

2016 YEAR IN REVIEW

SIFMA is the voice of the U.S. securities industry. We are a member-driven organization that advocates for efficient and effective capital markets.

SIFMA represents the broker-dealers, banks and asset managers whose nearly 1 million employees provide access to the capital markets, raising over \$2.5 trillion for businesses and municipalities in the U.S., serving clients with over \$18.5 trillion in assets and managing more than \$67 trillion in assets for individual and institutional clients including mutual funds and retirement plans. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA).

WELCOME

Dear Colleague,

**BROKER-
DEALERS**

Capital markets recognize the best ideas and enterprises and propel them forward. Our industry, as allocators of that capital, has provided much of the funding that has made the U.S. economy the largest and most innovative in the world.

Fair, transparent and efficient markets facilitate capital formation and economic growth. Today, the ability of our markets to fuel growth has been constrained by the volume of regulation implemented since the financial crisis as well as other unrelated regulatory initiatives. While regulation is necessary to promote fairness, transparency and efficiency, it must be balanced. We must now consider whether the regulatory pendulum has swung too far and away from maximizing the benefits of stable, well-functioning capital markets.

As the voice for the U.S. securities industry, SIFMA convenes more than 10,000 financial professionals from hundreds of member firms on more than 100

**PRIMARY
MARKETS**

**WEALTH
MANAGERS**

**MARKET
MAKERS**

**ASSET
MANAGERS**



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*Executive Vice President,
Chief of Staff and Secretary
to the Board*
Goldman, Sachs & Co.
2016 Chair
SIFMA Board of Directors



TIMOTHY C. SCHEVE
President and CEO
Janney Montgomery Scott
2017 Chair
SIFMA Board of Directors



KENNETH E. BENTSEN, JR.
President and CEO
SIFMA

industry committees and societies, as well as countless task forces and working groups. When taken together, our diverse members establish the infrastructure and backbone of the U.S. financial system and the most resilient and respected capital markets in the world. Together, we advocate for smart regulation that enables our capital markets to drive American ingenuity and achieve healthy economic growth.

**ADVISORS
AND
UNDERWRITERS**

On behalf of SIFMA's Board of Directors and our entire staff, we look forward to continuing our work with you to finance America's future.

**SECONDARY
MARKETS**



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W. Rufus Yates

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BB&T Corp.
President & CEO
BB&T Securities

THE STATE OF THE CAPITAL MARKETS

“Real global GDP took 300 years to double between 1492 and the time the British burned the Capitol in Washington. Before that, it took 1,000 years to double. Within the last 15 years, it’s more than doubled again. And it’s doubled because of technology, and because of the role of capital markets.”

JIM ROSENTHAL
CHIEF OPERATING
OFFICER
MORGAN STANLEY

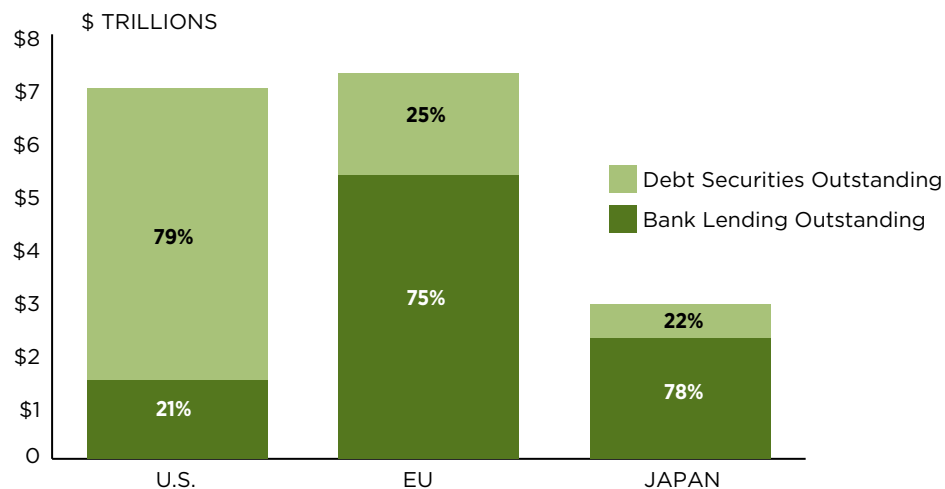
Capital markets have transformed global wealth on an unprecedented scale.

Since the year 2000, real global GDP — the core measure of global wealth — more than doubled.

Innovation, funded in the United States, has driven much of this progress. America has the deepest and most liquid capital markets in the world, providing nearly 80% of debt financing for business to grow and expand, while Europe and Japan fund just 25% and 22% in the capital markets, respectively.

Markets foster increased investment in capital stock, including plant, equipment and software; offer U.S. companies a greater diversity of funding sources; more efficiently allocate risk among investors; and promote economic growth and job creation.

CORPORATE DEBT FINANCING 2015

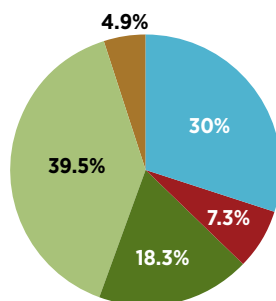


SIFMA Research, Bank of Japan, European Central Bank, Board of Governors of the Federal Reserve System

Note: Includes financing of non-financial corporations; EU includes the 28 European Union-member states

GLOBAL EQUITY MARKET CAPITALIZATION 2016

\$70.1 TRILLION

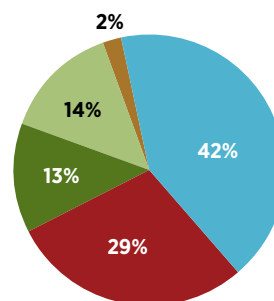


Source: SIFMA Research, World Federation of Exchanges

Note: EU includes the 28 European Union member states

GLOBAL BOND MARKET OUTSTANDING 2015

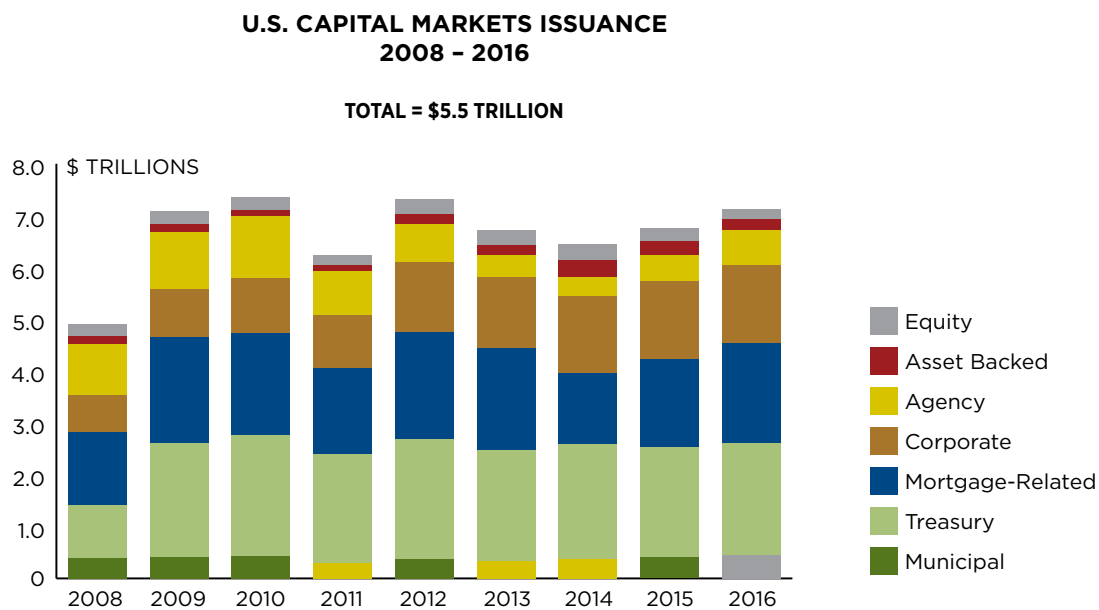
\$87.7 TRILLION



Source: SIFMA Research, Bank of International Settlements

The securities industry facilitates access to the capital markets, creating investor opportunity, capital formation, job creation and economic growth.

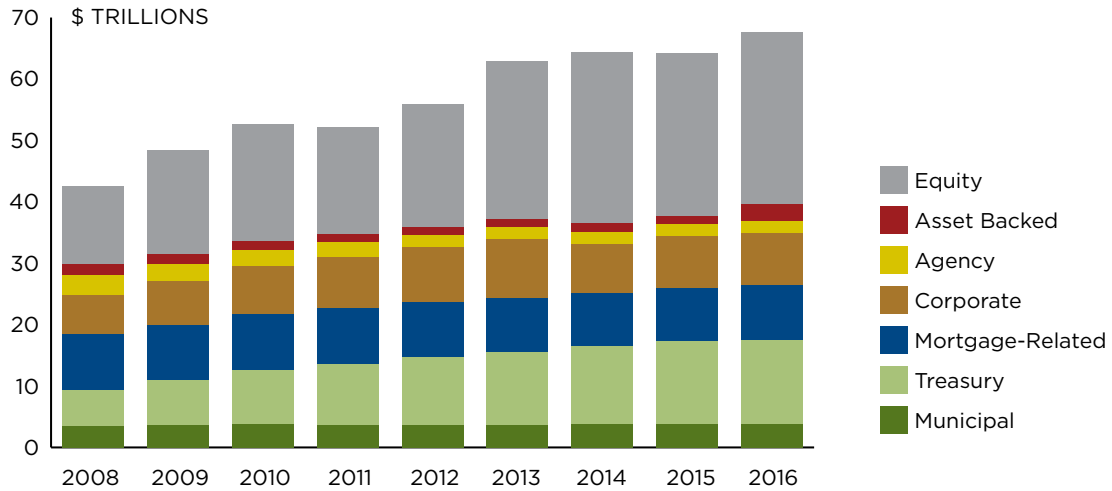
- As of December 31, 2016, market capitalization – the total value of all publicly traded securities – of the U.S. stock market was \$28.9 trillion.
- 107 companies conducted initial public offerings in 2016 in the U.S. raising over \$17.8 billion.
- The U.S. corporate bond market is the largest in the world: over 1,300 companies issued \$1.5 trillion in corporate bonds in the U.S. to fund their operations and growth in 2016.
- Municipal issuers raised over \$445.8 billion in 2016 to finance important community infrastructure projects including roads, bridges, hospitals and universities.



Sources: SIFMA Research, Bloomberg, Thomson Reuters, US Department of the Treasury, US Agencies

U.S. CAPITAL MARKETS OUTSTANDING 2008 - 2016

TOTAL = \$6.8 TRILLION



Sources: SIFMA Research, Bloomberg, Thomson Reuters, US Department of the Treasury, US Agencies

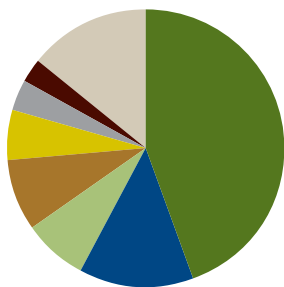
SIFMA Research is the go-to source for reliable and unbiased data for industry, government, academia and media. We track over 100 statistical series covering securities issuance, trading and outstanding amounts; conduct over 25 benchmarking, outlook and priority-setting surveys each year; and produce 40+ reports on capital markets and the financial industry annually.

Visit
www.sifma.org/research

U.S. CAPITAL MARKETS ISSUANCE BY MARKET SEGMENT

U.S. CORPORATE BOND ISSUANCE 2016

\$ BILLIONS (% OF TOTAL)

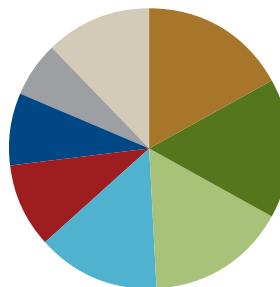


TOTAL = \$1.5 TRILLION

| | |
|-------------------------|-----------------|
| Financials | \$673.8 (44.5%) |
| Energy and Power | \$204.8 (13.5%) |
| High Technology | \$114.1 (7.5%) |
| Healthcare | \$125.1 (8.3%) |
| Industrials | \$86.9 (5.7%) |
| Media and Entertainment | \$58.2 (3.8%) |
| Consumer Staples | \$39.0 (2.6%) |
| Other | \$213.7 (14.1%) |

U.S. TRUE INITIAL PUBLIC OFFERINGS 2016

\$ BILLIONS (% OF TOTAL)



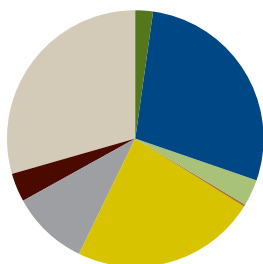
TOTAL = \$17.8 BILLION

| | |
|-------------------------|---------------|
| Healthcare | \$3.1 (17.1%) |
| Financials | \$2.9 (16.2%) |
| High Technology | \$2.9 (16.1%) |
| Retail | \$2.5 (14.2%) |
| Real Estate | \$1.7 (9.7%) |
| Energy and Power | \$1.5 (8.2%) |
| Media and Entertainment | \$1.1 (6.3%) |
| Other | \$2.2 (12.2%) |

U.S. MUNICIPAL BOND ISSUANCE 2016

\$ BILLIONS (% OF TOTAL)

TOTAL = \$445.8 BILLION



| | |
|-----------------|---------------|
| Education | 10.7 (28.4%) |
| General Purpose | 125.2 (23.9%) |
| Utilities | 14.0 (10.9%) |
| Transportation | 2.3 (10.8%) |
| Healthcare | 103.7 (9.2%) |
| Housing | 42.9 (3.6%) |
| Electric Power | 16.3 (3.3%) |
| Other | 130.8 (9.9%) |

Sources: SIFMA Research, Thomson Reuters












Note: Contains all long-term municipal issuance

CAPITAL BUILDS ECONOMIES

An Interactive State-by-State Database

STATES.SIFMA.ORG

Capital markets are the bedrock of our nation's economy. Our capital markets recognize and drive capital to the best ideas and enterprises, enabling workers to save for retirement, students to pay for their education, businesses to grow, and communities to finance sustainable development. SIFMA's interactive database, Capital Markets in Your State, explores the companies and municipalities throughout the nation that are accessing the capital markets to drive economic growth.

| | | |
|--|--|--|
|  ALABAMA <p>The nearly 75,000 finance and insurance industry employees in Alabama represent 3.7% of the state's total employment.</p> |  CALIFORNIA <p>There are almost 43,000 financial advisors and 440 broker-dealer main offices in California, each the second highest count in the nation.</p> |  DISTRICT OF COLUMBIA <p>Municipal issuers in the District of Columbia raised nearly \$2 billion in the municipal bond market last year, including \$350 million by the District of Columbia Water and Sewer Authority.</p> |
|  MASSACHUSETTS <p>With over 173,000 employees, the finance and insurance industry represents 4.8% of total state employment in Massachusetts.</p> |  MARYLAND <p>Maryland's Health & Higher Educational Facilities Authority raised nearly \$1.2 billion in 2016 for nonprofit hospitals, as well as private noncollegiate and higher educational institutions.</p> |  NEBRASKA <p>More than \$14 billion in corporate bonds were issued in Nebraska, with the top issuers including Union Pacific Corp, Berkshire Hathaway Inc and Berkshire Hathaway Finance.</p> |
|  NEW JERSEY <p>The New Jersey Transportation Trust Fund Authority raised over \$2.7 billion in the municipal markets in 2016.</p> |  NEW YORK <p>Nearly \$203 billion was raised for businesses headquartered in New York through the corporate and equity markets last year.</p> |  PENNSYLVANIA <p>Comcast Corporation, headquartered in PA, raised \$7.8 billion in the U.S. corporate debt markets last year; Axalta Coating Systems Ltd was the top PA headquartered equity issuer, raising almost \$1.9 billion.</p> |
|  FLORIDA <p>Florida's top equity issuer, NextEra Energy Inc, raised \$1.5 billion last year.</p> |  ILLINOIS <p>Illinois has almost 19,000 financial advisors, fourth in the nation and part of the state's 300,759 overall finance and insurance industry employees.</p> |  VIRGINIA <p>Dominion Resources Inc raised almost \$2.2 billion in the U.S. equity markets in 2016.</p> |
|  MINNESOTA <p>The 145,000 finance and insurance industry employees in Minnesota represent 5.0% of the state's total employment.</p> |  MISSOURI <p>Express Scripts, a Fortune 500 and Forbes Most Innovative Company, is one of the largest public company in Missouri with a market cap of \$43.0 billion.</p> |  TEXAS <p>The largest public companies in Texas by market cap include Exxon Mobil, AT&T, Schlumberger, Texas Instruments and ConocoPhillips.</p> |

A STORY WORTH TELLING

THE CAPITAL MARKETS

WWW.PROJECTINVESTED.COM

It's an underappreciated fact: economic success depends upon a vibrant financial system that provides access to capital. Project Invested provides a forum to explore and discuss key market concepts about how capital markets drive economic growth, job creation and positive social change. With accessible, in-depth articles about how entrepreneurs build businesses, how infrastructure development strengthens communities and how markets make our society work, among others, Project Invested illustrates why capital markets and the financial industry matter to America.



“Markets are the arteries, the hidden wiring, that make economies work.”

**ROBIN
WIGGLESWORTH**
US MARKETS EDITOR
**THE FINANCIAL
TIMES**

THE NEWS THAT DROVE 2016

From the release of the Department of Labor's final fiduciary rule in April, to Brexit in June and the U.S. presidential election in November, here is the top news that drove the capital markets in 2016.

This content was sourced from the top stories in SIFMA SmartBrief, read by nearly 70,000 market professionals every day.

www.sifma.org/smartbrief

SEC proposes stress tests for advisors

A Securities and Exchange Commission proposal would require large investment advisors and investment companies to undergo stress tests, SEC Chief of Staff Andrew Donohue said in July. Plans for required continuity planning were announced in June.

In a September comment letter, SIFMA's Asset Management Group (SIFMA AMG) noted support for the objective of the business continuity planning initiative — to mitigate the risks of business disruptions for investors. Because of the industry's historical, comprehensive and robust principles-based business continuity programs, it asked that the SEC reevaluate key elements of the proposal before any new rule is adopted or guidance is issued.



WWW.SIFMA.ORG/AMG

United Kingdom Votes for Brexit

The UK voted in April to withdraw from the European Union, prompting Prime Minister David Cameron's resignation. The Bank of England said it will "take all necessary steps to meet its responsibilities for monetary and financial stability," while S&P Global Ratings downgraded the UK's AAA credit rating.

SIFMA's European counterpart, the Association for Financial Markets in Europe (AFME), commissioned a report published by Clifford Chance which analyzes the potential impact of a UK exit from the EU on Europe's capital markets. By showing the role of the UK in Europe's capital markets, it explains the importance of vigorous, integrated capital markets for long-term growth in Europe.



WWW.SIFMA.ORG/BREXIT

SEC approves mutual fund rules

The Securities and Exchange Commission approved comprehensive rules on mutual fund reporting and liquidity risk management. The rules are believed to achieve the goals of strengthening SEC regulatory effectiveness and protecting investors, while showing consideration for industry concerns.

SIFMA's Asset Management Group (SIFMA AMG) noted it will review the final rules and thanked the SEC for their consideration of its comments, including reducing the number of liquidity categories from six to four.



WWW.SIFMA.ORG/AMG

Fiduciary rule addresses some industry feedback, but concern persists

The final version of the Labor Department's fiduciary rule was released on April 6, 2016. This version reflected some changes called for by financial firms and their associations but concerns remain about the practical application of the standard.

SIFMA noted its fundamental concern that “the DOL's rule could force significant changes to current relationships, which may leave clients without the help they need to prepare for retirement, at a time when we all agree that more can and should be done.” At SIFMA's Annual Meeting in September, business executives concurred that the regulation signals a paradigm shift in how the financial-advice industry is structured.



WWW.SIFMA.ORG/DOL-FIDUCIARY

Brokerages face fraudulent wire-transfer requests from cybercriminals, SEC finds

More than half of brokerages have received fraudulent wire-transfer requests from cybercriminals using stolen email addresses, according to a survey by the Securities and Exchange Commission.

Throughout 2016, SIFMA continued to provide its members with guidance, principles and best practices to combat the ever-growing threat of cyberattacks.



WWW.SIFMA.ORG/CYBERSECURITY

THE NEWS THAT DROVE 2016

SEC calls for T+2 trade settlement

The Securities and Exchange Commission proposed shortening the period for the settlement of securities trades by broker-dealers from three days to two, commonly referred to as T+2.

“Shortening the time it takes to settle a trade will bring numerous benefits to investors and the U.S. financial system, including reducing operational risk, enhancing the overall efficiency of U.S. securities markets and aligning the U.S. with other international markets. This is truly a win for investors, the industry and all market participants,” SIFMA President and CEO Kenneth E. Bentsen, Jr. said.



WWW.UST2.COM

SEC continues to consider a uniform fiduciary rule

In February 2016, SEC Chair Mary Jo White reported that she will continue to work to develop support from fellow commissioners for a uniform fiduciary duty for investment advisers and broker-dealers. Chair White later announced she would depart from the SEC at the end of the Obama Administration, leaving future plans for SEC fiduciary rulemaking unclear.



WWW.SIFMA.ORG/FIDUCIARY

Concern mounts over fragmentation of Treasury market

In response to the U.S. Department of Treasury's January 2016 Request for Information on the state of Treasury market structure, more than 50 comment letters were submitted that indicated a concern that market fragmentation threatens market stability.

In conjunction with its two comment letters, SIFMA announced the release of a new paper prepared by Promontory Financial Group that examines the U.S. Treasury market, including emerging issues following the October 2014 “flash rally” and subsequent regulatory initiatives. The paper describes the role the U.S. Treasury market plays in our financial markets, monetary policy and prudential standards by examining the different uses of Treasury securities.



WWW.SIFMA.ORG/TREASURY-RFI

DRIVING SOCIETAL INNOVATION

In addition to providing financing for legacy corporate, public and nonprofit sector investment, markets increasingly provide capital for emerging industries and technology such as biotech and cybersecurity, as well as societal innovations like green finance, social finance and social impact investing.

SIFMA has sponsored several roundtables comprised of leading industry analysts and policymakers to focus on new developments in finance, public policy and technology that foster these emerging market sectors.

SOCIAL IMPACT INVESTING AND GREEN FINANCE

- From 2012 through the beginning of 2016, U.S. based socially responsible assets under management more than doubled from \$3.74 trillion to \$8.73 trillion, according to The Forum for Sustainable and Responsible Investment. Estimates from the Morgan Stanley Institute for Sustainable Investing project that social impact investment opportunities could constitute a \$10 trillion market by 2050.
- According to the Climate Bonds Initiative, \$54.3 billion green bonds were issued in 2016 year to date (as of September 30), already exceeding the \$41.8 billion issued in full year 2015.

Reps. Scott Peters (D-CA) and French Hill (R-AR) in discussion with market experts from RBC Capital Markets and Jefferies at SIFMA's Biotech Hill Roundtable



ADVOCACY & POLICY

“Calibrating regulation is all about figuring out what’s the right quantum of capital, liquidity and stress testing that can make for a safe and sound marketplace but still allow banks to do what they’re supposed to do, which is support economic growth.”

SANDRA O’CONNOR
CHIEF REGULATORY
AFFAIRS OFFICER
JPMORGAN CHASE & CO.

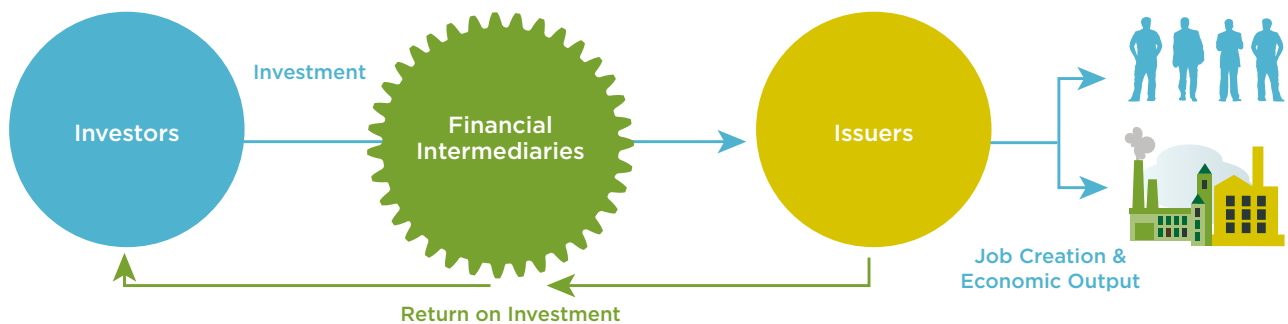
MEMBER, SIFMA
BOARD OF
DIRECTORS

ADVOCACY & POLICY

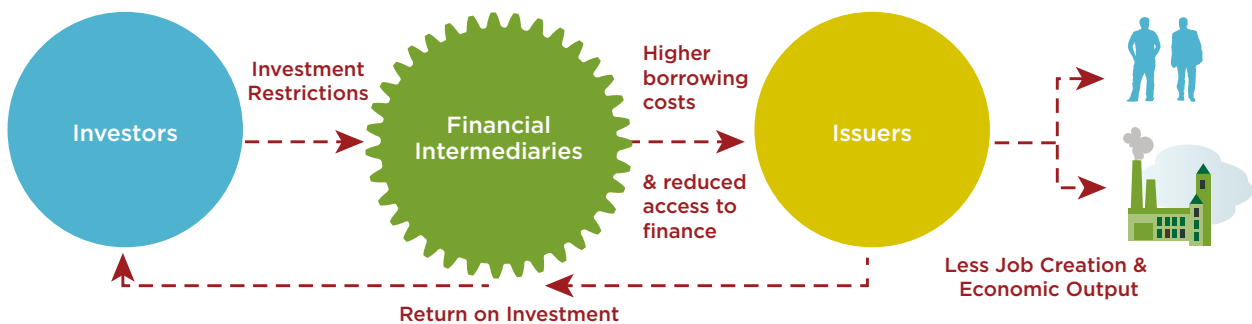
WHY SMART REGULATION MATTERS

Regulation, transparency and investor protection, when implemented correctly, can be a tool to ensure orderly, efficient and effective markets. Too little regulation threatens safety and long term stability, while too much can hinder a markets ability to facilitate job creation and economic growth. As a first step towards achieving a regulatory balance, it is critical to understand how current rules interact, how future regulations will alter the industry and the overall coherence of the global regulatory environment.

A PROPER REGULATORY BALANCE



WHEN THE REGULATORY BALANCE BECOMES SKEWED

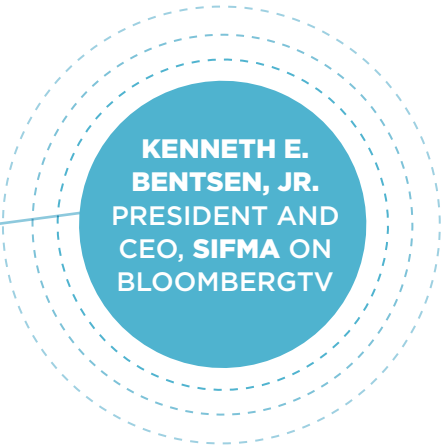


For capital markets to function properly, regulations must not add undue stress to the system. The cumulative effect of broad regulation can cause markets to be less productive and a disconnect may be formed between investors and issuers which can result in increased cost, reduced access to finance, and diminished returns on investments - and ultimately, less job creation and economic output.

It is possible for policymakers to achieve a regulatory balance that will drive economic growth while still prioritizing the safety and soundness of the capital markets. Since 2008, new rules have been implemented in rapid succession, constantly revising the financial industry's regulatory framework. Through a comprehensive regulatory review, rules and regulations currently in place can be examined and impacts, conflicts and inconsistencies identified. In many cases, modest recalibrations of regulatory requirements may help achieve a better regulatory balance and stronger economic growth potential.



**“Policymakers
need to sit down
and take a very hard look
at where all of these rules
coming together may be standing
in the way of the ability to allocate
capital and credit to the level that
we think is necessary to have
GDP growth above a 2% level,
and more to a normal 3%
level.”**



**KENNETH E.
BENTSEN, JR.
PRESIDENT AND
CEO, SIFMA ON
BLOOMBERGTV**

KEY INDUSTRY INITIATIVES

The industry has undertaken several proactive efforts to promote robust capital markets and investor confidence, including defending against cyber attacks, ensuring the highest level of service for senior investors, shortening the settlement cycle for equities and fixed-income trades, and more.

Cybersecurity

The protection of client assets and information and the ability for markets to function through cyber attacks is a top industry priority. With our members, SIFMA has taken the lead in developing policies and procedures for cyber defense and recovery; advocated for harmonization of regulations arising from multiple regulators; coordinated the development of International Cybersecurity, Data and Technology Principles through our global affiliate, GFMA; and sponsored comprehensive industry testing efforts. Our ultimate goal is to identify vulnerabilities and defensive needs, improve resiliency and information sharing, and develop recovery protocols.

Cybersecurity Facts:

- Cyber risk remains the number one overall concern for the financial industry
- 38% of firms have detected 50 or more security incidents in the past 12 months
- 92% of firms use risk-based security frameworks
- 92% of finance and line of business executives agreed that regulators and investors will expect companies to provide more information on cybersecurity risk exposure in the future

Source: DTCC Systemic Risk Barometer 2016 Q1, Cisco 2016 Annual Security Report and PwC Global State of Information Security Survey 2016

“Cyber attacks targeting the United States, its critical infrastructure and its citizens are increasing in frequency and sophistication. The Cybersecurity National Action Plan could build upon the important principles outlined in the Cybersecurity Act passed by Congress in 2015 and help ensure the government has the right tools in place to improve cyber defenses as these threats continue to evolve.”

KENNETH E. BENTSEN, JR.
PRESIDENT AND CEO, SIFMA

Municipal Bond Disclosure

The disclosure regime in the municipal securities market differs significantly from that of other product sectors. Due to constraints on its ability to regulate and enforce disclosure requirements on municipal issuers directly, the SEC regulates issuer disclosure indirectly through underwriters and dealers, imposing significant compliance burdens and risks relative to other sectors. In 2014, the SEC's Division of Enforcement initiated the Municipalities Continuing Disclosure Cooperation (MCDC) Initiative, an ostensibly voluntary enforcement program. The SEC has completed over 100 enforcement actions against municipal securities underwriters and issuers. In the wake of that experience, SIFMA has undertaken an initiative to identify steps regulators and market participants can take to improve disclosure compliance by municipal issuers. We continue to work with a broad group of stakeholders including issuers, investors, auditors, credit analysts and others on initiatives of common interest related to disclosure.

“SIFMA supports a robust disclosure regime in the municipal market to ensure that investors have timely access to information they need to evaluate their investments.”

MICHAEL DECKER

MANAGING DIRECTOR AND CO-HEAD OF THE MUNICIPAL SECURITIES DIVISION, **SIFMA**

Senior Investors

The threat of cognitive decline grows as investors age, and recent research has shown that even high functioning adults can suffer from some level of diminished capacity as part of ‘normal’ aging. Unfortunately, this same group is one of the most heavily targeted by fraudsters and others seeking to exploit them.

An astounding 1 in 5 Americans aged 65 or older have been victimized by financial fraud, often by those closest to them. Worse, it is estimated that only 1 in 44 cases of financial elder abuse is reported. SIFMA is committed to finding solutions that help financial advisors protect their senior clients from exploitation and fraudulent practices. We work actively with industry members, academics, and state and federal policymakers to advance policies, practices, rules, regulations and laws which enhance senior investor protections.

“The SeniorSafe Act would help give financial professionals the tools they need to protect senior clients by allowing firms to disclose cases of potential senior financial exploitation to certain agencies without fear of legal ramifications.”

LISA BLEIER

MANAGING DIRECTOR AND ASSOCIATE GENERAL COUNSEL, **SIFMA**
FOX BUSINESS

Shortened Settlement Cycle

Shortening a three-day settlement cycle to two days is a fundamental change to U.S. market structure. It will reduce operational and systemic risk as well as create operational efficiencies, harmonize the U.S. with other major global markets and allow for more efficient allocation of firm capital. In addition, it will enhance the resilience and efficiency of the national clearance and settlement system and the role that certain systemically important financial market utilities, particularly central counterparties, play in managing risk. SIFMA, together with our partners at the Investment Company Institute (ICI) and Depository Trust Clearing Corporation (DTCC), has developed an implementation playbook at the request of the Securities and Exchange Commission for the industry to adopt this monumental undertaking.

“This is a fundamental change to U.S. market structure, and the success of this effort relies on robust communications, planning, execution and collaboration between the industry and regulators. The move to T+2 will help mitigate operational and counterparty risk and keep the U.S. competitive with global markets – a win for investors, the industry and all market participants.”

TOM PRICE

MANAGING DIRECTOR, OPERATIONS, TECHNOLOGY & BUSINESS CONTINUITY PLANNING, **SIFMA**

KEY ADVOCACY PRIORITIES

DOL Fiduciary Standard

The Department of Labor's final fiduciary rule, issued in April 2016, will have a dramatic impact on how financial advisors interact with their clients. The rule becomes fully applicable in January 2018, and SIFMA is working with our members on its complicated implementation. Our members feel strongly that the approach taken by the DOL could result in less investor choice and greater cost, at the expense of those it attempts to help. We continue our long support for SEC action to establish a uniform standard or best interest standard for broker-dealers and investment advisers when providing personalized investment advice about securities to retail customers.

- 3,530 substantive comment letters were sent to the DOL on its proposal - more than ten times the amount it received on its original proposal in 2010
- Nearly 300 Members of Congress raised concerns regarding the proposal
- SIFMA and more than a dozen other interest groups have filed federal lawsuits against DOL to vacate the rule

Market Structure

The structure of our equity and fixed income markets must be continually evaluated to ensure regulation evolves with the dynamic marketplace, while avoiding any unintended negative consequences. Regulators should recognize the uniqueness, importance and diversity of each

market as they contemplate myriad issues, including the implementation of a Consolidated Audit Trail (CAT), the impending move to a T+2 shortened settlement cycle, and contemplated rulemakings related to the U.S. Treasury markets.

"The U.S. Treasury market plays a unique and fundamental role in global financial markets and has substantial implications for the U.S. dollar's status as global reserve currency, U.S. taxpayers, and the safety and soundness of U.S. financial markets. SIFMA therefore strongly believes the collective goal should be to maintain the deep liquidity and maximize the resiliency of the U.S. Treasury market while ensuring efficiency, orderly operation and fairness."

ROBERT TOOMEY
MANAGING DIRECTOR AND ASSOCIATE GENERAL COUNSEL,
SIFMA

FACTS AND STUDIES: UNDERSTANDING THE IMPACT OF REGULATION ON GROWTH

www.sifma.org/facts-and-studies

Recent reforms have made markets more resilient, but at a real cost to our economic growth. The indispensable reports in this compendium analyze the current state and interaction of market structure, regulation and economic growth.

- Understanding the Fixed-Income Markets - Greenwich Associates
- Assessing the Impact of the Basel Agenda - Oliver Wyman
- Treasury Market Structure - Promontory Financial Group

Tax Reform

There is widespread agreement that modernization of the Internal Revenue Code is critical to individuals and businesses as well as to our national economic well-being. SIFMA is committed to promoting policies that grow the economy while yielding a fair and competitive result. The tax reform Blueprint from Speaker of the House Paul Ryan (R-WI) and Ways and Means Committee Chairman Kevin Brady (R-TX) signals a potential Congressional path forward on tax reform.

- The House Ways & Means Committee and the Senate Finance Committee have held a total of 38 hearings and 18 markups over the past two Congressional sessions to pave the way for tax reform

THE COMPLEXITY OF OUR FINANCIAL REGULATORY SYSTEM

Financial regulation is a necessity. However, smart regulation does not equate to more regulation or more regulators. Approximately 25,000 new regulatory requirements have been adopted under federal banking law alone since 2010.

Infrastructure

After decades of underinvestment, we face an infrastructure deficit in the United States. In order to bring our infrastructure into the 21st century and support a growing economy, we need to invest in essential projects including highways, water and sewer systems, bridges, airports and more. Capital investment stands at the ready, but many borrowers are struggling to identify reliable funding sources to support debt service, return on capital and maintenance costs. SIFMA is working with a network of experts to explore how we can make existing investment dollars go further for these projects, including the use of Public-Private Partnerships (P3), preserving tax-exempt financing for traditional municipal-bond financed initiatives, and using innovative approaches like a “design-build” procurement.

“Infrastructure is really the backbone of our economy. And for a really long period of time now, we have underinvested in the essential infrastructure around the country and we need to tackle that issue in the coming years... The key regulatory issue really relates to the availability of tax-exemption for P3 projects.”

CHRIS HAMEL

MANAGING DIRECTOR OF MUNICIPAL FINANCE, **RBC CAPITAL MARKETS**

FINANCING INFRASTRUCTURE: WHY PUBLIC-PRIVATE PARTNERSHIPS MATTER

HEARD IN 2016

To receive “Heard This Week,” sign up for the SIFMA Dashboard.
www.sifma.org/dashboard

“There’s the possibility of pilot fatigue...
You can’t have that many pilots
running at the same time.”



STEPHEN LUPARELLO

FORMER DIRECTOR, DIVISION OF TRADING AND
MARKETS FOR THE SEC ON THE TICK-SIZE AND
MAKER-TAKER PILOTS AT SIFMA’S EQUITY MARKET
STRUCTURE CONFERENCE (APRIL 12, 2016)

“The train has left the station and
securities firms have already found
their seats on that train and will have
kicked off projects to ensure that they’re
in the best place on board to ensure a
hassle-free journey to the T+2 stop.”



GRAEME MCEVOY

MANAGING DIRECTOR AND GLOBAL HEAD OF ISG
PRODUCT OPERATIONS AT MORGAN
STANLEY, IN WATERS TECHNOLOGY (MAY 4, 2016)

“The combined weight of regulation is having a chilling effect
on economic growth.”



SENATOR PAT TOOMEY (R-PA) AT THE US CHAMBER OF COMMERCE’S CAPITAL MARKETS SUMMIT (MARCH 16, 2016)

“The Labor Department’s rule threatens
to harm low and middle income
Americans by increasing the cost
of investment advice... Saving for
retirement is important, and investing
can be a complex process. Ensuring
Americans’ access to investment advice
will help them plan for retirement.
Americans saving their hard earned
money shouldn’t face additional
hurdles imposed by Washington.”



SEN. RON JOHNSON (R-WI)

IN A PRESS RELEASE ON THE DOL’S FIDUCIARY RULE
(FEBRUARY 24, 2016)

“Congress must ensure that
appropriate resources are allocated
to cybersecurity, from workforce
development to retiring legacy systems,
and ensure that the law keeps pace
with the rapidly changing technology
landscape. As evidenced by weekly
headlines highlighting the latest hack,
cybersecurity is the security challenge
of the Information Age, and lawmakers
need to devote a commensurate
amount of attention and thought to the
issue.”



CONGRESSMAN JIM LANGEVIN (D-RI)

ON CYBER INCIDENT COORDINATION (JULY 26, 2016)

“Our financial institutions are connected in order to facilitate global commerce, but cyber criminals - whether independent or state-sponsored - imperil this international system in a way few threats have. We strongly urge you to work with your counterparts and prioritize this discussion at the G20 leaders level in September.”

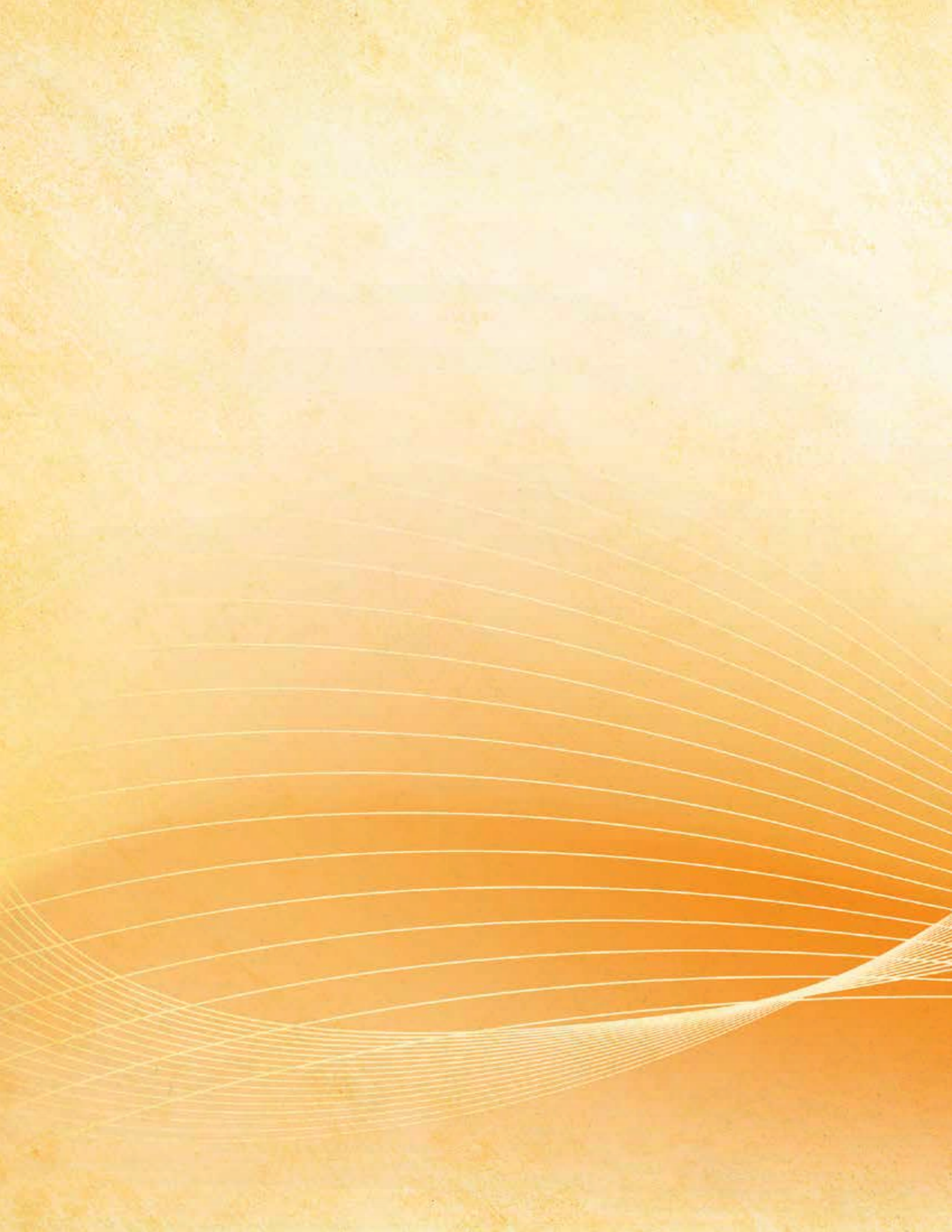
▲
SIX US SENATORS IN A LETTER TO PRESIDENT BARACK OBAMA (AUGUST 30, 2016)

“For the last 15 years’ bank holding companies have successfully used the merchant banking authority granted to them by law to finance start-ups and growing companies, fueling jobs and economic growth. And they have done so without any threat whatsoever to the safety and soundness of their affiliated banks or to the financial system at large.”

▲
SIFMA, TCH, ABA, FSR AND FSF IN THE *FINANCIAL TIMES* (SEPTEMBER 9, 2016)

“U.S. and Chinese leadership can be a catalyst to drive higher global standards and promote growth, fair trade, global development, and efforts to protect the environment. When our nations reach agreement, it becomes a magnet for others to join.”

▲
JACOB J. LEW
SECRETARY OF THE U.S. TREASURY,
IN A SPEECH ON THE U.S.-CHINA ECONOMIC RELATIONSHIP (JUNE 16, 2016)



COMMUNITY

**“We are
partners in our
communities, and
partners with our
clients.”**

TIMOTHY C. SCHEVE
PRESIDENT AND CEO
**JANNEY MONTGOMERY
SCOTT**

CHAIR OF SIFMA'S 2017
BOARD OF DIRECTORS

COMMUNITY

By the very nature of our work and as citizens ourselves, we are deeply committed to the communities in which we live and work. We fund the innovation and growth of America's businesses; we finance critical infrastructure for our nation's cities and states; and we help hard-working Americans save for their long-term goals.

One of the most striking issues our society confronts today is an extreme need for financial literacy. This has broad implications for our communities and the larger economy. At SIFMA, we are committed to tackle this issue from the ground up, empowering the next generation with an understanding of the market economy and teaching good financial habits that when taught young can last a lifetime.

THE SIFMA FOUNDATION

WWW.SIFMA.ORG/FOUNDATION

The SIFMA Foundation works to strengthen economic opportunities for individuals of all backgrounds by providing financial education programs and tools that increase awareness of the benefits of the global marketplace with a focus on youth. As a 501(c)3 educational organization, we support elementary through high school teachers and over 600,000 students every year with best-in-class educational programs; promote best practices and thought leadership through key partnerships; and provide essential tools to help individuals make sound financial decisions that last a lifetime.



Stock Market Game participants ring the opening bell at the Nasdaq stock exchange.

The SIFMA Foundation offers a variety of volunteer and community engagement activities that connect financial professionals and firms with teachers, classrooms and afterschool programs in-person and online. From visiting classrooms to judging essays, the SIFMA Foundation has a volunteer opportunity just right for you. Sign up to join us today and discover specific ways you can bring your passion and expertise into classrooms and youth-serving nonprofits.

Get Involved.



FOUNDATION

The SIFMA Foundation

An independent 501(c)3 educational organization dedicated to fostering knowledge of the financial markets, serving over 16 million students since 1977.



THE STOCK MARKET GAME™

Stock Market Game™

An online simulation of the global capital markets that engages students grades 4-12 in the world of economics, investing and personal finance and that has prepared over 16 million students for financially independent futures.



InvestWrite

InvestWrite®

A national essay competition that serves as a culminating activity for Stock Market Game™ students.



CHC
Capitol Hill Challenge

Capitol Hill Challenge™

A national financial education competition for junior high and high schools that reaches all 50 U.S. states and all members of Congress.



invest it FORWARD

Invest It Forward™

An industry-wide financial education and capital markets literacy campaign convening volunteers from hundreds of financial firms.

HEARD IN 2016

To receive “Heard This Week,” sign up for the SIFMA Dashboard.
www.sifma.org/dashboard

“To be sure, we are concerned, and we need to prepare for cyber incidents that have such potential impact. But so far, by what I think has been in large part due to extraordinary preparation, coordination, and practice, we have avoided a catastrophe that freezes our financial system, our payment system, or our basic functioning of this critical infrastructure.”



SARAH BLOOM RASKIN
DEPUTY SECRETARY, U.S. TREASURY
(MARCH 31, 2016)

“The most serious risk and the one that has the most potential for escalating in the future is the enterprises’ lack of capital... If investor confidence in enterprise securities went down and liquidity declined as a result, this could have real ramifications on the availability and cost of credit to borrowers.”



MEL WATT
DIRECTOR, FHFA IN THE *FINANCIAL TIMES*
(FEBRUARY 19, 2016)

“The U.S. financial system is the most efficient, effective, best-regulated market in the world. We don’t need more regulation; we need better regulation.”



HENRY M. PAULSON, JR.
FORMER SECRETARY OF THE U.S. TREASURY AND CHAIRMAN, THE PAULSON INSTITUTE
AT SIFMA’S ANNUAL MEETING, THE CAPITAL MARKETS CONFERENCE (SEPTEMBER 27, 2016)

“We had a fiduciary rule that... got put out by the DOL. And I was critical because I thought this is a job you should have done.”



SENATOR JON TESTER (D-MT)
TO SEC CHAIR MARY JO WHITE ON DOL’S FIDUCIARY
RULE AT A SENATE BANKING COMMITTEE HEARING
(JUNE 14, 2016)

“Regulators like the Fed, need improved access to transaction-level data in order for the Treasury market to keep doing its job as a benchmark for financial assets worldwide, for short-term collateral, U.S. monetary policy, and to financing the government.”



WILLIAM DUDLEY

PRESIDENT, THE FEDERAL RESERVE BANK OF NEW YORK
IN *REUTERS* (OCTOBER 24, 2016)

“In my view, we are at a point today that if a systemically important financial institution in the United States were to experience severe distress, it would be resolved in an orderly way under either bankruptcy or the public Orderly Liquidation Authority.”



MARTIN J. GRUENBERG

CHAIRMAN OF THE FDIC
TO THE EUROFI HIGH LEVEL SEMINAR (APRIL 21, 2016)

“Brexit will have a major global impact. To be sure, this is a matter between the people and governments of the UK and the EU. Because of the size and importance of the UK and EU markets, our member firms are monitoring events closely. Indeed, they have substantial investments in the UK and EU and rely upon the single passport to service customers and clients across the EU.”



A JOINT LETTER TO U.S. TREASURY SECRETARY LEW FROM THE HEADS OF SIFMA, ABA, FSR AND FSF (SEPTEMBER 15, 2016)

“[Regulators should] recognize that the broader economic and political environment in which regulations are drawn up change over time... be brave enough to not regulate.”



LORD JONATHAN HILL

FORMER COMMISSIONER OF THE EUROPEAN UNION IN
THE *WALL STREET JOURNAL* (JULY 12, 2016)

“We need to expand opportunities for public-private partnerships to be a viable means of financing along with the regular municipal financing that comes from state and local governments.”



REP. STEVE STIVERS (R-OH)

IN THE *BOND BUYER* (MARCH 23, 2016)



OUR MEMBERS

“SIFMA provides the industry with an opportunity to come together to discuss ideas and concepts, and to work as an industry on the most important issues impacting our clients.”

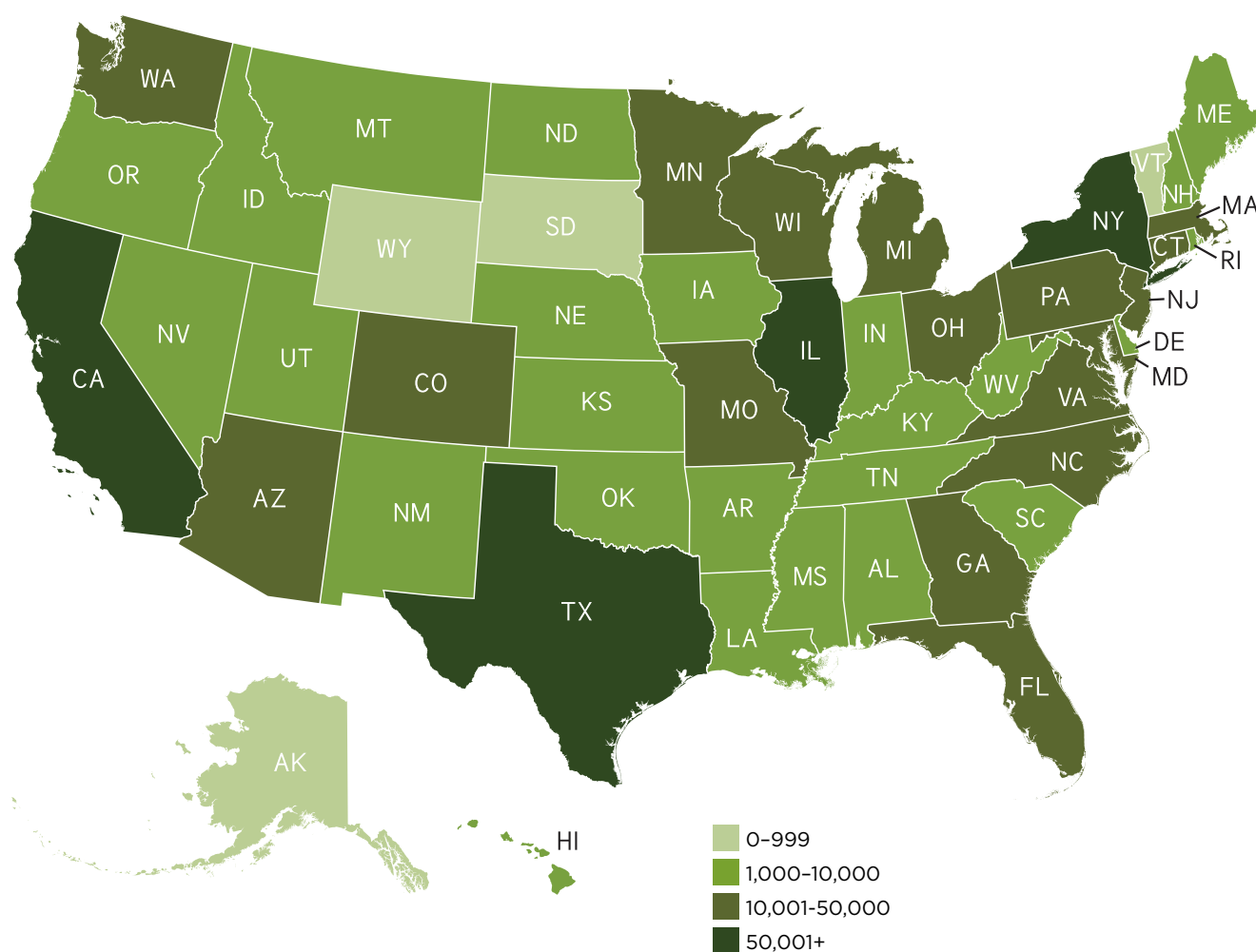
LISA KIDD HUNT
EXECUTIVE
VICE PRESIDENT,
INTERNATIONAL SERVICES
AND SPECIAL BUSINESS
DEVELOPMENT
CHARLES SCHWAB & CO., INC.
CHAIR-ELECT,
SIFMA'S 2017 BOARD
OF DIRECTORS

OUR MEMBERS

SIFMA, first and foremost, is a member-driven organization. The combined businesses of our bank, broker-dealer and asset management members represent nearly 80% or \$16 trillion of all broker-dealer client assets; 50% or \$34 trillion of investment advisor assets under management; and 70% or 263,000 of U.S. financial advisors.

We are invested in communities across the country, with nearly 1 million individual employees present across all 50 states.

SECURITIES INDUSTRY EMPLOYEES BY STATE



Source: US Department of Labor,
Bureau of Economic Analysis, 2015

SIFMA COMMITTEES

Our Core Strength

WWW.SIFMA.ORG/COMMITTEES

On behalf of the financial services industry, SIFMA advocates for effective and resilient capital markets by engaging with policymakers and regulators through comment letters, testimony, studies and more.

SIFMA's unique strength has always been the deep engagement of our members throughout our broad committee infrastructure. We convene over 10,000 financial professionals from hundreds of member firms on more than 100 industry committees and societies, as well as countless task forces and working groups. In 2016, these committees filed over 150 comment letters and 21 amicus briefs; met regularly with legislators, regulators and policymakers; hosted more than 100 conferences and training and development sessions; and held numerous roundtables to exchange industry best practices.

• Asset Management Group (AMG) • Capital Markets Group (CMG) • Compliance and Legal • Enterprise • Federal Government Relations • International Policy • Office of the General Counsel • Operations, Technology and BCP • Private Client Group (PCG) • Regional Group • Research and Surveys • State Government Relations



THE GFMA PARTNERSHIP

A GLOBAL FOOTPRINT

WWW.GFMA.ORG

The Global Financial Markets Association (GFMA) is an extension of its regional association members: the Association for Financial Markets in Europe (AFME) in London and Brussels, the Asia Securities Industry & Financial Markets Association (ASIFMA) in Hong Kong and the Securities Industry and Financial Markets Association (SIFMA) in New York and Washington are, respectively, the European, Asian and North American members of GFMA.

GFMA represents the common interests of the world's leading financial and capital market participants, and speaks for the industry on the most important global market issues. GFMA's mission is to provide a forum for global systemically important banks to develop policies and strategies on issues of global concern within the regulatory environment.



afme /

asifma /

sifma



Organizations from around the globe meet in Washington DC before October's IMF and World Bank annual meetings to discuss "Greening the Financial System: From Momentum to Transformation."

THE SECURITIES INDUSTRY INSTITUTE

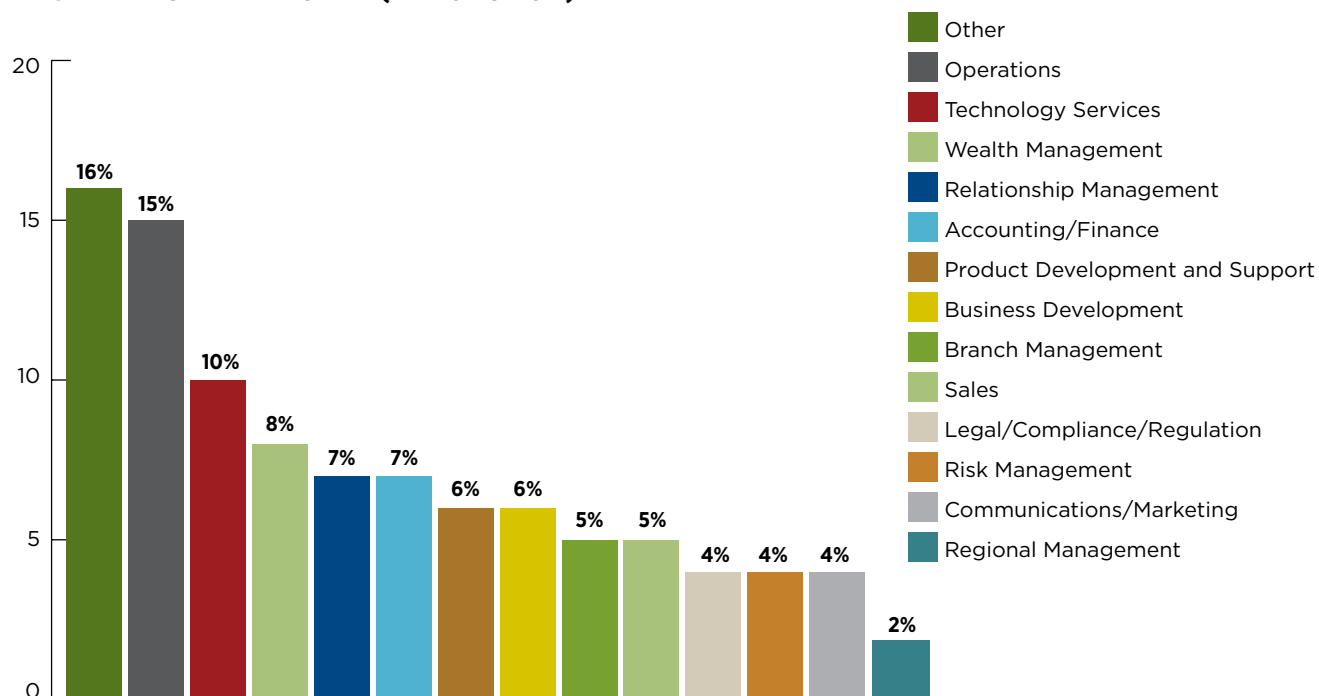
THE INDUSTRY'S PREMIER EXECUTIVE EDUCATION PROGRAM

WWW.SIFMA.ORG/INSTITUTE

The Securities Industry Institute® (SII) is an executive education program uniquely tailored to financial services professionals, delivered through SIFMA's partnership with The Wharton School of Business at the University of Pennsylvania.

Held on the Wharton campus, participants meet for one week each March to complete required coursework over three consecutive years. High-performance talent is nurtured with forward-thinking, relevant curriculum that delivers long-term impact; the highest standards of integrity, ethics and professional excellence; and tremendous networking opportunities. Graduates of SII have advanced to increasingly higher levels of management and leadership within their firms and the industry.

SII PARTICIPANT PROFILE (BY FUNCTION)



**FOR
65 YEARS**

SIFMA and The Wharton School have partnered to deliver the SII premier executive education program

**68% OF
STUDENTS**

Make 3-10 valued, long-term networking connections throughout the week

**100%
SURVEYED**

Recommend the Securities Industry Institute to others at their firm

CONFERENCES AND EVENTS

Meaningful conversations and connections

WWW.SIFMA.ORG/EVENTS

SIFMA events foster meaningful conversations about critical issues impacting our financial markets. By providing relevant and lively forums, we bring together industry professionals with leading industry executives and experts, regulators, and policymakers to discuss the most pressing issues facing the capital markets today.

In 2016, SIFMA delivered more than 100 in-person and virtual programs for nearly 17,000 industry professionals. In addition, countless roundtables and workshops provided thought leadership, critical industry and policy analysis, continuing education and professional development.

The Capital Markets Conference

WWW.SIFMAANNUALMEETING.ORG

At SIFMA's Annual Meeting, financial market professionals gathered with policymakers and regulators to explore how today's business and regulatory environment is impacting the ability of the capital markets to spur economic growth. Attendees participated in discussions including financing infrastructure for the 21st century and investing in sustainable finance, explored why smart financial regulation matters, and heard first-hand business insights on tapping the capital markets from Jack Dorsey of Twitter and Square.

Join us on October 23-24, 2017
JW Marriott Washington, DC
Washington, DC

Heard at The
Capital Markets
Conference

“Well-functioning capital markets recognize the best ideas and enterprises and drive capital to them.”



TIMOTHY C. SCHEVE

PRESIDENT AND CEO, JANNEY MONTGOMERY SCOTT
2017 CHAIR, SIFMA BOARD OF DIRECTORS

“The fundamental issue has to be the resiliency of the marketplace.”



MARY JO WHITE

CHAIR, U.S. SECURITIES AND EXCHANGE COMMISSION



“We need to find the fulcrum point of regulatory oversight. It is imperative that we continue to design and calibrate our approach to keep up with, and appropriately govern, a rapidly-evolving, interconnected and technology-driven marketplace.”



JOHN F. W. ROGERS

EXECUTIVE VICE PRESIDENT, CHIEF OF STAFF AND
SECRETARY TO THE BOARD, GOLDMAN, SACHS & CO.
2016 CHAIR, SIFMA BOARD OF DIRECTORS

“Technology gives you the choice to scale really big and really broad, and also gives you the choice to stay small and have massive impact in your community. The only one who can make that choice is the business owner.”



JACK DORSEY

CO-FOUNDER AND CEO OF SQUARE, INC.
AND TWITTER, INC.

“The root word of ‘capitalism’ is ‘capital,’ which means giving people a stake in their economy.”



GEORGE OSBORNE

MEMBER OF PARLIAMENT FOR TATTON, FORMER CHANCELLOR OF THE EXCHEQUER
AND FIRST SECRETARY OF STATE

“The U.S. financial system is the most efficient, effective, best-regulated market in the world. We don’t need more regulation; we need better regulation.”



HENRY M. PAULSON, JR.

FORMER SECRETARY OF THE U.S. TREASURY AND
CHAIRMAN, THE PAULSON INSTITUTE

“You cannot have economic growth without risk. So the question is, what risks are acceptable in our financial system?”



CONGRESSMAN JEB HENSARLING

R-TX AND CHAIR OF THE HOUSE FINANCIAL SERVICES
COMMITTEE





SIFMA Compliance & Legal Society Annual Seminar

WWW.SIFMA.ORG/CL2016

SIFMA's C&L Annual Seminar gathered almost 2,000 compliance and legal professionals and regulators for its 48th forum, including more than 65 breakout sessions from more than 100 organizations. These experts covered both core and emerging topics, and provided an opportunity for industry professionals and regulators alike to share their respective expertise and insight with the goal of preserving our capital markets as the most fair, transparent and ethical in the world.

Join us on March 19-22, 2017
Marriott Marquis San Diego Marina
San Diego, California

Operations Conference & Exhibition

WWW.SIFMA.ORG/OPS2016

The trusted resource for broker-dealers and asset managers on the evolution of operations and regulation since 1973, the 43rd annual Operations Conference & Exhibition gathered industry leaders to discuss insights and strategies addressing industry challenges including the Department of Labor's fiduciary rule, T+2 implementation, regulatory changes, operational risk, cybersecurity, Blockchain, the Consolidated Audit Trail and more.

Join us on May 8-11, 2017
Boca Raton Resort and Club
Boca Raton, Florida

Private Client Conference

WWW.SIFMA.ORG/PC2016

For 39 years, SIFMA's annual Private Client Conference has served as North America's leading event for financial professionals who service the individual investor. The event brings together the top industry leaders to discuss relevant and pressing topics affecting our industry today, while delivering practical strategies to enhance the client experience, help advisors succeed, and operate more effectively.

Join us on April 5-7, 2017
The Westin Kierland
Scottsdale, Arizona



2017 Event Calendar

A snapshot of select upcoming events

www.sifma.org/events

FIA-SIFMA AMG Asset Management Derivatives Forum

FEBRUARY 6-8, LAGUNA BEACH, CA

Anti-Money Laundering & Financial Crimes Conference (AML 2017)

FEBRUARY 8-9, NEW YORK, NY

Insurance- and Risk-Linked Securities Conference (IRLS 2017)

FEBRUARY 26-28, MIAMI BEACH, FL

Securities Industry Institute (SII)

MARCH 5-10, PHILADELPHIA, PA

C&L Society Annual Seminar

MARCH 19-22, SAN DIEGO, CA

Private Client Conference

APRIL 5-7, SCOTTSDALE, AZ

Operations Conference & Exhibition (OPS 2017)

MAY 8-11, BOCA RATON, FL



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www.sifma.org/myprofile

LINKEDIN

Connect with 10,000 colleagues and receive valuable research, resources and event updates.

www.linkedin.com/company/sifma

SIFMA SMARTBRIEF

Nearly 70,000 market professionals rely on SIFMA SmartBrief every morning for the smart way to stay on top of news from the capital markets, wealth management and asset industries.

www.sifma.org/smartbrief

SIFMA SOCIETIES

Meet with your colleagues in Professional Societies to share best practices, attend educational seminars and engage in peer-to-peer networking. Societies include Compliance & Legal, Financial Management, Internal Auditors and Operations & Technology.

www.sifma.org/societies



HEARD IN 2016

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“Is there any significance to the fact that a short-term interest rate has nearly tripled in the last year, to 0.86 percent from 0.32 percent? The short answer, of course, is yes. But the more interesting answer involves what the change in the so-called three-month London Interbank Offered Rate, or Libor, says about the Federal Reserve’s new regulatory framework for Wall Street, which it has slowly but surely been rolling out since the worst days of the financial crisis eight years ago.”



WILLIAM D. COHAN
JOURNALIST, IN *THE NEW YORK TIMES*
(OCTOBER 14, 2016)

“We’re clear we need to talk to each other more often. To clarify the scope of future rules. To ensure we understand the impact of legislation on the ground - even beyond our own jurisdictions and to promote the recognition of each other’s standards. This should reduce compliance costs and improve implementation. We should continue working towards further regulatory cooperation as part of TTIP.”



VALDIS DOMBROVSKIS
VICE PRESIDENT OF THE EUROPEAN COMMISSION, IN
REMARKS BEFORE THE ATLANTIC COUNCIL
(JULY 18, 2016)

“It’s no longer accurate to say that the large banks pose a systemic danger to the American economy.”



STEVE EISMAN
MANAGING DIRECTOR OF NEUBERGER BERMAN,
IN *THE NEW YORK TIMES* (FEBRUARY 6, 2016)

“On behalf of the more than 2,000 member businesses we represent, and their more than 79,000 employees, the Lubbock Chamber of Commerce is saying enough is enough. We firmly believe that this over-reaching regulation - despite its good intentions - will disrupt the marketplace, add additional burdens to small businesses and ultimately harm the consumers it is meant to protect.”



EDDIE MCBRIDE

PRESIDENT AND CEO OF THE LUBBOCK CHAMBER OF COMMERCE, IN THE *LUBBOCK AVALANCHE JOURNAL* (JULY 1, 2016)

“The new rules have been strengthened since they were first proposed more than a year ago, White said. They are better tailored to the liquidity risks faced by different kinds of funds, with an improved classification scheme for the liquidity of fund investments and a more targeted approach to ETFs.”



MARY JO WHITE

CHAIR OF THE SECURITIES AND EXCHANGE COMMISSION
ON FUND LIQUIDITY RULES IN *REUTERS*
(OCTOBER 13, 2016)

“Lower oil has an immediate negative impact on the energy sector and the positive effects on the rest of the economy only appear with a lag... The conclusion is therefore that we have the worst behind us.”



MR. TORSTEN SLOK

CHIEF INTERNATIONAL ECONOMIST OF DEUTSCHE BANK SECURITIES IN THE *NEW YORK TIMES* (JANUARY 21, 2016)

“...Advancements in technology and growth in high-speed electronic trading are changing the nature of market intermediation and the provision of liquidity in fixed income markets.”



DALEEP SINGH

ACTING ASSISTANT SECRETARY FOR FINANCIAL MARKETS, U.S. DEPARTMENT OF TREASURY AT SIFMA'S FIXED INCOME MARKET STRUCTURE CONFERENCE
(MAY 24, 2016)



U.S. TREASURY SECRETARY JACOB J. LEW

IN A LETTER TO CONGRESS REGARDING PUERTO RICO'S DEBT CRISIS (JANUARY 15, 2016)

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FINANCIAL STATEMENT

SIFMA's fiscal year ends October 31, 2016.

| (AMOUNTS IN \$000) | FISCAL 2016 (UNAUDITED) | FISCAL 2015 ACTUAL | VARIANCE | |
|---|----------------------------|-----------------------|----------------|--------------|
| | | | AMOUNT | % |
| DUES AND OTHER MISCELLANEOUS REVENUE | 48,385 | 49,929 | (1,544) | -3.1 |
| NET REVENUE FROM CONFERENCE AND EVENTS | 7,503 | 7,584 | (81) | -1.1 |
| TOTAL REVENUE | 55,888 | 57,513 | (1,625) | -2.8 |
| OPERATING EXPENSE | (55,017) | (56,281) | 1,264 | -2.2 |
| INCOME (BEFORE INVESTMENT APPRECIATION AND RESERVE FUNDED EXPENSE) | 871 | 1,232 | (361) | -29.3 |
| RESERVE FUNDED PROJECTS | (513) | (1,027) | 514 | -50.0 |
| APPRECIATION OF INVESTMENTS | 884 | 251 | 633 | 252.2 |
| NET INCOME | 1,242 | 456 | 786 | 172.4 |

Note: For fiscal 2015 and 2016, the SIFMA Board has approved the funding of certain professional fee expenditure via its reserve



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