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News Release

For Immediate Release

FREEMAN & CO. REPORT DETAILS SECURITIES INDUSTRY TRENDS

NEW YORK, October 26, 2011 – Freeman & Co., a leading independent advisor to the financial services industry, released the latest edition of its Securities Industry overview. The report is titled “Post-Crisis: A Rapidly Changing Environment.”

Trends in the Securities Industry:

- The Securities Industry is experiencing compressed cycles of competitive landscapes since the global financial crisis of 2007 - 2009
- As banks reconstituted their balance sheets and begun to re-enter sales and trading businesses, competition for market share has ramped up hurting the profitability of some of the smaller broker-dealers – Freeman & Co. refers to this as Post-Crisis Phase 3
- However, with renewed economic pressures in recent months, the environment going forward for large banks is undetermined – Freeman & Co. speculates that this is the emergence of a Post-Crisis Phase 4
- Increased volatility in recent months has helped trading volumes rebound – albeit with questionable sustainability – leading broker dealers to alter business plans in attempts to capture and retain market share
- The broker dealer universe saw significant private equity investment in 2010 & 2011 in several areas, including both institutional and retail brokerages
 - Private equity firms will likely continue to play a role in the institutional space as the void in the middle market remains
 - Private equity investments in retail brokerages is likely to continue as well due to increased regulatory and compliance costs, difficulty in retaining talent, and cross selling opportunities that result from consolidation
- As regulatory changes put pressure on large banks, and the faltering economy continues to weigh on revenue, large banks have begun to announce massive layoffs providing smaller and mid-sized broker dealers with renewed opportunities to compete for talent
- Third quarter earnings season for the public securities industry players is off to a slow start, as expectations are confirmed that this has been the least profitable quarter since the financial crisis for many firms

“With the renewed (if not continued) problems of the large global financial firms playing out, there exists a rare opportunity for a well-capitalized, diversified middle market player to assemble a scaled business at historically very attractive investment values.” says Peter Majar, Managing Director at Freeman & Co. LLC.

About Freeman & Co. LLC

Founded in 1991, Freeman & Co. LLC is an M&A advisory and strategic consulting firm focused exclusively on the financial services industry with offices in New York and London. The company's advisory services include mergers and acquisitions advice, capital raising, fairness opinions, restructuring advice and private company valuations. Strategic consulting assignments are customized to client needs and have covered a wide array of projects. Additionally, Freeman & Co. developed a proprietary algorithm and methodology for benchmarking the competitive position of capital markets businesses, which has become the industry standard used by major investment banks. For more information, visit www.freeman-co.com.

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