



ComPeer Code: 998

Survey Data as at 31-May-2014

Remuneration and Benefits in Private Client Stockbroking and Wealth Management

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1. Introduction

1.1 Participant List

40 firms took part in the survey. A list (excluding yourselves) follows.

Those firms you have chosen for your select peer group are identified with asterisks and marked SPG in the pay comparison tables, where two or more firms in your chosen group filled the position. Median SPG data are also supplied.

FIRM 1
FIRM 2
FIRM 3
FIRM 4
FIRM 5
FIRM 6
FIRM 7
FIRM 8
FIRM 9
FIRM 10
FIRM 11
FIRM 12
FIRM 13
FIRM 14
FIRM 15
FIRM 16
FIRM 17
FIRM 18
FIRM 19
FIRM 20
FIRM 21
FIRM 22
FIRM 23
FIRM 24
FIRM 25
FIRM 26
FIRM 27
FIRM 28
FIRM 29
FIRM 30
FIRM 31
FIRM 32
FIRM 33
FIRM 34
FIRM 35
FIRM 35
FIRM 37
FIRM 38
FIRM 39
FIRM 40

1.2 Key Features of Survey

- The core survey is based on individual data for basic salary, bonus, car value/allowance, LTIP's and a number of other benefits for over 100 positions within private client stockbrokers and wealth managers. Data is submitted following individual firms' pay reviews and is validated prior to report production. Reports are produced as at 31st May and 30th November.
- Apart from some data obtained from ComPeer's business benchmarking survey, this report has been sourced from data supplied by participants themselves using ComPeer's Excel questionnaire.
- We include a review of total salary packages by pay group. A pay group is defined as a category of positions (from different job families, i.e. right across the firm) attracting similar pay and benefits. The pay groups and the associated pay bands, derived from the median figures for all participants, are listed below. The High Level Schedules include a complete list of all positions covered by the survey, showing which jobs come under each pay group. As a rule, the pay groups equate to generally understood levels of responsibility and seniority.

Pay group 6.	£125K plus	Directors and top management
Pay group 5.	£75K - £125K	Senior managers
Pay group 4.	£45K - £75K	Managers and senior professionals
Pay group 3.	£35K - £45K	Supervisors and junior professionals
Pay group 2.	£27.5K - £35K	Senior administrators
Pay group 1.	£15K - £27.5K	Administrators

2. Remuneration Overview

This section provides an overview of current remuneration levels.

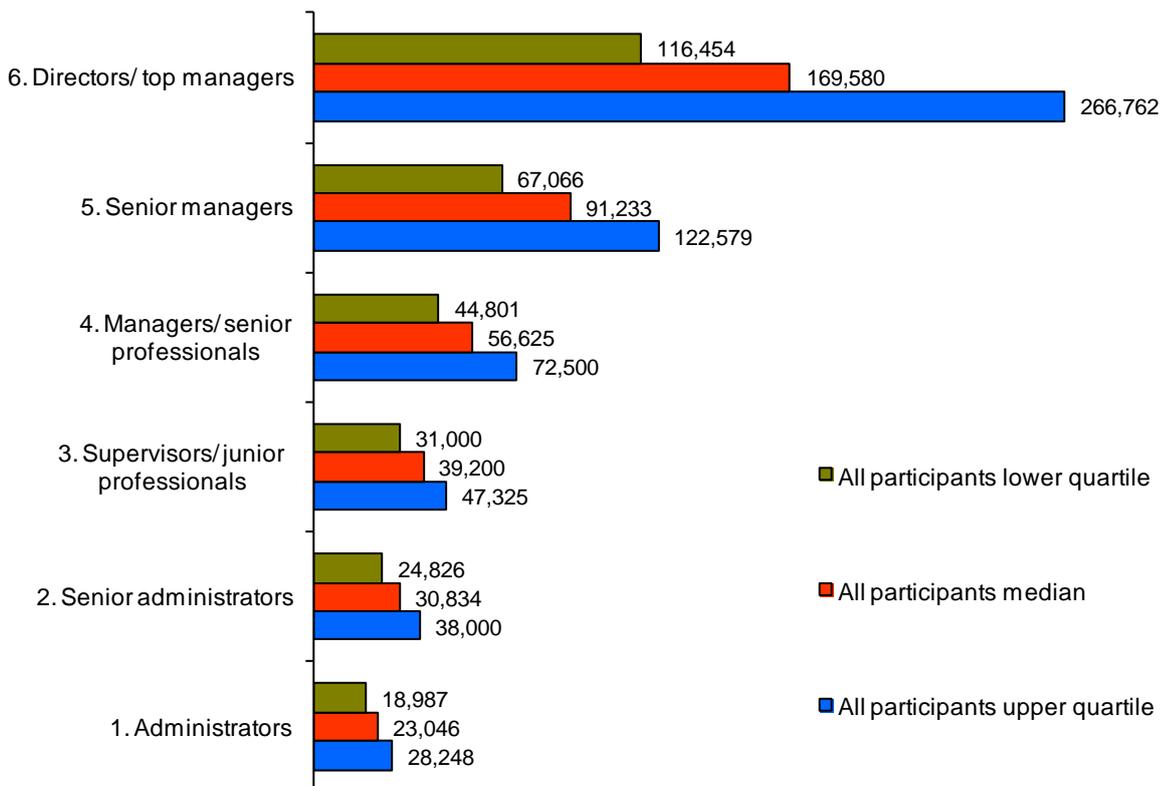
For detailed information on pay and benefits as at 31-May-2014 for individual positions, please refer to the High Level Schedules and Pay Comparison Tables.

2.1 Remuneration Comparisons at “Pay Group” level

In this section, we look at comparative median remuneration (inclusive of basic salaries, bonus, car allowance and share options/LTIPs, where applicable) paid for each of the six Pay Groups as at Summer 2014.

You were ranked at number **xx** in the directors/ top managers group, with your median salaries in this group deviating by **xxx%** from peer group. Similarly, you were ranked number **xx** in the senior managers group (deviation **xxx%**), number **xx** in the managers/senior professionals group (deviation **xxx%**), number **xx** in the supervisors/ junior professionals group (deviation **xxx%**), number **xx** in the senior administrators group (deviation **xxx%**) and number **xx** in the administrators group (deviation **xxx%**).

In summary, it appears that your salaries taken overall were **xxx** than peer group (ranked number **xx**), with an average deviation of **xxx%**. We stress that this aggregate level analysis ignores differences in London and regional salaries, as well as any differences associated with your selected peer group, although these are specifically identified in the Pay Comparison Tables.



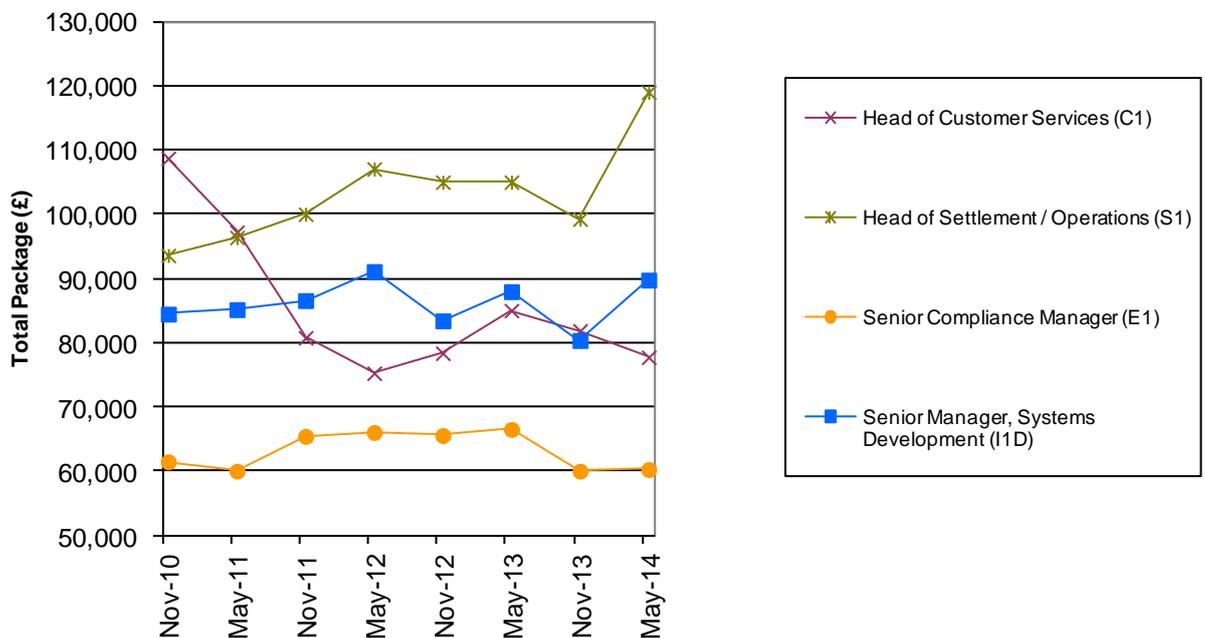
2.2 Salary Differentials

We now examine the differentials between the different pay groups. The following table shows how your firm’s salary costs increase with seniority (blue column) against peer group.

From Pay Group	To Pay Group	Your Increase %	Median increase for all 40 firms in group
5	6	Xx	138.57
4	5	Xx	51.67
3	4	Xx	32.67
2	3	Xx	25.77
1	2	Xx	29.83

2.3 Pay Comparisons for Various Functions

Total Package for Senior Management Roles

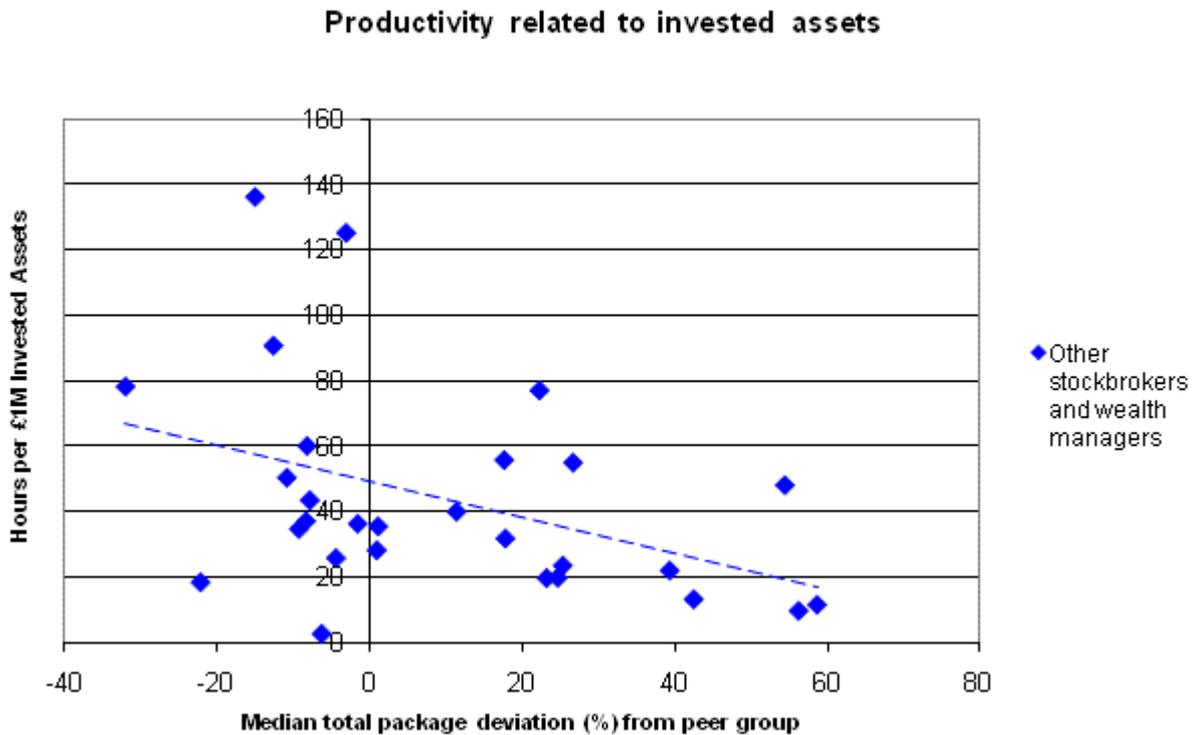


The chart above shows the median Total Packages, out of all participants in the selected surveys, for four senior management roles. For the Head of Settlement and Senior Manager, Systems Development we have seen strong rises in total packages in the last six months.

2.4 Relative Productivity Performance

As we have seen, your pay levels are **xxx** aggregate levels, with a median total package deviation of **xxx%** against aggregate, which includes all types of firm, whether execution only firms, stockbrokers or wealth managers.

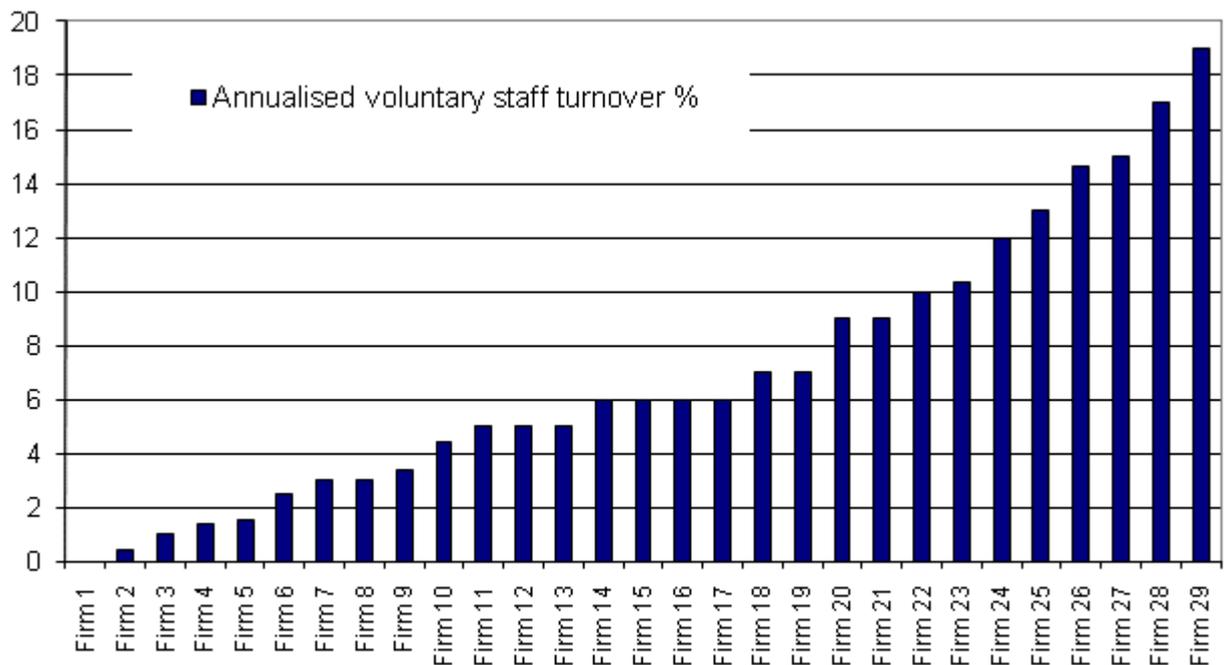
Other things being equal, one would expect firms with high productivity to be able to afford higher compensation packages for their staff, with less productive firms paying less. The following chart (using data from our annual benchmarking survey) shows that, on this occasion, there is a very slight correlation between high productivity and above average salary levels.



There are many reasons for productivity variations. The most important of these is location and our London versus Country schedules, as well as our salary tables, show that regionally located jobs invariably attract lower salaries than those located in London. Other factors include staff quality (a few outstanding individuals can transform a firm’s profile), management policy, business profile, revenue quality, business quality, profitability and others.

3. Staff Turnover Comparisons

The survey measured relative staff turnover, defined as permanent staff resignations, as a percentage of total staff. This definition excludes promotions, redundancies, retirements, early retirements, long term absences, sabbaticals and internal transfers. In general, voluntary turnover levels have reduced, and now range from 0% to 19%. The complete set of staff turnover values, ignoring regional submissions from London based firms in a couple of cases, is presented in the chart below. These data reflect the 6 or 12 months ending 31-May-14.



4. Remuneration Trends and Projections

4.1 Year on Year Trends in Total Packages¹

32 firms in your peer group took part in the Summer 2013 survey and in the corresponding survey last year.

In the last year there has been good growth in the market, although there continues to be pressure on costs. Year on year there has been some movement in total packages. Median Total Packages increased year on year for 54 positions, with 26 positions exceeding 10% growth.

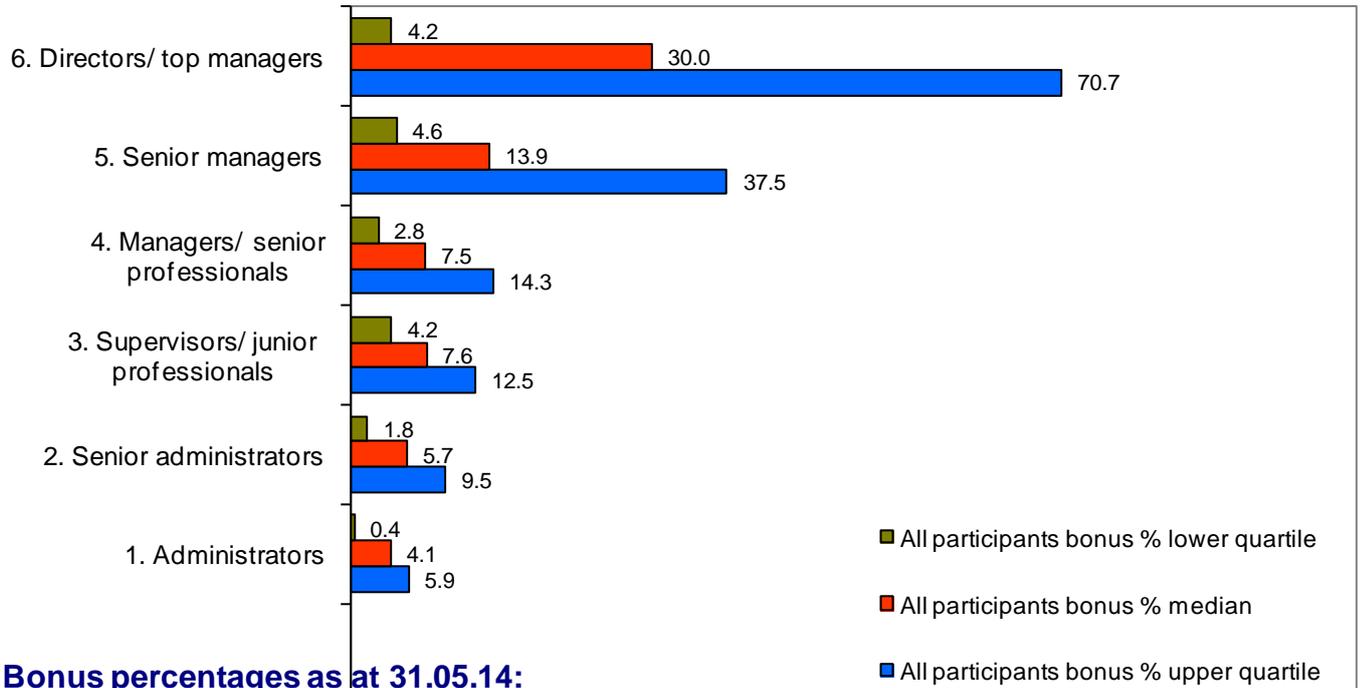
4.2 Bonus Trends

We also looked at year on year trends in the bonuses awarded, in percentage terms. We provide an outline here. Across a number of positions, there have been reductions in bonuses over the last year. Thus, median bonuses paid by firms last year (Summer 2013) ranged from 4.1% for Group 1 positions to 30.0% for Group 6 positions. By Summer 2014, bonuses ranged from 3.3% to 38.9%.

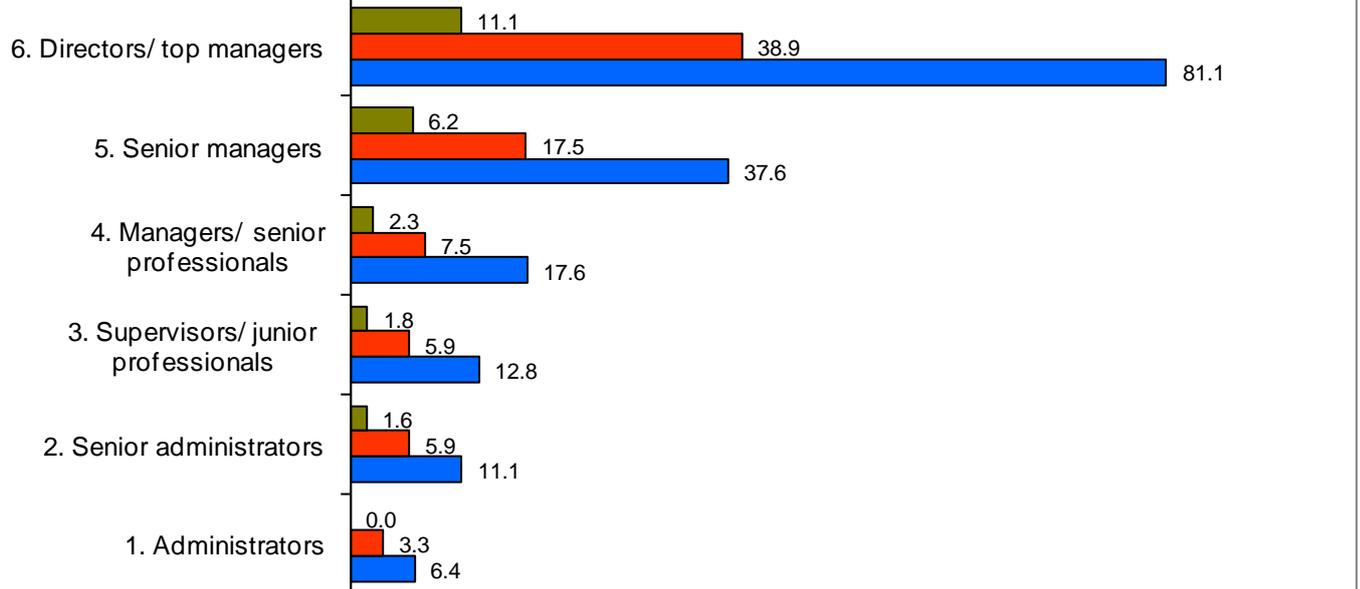
By comparison, your firm's bonuses ranged from **xxx%** to **xxx%** last year. This year, they ranged from **xxx%** to **xxx%**. The following chart compares bonus levels year on year for yourselves against all other participants.

¹ Total Packages comprise basic salary, bonus, car value or allowance, LTIPs and share options.

Bonus percentages as at 31.05.13:

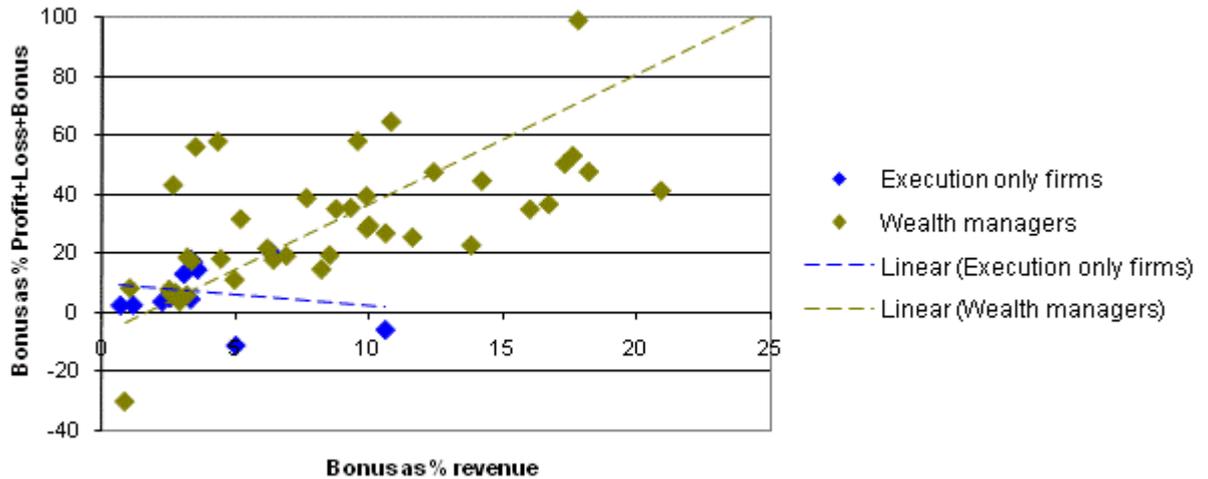


Bonus percentages as at 31.05.14:



As in previous surveys, it is apparent that bonuses vary within a fairly narrow range for junior positions, although the spread is very much wider for senior positions.

Finally, we plot firms' bonus spend against peer group, (a) as a % of total revenues and (b) as a % of total profits plus bonus. Separate series are included for XO firms and wealth managers. Firms with internal commission share payments exceeding 35% of basic staff costs were excluded. Unless otherwise stated, the data is from our 2013 annual benchmarking survey. It can be seen that XO firms allocate a lower percentage of their revenues to bonuses than wealth managers. Also it is clear that bonuses paid by wealth managers and XO firms are driven by profitability levels. Your plot, where known, is shown in red.

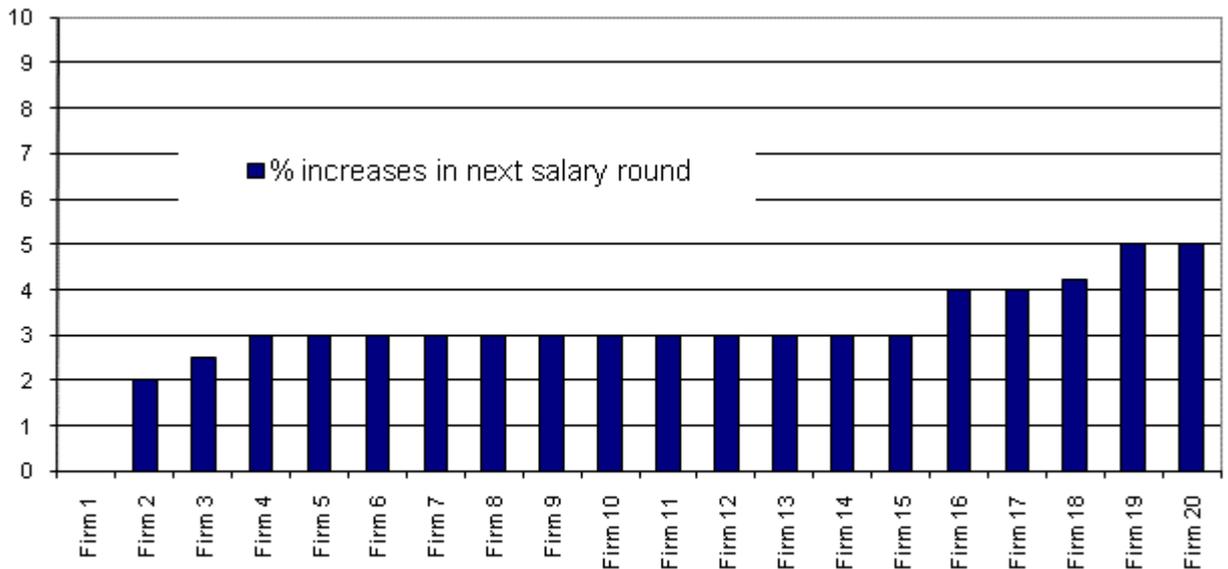


The table below contains information on the spread and distribution of the data for each group of firms.

From (group)	Bonus payments as % revenues	Bonuses as % of profits plus bonus
Execution Only firms		
Upper Quartile	3.91	15.38
Median (14 firms)	3.30	4.85
Peer Group Lower Quartile	2.44	2.60
Standard Deviation	2.63	9.88
Wealth Managers		
Peer Group Upper Quartile	13.45	46.85
Peer Group Median (53 firms)	8.62	30.60
Peer Group Lower Quartile	3.70	17.98
Standard Deviation	9.20	46.79

4.3 Salary Increases in the Next Round

We review the percentage increases in participants' salary levels, if any, projected to take effect in the next salary round. At this time in the annual cycle, we have been able to source data for some 20 firms, counting firms submitting London and regional submissions only once. Firms have been more optimistic about future increases, with many at least expecting to follow inflationary rate. Only one firm suggested there will be no increases in their next review.



As can be seen from the table below, over 70% of firms schedule their review in the first 5 months of the year.

No. of firms	Review month
15	January
2	February
1	March
9	April
2	May
0	June
5	July
1	August
0	September
3	October
1	November
1	December

4.4 LTIPs and Share Options

We provide below a quantitative overview of the frequency, and levels, of LTIPs (Long Term Incentive Plans) and Share Option payments. The actual amounts your firm paid, if any, can be found in the salary schedules under the heading Options/LTIPs, where you filled the position.

Our questionnaire contains the following definition for this item: *“Please enter the estimated cost of funding any schemes of this sort. In the case of options, you may prefer to use your own valuation method, e.g. one third of the options value granted in the year up to the date at cell B2.”* The responses are analysed below for all positions where LTIPs and Share Option data have been provided by two or more firms. Although we have not segmented this figure, previous discussions suggest that in most cases the payments relate to share options only.

Position	No. of firms filling the position	No. of firms paying Options /LTIPs	What your firm pays (£ K p.a.)	Maximum payment (£K) in peer group	Minimum payment (£K) in peer group
PM1 Portfolio Manager (Level 1)	13	5	Xx	147	89
PM3 Portfolio Manager (Level 3)	21	5	Xx	55	32
G1 Chief Executive Officer	26	4	Xx	125	1
PM2 Portfolio Manager (Level 2)	16	4	Xx	120	56
PM4 Portfolio Manager (Level 4)	21	4	Xx	50	3
S1 Head of Settlement (or Head of Operations)	22	4	Xx	50	1
F1G Senior Finance Manager, General	19	3	Xx	15	1
G3 Business Development & Marketing Director	16	3	Xx	120	1
G6 Finance Director	19	3	Xx	80	1
I1D Senior Manager, Systems Development	11	3	Xx	10	1

5. Benefits

The following table compares the benefits offered by your firm against peer group.

Benefit	Your situation	Participants as a whole		
Pensions	Xx	DC (30) NC & DC (2) None (1)	DB & DC (5)	NC (1) All 3 (1)
Incentivisation with share options or cash	Xx	All/most (1)	Some (7)	None (32)
Share saving scheme	Xx	All/most (14)		None (26)
Free car parking	Xx	All/most (3)	Some (11)	None (26)
Free life assurance	Xx	All/most (31)	Some (5)	None (4)
Private medical care	Xx	All/most (28)	Some (8)	None (4)
Discounted products	Xx	All/most (16)	Some (1)	None (23)
Season ticket loans	Xx	All/most (29)	Some (3)	None (8)

All firms except for 1 provide **pensions** for the majority of their workforce. The most common type of pension scheme, offered by 30 firms, is Defined Contribution (DC). Zero firms offer just Defined Benefit schemes and 1 firm provides Non Contributory (NC) pensions. 5 firms supply a mix of DC and DB pensions, 2 firms supply a mix of DC and NC pensions and 1 firm provides all 3 types.

Firms offering DC pensions were also asked to give the annual value of the firm's contribution for each position. The following table compares the average annual value of the Defined Contribution pensions you paid to each of your 6 pay groups, compared to the average value paid by all firms providing this benefit.

Pay Group	Your average DC pension contribution	Peer group average DC pension contributions
6	Xx	9,082
5	Xx	4,635
4	Xx	3,200
3	Xx	2,100
2	Xx	1,561
1	Xx	1,408

The average annual values of **cars** (and **car allowances**) provided are shown in the table below for each pay group.

Pay Group	Your average car allowance / value	Peer group average car allowances / values
6	Xx	12,500
5	Xx	425
4	Xx	425
3	Xx	188

14 firms operate a **share saving scheme**, enabling staff to buy shares in their own company, which is available to all or nearly all their staff.

Free car parking is a prized benefit, although impractical for firms based in city centres. 26 firms including yourselves are not in a position to offer free car parking to anyone.

Free life assurance is offered to virtually all full time staff by all firms.

Similarly, the majority of firms provide **free or subsidised medical care** for at least some positions. In your case, all staff receive this benefit.

16 firms offer **discounted products** to all or most of their staff.

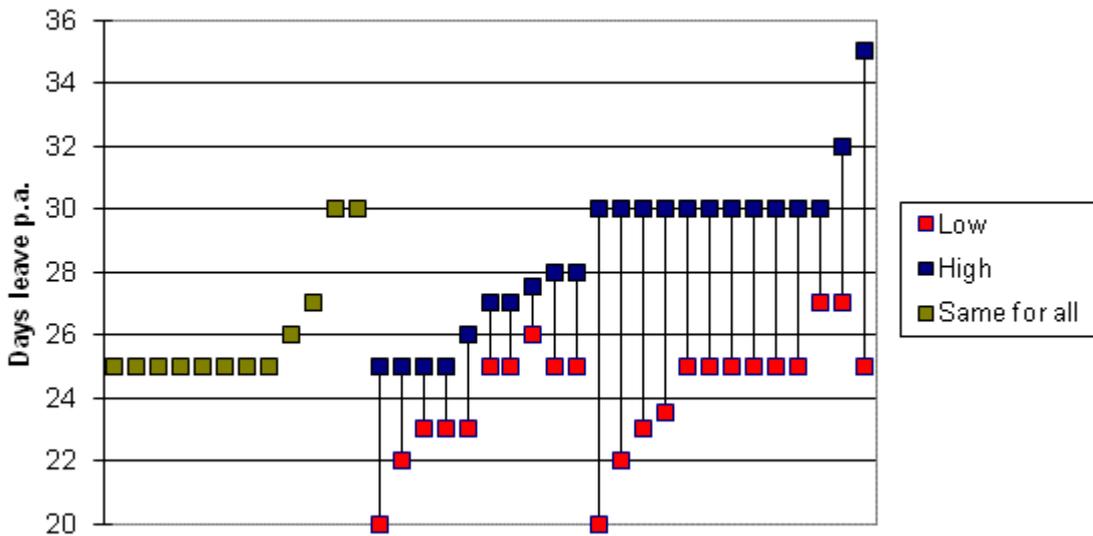
Season ticket loans are extended by 29 participants to most or all of their staff. Only 8 firms do not offer the facility.

Leave Entitlements

The table benchmarks your average paid leave entitlements against your peers for each pay group, exclusive of statutory bank holidays.

Pay Group	Average days paid leave p.a.		
	You	Group	Rank
6	Xx	28	Xx
5	Xx	25	Xx
4	Xx	25	Xx
3	Xx	25	Xx
2	Xx	25	Xx
1	Xx	25	Xx

25 days is the usual leave benchmark, with most firms awarding more leave (depending on seniority or age) up to a maximum of 35 days. However, no firm gave less than 20 days paid leave to any member of staff. The leave ranges offered by each firm participating in the survey, from the most senior to the most junior positions, are shown in the chart.



6. Glossary

6.1 Hours worked in a year are calculated using the following formula:

$$\{261 - [\text{public holidays (8) + annual paid leave}]\} \times \{\text{hours worked in week} \div 5\}$$

Example for a position working 35 hours in week, with 28 days annual leave:

$$(261 - 36) \times (35 \div 5) = 225 \times 7 = 1,575 \text{ hours}$$

The rate per hour is obtained by dividing the total package (£ p.a.) by the number of hours worked in the year.

Median Basic Salary Includes London allowance, or any other similar territorial adjustment.

Total Package is comprised of median basic salary, bonus, car allowance or car value and share options/LTIP's.

6.2 Upper quartile, median and lower quartile. These measures are generally preferred for salary comparisons as they are unaffected by any extreme outlying values. Example values for an even and odd number of salaries:

Even number of participants

90,543
71,649
66,700 ← £66,700 = upper (3 rd) quartile
63,000
61,600 ← £61,400 = median, or 2 nd quartile
61,200
60,492
58,318 ← £58,318 = lower (1 st) quartile
55,432
52,518

Odd Number of Participants

32,000
28,000 ← £28,000 = upper (3 rd) quartile
26,000
24,000 ← £24,000 = median, or 2 nd quartile
22,000
21,000 ← £21,000 = lower (1 st) quartile
18,000