reps.



Trends in branch sizes indicate that the number of reps at BD firms in branches of each size have declined between 2008 and 2014. This is largely a factor of the overall decline of reps in the industry.

The most substantial decline occurred among branches of 20-29 reps in which the number of reps in these branches dropped 22%. Additionally, the number of reps in branches of 4-19 reps dropped 15% between 2008 and 2014.

The number of reps in branches of 1-3 reps declined only a 1% during the seven year period.

Exhibit 3.77: BD Reps - Branch Headcount and Primary Firm Type *(December 2014)*

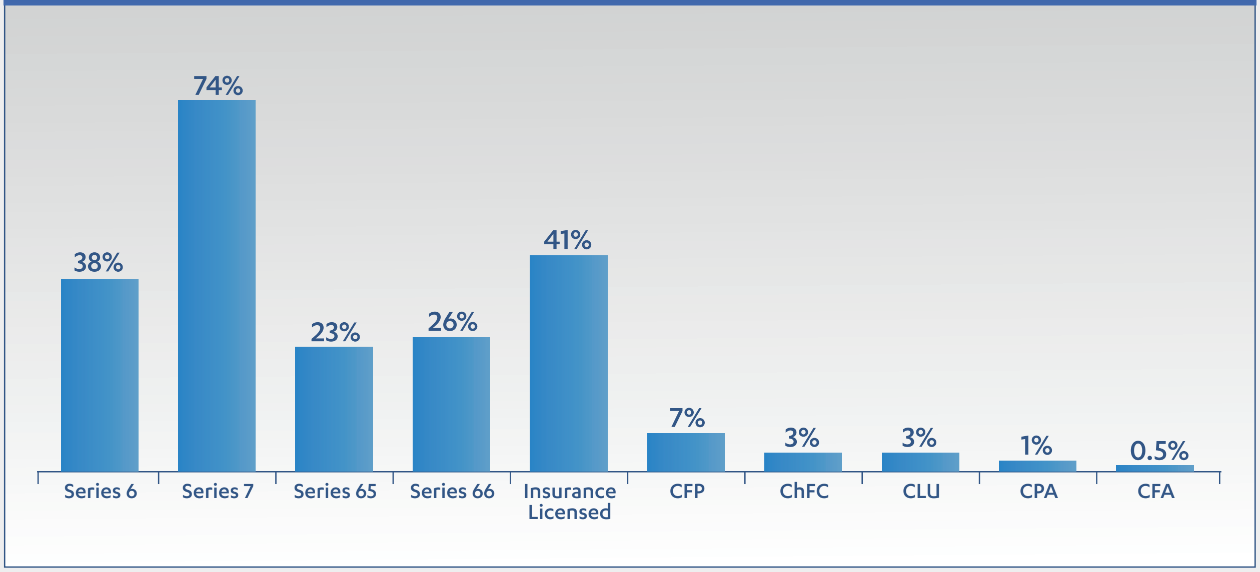
Discovery Data

Branch Headcount	Bank		Boutique		Discounter		Independent		Insurance		Traditional		Wirehouse	
	Reps	% Reps	Reps	% Reps	Reps	% Reps	Reps	% Reps	Reps	% Reps	Reps	% Reps	Reps	% Reps
1-3 Reps	24K	39%	0.17K	4%	2K	4%	65K	52%	40K	37%	17K	30%	8K	8%
4-19 Reps	19K	30%	0.83K	16%	6K	16%	40K	32%	29K	27%	16K	28%	15K	16%
20-29 Reps	2K	2%	0.59K	5%	2K	5%	6K	5%	9K	8%	5K	8%	10K	11%
30+ Reps	18K	29%	17K	74%	27K	74%	14K	11%	30K	28%	20K	34%	59K	65%

BD firms operating in the independent, bank and insurance channels account for the largest proportion of reps at branches with up to three reps. Almost 40% of reps at firms operating in the bank channel, 52% of reps at firms operating in the independent channel and 37% of reps at firms operating in the insurance channel are in branches of 1-3 reps.

The number of reps at BD firms operating in the boutique, discounter and wirehouse channels are largely within branches of 30+ reps. Nearly three-quarters (74%) of reps at firms operating in the boutique and discounter channels and about two-thirds (65%) of reps at firms operating in the wirehouse channel are in branches of 30+ reps.

Exhibit 3.78: BD Reps – Licenses and Designations
(December 2014)



About three-quarters (74%) of reps at firms are Series 7 licensed and almost 40% of reps are Series 6 licensed.

Approximately one in four reps are Series 65 (23%) or Series 66 (26%) licensed and more than 40% of reps are licensed to sell insurance.

Within Discovery Data less than 10% of reps at BD firms have any one of the following designations: CFA, CFP, CPA, ChFC, CLU.

Exhibit 3.79: BD Reps - Licenses and Designations

Discovery Data

	2008	2009	2010	2011	2012	2013	2014
	% Reps	% Reps	% Reps	% Reps	% Reps	% Reps	% Reps
Series 6	41%	41%	40%	39%	37%	39%	38%
Series 7	69%	70%	72%	72%	72%	74%	74%
Series 65	20%	21%	21%	22%	22%	23%	23%
Series 66	18%	20%	22%	23%	24%	25%	26%
Insurance Licenced	32%	36%	36%	32%	38%	43%	41%
CFA	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%	0.5%
CFP	7%	7%	8%	8%	8%	8%	7%
CPA	1%	1%	1%	1%	1%	1%	1%
ChFC	3%	3%	3%	3%	3%	3%	3%
CLU	3%	3%	3%	3%	3%	3%	3%

Year-to-year the Series 7 is the most widely held license among reps at BD firms with no less than 69% of the reps with this license. Between 2008 and 2014 the proportion of reps with a Series 7 increased 7%.

The proportion of reps with a Series 6 declined 7% between 2008 and 2014. A number of firms in the bank channel changed policy to require the Series 7 instead of the Series 6 license.

The proportion of reps with a license to sell insurance increased 28% between 2008 and 2014. Year-over-year the proportion of reps with an insurance license increased at an average annual rate of 5%. In many cases the trend is insurance agents adding rep licenses rather than reps adding the insurance license.

Exhibit 3.80: BD Reps – Licenses and Designations by Primary Firm Type *(December 2014)*

	BANK			BOUTIQUE			DISCOUNTER		
	2014		'13 - '14	2014		'13 - '14	2014		'13 - '14
	Reps	% Reps	Change	Reps	% Reps	Change	Reps	% Reps	Change
Series 6	28K	45%	**-12%**	.63K	3%	**-22%**	1K	2%	**-5%**
Series 7	39K	62%	**-6%**	17K	91%	**-9%**	17K	46%	**-1%**
Series 65	10K	17%	**-1%**	2K	8%	**-7%**	2K	4%	**1%**
Series 66	14K	23%	**1%**	3K	17%	**-7%**	3K	8%	**3%**
Insurance Licensed	19K	31%	**-9%**	.51K	3%	**-10%**	7K	18%	**-1%**
CFP	2K	3%	**-3%**	0.1K	1%	**-12%**	1.0K	3%	**-13%**
CFA	0.2K	0.3%	**29%**	0.2K	1%	**-9%**	0.1K	0.3%	**-11%**
CPA	0.2K	0.3%	**-1%**	0.1K	0.3%	**2%**	0.1K	0.2%	**2%**
ChFC	0.5K	1%	**-3%**	0.1K	0.3%	**0%**	0.1K	0.3%	**-2%**
CLU	0.3K	1%	**-2%**	0.1K	0.4%	**-10%**	0.1K	0.2%	**-9%**

Discovery Data

INDEPENDENT			INSURANCE			TRADITIONAL			WIREHOUSE		
2014		'13 - '14	2014		'13 - '14	2014		'13 - '14	2014		'13 - '14
Reps	% Reps	Change	Reps	% Reps	Change	Reps	% Reps	Change	Reps	% Reps	Change
54K	43%	-5%	89K	82%	-5%	7K	12%	-89%	11K	12%	-5%
98K	78%	-3%	33K	31%	-8%	55K	94%	-3%	87K	95%	-4%
43K	34%	-2%	17K	16%	-2%	14K	25%	-2%	35K	39%	-4%
36K	29%	-1%	14K	13%	-5%	22K	39%	1%	40K	44%	-2%
77K	62%	-3%	60K	55%	-9%	24K	41%	-2%	45K	49%	-5%
20K	16%	-2%	4K	4%	-8%	4K	7%	-1%	11K	12%	-4%
0.5K	0.4%	-5%	0.1K	0.1%	-13%	0.6K	1%	-5%	0.7K	1%	-6%
3K	3%	-3%	0.6K	1%	-5%	1.3K	2%	-2%	2K	2%	-4%
8K	6%	-2%	6K	6%	-6%	1.4K	2%	-1%	2K	2%	-4%
4K	3%	-2%	5K	5%	-5%	2K	3%	-1%	3K	3%	-4%

Among the primary firm types, the number of reps at BD firms with Series 6 and Series 7 licenses declined between 2013 and 2014, particularly reps with firms operating in the bank, independent and insurance channels. This is a direct result of the year-over-year decline in the total number of reps at BD firms.

In line with the overall decline in reps with BD firms, the number of reps with the designations CFP, CFA, CPA, ChFC, CLU have declined at firms operating within the various channels.

Exhibit 3.81: BD Reps – Licenses and Designations by Firm Footprint *(December 2014)*

Discovery Data

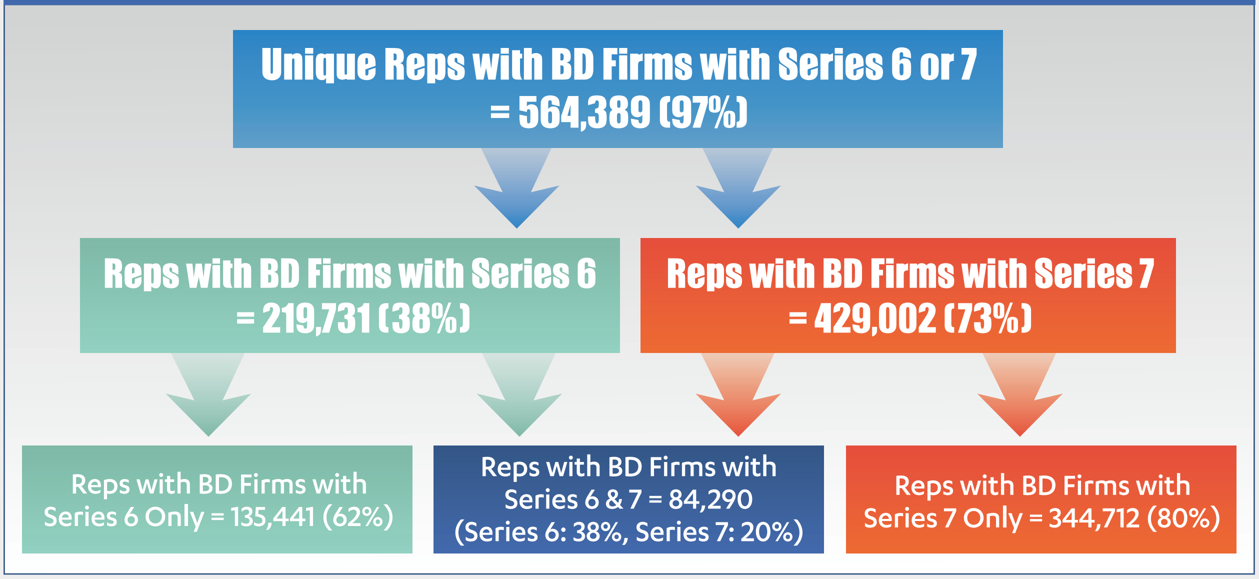
	Local		Multi-State		Regional		National	
	Reps	% Reps	Reps	% Reps	Reps	% Reps	Reps	% Reps
Series 6	3K	23%	7K	30%	23K	43%	164K	40%
Series 7	11K	85%	19K	81%	37K	71%	292K	72%
Series 65	3K	25%	6K	25%	14K	26%	102K	25%
Series 66	2K	17%	5K	23%	13K	24%	121K	30%
Insurance Licenced	3K	24%	8K	33%	22K	42%	199K	49%
CFA	0.2K	1%	0.3K	1%	0.3K	1%	1.5K	0.4%
CFP	0.8K	6%	1.4K	6%	4K	7%	36K	9%
CPA	0.2K	2%	0.2K	1%	0.7K	1%	7K	2%
ChFC	0.3K	2%	0.6K	3%	1.4K	3%	16K	4%
CLU	0.2K	2%	0.4K	2%	0.9K	2%	13K	3%

BD firms with a local footprint have the highest proportion of reps with a Series 7 at 85%. More than eight in ten (81%) reps at firms with a multi-state footprint have a Series 7 license, 71% of reps at firms with a regional footprint have a Series 7 license, and 72% of reps at firms with a national footprint have a Series 7 license.

Less than 45% of reps at BD firms within each of the footprint classifications have a Series 6 and 30% or less within each footprint classification have a Series 65 or Series 66 license.

Almost half (49%) of reps at BD firms with a national footprint have a license to sell insurance.

Exhibit 3.82: BD Reps – Series 6 and Series 7 Licenses *(December 2014)*

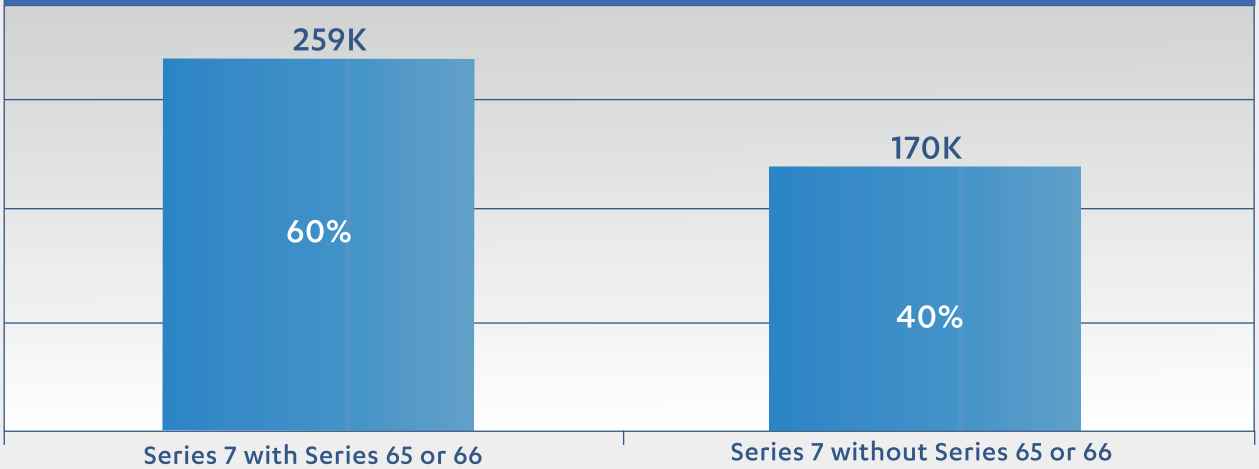


Within Discovery Data there are 564,389 reps with a Series 6 or Series 7 license at BD firms. The reps with a Series 6 or Series 7 account for 97% of the reps at BD firms.

Among reps at BD firms:

- Nearly four in ten (38%) or 219,731 reps are Series 6 licensed and almost three-quarters (73%) or 429,002 reps are Series 7 licensed.
- More than six in ten (62%) or 135,411 reps with a Series 6 have only a Series 6. Nearly four in ten (38%) or 84,290 reps with a Series 6 also have a Series 7.
- Eight in ten (80%) or 344,712 reps with a Series 7 have only a Series 7. The remaining 20%, or 84,290, of reps with a Series 7 also have a Series 6.

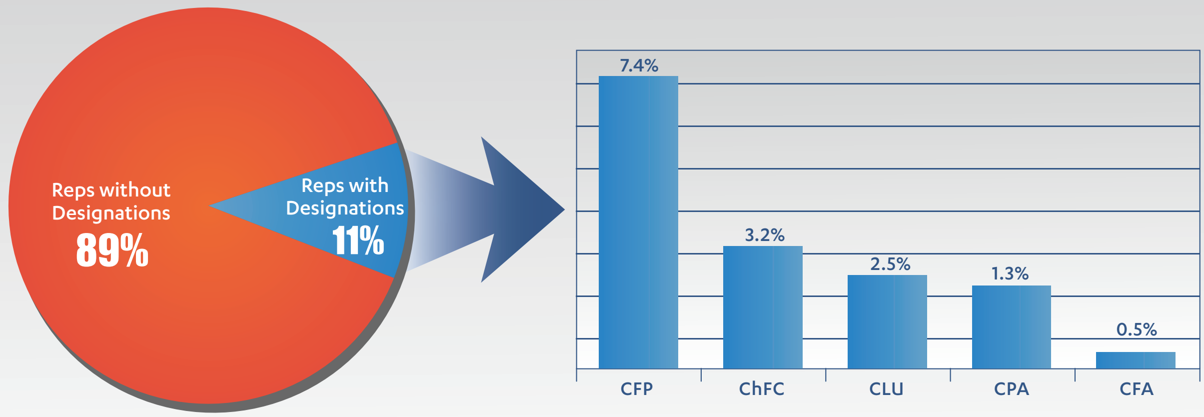
Exhibit 3.83: BD Reps – Series 7 with and without Series 65 or 66 *(December 2014)*



Among Series 7 licensed reps at BD firms, six in ten (60%) or 259,000 also hold a Series 65 or 66 license.

Also, among Series 7 licensed reps, four in ten (40%) or 170,000 do not hold a Series 65 or 66 license.

Exhibit 3.84: BD Reps – Designations
(December 2014)



Designations = CFA, CFP, CPA, ChFC, CLU

As of December 2014 about one in ten (11%) reps at BD firms within Discovery Data had at least one professional designation.

Among reps with a designation, 7.4% are Certified Financial Planners (CFP), 3.2% are Chartered Financial Consultants (ChFC) and 2.5% are Chartered Life Underwriters (CLU).

Exhibit 3.85: BD Reps – Series 6 and 7 Reps with Designations *(December 2014)*

Discovery Data

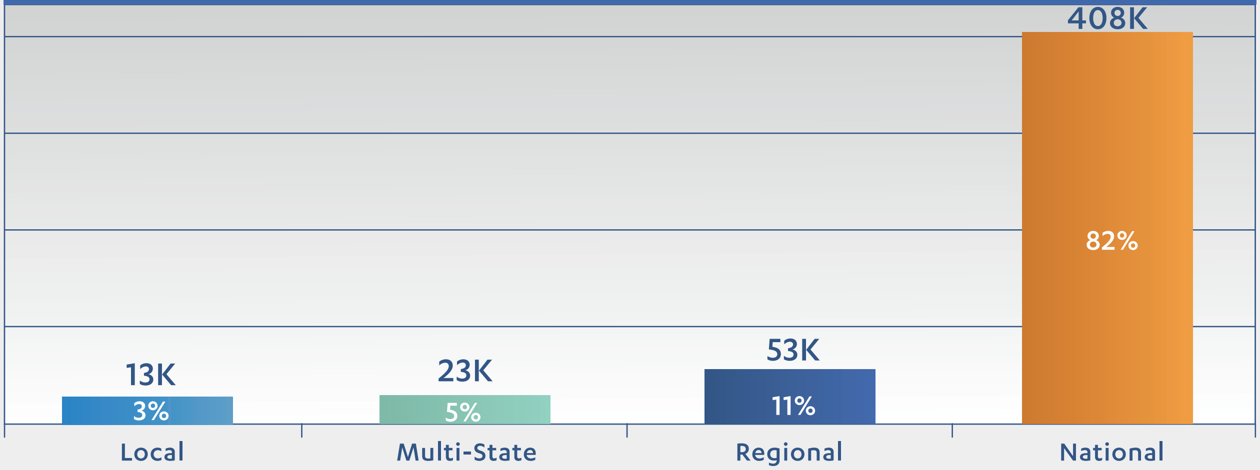
Designations	Series 6		Series 7	
	Reps	% Series 6 Reps	Reps	% Series 7 Reps
CFA	0.4K	0.2%	3K	1%
CFP	13K	6%	41K	10%
CPA	2K	1%	7K	2%
ChFC	10K	5%	16K	4%
CLU	7K	3%	12K	3%

Among reps at BD firms with at least one of the designations along with a Series 6 or Series 7, the most prevalent designation is the CFP.

Less than one in ten (6%) or 13,000 reps with a Series 6 also have a CFP and one in ten (10%) or 41,000 reps with a Series 7 also have a CFP.

After the CFP the most prevalent designation among reps at BD firms with a Series 6 or Series 7 is the ChFC. Only one in 20 (5%) or 10,000 reps with a Series 6 also hold a ChFC and 4% or 16,000 reps with a Series 7 also hold a ChFC.

Exhibit 3.86: BD Reps – Reps by Retail Firm Footprint *(December 2014)*

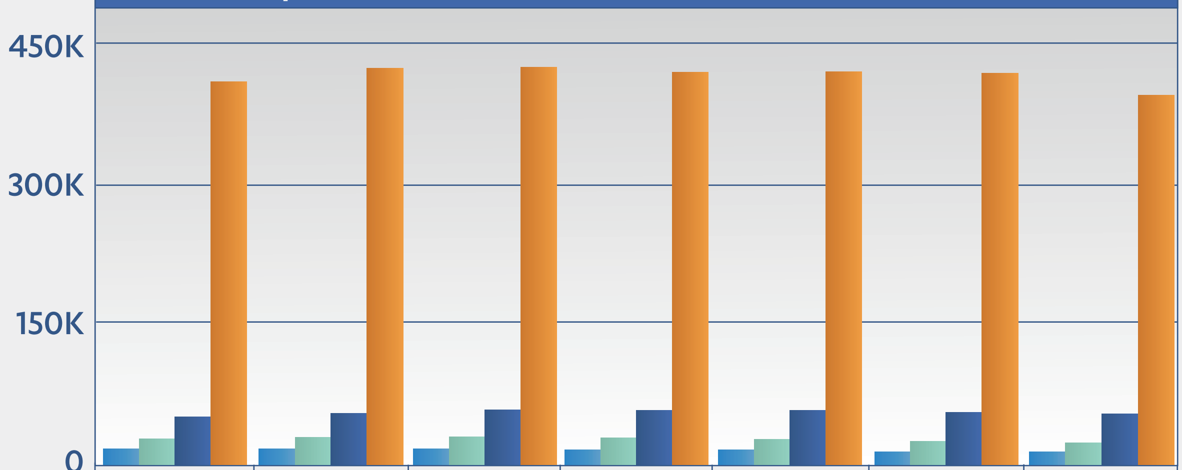


More than eight in ten (82%) or 408,000 reps at BD firms are at firms with a national footprint. The majority of reps at national firms are at firms operating in the independent (25%), insurance (25%) and wirehouse (22%) channels.

Only 3% or 13,000 reps are at BD firms with a local footprint, 11% or 53,000 reps are at BD firms with a regional footprint and 5% or 23,000 reps are at BD firms with a multi-state footprint.

Exhibit 3.87: BD Reps – Reps by Firm Footprint

Discovery Data



	2008	2009	2010	2011	2012	2013	2014
Local	16K	16K	16K	15K	15K	13K	13K
Multi-State	27K	28K	29K	28K	26K	24K	23K
Regional	50K	54K	58K	57K	57K	55K	53K
National	413K	428K	429K	424K	424K	423K	408K

Between 2008 and 2014 the number of reps at BD firms with local, multi-state and national footprints declined.

Between 2008 and 2014 the number of reps at BD firms with a local footprint declined 19% from 16,000 to 13,000, the number of reps at BD firms with a multi-state footprint declined 15% from 27,000 to 23,000, and the number of reps at BD firms with a national footprint declined 1% from 413,000 to 408,000.

During the same period (2008-2014) the number of reps at BD firms with a regional footprint increased 6% from 50,000 to 53,000 despite a decline of almost 4% between 2013 and 2014.

Exhibit 3.88: BD Reps – By Firm Footprint and Primary Firm Type *(December 2014)*

Discovery Data

	Local	Multi-State	Regional	National
Bank	1.8K	3K	22K	36K
Boutique	0	1.3K	0.6K	17K
Discounter	0.4K	2K	0.2K	27K
Independent	3K	11K	13K	101K
Insurance	0.2K	0.9K	6K	100K
Traditional	7K	5K	10K	35K
Wirehouse	0	0	0	92K

The majority of reps at BD firms are with firms with a national footprint. Most of the reps with firms operating nationally are with firms in the independent (101,000), insurance (100,000) and wirehouse (92,000) channels.

Following BD firms with a national footprint, firms with a regional footprint have the highest concentration of reps. Among firms with a regional footprint it is those firms operating in the bank channel which have the greatest number of reps (22,000).

Firms with a local footprint have the fewest number of reps among the BD firm types. Among those with a local footprint, traditional firms having the highest concentration of reps at 7,000.

INVESTMENT ADVISER

Of the 354,000 reps at IA firms as of December 2014, nearly three in four (73%) or 259,000 are at firms conducting both retail and institutional business and less than one in five (16%) or 57,000 are at firms conducting retail-only business.

As of December 2014 nearly eight in ten (76%) reps at IA firms were dually registered BD-IA reps and nearly a quarter (24%) were IA-only reps.

Since 2008 there has been an upward trend in the number of reps at IA firms, increasing 20% from 295,000 in December 2008 to 354,000 in December 2014.

Between 2008 and 2014 the number of IA-only reps increased 46% from 59,000 in 2008 to 86,000 in 2014.

The number of reps at IA firms conducting retail-only business increased 84% from 31,000 at year-end 2008 to 57,000 at year-end 2014.

Between 2008 and 2014 the number of reps at IA firms conducting both retail and institutional business increased 30% from 199,000 at year-end 2008 to 259,000 at year-end 2014.

As of December 2014 reps at IA-only firms conducting retail-only business accounted for 51,000 reps or 39% of the reps at these firms. Additionally, 47,000 or 35% of the reps were at firms conducting both retail and institutional business and 35,000 or 26% were at firms conducting institutional-only business.

The number of reps at corporate owned firms account for 77% of the total number of reps with IA firms and reps with independently owned firms make up 23% of the total number of reps with IA firms.

The number of reps at independently owned IA firms increased 100% from 41,000 in 2008 to 82,000 in 2014.

Among reps at independently owned IA firms, more than nine in ten (92%) or 76,000 are at IA-only firms and less than one in ten (8%) are at dually registered BD-IA firms.

The most significant change in the number of reps at IA-only independently owned firms occurred between 2011 and 2012 among reps with firms conducting institutional-only business in which the number of reps increased more than 200% from 5,000 to 17,000.

As of December 2014 male reps accounted for 78% and female reps accounted for 22% of all reps at IA firms.

While the average age of reps at IA firms is 49, more than four in ten (44%) are 45 years of age and younger.

Among reps at IA firms conducting retail-only business, while the proportion of reps 35 years of age and under declined 21% between 2008 and 2014, the proportion of reps 66 years of age and up increased more than 100%. The significant increase in the proportion of reps 66 years of age and up is due to an average annual year-over-year growth of 13%.

As of December 2014 more than two-thirds (68%) of reps with IA firms have been in the industry for 20 years or less, with 16% in the industry five years or less.

The proportion of reps with ten years or less experience at IA firms has declined at an average annual rate of 7% year-over-year.

The proportion of reps with 26 or more years of experience increased at an average annual rate of 16% year-over-year.

On average reps at IA firms have been with their current firm for eight years.

More than half (54%) of reps at IA firms have been with at least one other firm prior to their current firm.

Three-quarters (75%) or 265,000 reps with IA firms are Series 65 or 66 licensed and almost half (45%) or 159,000 reps are licensed to sell insurance products.

Nine in ten (90%) or 234,000 reps with a Series 7 at IA firms also have a Series 65 or 66 license.

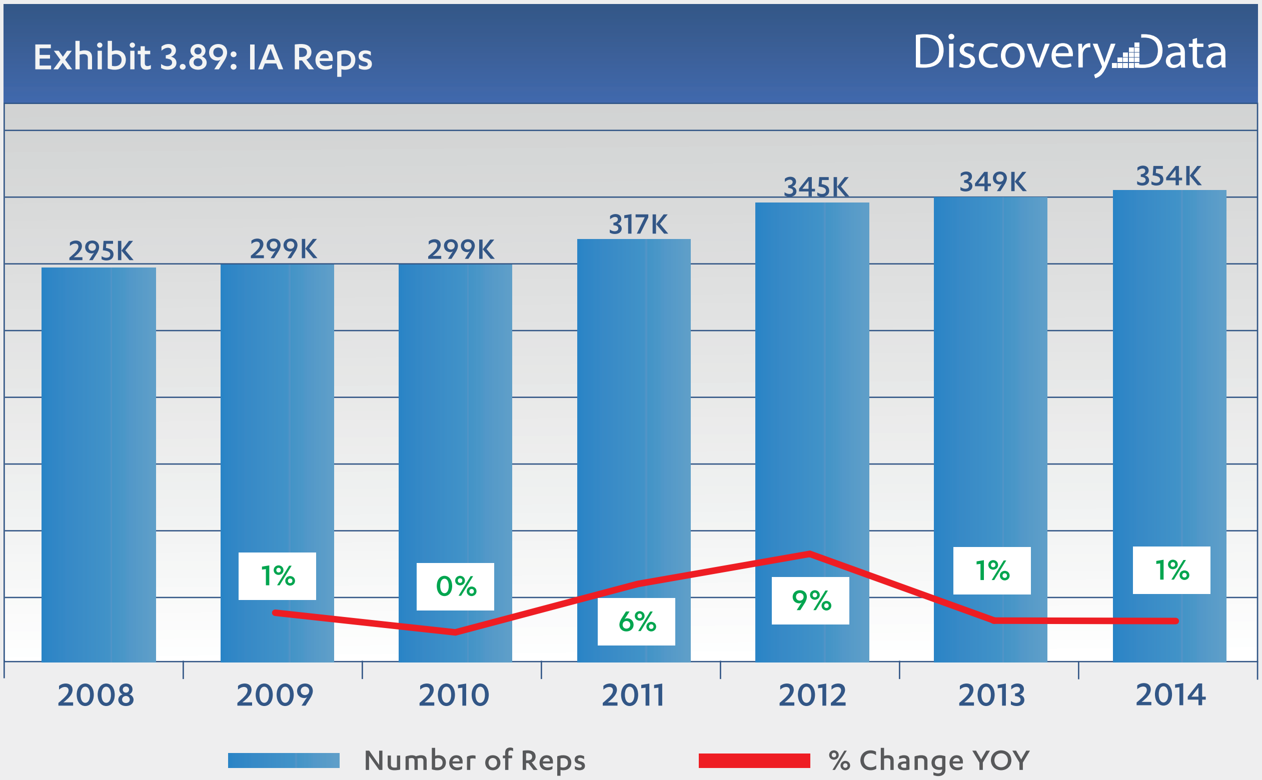
As of December 2014 nearly one in five (18%) or 64,000 reps at IA firms have a professional designation.

Almost four in ten (38%) or 123,000 reps are at IA firms managing more than $100 billion in AUM.

Four in ten (40%) reps are at IA firms conducting retail business managing more than $100 billion in AUM.

More than a third (35%) or 39,000 reps are at IA-only firms managing between $1-$50 billion in AUM.

One in five (20%) or 9,000 reps are at IA-only firms managing between $1-$50 billion in AUM conducting retail-only business.

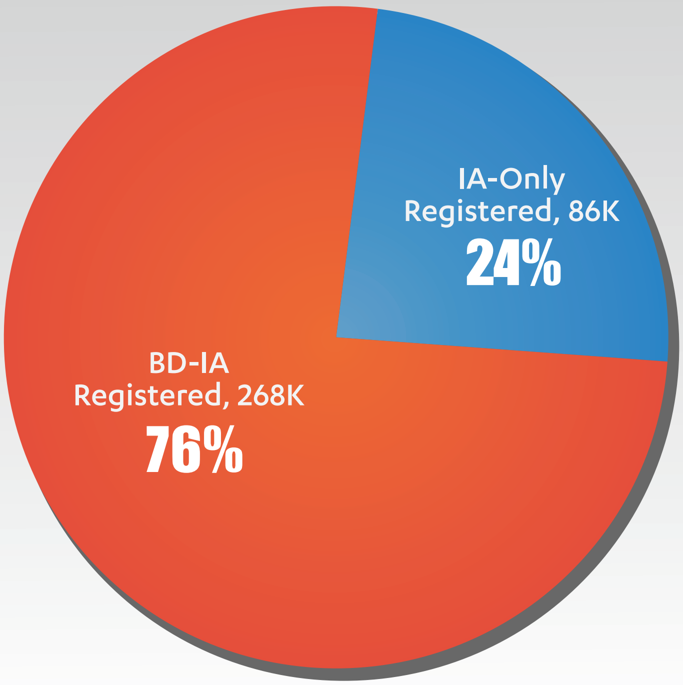


Since 2008 there has been an upward trend in the number of reps with IA firms, increasing 20% from 295,000 in December 2008 to 354,000 in December 2014. Year-over-year the number of reps with IA firms increased at an average annual rate of 3%. The most substantial increase occurred in 2012 in which the number of reps increased 9% from the previous year. This increase can partially be attributed to the industry registration requirements implemented in 2012, requiring many existing IA firms and associated reps to register for the first time.

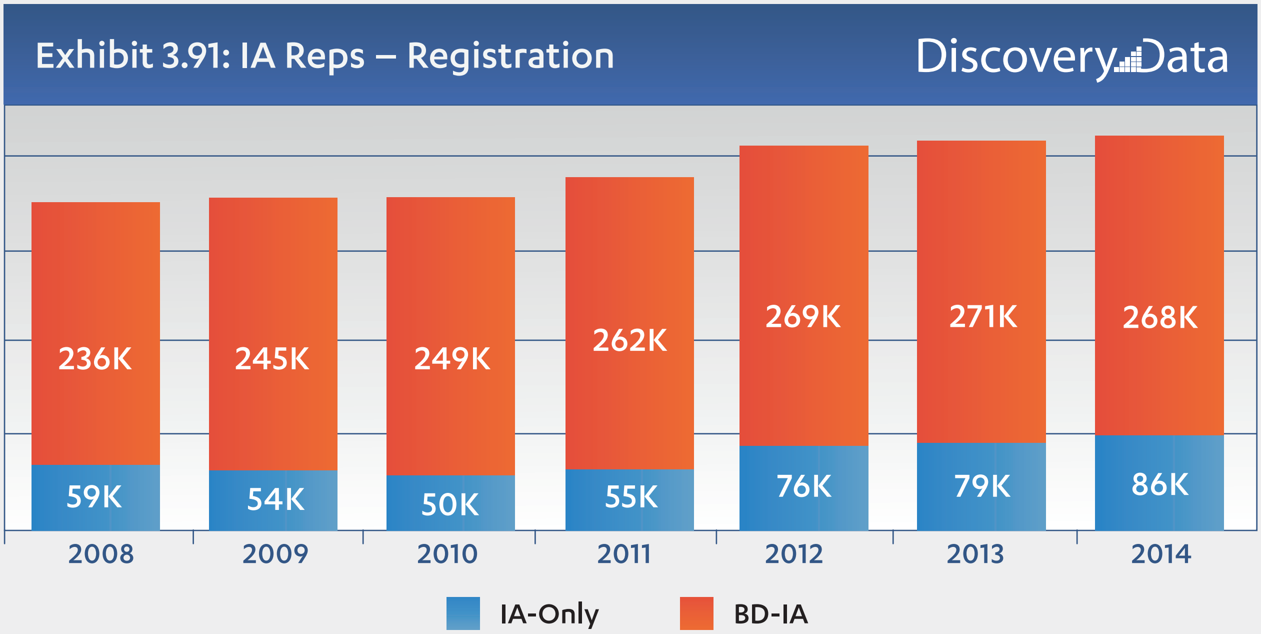
Year-over-year growth in the number of reps with IA firms was relatively unchanged from year-end 2008 through year-end 2010, possibly showing the impact of the financial crisis.

Exhibit 3.90: IA Reps – Registration
(December 2014)

Discovery Data



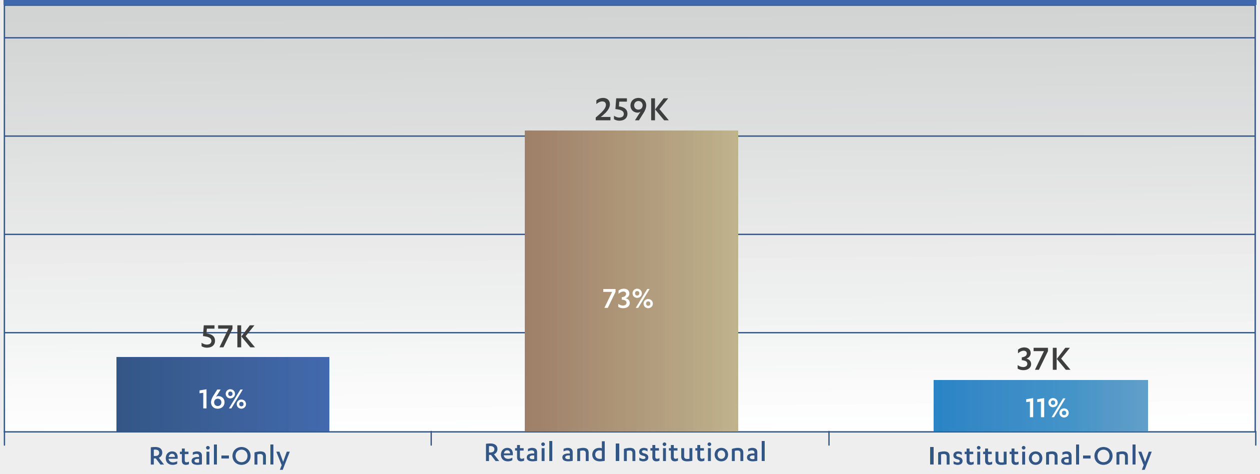
As of December of 2014 nearly eight in ten (76%) reps at IA firms were dually registered BD-IA reps and nearly a quarter (24%) were IA-only reps.



Between 2008 and 2014 the number of IA-only reps increased 46% from 59,000 in 2008 to 86,000 in 2014. This increase represents an average year-over-year annual growth of 7%.

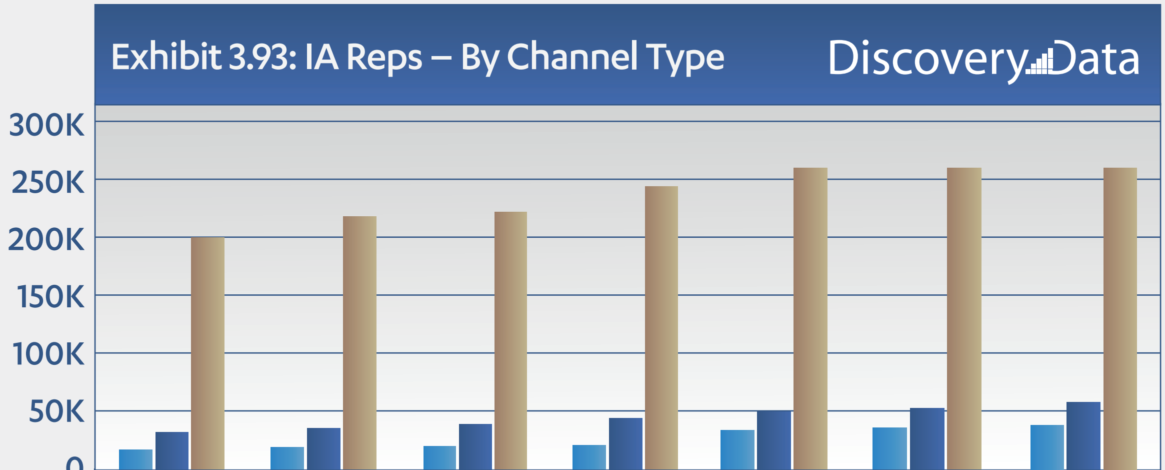
The number of reps at dually registered BD-IA firms increased nearly 14% from 236,000 in 2008 to 268,000 in 2014. Annually, reps at dually registered BD-IA firms increased at an average annual rate of 2%.

Exhibit 3.92: IA Reps – By Channel Type
(December 2014)



Of the 354,000 reps at IA firms as of December 2014, nearly three in four (73%) or 259,000 are at firms conducting both retail and institutional business and less than one in five (16%) or 57,000 are at firms conducting retail-only business. The remaining 11% or 37,000 are at firms conducting institutional-only business.

*Note: The channel type of firms for 1,000 reps is unknown.



	2008	2009	2010	2011	2012	2013	2014
Institutional-Only	16K	18K	19K	20K	33K	35K	37K
Retail-Only	31K	35K	38K	43K	49K	52K	57K
Retail and Institutional	199K	217K	221K	243K	259K	259K	259K

The number of reps at IA firms conducting institutional-only business increased more than 100% from 16,000 at year-end 2008 to 37,000 at year-end 2014. Year-over-year the number of reps at IA firms conducting institutional-only business increased at an average annual rate of 17%, with the most significant increase (65%) occurring in 2012. Again, this is in part due to the registration requirements implemented in 2012.

The number of reps at IA firms conducting retail-only business increased 84% from 31,000 at year-end 2008 to 57,000 at year-end 2014. Over the seven years the number of reps at firms conducting retail-only business increased at an average annual rate of 10% year-over-year.

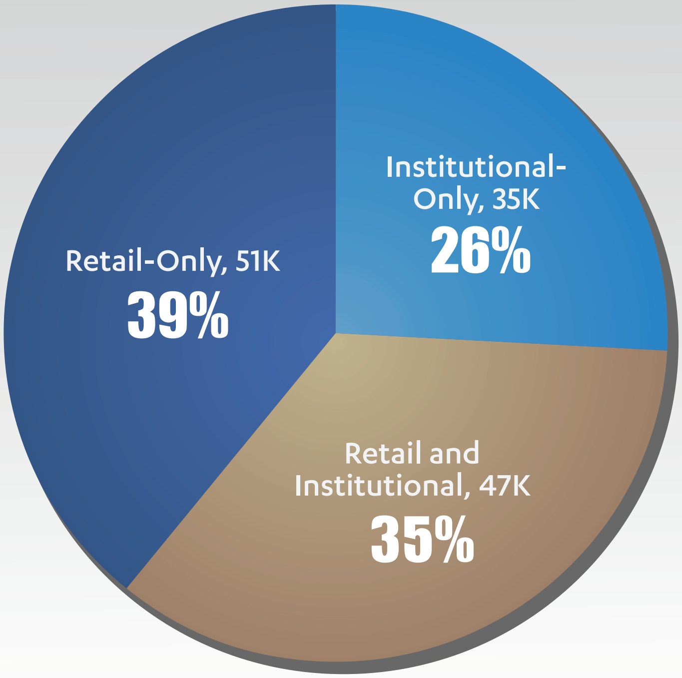
Growth in IA reps is **dominating** the financial services industry.

Between 2008 and 2014 the number of reps at IA firms conducting both retail and institutional business increased 30% from 199,000 at year-end 2008 to 259,000 at year-end 2014. Much of the growth occurred between 2008 and 2012 in which the number of reps at IA firms conducting both retail and institutional business increased 30%. The increase was aided by the registration requirements implemented in 2012. Between 2013 and 2014 the number of reps with firms conducting both retail and institutional business was unchanged.

Exhibit 3.94: IA-Only Reps – By Channel Type

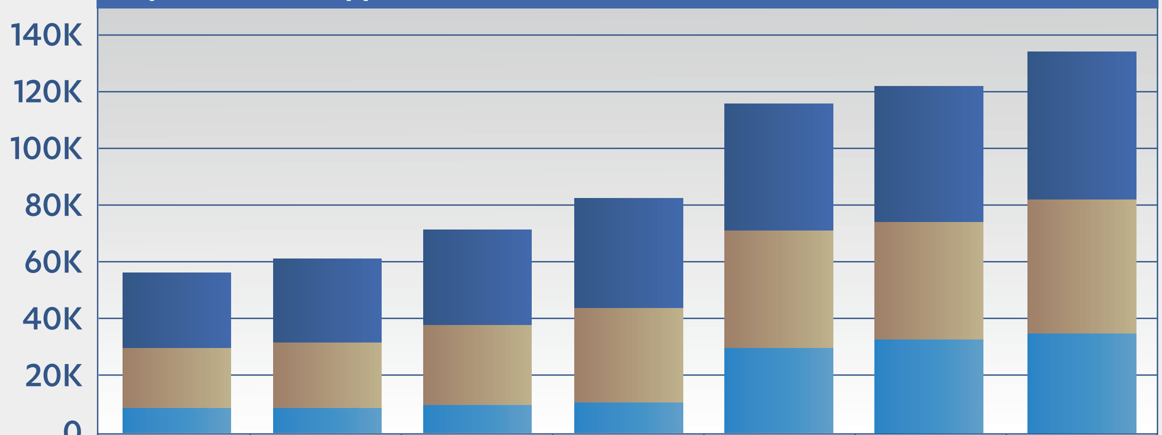
(December 2014)

Discovery Data



As of December 2014 reps at IA-only firms conducting retail-only business accounted for 51,000 reps or 39% of the reps at these firms. Additionally, 47,000 or 35% of the reps were at firms conducting both retail and institutional business and 35,000 or 26% of the reps were at firms conducting institutional-only business.

Exhibit 3.95: IA-Only Reps – By Channel Type



	2008	2009	2010	2011	2012	2013	2014
Retail-Only	26K	29K	33K	38K	44K	47K	51K
Retail and Institutional	21K	23K	28K	33K	41K	41K	47K
Institutional-Only	9K	9K	10K	11K	30K	33K	35K

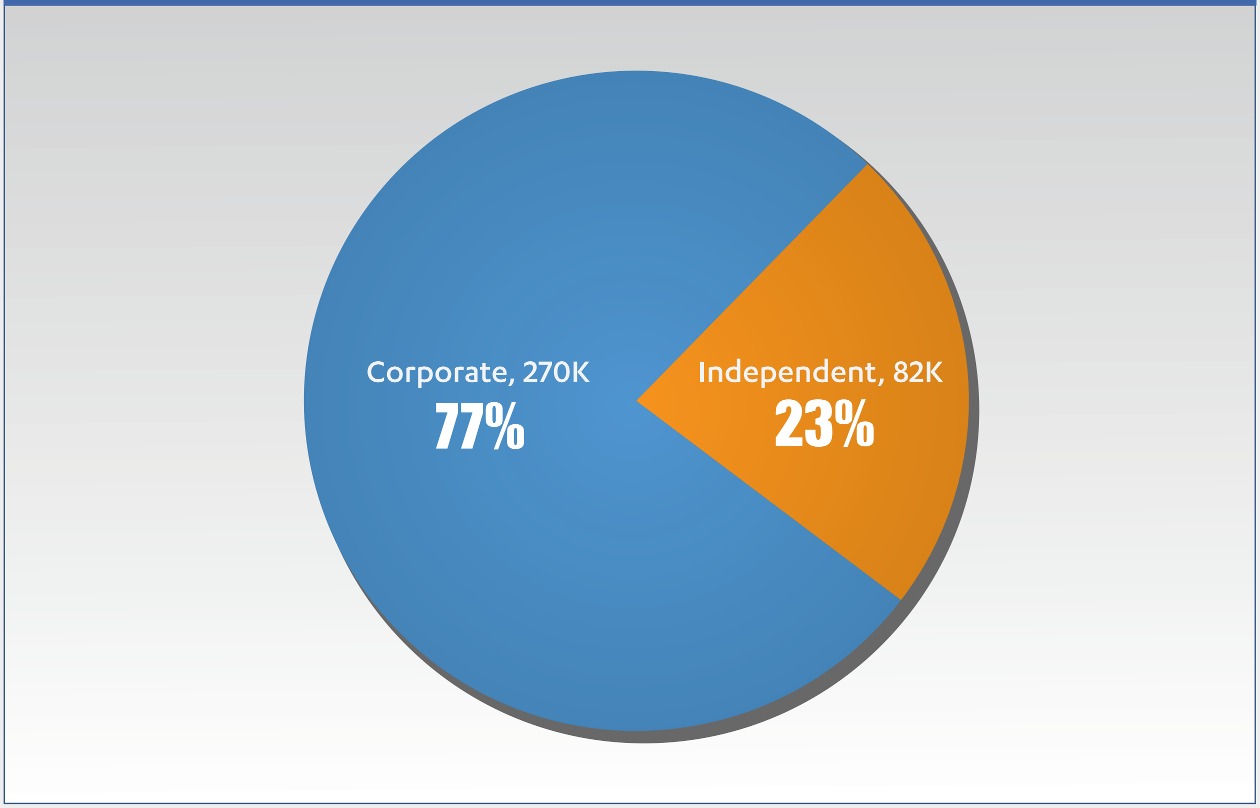
The most significant change in the number of reps at IA-only firms occurred between 2011 and 2012 in which the number of reps with firms conducting institutional-only business increased nearly 200% from 11,000 in 2011 to 30,000 in 2012. This significant change was due largely to the registration requirements implemented in 2012.

In total, the number of reps at IA-only firms increased year-over-year between 2008 and 2014, impacted significantly in 2012 by the registration requirements. As a result, between 2008 and 2012 the number of reps at firms conducting retail-only business increased 69% from 26,000 to 44,000, the number of reps at firms conducting both retail and institutional business increased 95% from 21,000 in 2008 to 41,000 in 2012, and as previously cited, the number of reps at firms conducting institutional-only business increased more than 200% between 2008 and 2012.

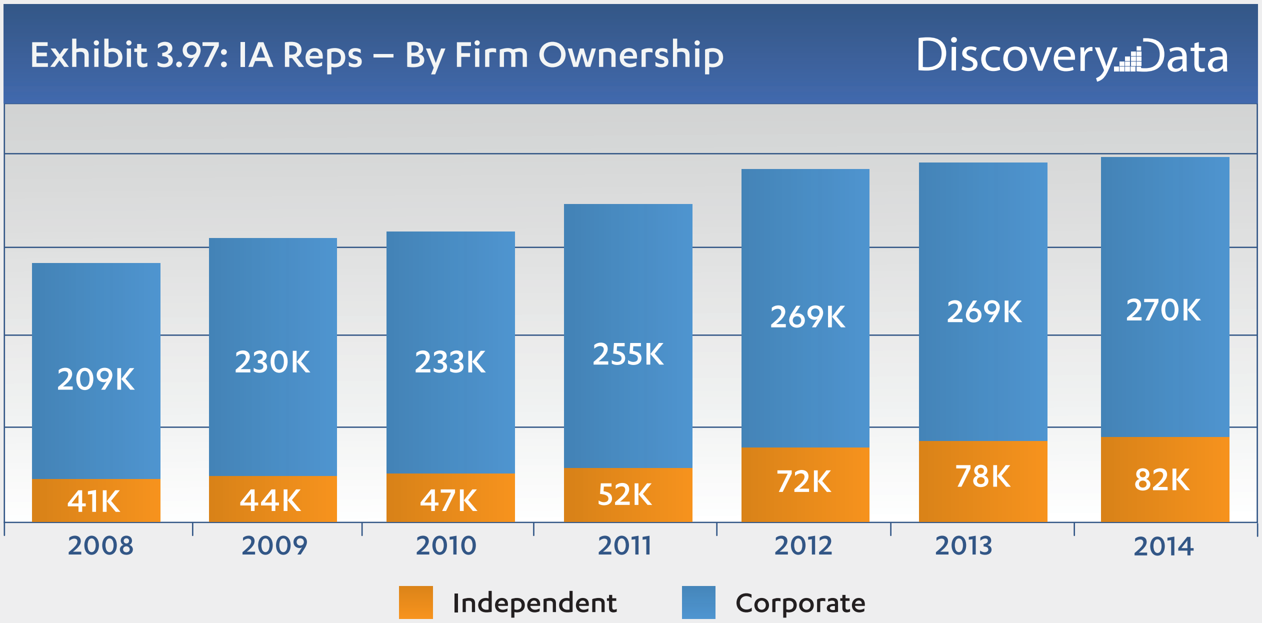
Between 2013 and 2014 the increases in the number of reps slowed. Specifically, the number of reps at IA-only firms conducting retail-only business increased nearly 9% from 47,000 to 51,000, the number of reps at firms conducting both retail and institutional business increased 15% from 41,000 in 2013 to 47,000 in 2014 and the number of reps at firms conducting institutional-only business increased 6% from 33,000 in 2013 to 35,000 in 2014.

Exhibit 3.96: IA Reps – By Firm Ownership
(December 2014)

Discovery Data



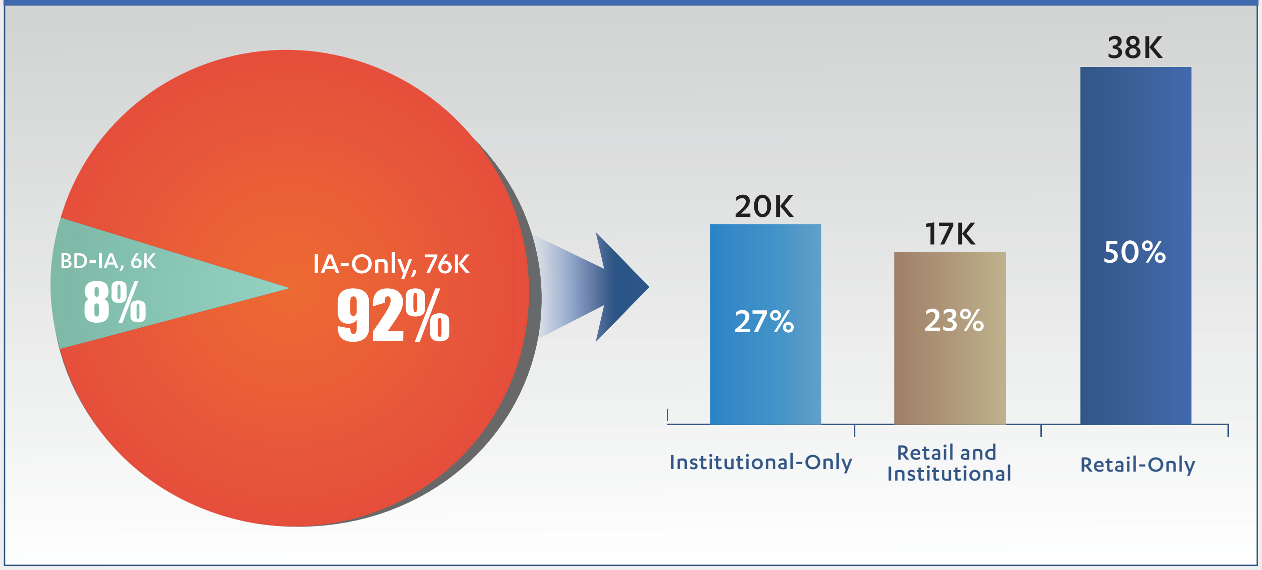
The number of reps at corporate owned firms account for 77% of the total number of reps with IA firms and reps with independently owned firms make up 23% of the total number of reps with IA firms.



The number of reps at independently owned IA firms increased 100% from 41,000 in 2008 to 82,000 in 2014. Year-over-year reps at independently owned firms grew at an average annual rate of 13%.

While the number of reps with corporate owned IA firms increased 29% from 209,000 in 2008 to 270,000 in 2014 and at an average annual rate of 4% year-over-year, they have not grown at nearly the same rate as reps with independently owned firms.

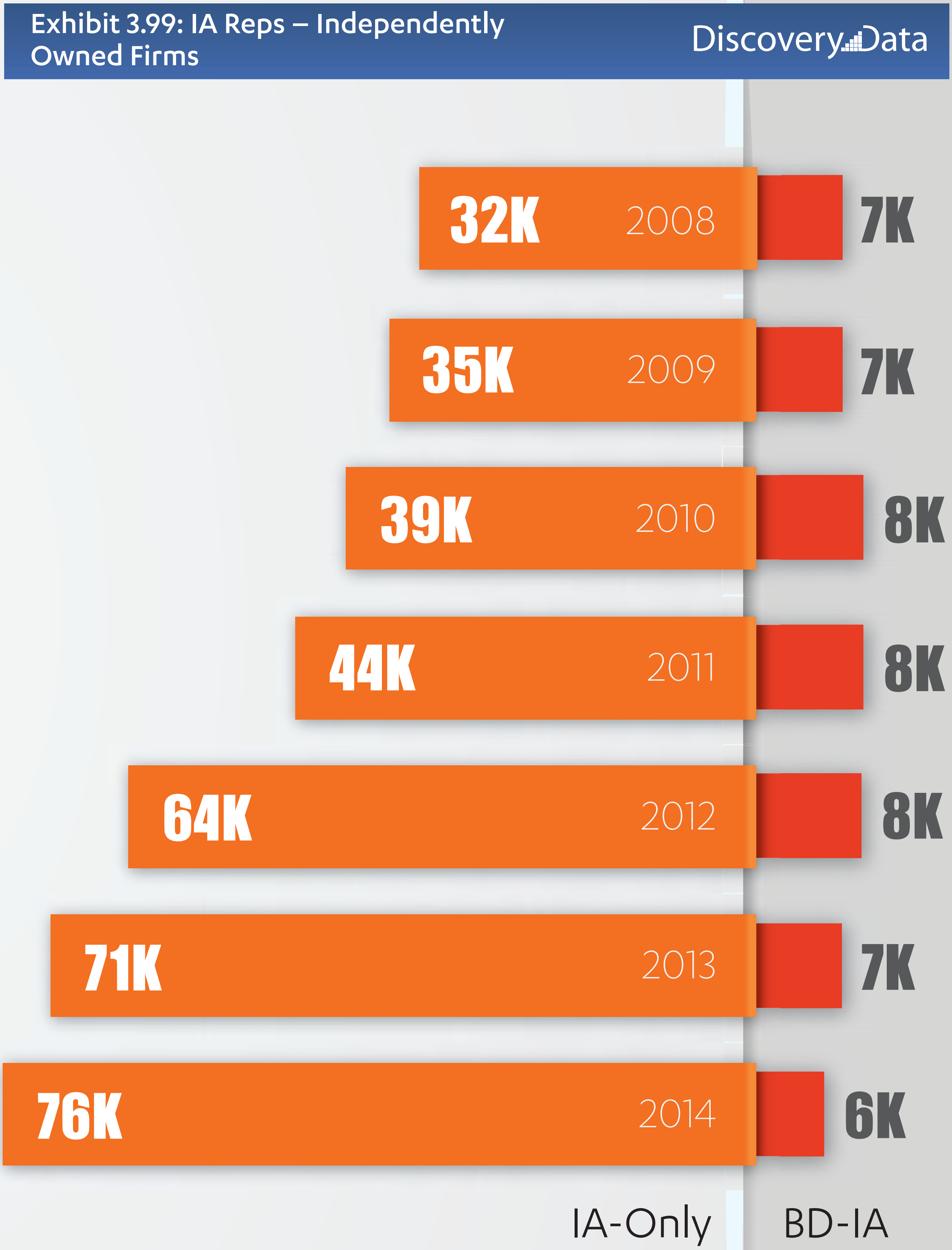
Exhibit 3.98: IA Reps – Independently Owned Firms *(December 2014)*



Among reps at independently owned IA firms, more than nine in ten (92%) or 76,000 reps are at IA-only firms and less than one in ten (8%) or 6,000 reps are at dually registered BD-IA firms.

Among reps at independently owned IA-only firms, 50% or 38,000 reps are with firms conducting retail-only business. Another 23%, or 17,000 reps, are with firms conducting both retail and institutional business and the remaining 27%, or 20,000 reps, are with firms conducting institutional-only business.

Exhibit 3.99: IA Reps – Independently Owned Firms



The growth in the number of reps with independently owned IA firms is among those firms which are IA-only.

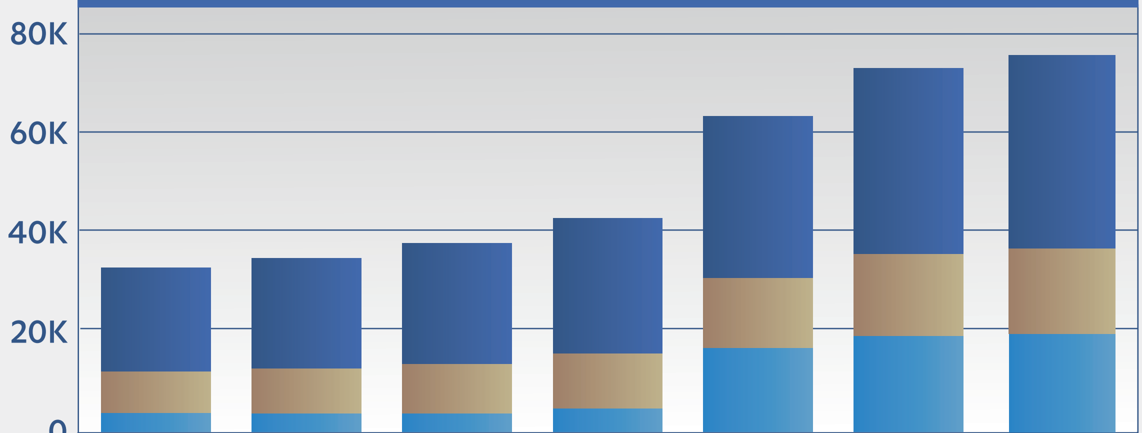
Between 2008 and 2014 the number of reps with independently owned IA-only firms increased more than 100% from 32,000 to 76,000. Year-over-year reps at independently owned IA-only firms grew at an average annual rate of 16%.

The most significant increase was in 2012 in which the number of reps at independently owned IA-only firms grew by more than 40%. Contributing to the 2012 increase was new regulation requiring first time registration of thousands of existing firms and reps.

The number of reps with independently owned dually registered BD-IA firms, on average, declined 2% year-over-year between 2008 and 2014.

Exhibit 3.100: Reps with IA-Only Independently Owned Firms by Channel

Discovery Data



	2008	2009	2010	2011	2012	2013	2014
Retail-Only	20K	22K	24K	27K	32K	36K	38K
Retail and Institutional	8K	9K	10K	11K	14K	16K	17K
Institutional-Only	4K	4K	4K	5K	17K	19K	20K

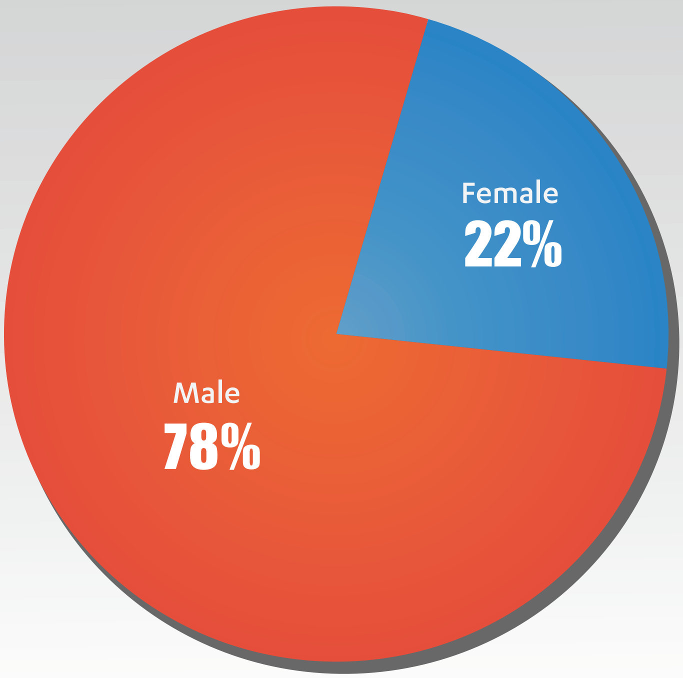
The most significant change in the number of reps at IA-only independently owned firms occurred between 2011 and 2012 among reps with firms conducting institutional-only business in which the number of reps increased more than 200% from 5,000 to 17,000. This significant change can be primarily attributed to the registration requirements implemented in 2012.

The number of reps at IA-only independently owned firms conducting both retail and institutional business increased more than 100% between 2008 and 2014 from 8,000 to 17,000. Year-over-year the number of reps grew at an average annual rate of 14%.

The number of reps at IA-only independently owned firms conducting retail-only business increased 90% between 2008 and 2014 from 20,000 to 38,000, which year-over-year was an average annual growth of 11%.

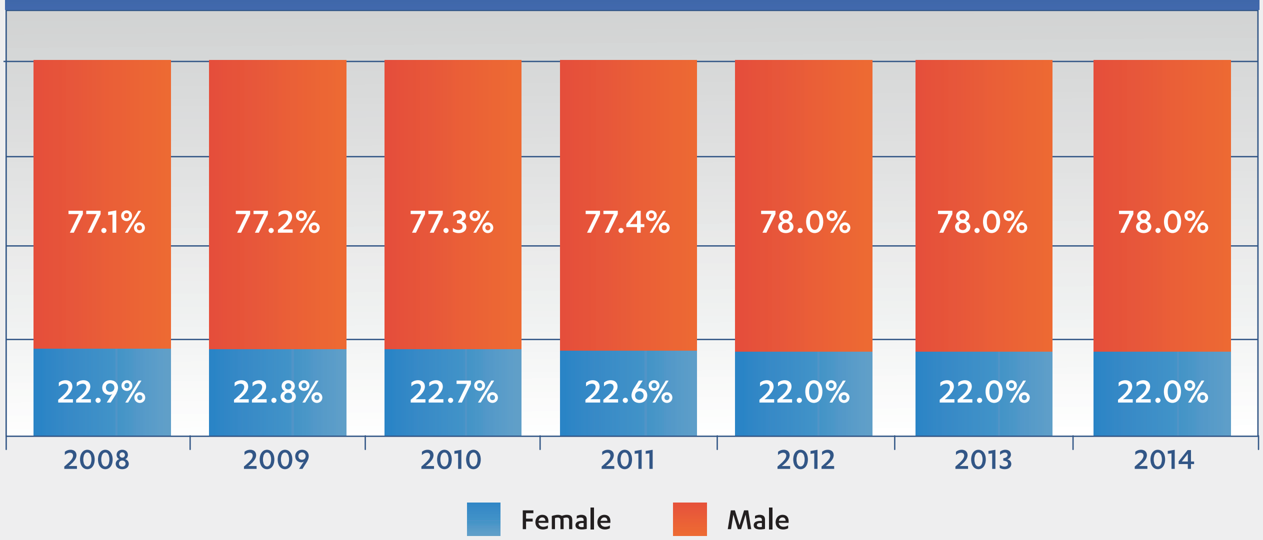
Exhibit 3.101: IA Reps by Gender
(December 2014)

Discovery Data



As of December 2014 male reps accounted for 78% and female reps accounted for 22% of all reps at IA firms.

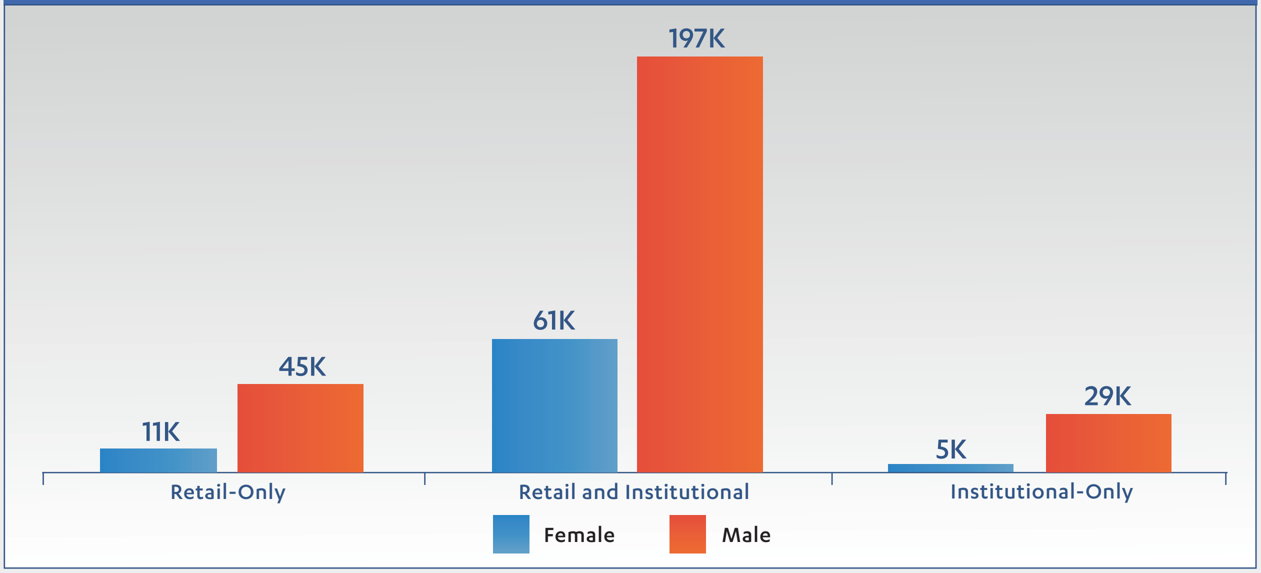
Exhibit 3.102: IA Reps by Gender



The overall increase in the number of reps with IA firms since 2008 has been relatively unchanged among each gender. Between 2008 and 2014 the proportion of male reps has remained between 77% and 78%.

In spite of the industry's ongoing focus on attracting more females into financial services, female reps as a percentage of the total population of reps with IA firms actually decreased nearly 1% between 2008 and 2014.

Exhibit 3.103: IA Reps by Gender and Channel Type *(December 2014)*



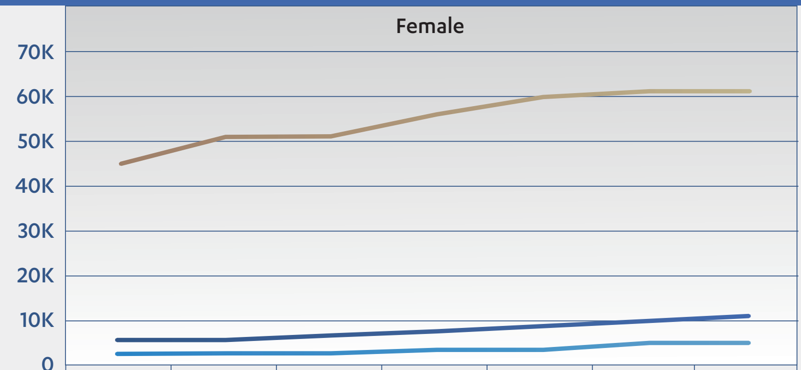
The majority of male and female reps are at IA firms conducting both retail and institutional business.

At 197,000, male reps at IA firms conducting both retail and institutional business account for almost 56% of the rep population with IA firms. Female reps at firms conducting both retail and institutional business (61,000) account for less than 20% of reps.

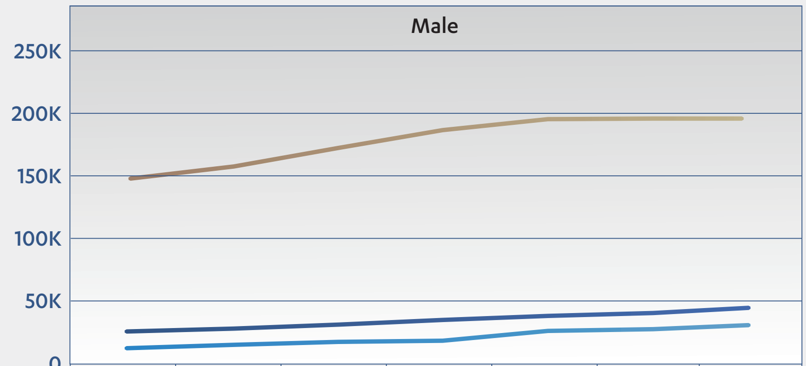
Male reps at IA firms conducting retail-only business and institutional-only business represent 21% of all reps at IA firms and female reps at the same firms account for almost 5% of all reps at IA firms.

Exhibit 3.104: IA Reps by Gender and Channel Type *(May 2014)*

Discovery Data



	2008	2009	2010	2011	2012	2013	2014
Retail-Only	6K	6K	7K	8K	9K	10K	11K
Retail and Institutional	46K	51K	51K	57K	60K	61K	61K
Institutional-Only	3K	3K	3K	4K	4K	5K	5K



	2008	2009	2010	2011	2012	2013	2014
Retail-Only	25K	27K	30K	34K	39K	41K	45K
Retail and Institutional	149K	162K	167K	183K	195K	196K	197K
Institutional-Only	12K	13K	14K	15K	25K	27K	29K

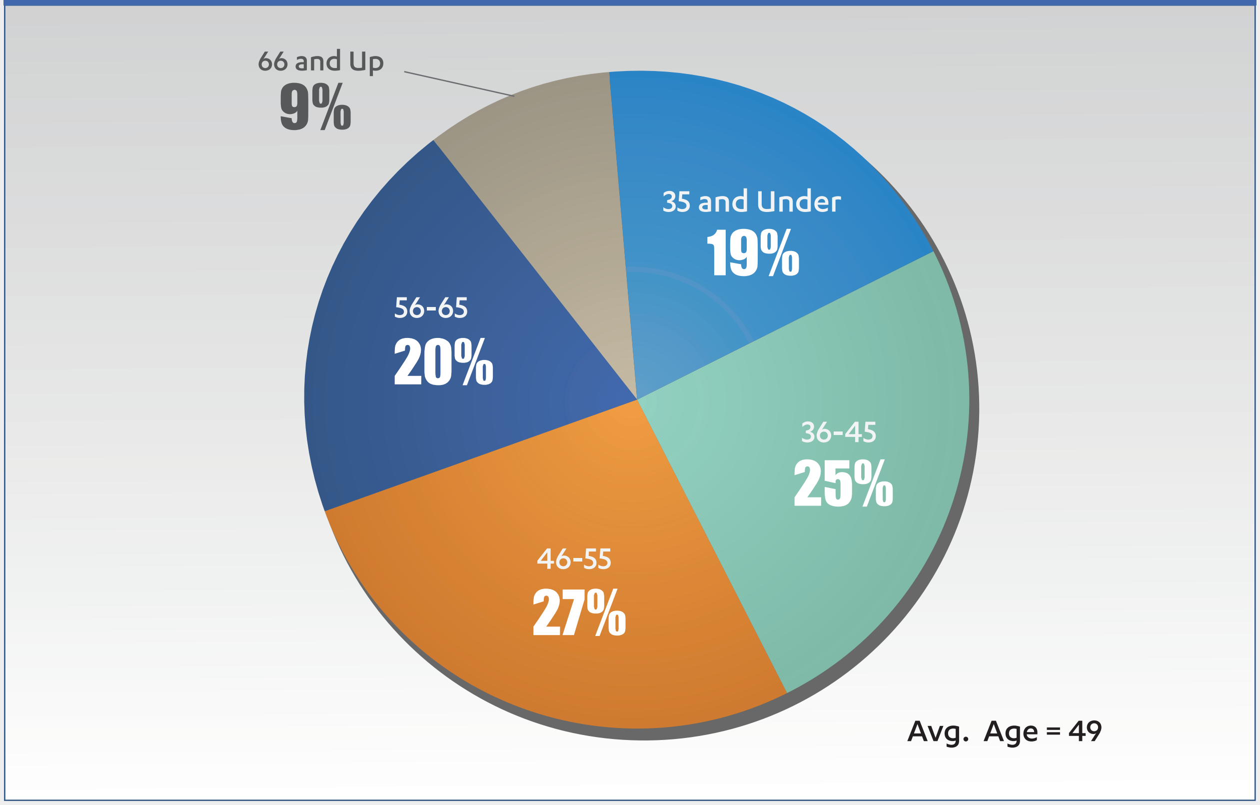
Among male and female reps at IA firms the most significant changes in the number of reps were to those reps at firms conducting institutional-only business and firms conducting retail-only business.

Between 2008 and 2014 the number of male reps at IA firms conducting retail-only business increased 80% from 25,000 in 2008 to 45,000 in 2014, which, on average, represents an average annual increase of 11%. The number of female reps at IA firms conducting retail-only business increased 83% from 6,000 in 2008 to 11,000 in 2014, which also represents an average annual increase of 11%.

At IA firms conducting institutional-only business, the number of male reps increased more than 100% from 12,000 in 2008 to 29,000 in 2014 which, on average, represents an annual increase of 18%. The number of female reps increased 66% from 3,000 in 2008 to 5,000 in 2014 for an average annual increase of 9%.

Exhibit 3.105: IA Reps by Age

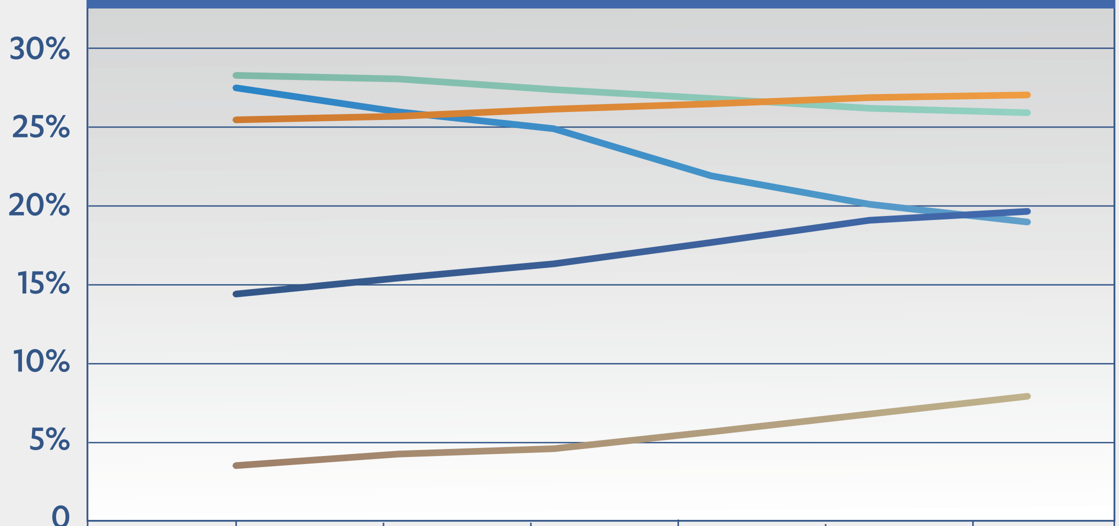
(December 2014)



While the average age of reps at IA firms is 49, more than four in ten (44%) are 45 years of age and younger. Another 27% are between the ages of 46 and 55.

Reps 56 years of age and older account for almost 30% of reps at IA firms.

Exhibit 3.106: IA Reps by Age



	2008	2009	2010	2011	2012	2013	2014
35 and Under	27.6%	26.3%	25.0%	22.6%	20.8%	19.7%	18.9%
36-45	28.4%	28.0%	27.6%	26.8%	26.2%	26.0%	25.4%
46-55	25.6%	26.0%	26.3%	26.8%	26.9%	26.8%	26.6%
56-65	14.7%	15.5%	16.4%	18.0%	19.1%	19.7%	20.4%
66 and Up	3.6%	4.2%	4.8%	5.8%	6.9%	7.9%	8.6%

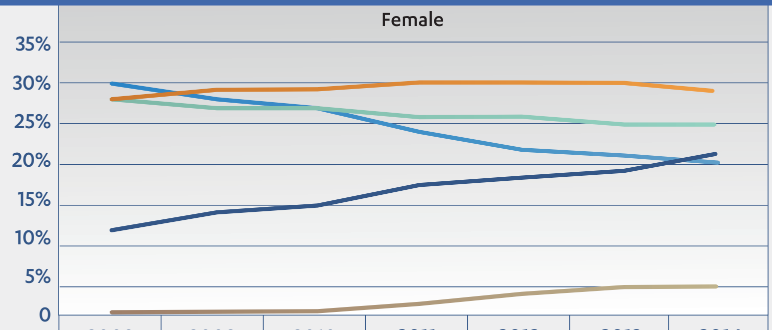
Reps at IA firms are getting older. This is evidenced by the proportion of reps 35 and under declining and the proportion of reps 66 and up increasing.

Reps 35 years of age and under declined 32% between 2008 and 2014 and reps 36-45 years of age declined 11% during the seven year period, which represents average year-over-year declines of 6% among reps 35 years and under and 2% among reps 36-45.

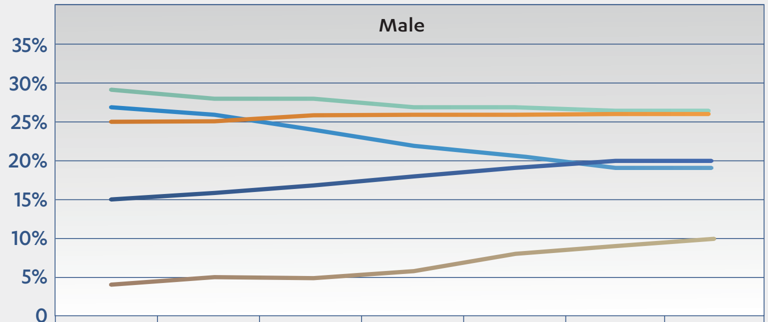
Reps 66 years of age and up increased 138% between 2008 and 2014, which year-over-year was an average annual growth of 16%. The most significant growth occurred between 2011 and 2012 in which there was a 19% increase in the proportion of reps in this age group. Again, the increase in 2012 was aided by the first time registration requirements implemented that year.

Exhibit 3.107: IA Reps by Age and Gender

Discovery Data



	2008	2009	2010	2011	2012	2013	2014
35 and Under	30%	28%	27%	24%	22%	21%	20%
36-45	28%	27%	27%	26%	26%	25%	25%
46-55	28%	29%	29%	30%	30%	30%	29%
56-65	12%	14%	15%	17%	18%	19%	21%
66 and Up	2%	2%	2%	3%	4%	5%	5%



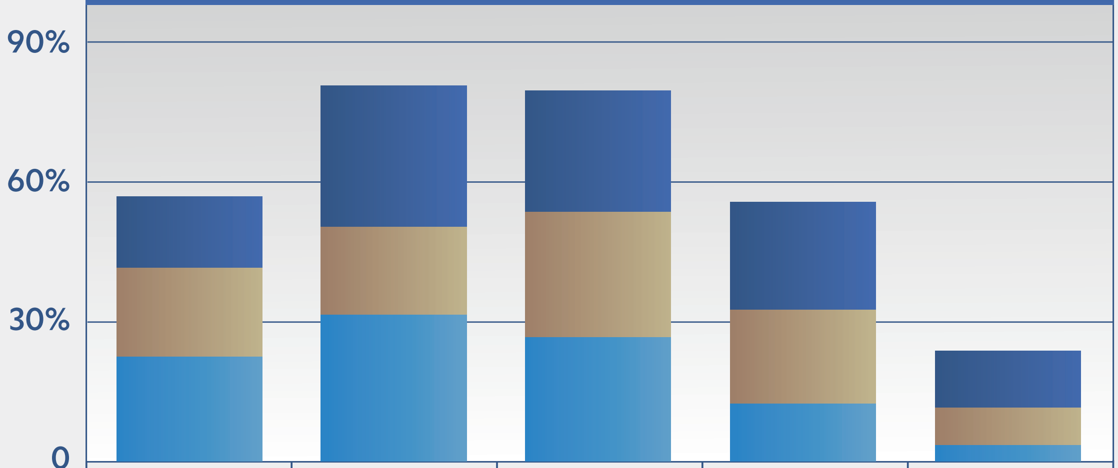
	2008	2009	2010	2011	2012	2013	2014
35 and Under	27%	26%	24%	22%	20%	19%	19%
36-45	29%	28%	28%	27%	26%	26%	26%
46-55	25%	25%	25%	26%	26%	26%	26%
56-65	15%	16%	17%	18%	19%	20%	20%
66 and Up	4%	5%	5%	6%	8%	9%	10%

Among genders, the most significant changes have been among male and female reps 35 years of age and under and male and female reps 66 years of age and up.

Between 2008 and 2014 male and female reps 35 and under at IA firms declined 31% and 33%, respectively, with each group declining at an average annual rate of 6% year-over-year.

While the proportion of male and female reps 35 years of age and under declined, the proportion of male and female reps 66 years of age and up increased. Female reps 66 years of age and up increased at an average annual rate of 20% year-over-year and male reps 66 years of age and up increased at an average annual rate of 15% year-over-year.

Exhibit 3.108: IA Reps by Age and Channel Type *(December 2014)*



	35 and Under	36-45	46-55	56-65	66 and Up
Retail-Only	15%	24%	26%	23%	12%
Retail and Institutional	19%	25%	27%	20%	8%
Institutional-Only	23%	32%	27%	13%	4%

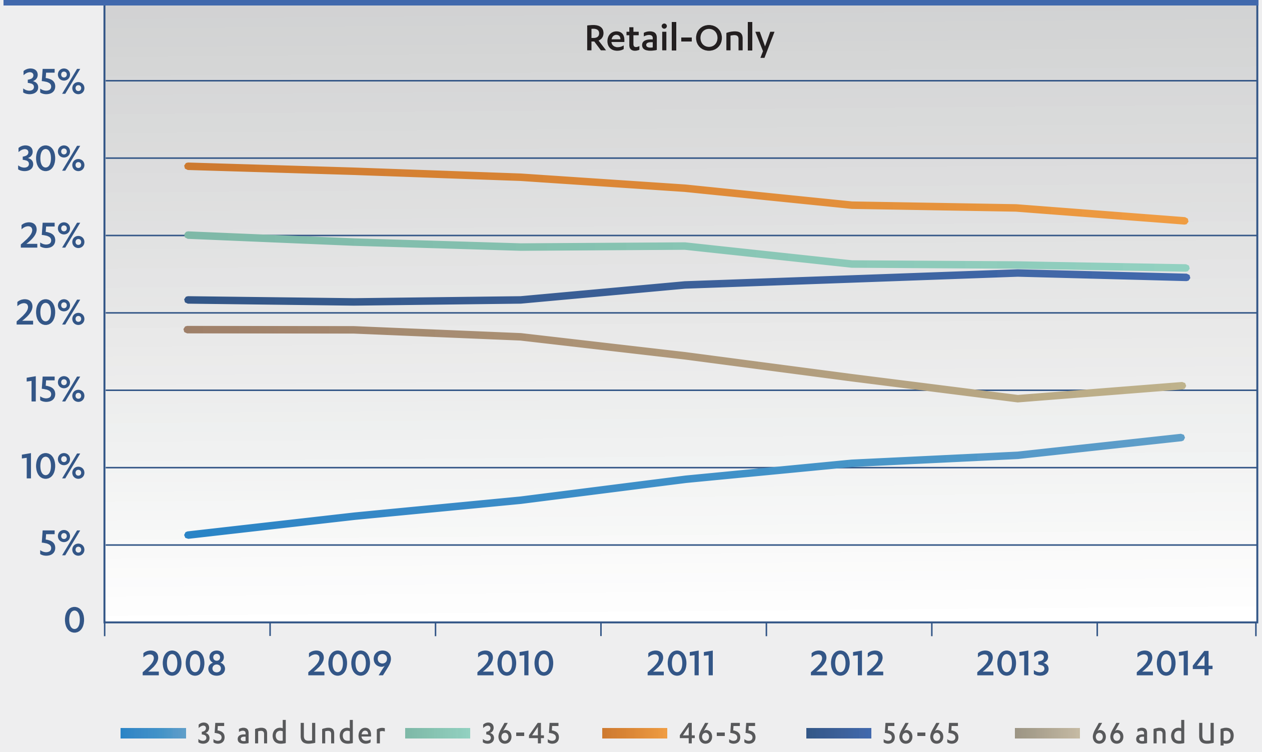
Within each channel either half or the majority of reps with IA firms are between the ages of 36 and 55.

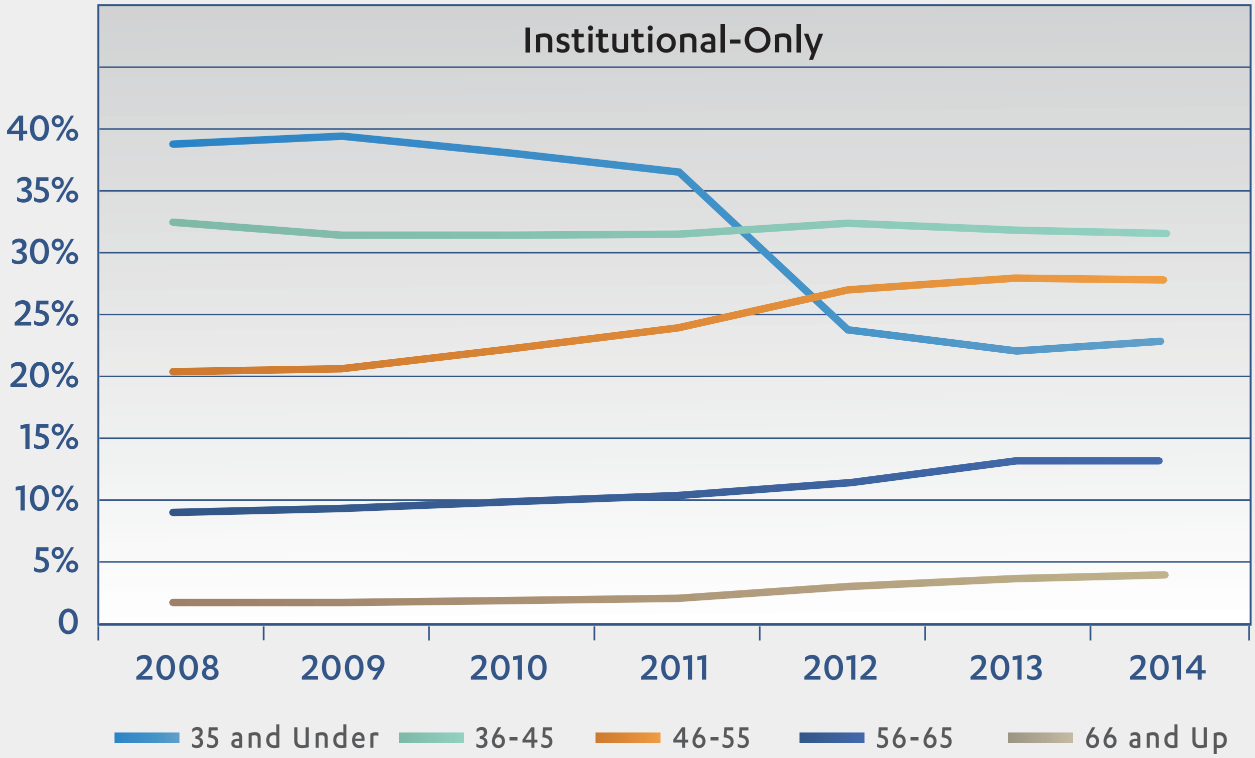
Exactly half of reps at IA firms conducting retail-only business, 52% of reps at IA firms conducting both retail and institutional business, and 59% of reps at IA firms conducting institutional-only business are between 36 and 55.

Among reps 56 years of age and older, more than a third (35%) are at IA firms conducting retail-only business, 28% are at IA firms conducting both retail and institutional business and 17% are at IA firms conducting institutional-only business.

Exhibit 3.109: IA Reps by Age and Channel Type

Discovery Data



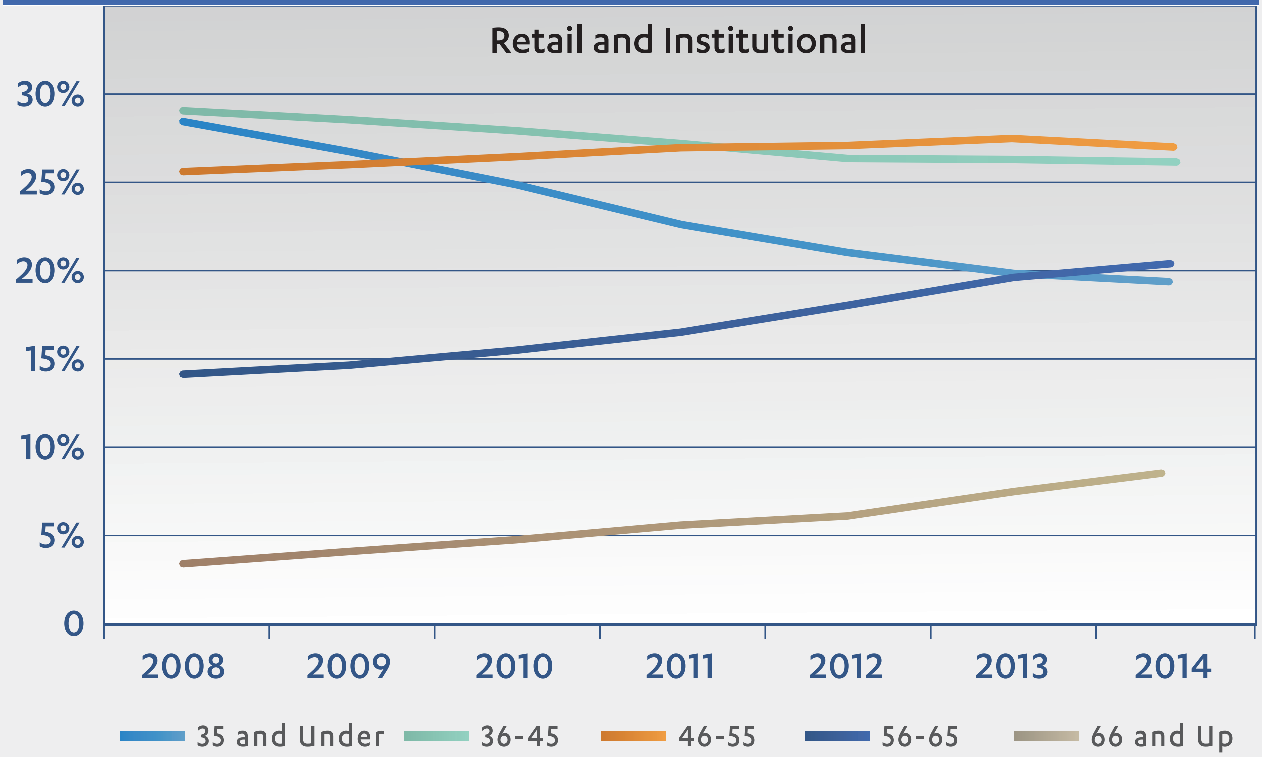


continued on next page

continued from previous page

Exhibit 3.109: IA Reps by Age and Channel Type

Discovery Data



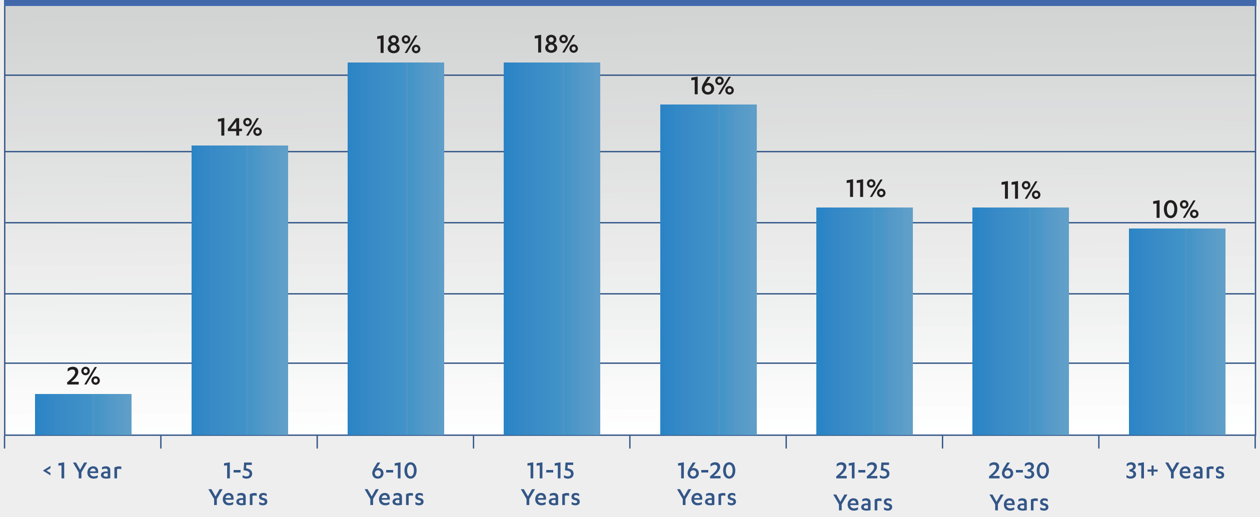
The trend among reps with IA firms is the proportion of reps 35 years of age and under and 36-45 years of age are declining and the proportion of older reps, particularly those 66 years of age and up, are increasing.

Among reps at IA firms conducting retail-only business, while the proportion of reps 35 years of age and under declined 21% between 2008 and 2014, the proportion of reps 66 years of age and up increased more than 100%. The significant increase in the proportion of reps 66 years of age and up is due to an average annual year-over-year growth of 13%.

The proportion of reps 35 years of age and under at IA firms conducting institutional-only business declined 39% from 2008 to 2014. This declining trend was offset somewhat by a 3% increase in 2014.

At IA firms conducting both retail and institutional business the proportion of reps 35 years of age and under declined (-32%) between 2008 and 2014 and the proportion of reps 66 years of age and up at IA firms conducting both retail and institutional business increased more than 100%.

Exhibit 3.110: IA Reps – Industry Tenure
(December 2014)

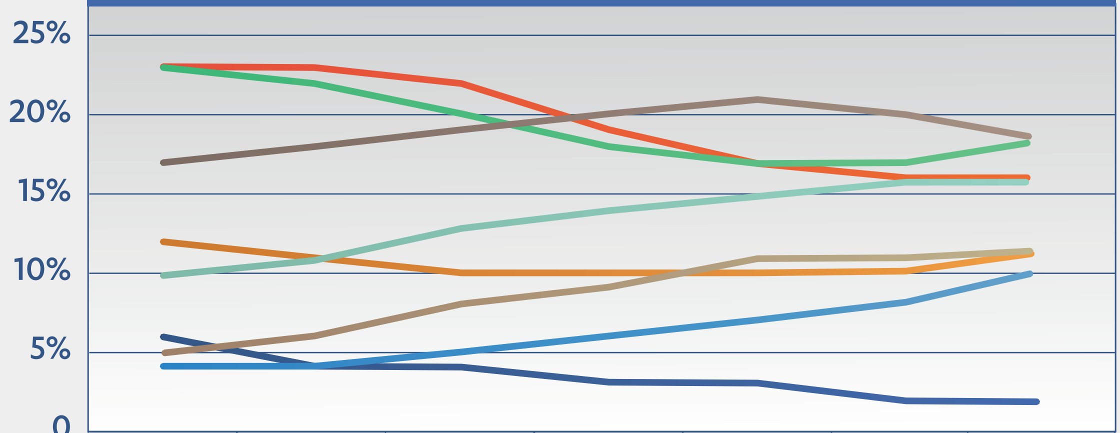


As of December 2014 more than two-thirds (68%) of reps with IA firms have been in the industry for 20 years or less, with 16% in the industry five years or less. After 20 years there is a substantial drop-off in the proportion of reps with more than 20 years experience.

The lesser proportion of reps with 20+ years experience may well be the result of one or a combination of the following factors:

- The overall growth in the number of reps, 20% between 2008 and 2014, makes the proportion of those reps with less than 20 years experience higher.
- Normal retirement. It is expected over the next ten years about 4% will retire each year.
- Recency of IA licensing (Series 65 or Series 66).

Exhibit 3.111: IA Reps – Industry Tenure

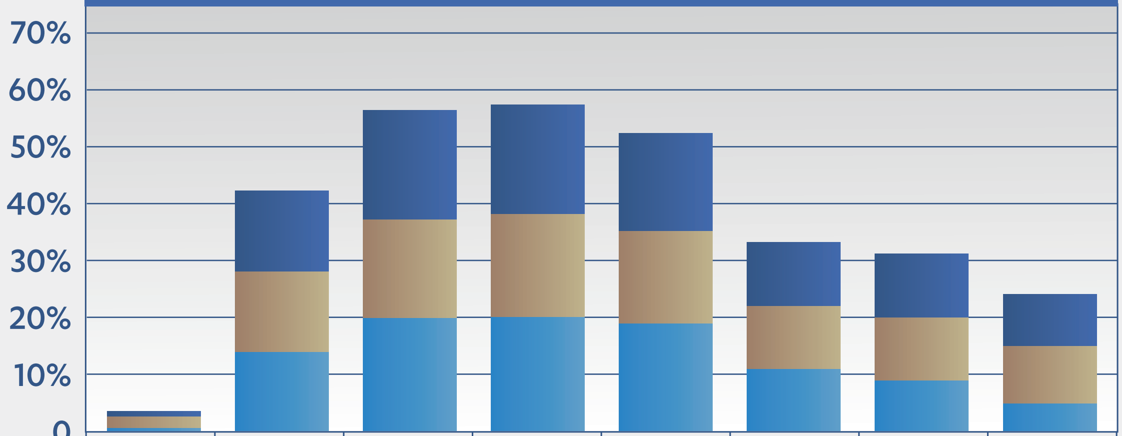


	2008	2009	2010	2011	2012	2013	2014
< 1 Year	6%	4%	4%	3%	3%	2%	2%
1-5 Years	23%	23%	22%	19%	17%	16%	14%
6-10 Years	23%	22%	20%	18%	17%	17%	18%
11-15 Years	17%	18%	19%	20%	21%	20%	18%
16-20 Years	10%	11%	13%	14%	15%	16%	16%
21-25 Years	12%	11%	10%	10%	10%	10%	11%
26-30 Years	5%	6%	8%	9%	11%	11%	11%
31+ Years	4%	4%	5%	6%	7%	8%	10%

The proportion of reps with ten years or less experience at IA firms has declined at an average annual rate of 7% year-over-year. The proportion of reps with less than one year declined by two-thirds (66%) between 2008 and 2014 and at an average annual rate of 17% year-over-year. Reps with between one and five years experience declined 39% between 2008 and 2014 and at an average annual rate of 7% year-over-year.

The proportion of reps at IA firms with 26-30 years experience increased at an average annual rate of 15% year-over-year and reps with more than 31 years experience increased at an average annual rate of 17% year-over-year. Combined the proportion of reps with 26 or more years of experience increased at an average annual rate of 16% year-over-year.

Exhibit 3.112: IA Reps – Industry Tenure by Channel *(December 2014)*



	< 1 Year	1-5 Years	6-10 Years	11-15 Years	16-20 Years	21-25 Years	26-30 Years	31+ Years
Retail-Only	0.8%	14%	19%	19%	17%	11%	11%	9%
Retail and Institutional	2%	14%	17%	18%	16%	11%	11%	10%
Institutional-Only	0.7%	14%	20%	20%	19%	11%	9%	5%

More than half of the reps at IA firms within each channel have been in the industry between six and 20 years.

Across channels there are no significant differences among reps with up to five years experience.

Among reps with more than 20 years in the industry, 31% are with firms conducting retail-only business, 32% are with firms conducting both retail and institutional business, and 25% with firms conducting institutional-only business.

Exhibit 3.113: IA Reps – Industry Tenure by Channel

Discovery Data

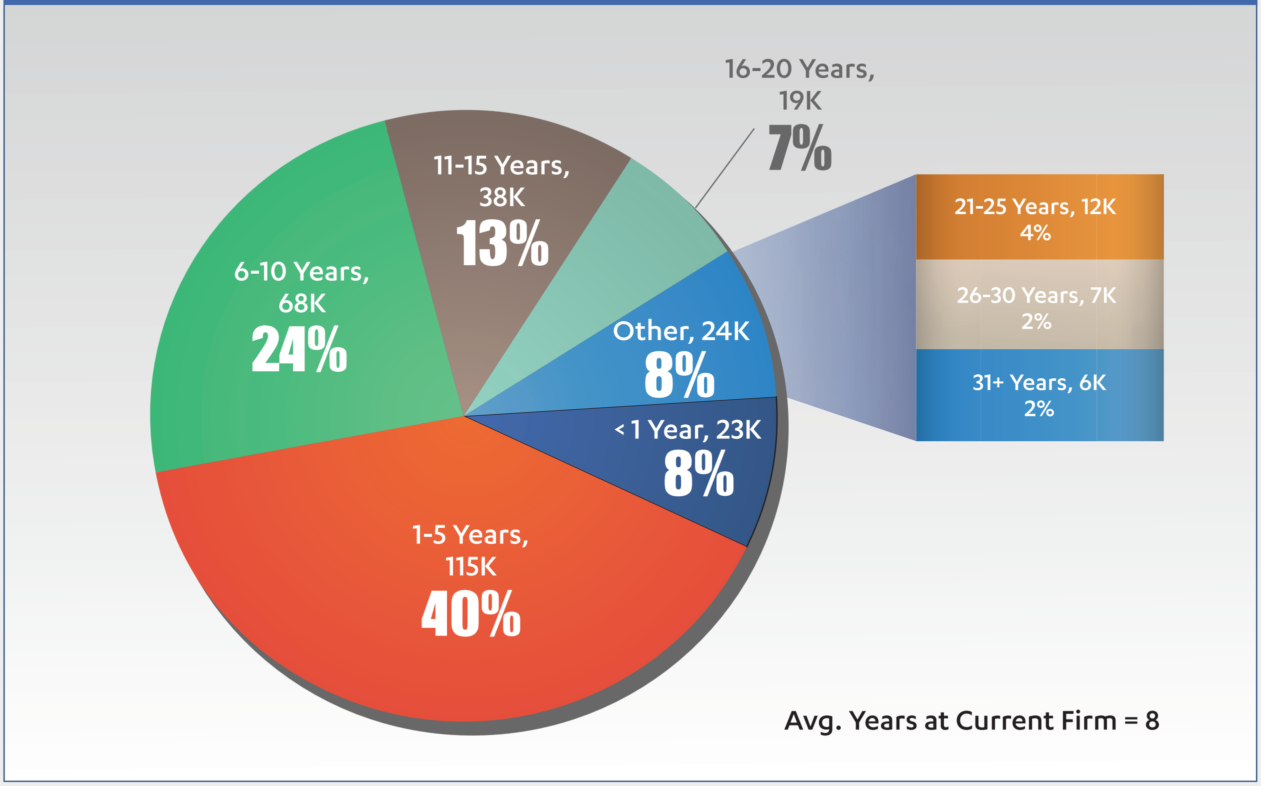
		Years at Current Firm							
		<1 Year	1-5 Years	6-10 Years	11-15 Years	16-20 Years	21-25 Years	26-30 Years	31+ Years
2008	Retail-Only	5%	22%	22%	17%	11%	13%	5%	4%
	Institutional-Only	4%	28%	26%	18%	10%	9%	3%	2%
	Retail and Institutional	6%	23%	23%	17%	10%	12%	5%	4%
2009	Retail-Only	4%	22%	21%	18%	12%	12%	7%	4%
	Institutional-Only	3%	29%	24%	19%	11%	9%	4%	2%
	Retail and Institutional	4%	23%	22%	18%	12%	11%	7%	4%
2010	Retail-Only	3%	21%	19%	19%	13%	11%	8%	5%
	Institutional-Only	3%	28%	23%	19%	12%	8%	4%	2%
	Retail and Institutional	4%	21%	20%	19%	13%	10%	8%	5%
2011	Retail-Only	3%	20%	18%	20%	14%	11%	9%	5%
	Institutional-Only	2%	25%	23%	20%	13%	8%	6%	3%
	Retail and Institutional	4%	19%	17%	20%	14%	10%	10%	6%
2012	Retail-Only	2%	18%	18%	20%	15%	10%	10%	6%
	Institutional-Only	2%	18%	19%	22%	17%	10%	8%	4%
	Retail and Institutional	3%	17%	17%	21%	15%	10%	11%	7%
2013	Retail-Only	1%	15%	18%	20%	16%	10%	11%	8%
	Institutional-Only	1%	15%	20%	22%	18%	10%	9%	5%
	Retail and Institutional	2%	16%	17%	20%	16%	10%	11%	8%
2014	Retail-Only	1%	14%	19%	19%	17%	11%	11%	9%
	Institutional-Only	1%	14%	20%	20%	19%	11%	9%	5%
	Retail and Institutional	2%	14%	17%	18%	16%	11%	11%	10%

The data in the table reveals that at IA firms between 2008 and 2014 there has been a decline in the proportion of reps with between one and five years experience and a growth in the proportion of reps with more than 26 years in the business.

Between 2008 and 2014 the proportion of reps with less than six years in the industry at IA firms conducting retail-only business declined at an average annual rate of 10% year-over-year, reps at IA firms conducting both retail and institutional business declined at an average annual rate of 9% year-over-year, and reps at IA firms conducting institutional-only business declined at an average annual rate of 11% year-over-year.

During the seven years the proportion of reps with 26+ years in the industry at IA firms conducting retail-only business increased at an average annual rate of 14% year-over-year, reps at IA firms conducting both retail and institutional business increased at an average annual rate of 15% year-over-year, and reps at IA firms conducting institutional-only business increased at an average annual rate of 20% year-over-year.

Exhibit 3.114: IA Reps – Tenure at Current Firm
(December 2014)



As of December 2014 almost half (48%) of the reps with IA firms have been with their current firm for up to five years with 8% at their current firm for less than one year and 40% at their current firm 1-5 years.

Nearly four in ten (37%) reps have been with their current firm between six and 15 years. Reps with 16+ years at their current firm account for less than one in six (15%) reps.

On average reps at IA firms have been with their current firm for eight years.

Exhibit 3.115: IA Reps – Tenure at Current Firm by Channel *(December 2014)*

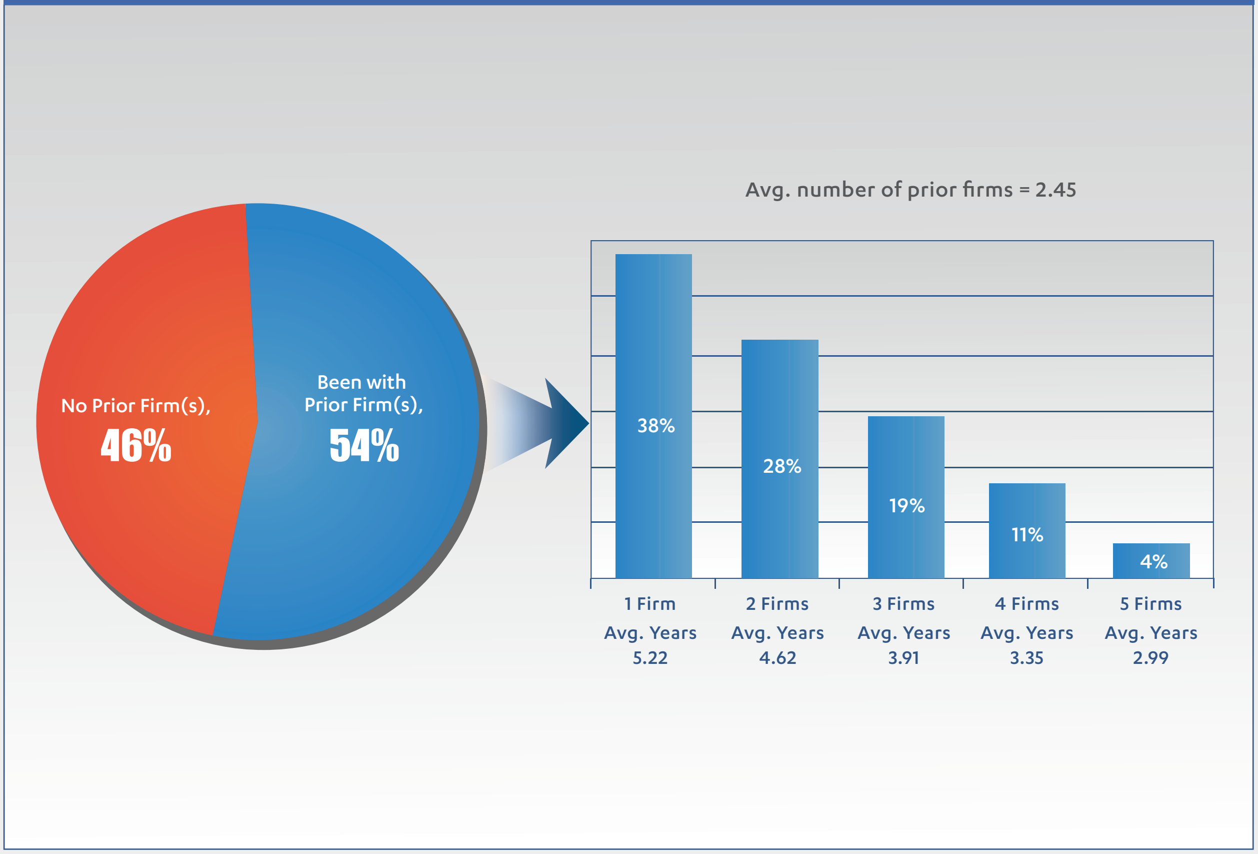
Discovery Data

	Years at Current Firm							
	<1 Year	1-5 Years	6-10 Years	11-15 Years	16-20 Years	21-25 Years	26-30 Years	31+ Years
Retail-Only	4K	18K	9K	5K	3K	1K	1K	1K
Retail and Institutional	18K	94K	56K	32K	16K	11K	6K	5K
Institutional-Only	0.6K	3K	2K	0.8K	0.3K	0.2K	0.1K	0.04K

Of the reps within Discovery Data at IA firms conducting both retail and institutional business, more than 200,000 have been with their current firms for up to 20 years. Also, there are significantly more reps who have been at their current firm for 21 or more years at IA firms conducting both retail and institutional business compared to the number of reps at firms conducting either retail-only or institutional-only business.

Among reps at IA firms conducting retail-only business, nearly 40,000 have been with their current firms for up to 20 years. Less than 8,000 reps at IA firms conducting institutional-only business have been with their current firm for up to 20 years.

Exhibit 3.116: IA Reps – Prior Firms
(December 2014)

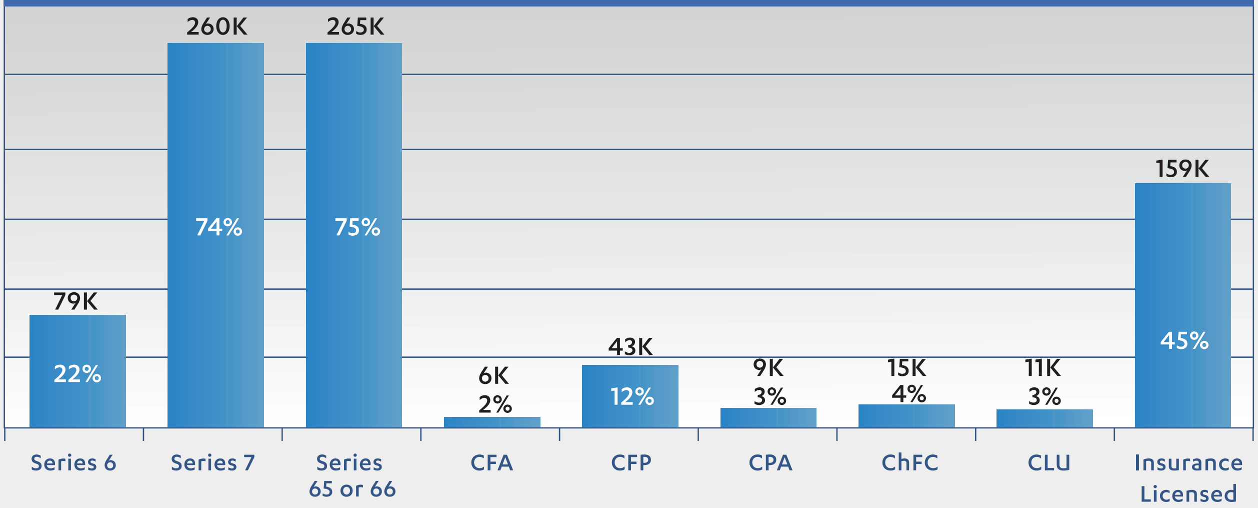


More than half (54%) of reps with IA firms have been with at least one other firm prior to their current firm.

On average reps have been with more than two firms prior to their current firm.

Nearly four in ten (38%) reps have been with only one prior firm with the average tenure at that prior firm of more than five years. More than a quarter (28%) have been with two other firms with the average length of time with those firms of more than four years.

Exhibit 3.117: IA Reps – Licenses and Designations
(December 2014)



About three-quarters (74%) or 260,000 reps at IA firms are Series 7 licensed and less than a quarter (22%) or 79,000 reps are Series 6 licensed.

Three-quarters (75%) or 265,000 reps with IA firms are Series 65 or 66 licensed and almost half (45%) or 159,000 reps are licensed to sell insurance products.

Within Discovery Data less than 15% of reps with IA firms have any one of the designations: CFA, CPA, ChFC, CLU.

Exhibit 3.118: IA Reps – Licenses and Designations

Discovery Data

		2008	2009	2010	2011	2012	2013	2014
Series 6	Reps	72K	72K	72K	76K	74K	79K	79K
	% Reps	24%	24%	24%	24%	21%	23%	22%
Series 7	Reps	245K	248K	248K	261K	263K	270K	260K
	% Reps	83%	83%	83%	82%	76%	77%	74%
Series 65 or 66	Reps	246K	252K	254K	258K	257K	264K	265K
	% Reps	83%	84%	85%	81%	74%	76%	75%
CFA	Reps	6K	6K	6K	7K	8K	8K	6K
	% Reps	2%	2%	2%	2%	2%	2%	2%
CFP	Reps	40K	41K	41K	46K	48K	49K	43K
	% Reps	14%	14%	14%	15%	14%	14%	12%
CPA	Reps	8K	8K	9K	9K	10K	10K	9K
	% Reps	3%	3%	3%	3%	3%	3%	3%
ChFC	Reps	13K	13K	13K	15K	17K	17K	15K
	% Reps	5%	4%	4%	5%	5%	5%	4%
CLU	Reps	11K	11K	11K	11K	12K	12K	11K
	% Reps	4%	4%	4%	4%	3%	3%	3%

Series 7 and Series 65 or 66 are the most prevalent licenses among reps at IA firms, with at least 74% of reps having these licenses in 2014. The number of reps with a Series 7 increased 6% since 2008, steadily increasing each year until a decline in 2014. The decline in the number of reps who have a Series 7 from 270,000 in 2013 to 260,000 in 2014 is in part due to a one-time clean-up implemented by Discovery Data. If a rep with a BD related license, such as the Series 7, is not associated with a BD firm for more than three years that license is removed from the rep's profile within Discovery Data. The regulatory statute is two years, but Discovery Data employs a grace period to account for variances in actual license activity.

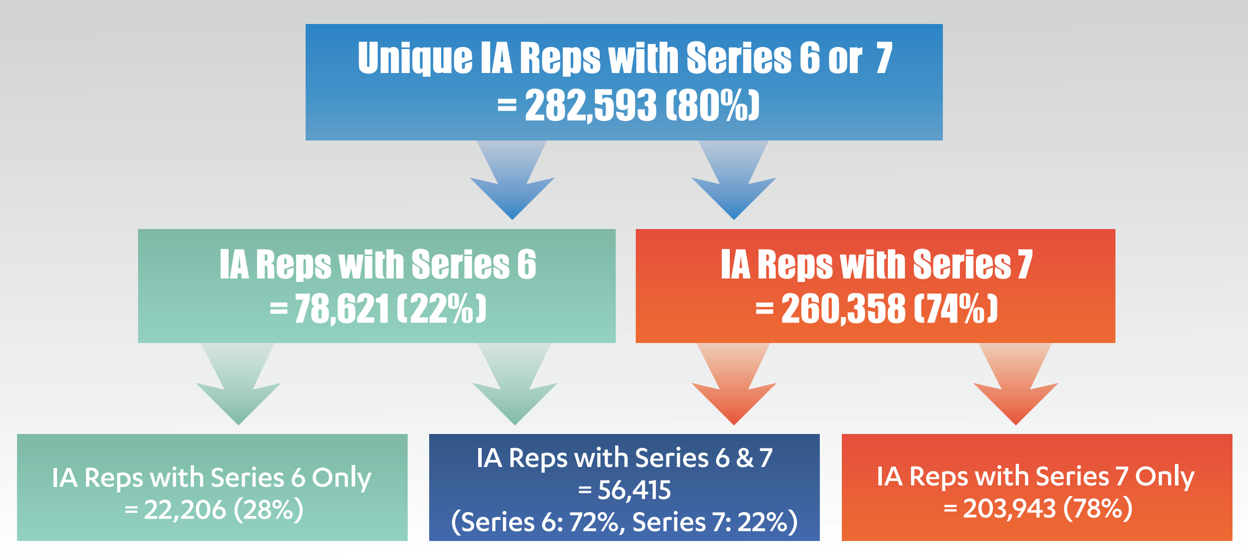
While the proportion of reps with IA firms with a Series 6 remained at less than 25%, the number of reps holding a Series 6 increased about 10% from 72,000 in 2008 to 79,000 in 2014.

The number of reps at IA firms with a Series 65 or 66 increased almost 8% from 246,000 in 2008 to 265,000 in 2014.

Among the designations, reps with a CFP at IA firms has remained the most prevalent year-over-year. While being the most held, the number of reps with a CFP increased almost 8% from 40,000 in 2008 to 43,000 in 2014. CLU and ChFC are the next most prevalent designations held. Since 2008 the number of reps who are Chartered Life Underwriters went unchanged and those who are Chartered Financial Consultants increased 15%.

Exhibit 3.119: IA Reps - Series 6 or Series 7 Licenses *(December 2014)*

Discovery Data

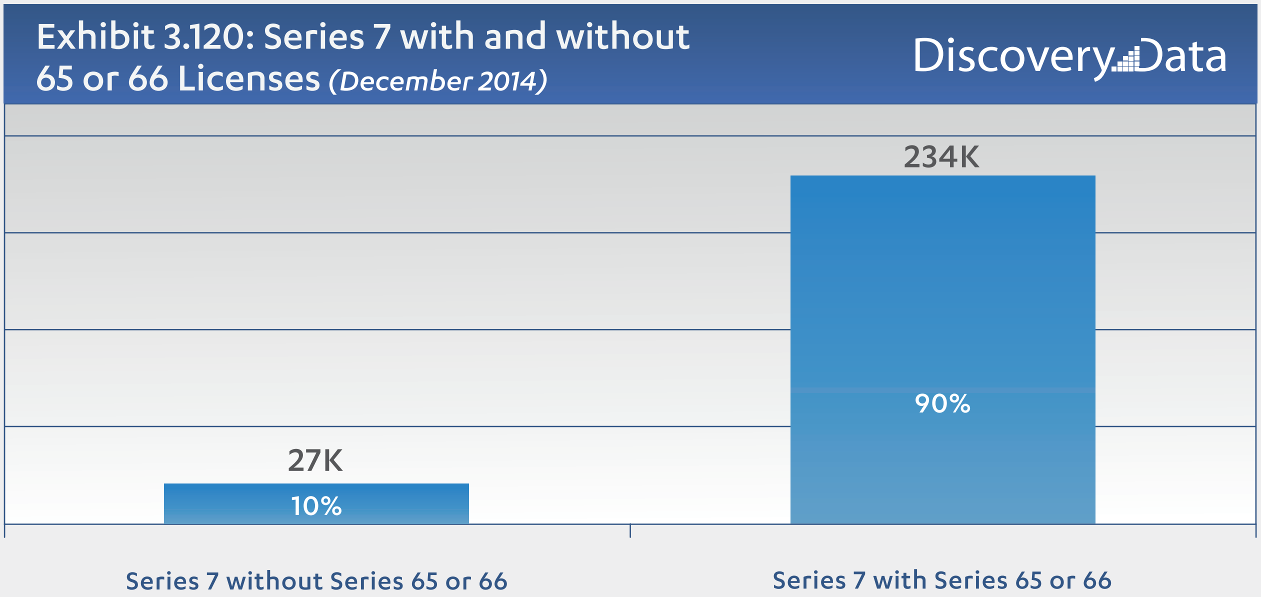


Within Discovery Data there are 282,593 reps with a Series 6 or Series 7 license at IA firms. Reps with a Series 6 or Series 7 account for 80% of the reps at IA firms.

Among reps at IA firms:

- More than one in five (22%) or 78,621 reps are Series 6 licensed and nearly three-quarters (74%) or 260,358 reps are Series 7 licensed.
- Almost three in ten (28%) or 22,206 reps with a Series 6 have only a Series 6. More than seven in ten (72%) or 56,415 reps with a Series 6 also have a Series 7.
- Almost eight in ten (78%) or 203,943 reps with a Series 7 have only a Series 7. The remaining 22%, or 56,415 reps, with a Series 7 also have a Series 6.

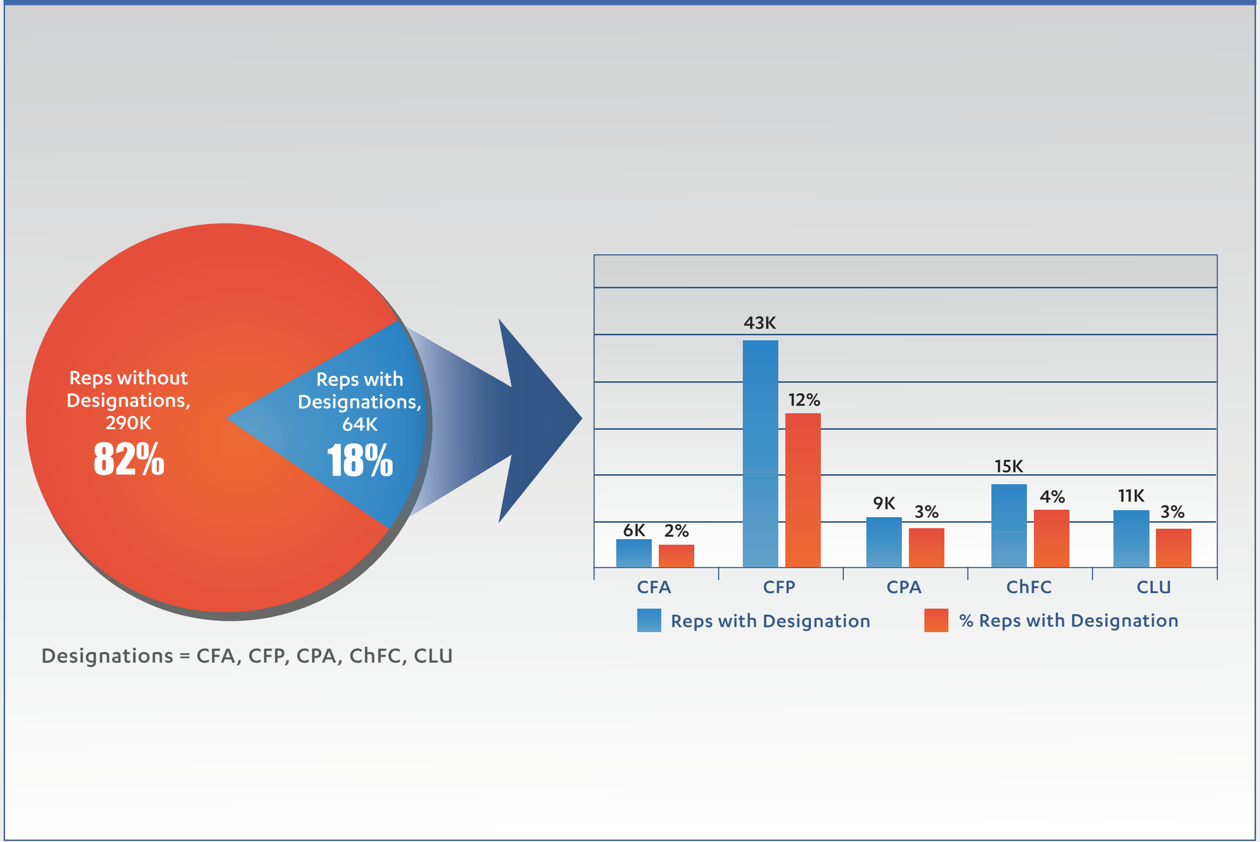
Exhibit 3.120: Series 7 with and without 65 or 66 Licenses *(December 2014)*



Nine in ten (90%) or 234,000 reps with a Series 7 at IA firms also have Series 65 or 66 license.

Only 10% or 27,000 reps with a Series 7 do not have a Series 65 or 66 license.

Exhibit 3.121: IA Reps – Designations
(December 2014)



As of December 2014 nearly one in five (18%) or 64,000 reps at IA firms have a professional designation.

Among reps with a designation, 43,000 or 12% were Certified Financial Planners (CFP), 15,000 or 4% were Chartered Financial Consultants (ChFC) and 11,000 or 3% were Chartered Life Underwriters (CLU).

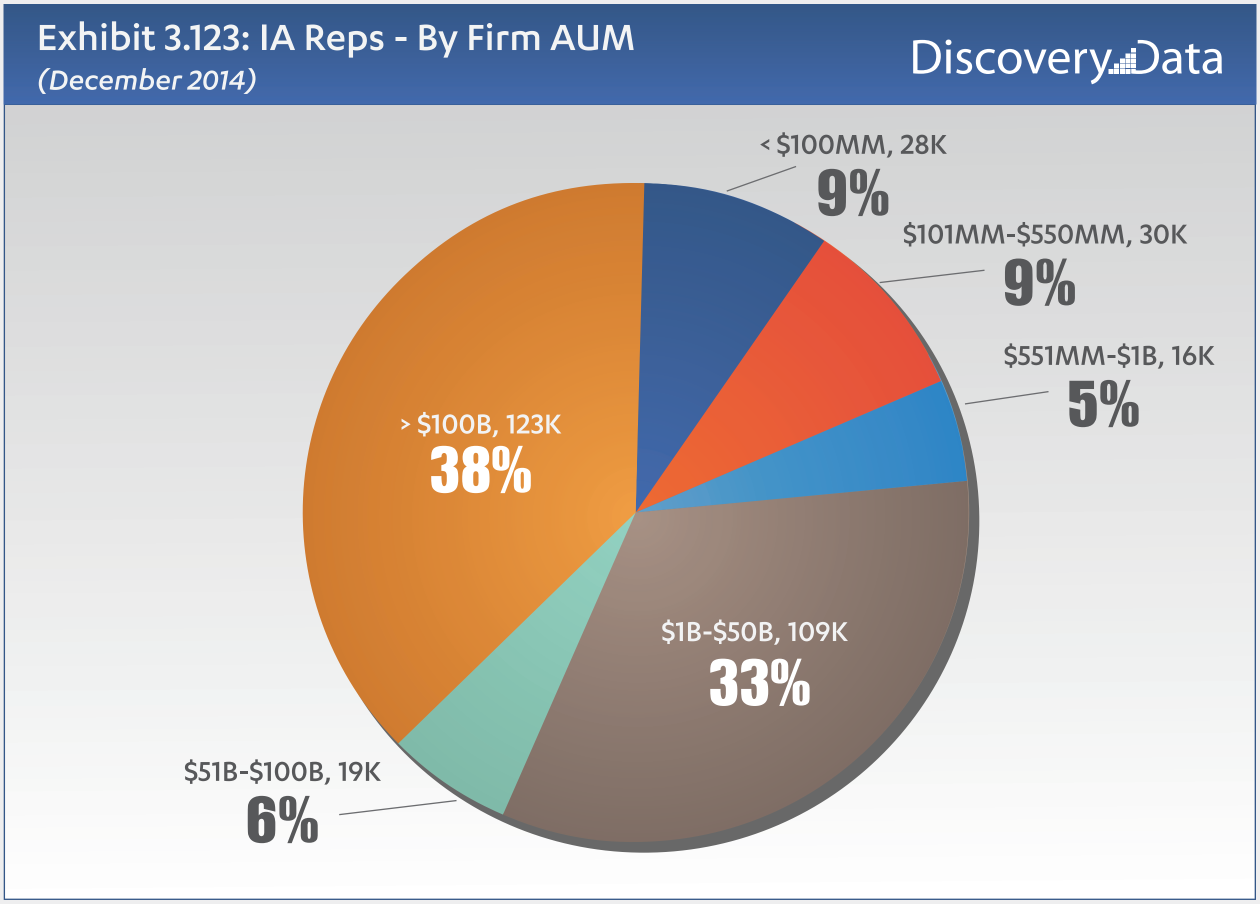
Exhibit 3.122: IA Reps – Series 65 or Series 66 Reps with Designations *(December 2014)*

Discovery Data

Designations	Series 65 or 66	
	Reps	% Reps
CFA	2K	1%
CFP	33K	12%
CPA	7K	2%
ChFC	11K	4%
CLU	9K	3%

Among reps with a Series 65 or 66 at IA firms, the most prevalent designation is the CFP. More than one in ten (12%) or 33,000 reps with a Series 65 or 66 are also a CFP.

After the CFP the most prevalent designations among reps with a Series 65 or 66 are a ChFC and CLU. Among reps with IA firms with a Series 65 or 66, 4% or 11,000 are Chartered Financial Consultants and 3% or 9,000 are Chartered Life Underwriters.

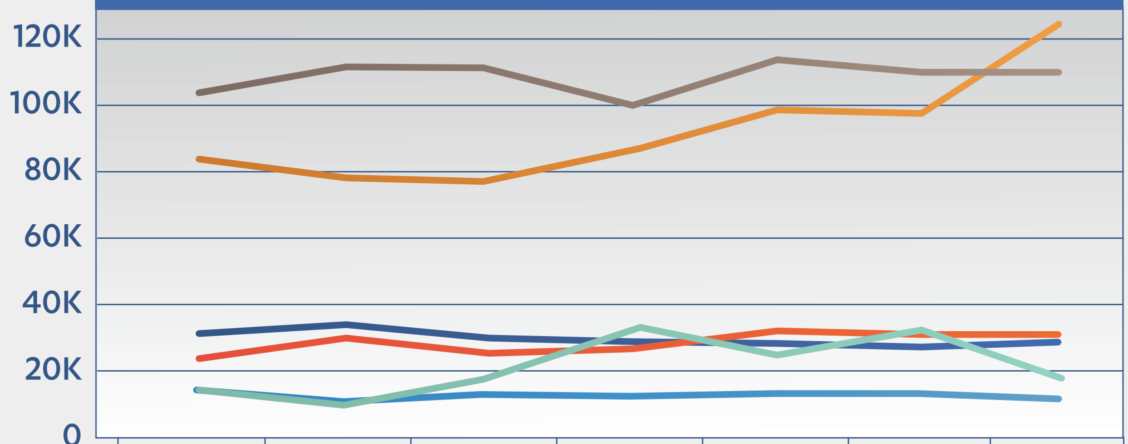


Almost four in ten (38%) or 123,000 reps are at IA firms managing more than $100 billion in AUM.

One-third (33%) or 109,000 reps are at IA firms managing between $1 billion and $50 billion in AUM.

Less than 10% or 28,000 reps are at IA firms managing less than $100 million in AUM.

Exhibit 3.124: IA Reps – By Firm AUM



	2008	2009	2010	2011	2012	2013	2014
< $100MM	29K	31K	28K	27K	26K	26K	28K
$101MM-$550MM	24K	30K	25K	26K	32K	30K	30K
$551MM-$1B	15K	13K	17K	16K	18K	17K	16K
$1B-$50B	106K	111K	109K	102K	114K	111K	109K
$51B-$100B	16K	11K	19K	36K	27K	31K	19K
> $100B	83K	78K	78K	87K	98K	98K	123K

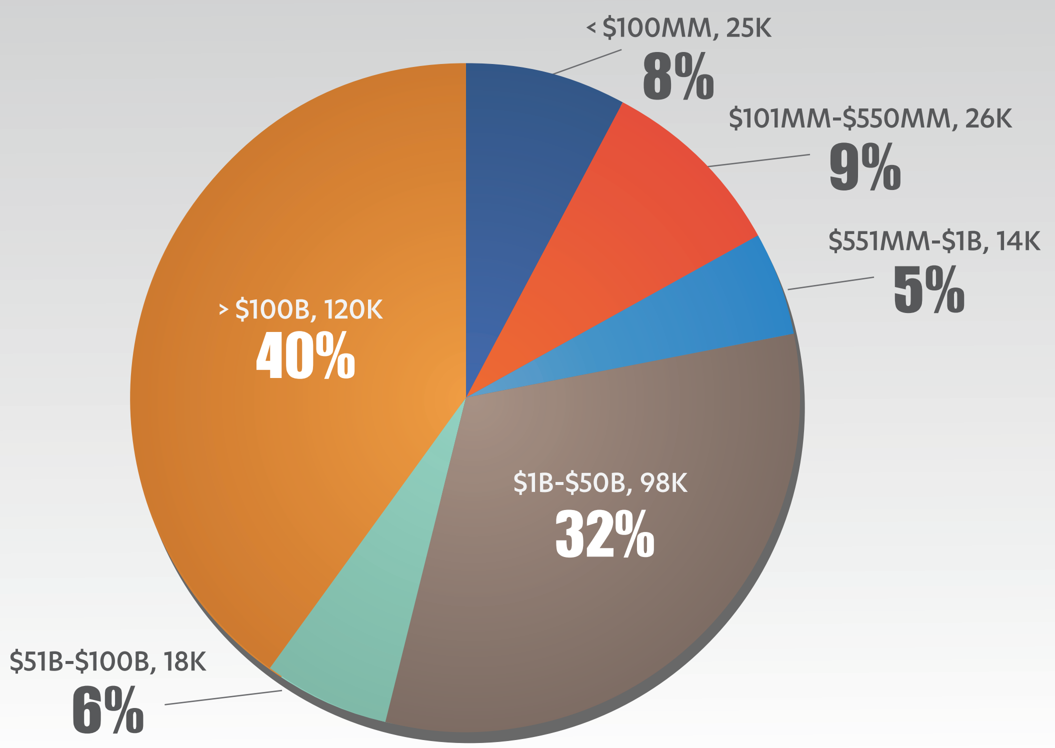
IA firms managing AUM greater than $100 billion experienced a 48% increase in the number of reps from 83,000 in 2008 to 123,000 in 2014. The increase can be pinpointed to 2014 in which there was a 25% increase in the number of reps among firms managing more than $100 billion in AUM. The increase can be attributed to firms such as Edward Jones, LPL Financial and CAPTRUST exceeding $100 billion in AUM and thus increasing the rep count in this AUM category.

While IA firms managing AUM between $51 billion and $100 billion realized a growth in the number of reps of almost 20% from 16,000 in 2008 to 19,000 in 2014, between 2011 and 2014 the number of reps at these firms declined nearly 50% with the most significant decline in 2014 of 39%. The decline in 2014 was largely due to, as mentioned previously, firms such as Edward Jones, LPL Financial and CAPTRUST exceeding $100 billion in AUM and reps with those firms now being counted among the IA firms managing AUM greater than $100 billion.

The number of reps with IA firms managing AUM less than $100 million declined 3% from 29,000 in 2008 to 28,000 in 2014. Between 2009 and 2013 firms in this AUM category were losing reps at an average annual rate of 4%. In 2014 either through hiring or opening of new firms the number of reps with these firms increased nearly 8%.

Exhibit 3.125: IA Reps – By Retail Firm AUM
(December 2014)

Discovery Data

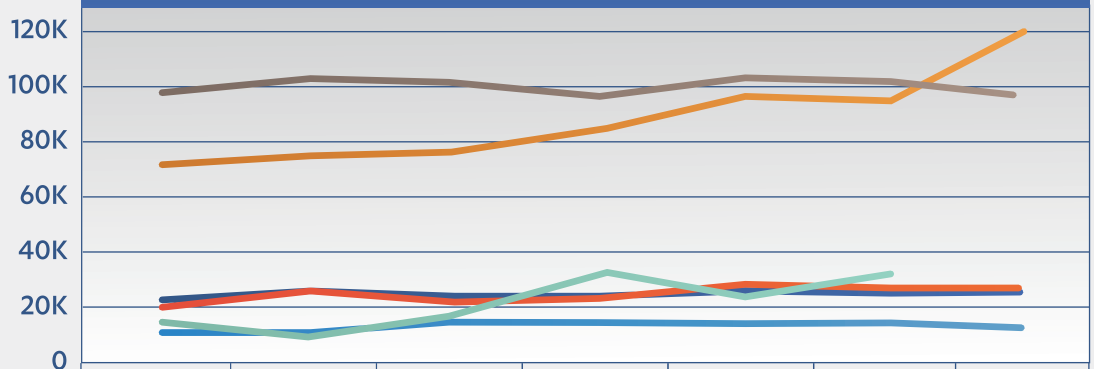


Four in ten (40%) or 120,000 reps are at IA firms conducting retail business managing more than $100 billion in AUM.

Nearly a third (32%) or 98,000 reps are at IA firms conducting retail business managing between $1-$50 billion in AUM.

Less than 10% or 25,000 reps are at IA firms conducting retail business managing less than $100 million in AUM.

Exhibit 3.126: IA Reps – By Retail Firm AUM



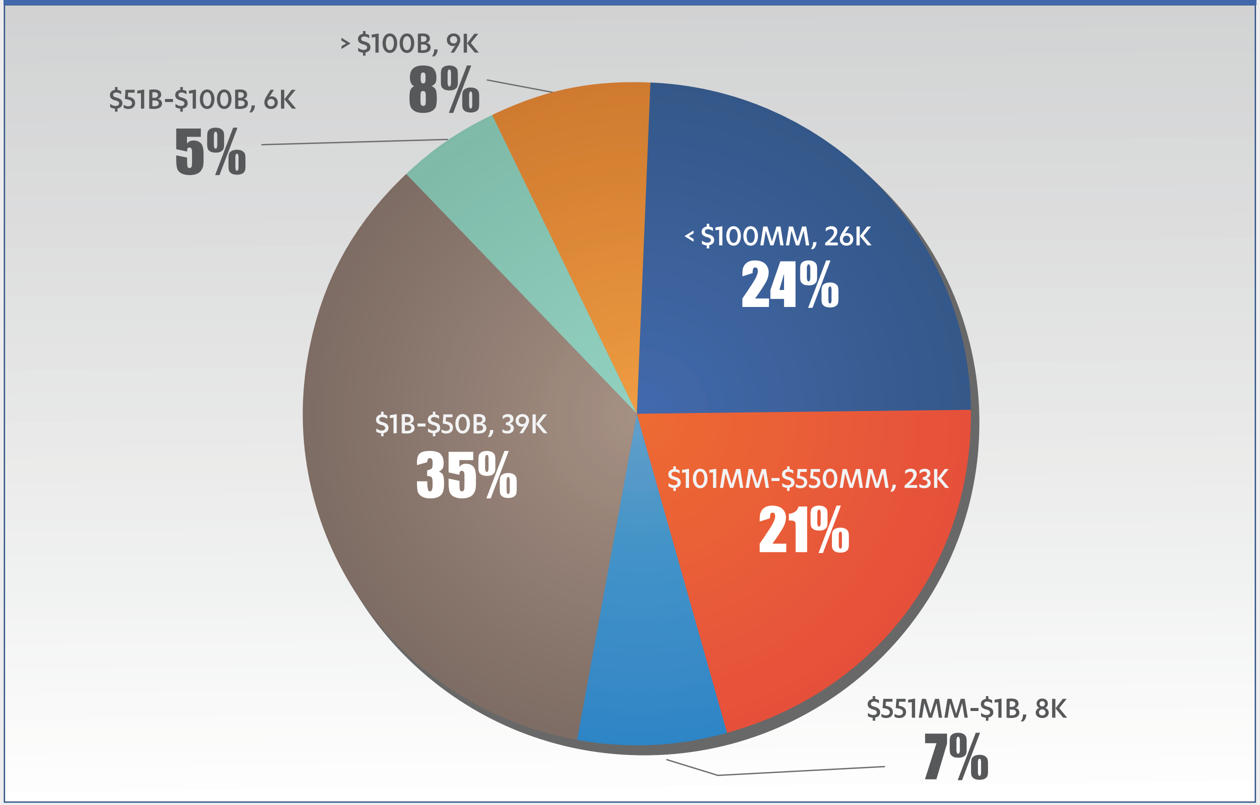
	2008	2009	2010	2011	2012	2013	2014
< $100MM	26K	28K	25K	24K	24K	24K	25K
$101MM-$550MM	22K	28K	24K	25K	27K	26K	26K
$551MM-$1B	14K	12K	16K	16K	16K	15K	14K
$1B-$50B	99K	105K	103K	97K	104K	101K	98K
$51B-$100B	16K	10K	19K	35K	26K	31K	18K
> $100B	80K	75K	76K	85K	96K	96K	120K

The most significant growth in the number of reps with IA firms conducting retail business was among those firms managing more than $100 billion in AUM. Between 2008 and 2014 these firms experienced a 50% increase in the number of reps from 80,000 in 2008 to 120,000 in 2014. It is important to note that between 2013 and 2014 the number of reps increased 25% which in large part was due to firms such as Edward Jones, LPL Financial and CAPTRUST exceeding $100 billion in AUM and thus increasing the rep count in this AUM category.

Since 2008 the number of reps at firms conducting retail business and managing $51-$100 billion in AUM increased more than 12% from 16,000 in 2008 to 18,000 in 2014. Year-over-year the number of reps grew at an average annual rate of 15%. Between 2013 and 2014 the number of reps at these firms declined more than 40% from 31,000 to 18,000 due to firms such as Edward Jones, LPL Financial and CAPTRUST exceeding $100 billion in AUM and reps with those firms now being counted among the firms managing AUM greater than $100 billion.

The number of reps at IA firms conducting retail business managing between $1 billion and $50 billion in AUM declined 1% from 99,000 in 2008 to 98,000 in 2014 and the number of reps at firms managing AUM less than $100 million also declined 1% from 26,000 reps in 2008 to 25,000 reps in 2014.

Exhibit 3.127: IA Reps – By AUM at IA-Only Firms
(December 2014)

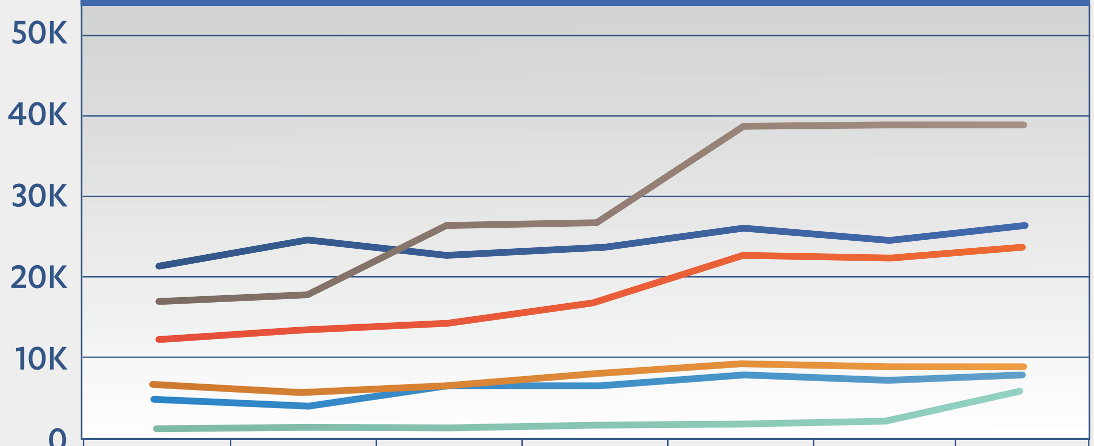


Less than one in ten (8%) or 9,000 reps are at IA-only firms managing more than $100 billion in AUM.

More than a third (35%) or 39,000 reps are at IA-only firms managing between $1-$50 billion in AUM.

Almost a quarter (24%) or 26,000 reps are at IA-only firms managing less than $100 million in AUM.

Exhibit 3.128: IA Reps – By AUM at IA-Only Firms



	2008	2009	2010	2011	2012	2013	2014
< $100MM	21K	25K	23K	23K	26K	24K	26K
$101MM-$550MM	12K	13K	14K	17K	23K	22K	23K
$551MM-$1B	4K	4K	6K	6K	8K	7K	8K
$1B-$50B	17K	17K	26K	27K	39K	39K	39K
$51B-$100B	1K	1K	1K	1K	1K	2K	6K
> $100B	6K	5K	6K	7K	9K	9K	9K

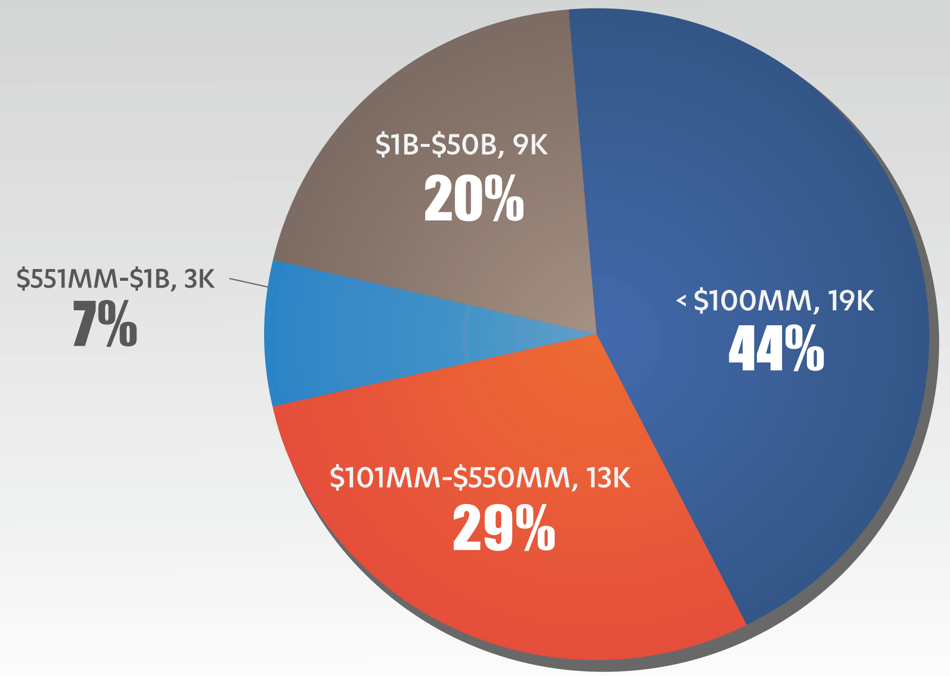
While the number of reps at IA-only firms managing $1-$50 billion in AUM was unchanged from 2012 to 2014, the number of reps at these firms increased more than 100% between 2008 and 2012 from 17,000 in 2008 to 39,000 in 2012.

The number of reps at IA-only firms managing AUM between $101-$550 million increased more than 90% from 12,000 in 2008 to 23,000 in 2014. The growth in the number of reps with these firms can be largely attributed to an increase of 77% from 13,000 in 2009 to 23,000 in 2012.

IA-only firms managing more than $100 billion in AUM saw an increase of 50% in the number of reps from 6,000 in 2008 to 9,000 in 2014.

Exhibit 3.129: IA Reps – By AUM at IA-Only Retail-Only Firms *(December 2014)*

Discovery Data



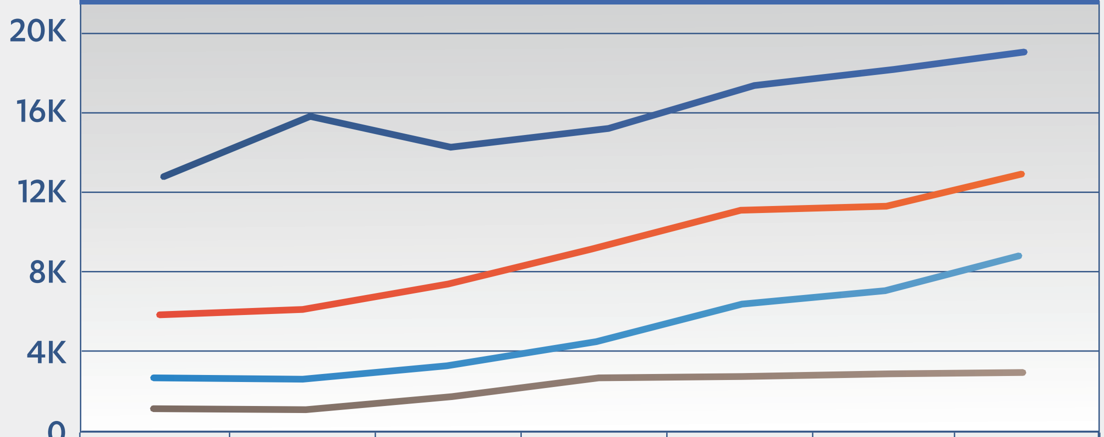
More than four in ten (44%) or 19,000 reps are at IA-only firms managing less than $100 million in AUM conducting retail-only business.

Almost three in ten (29%) or 13,000 reps are at IA-only firms managing between $101-$550 million in AUM conducting retail-only business.

One in five (20%) or 9,000 reps are at IA-only firms managing between $1-$50 billion in AUM conducting retail-only business.

Exhibit 3.130: IA Reps – By AUM at IA-Only Retail-Only Firms

Discovery Data



	2008	2009	2010	2011	2012	2013	2014
< $100MM	13K	16K	14K	15K	17K	18K	19K
$101MM-$550MM	6K	6K	7K	9K	11K	11K	13K
$551MM-$1B	1K	1K	2K	3K	3K	3K	3K
$1B-$50B	3K	3K	3K	4K	6K	7K	9K

Between 2008 and 2014 the number of reps at IA-only firms conducting retail-only business increased in each AUM category.

Between 2008 and 2014 reps with IA-only firms conducting retail-only business managing less than $100 million in AUM have, on average, accounted for 51% of the total number of reps among these firms. The number of reps increased 46% from 13,000 in 2008 to 19,000 in 2014.

The number of reps at IA-only firms conducting retail-only business managing between $1 billion and $50 billion in assets increased 200% from 3,000 in 2008 to 9,000 in 2014, which year-over-year represents an average annual growth of 22%.

Bob Herrmann, President and Chief Executive Officer, is responsible for the overall management and strategic direction of Discovery Data.

Bob has 29 years of financial services industry experience, beginning as a financial advisor and progressing through management roles, including extensive executive leadership responsibilities. His experiences have included board governance, strategic planning, new business development, marketing and advertising, advisor recruiting, leading wholesalers and specialists, managing communications, information systems, process improvement initiatives, mutual fund manufacturing, and mergers and acquisitions, positioning him well to understand the professionals and firms tracked within Discovery Data, as well as to understand the firm's clients, which are primarily asset managers, wealth managers, custodians, clearing firms, insurance carriers and other industry product and service providers.

Before joining Discovery Data in 2009, Bob was chief executive officer of Loring Ward International Ltd., a provider of turnkey portfolio management and back office services to independent financial advisors, and chief executive officer of the SA Funds mutual fund company, a Loring Ward affiliate. Prior to joining Loring Ward, Bob was senior vice president of business development at Wachovia/Prudential Securities and held various positions at Merrill Lynch's US and International Private Client Groups including financial advisor, branch manager, and regional and divisional director.

Bob's focus is helping clients identify, reach and do business with the financial services industry, guiding the leaders of the industry's largest, most successful and fastest growing companies in their efforts to implement strategic initiatives in marketing, sales and recruiting.

Jim Hyland, Director of Research for Discovery Data, is responsible for the development and management of the *Discovery Data Market Insight* offering including the *Discovery Data Retail Financial Services Industry* ***Almanac***, white papers and studies, and client specific industry analyses and insights.

Prior to joining the firm Jim was a research manager at TD Bank, where his core responsibilities included design and execution of custom strategic market research studies for retail banking clients. With over 30 years of research and analysis experience, Jim has held key research roles for other major financial services companies such as OppenheimerFunds, Prudential and Chase Manhattan Bank.

Jim earned a BS in Business Administration with a concentration in Marketing from Texas Christian University and an MBA in marketing from Fairleigh Dickinson University.

TAKE ADVANTAGE OF ALL THAT YOUR SUBSCRIPTION OFFERS

In addition to this Almanac, your *Discovery Data Market Insight* subscription includes *Discovery Data Dashboards* and up to six hours of custom research and consulting with our Director of Research to ensure you get the most out of all this data. For help with these *Discovery Data Market Insight* products, and to arrange a consulting engagement, contact us at 732-933-1899 or insights@discoveryco.com.

ABOUT DISCOVERY DATA

Discovery Data offers the only single consolidated view of the financial services industry, including 38,000 firms and over two million professionals. The world's largest, most successful and fastest growing asset managers, broker-dealers, clearing firms, insurance companies and service providers recognize our data and services as the preeminent solution and rely on it to understand the industry, and to identify, reach and do business with firms and professionals throughout the U.S.

Our database and state-of-the-art online system provide access to extensive information on all broker-dealer (BD) and registered investment advisory (RIA) firms, 2,300 trust companies, 680,000 BD and RIA reps, and over 1.8 million insurance agents. Additional services include a comprehensive data hygiene program, extensive data feeds to update any CRM or data warehouse, a fully automated data integration app for Salesforce and data-driven market insight. For more information, please go to www.discoveryco.com.

A

APPENDIX

RETAIL BD FIRM DEFINITIONS

The following are Discovery Data's definitions of each retail broker-dealer (BD) business type.

Bank: These firms have retail advisors located in or covering bank branches.

Boutique: A smaller firm or department of a larger firm that provides specialized services for a segment of the market, which in most cases is serving ultra-high-net-worth investors in a private banking model.

Discounter: Firms that provide trading platforms, online investment programs and call center support to do-it-yourself investors.

Independent: Advisors associated with these firms are typically independent contractors rather than employees and required to handle all their own local practice functions, such as staffing, facilities and technology. Some independent firms do as little as "holding" the rep's licenses and conducting compliance oversight, while others will do much more, such as providing a full suite of products and services and assist with training and marketing. The label "independent" refers to the rep's independence.

Insurance: At these firms the primary emphasis is the sale of insurance products. Note: Many firms owned by insurance companies are categorized as independent rather than insurance, such as those owned by AIG, because they were independent firms acquired by the insurance companies or were developed with an independent approach/structure, rather than an insurance focus.

Traditional: These firms have employee advisors and a primary focus on investing for all market segments. Examples are Edward Jones, Stifel, Nicolaus and Janney Montgomery.

Wirehouse: There are currently four wirehouses: Merrill Lynch, Morgan Stanley, Wells Fargo Advisors and UBS Financial.

Wealth Management: Provides comprehensive planning, advisory and investment management coverage to individual investors, including financial planning, asset allocation modeling, total portfolio management, insurance, liabilities, etc.

INSTITUTIONAL FIRM DEFINITIONS

The following are Discovery Data's definitions of each institutional business type.

Annuity Distributor: BD is distributor of annuity products.

Clearing & Trade Execution: Provides the institutional investing community with a variety of services including trade processing, foreign exchange, counterparty clearing, collateral management, market making, reporting and more.

Clearing Firm: Registered as a clearing firm member of The Depository Trust & Clearing Corporation (DTCC) and one of its clearing subsidiaries.

Corporate Finance: Provides financing vehicles and services to corporations.

Fund Distributor: BD is distributor for an investment company.

Institutional Consulting: Consulting services provided to institutional retirement plan sponsors and the institutional investing sector including large investment portfolios at corporations, governments, charities and universities.

Investment Banking: Provides investment banking (corporate advisory).

Other: Firm cannot be placed in one of the listed BD types.

Placement Agent: Facilitates the placement of private investment offerings.

Prime Brokerage: Prime brokerage is a bundled package of services or master account structure typically including global custody, securities lending, financing, technology and operational support. This service is typically employed by money management firms and most often hedge funds.

Public Finance: Provides financing vehicles and services to government entities.

Research: Originator of investment research content.

Sales and Trading: Provides the institutional investing community services typically including access to financial products and inventory, industry specific market and security commentary, trading expertise and trade management, and corporate executive access in the way of events and calls.

Technology Platform: Provides technology services.

LABEL DEFINITIONS

The following are Discovery Data's definitions of select labels.

Advisor: The title category/role of advisor within Discovery Data is defined as a practicing retail financial advisor serving individual investors and small companies. In other labels below you will see two spellings: advisor and adviser. The general rule is that advisor with an "o" is a person and adviser with an "e" is a company. This can be confusing because there are exceptions to this common practice, such as a good size wealth management firm that uses Investment Adviser on the business cards of its investment advisors.

Contractor Advisor: A practicing retail financial advisor who is associated with a firm as an independent contractor (1099).

Employee Advisor: A practicing retail financial advisor who is associated with a firm as an employee (W-2).

Exempt Reporting Adviser: A firm currently exempt from registering, but that must submit Form ADV to inform the SEC that it is exempt from registering and to provide certain information about the firm. In most cases these exempt firms are adviser to private funds with less than $150 million of AUM or venture capital funds (no asset stipulation).

Independent BD: Advisors associated with these firms are typically independent contractors rather than employees and required to handle all their own local practice functions, such as staffing, facilities and technology. Some independent firms do as little as "holding" the rep's licenses and conducting compliance oversight, while others will do much more, such as providing a full suite of products and services and assist with training and marketing.

Investment Adviser: The Investment Advisers Act of 1940 defines investment adviser as any person who, for compensation, engages in the business of advising others, either directly or through publications or writings. The word used in the definition is person, but the entity that registers by filing Form ADV is a firm, not an individual. The lines are blurred by sole practitioners. Rep John Smith is a sole practitioner within investment adviser John Smith LLC registered under the Investment Advisers Act of 1940.

LABEL DEFINITIONS

Regional: These retail firms are those with significant office and advisor coverage across a large enough number of states to constitute "regional" coverage. For example, a firm that has a substantial footprint across the entire Midwest region, such as offices in Chicago, Minneapolis, St. Louis, Detroit, Milwaukee, Indianapolis, Columbus, Louisville, Cincinnati and Cleveland.

Registered Investment Adviser: See Investment Adviser. Registered investment adviser (RIA) is not an official label for an industry entity. Since it is in such common use, this one may be extra difficult to change. In fact, within Discovery Data we currently continue to use the label RIA so not to confuse our clients, but regulators forbid investment advisers from positioning themselves with the public as registered investment advisers, as it has a connotation of a governmental seal of approval.

Traditional: These firms have employee advisors and a primary focus on investing for all market segments. Examples are Edward Jones, Stifel, Nicolaus and Janney Montgomery.

Wealth Management: Provides comprehensive planning, advisory and investment management coverage to individual investors, including financial planning, asset allocation modeling, total portfolio management, insurance, liabilities, etc.

Wirehouse: There are four firms that retain the label wirehouse: Merrill Lynch, Morgan Stanley, Wells Fargo Advisors and UBS Financial. The term applies to the retail "private client" or, using today's label, wealth management businesses. Today the label wirehouse has no meaning other than shorthand in place of the names of the four firms.

INDUSTRY ABBREVIATIONS

The following are Discovery Data's abbreviations for industry terminology.

Assets Under Management (AUM): The market value of assets that an investment company manages on behalf of investors.

Broker-Dealer (BD): The Securities Exchange Act of 1934 (the "exchange Act") defines a broker as any person engaged in the business of effecting transactions in securities for the accounts of others. In addition to those executing transactions for others on securities exchanges, those in other roles may have to register as brokers, including but not limited to business brokers making referrals to registered broker-dealers in exchange for compensation, private placement agents, and certain service providers to registered broker-dealers. The Exchange Act defines a dealer as any person engaged in the business of buying and selling securities for his own account as part of a business.

Depository Trust & Clearing Corporation (DTCC): Centralized clearinghouse for more than 50 exchanges and equity trading platforms in the U.S., maintaining multiple data and operating centers worldwide and providing strong business continuity and around-the-clock support.

Dually Registered (BD-IA): A firm registered as a broker-dealer (BD) and investment adviser (IA).

Form ADV: The application submitted to the Securities and Exchange Commission (SEC) by any person to register as an investment adviser pursuant to the Investment Advisers Act of 1940.

High-Net-Worth (HNW): A high-net-worth individual investor (also known as "qualified client") is defined under Rule 205-3 of the Investment Advisers Act of 1940 as a person with $1,000,000 in investable assets or a net worth of $2 million, excluding the net value of the primary residence.

Securities and Exchange Commission (SEC): A government commission created by Congress to regulate the securities markets and protect investors.

Ultra-High-Net-Worth (UHNW): There are many definitions of ultra-high-net-worth individual investor, with the most common being a person with $10 million or more in investable assets.

EXHIBITS

The following are Discovery Data charts available within the Almanac.

Highlighted Themes

Firmographics

EXHIBITS

EXHIBITS

EXHIBITS

EXHIBITS

EXHIBITS

Discovery Data

Rely on the Almanac for your strategic, business and compensation planning.