



2009 | YEAR IN REVIEW



2010 SIFMA

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 Chair Elect: **John G. Taft**
 Vice Chair: **Bernard B. Beal**

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 Head of Fixed Income – North America
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 Managing Director, Co-Head of Global Equities
 Bank of America / Merrill Lynch

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 Senior Managing Director /
 President – Private Client Group
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 President & CEO
 Securities Industry and Financial
 Markets Association

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 Products and Services
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John G. Taft*
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 Edward Jones

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 President
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*Executive Committee

Leadership

Dear SIFMA Members:

While our industry and global financial markets have faced historic levels of turbulence in recent times, together we made important progress in 2009. We've restored stability to our financial system. We have taken steps as an industry to change the way we do business. And our industry has been an important voice in the financial regulatory reform debate.

The financial services industry will continue to play a critical role in driving the Nation's economic recovery, with our business activities creating jobs and fueling growth. In 2010, we must invest in our citizens and our local economies when they need us most.

As this economic recovery is taking place, the most significant financial regulatory reform debate in generations is taking place. On behalf of and with its members, SIFMA has worked together with legislators and regulators to examine the causes of the financial crisis, advocating in support of many important, responsible reforms. Our work is only just beginning.

Throughout the next phase of this regulatory reform process, SIFMA will continue as our industry's leading voice on regulatory reform. As we work together to fix those gaps that remain in our system, SIFMA has been and will continue to be at the intersection of markets and regulation, both in the U.S. and, through its sister agencies, around the world. In this unique position, SIFMA has the opportunity to advocate for those changes that will best protect and support all market participants, from Main Street to Wall Street, while also providing a platform for industry professionals to gather and share knowledge. While we may not always agree on the details, we must work together to support reforms that will protect our economy and encourage the best and brightest minds to work within our financial system.

SIFMA has played a key role in sharing your voice with key audiences, from regulators and legislators to media and the American people. Your input and participation have been crucial to our work thus far, and we look to continue that partnership in the year ahead.

Warm regards,



Thomas R. Nides
Chief Administrative Officer and Secretary
Morgan Stanley

Chair
SIFMA Board of Directors



Thomas R. Nides
Chief Administrative
Officer and Secretary
Morgan Stanley



T. Timothy Ryan, Jr.
President and Chief
Executive Officer

Securities Industry
and Financial Markets
Association

Dear SIFMA Members:

The landscape around us has shifted considerably in the past twelve months.

The country's gross domestic product steadily improved throughout the year and companies are demonstrating an ability to raise capital and execute transactions. In the U.S. in 2009, more than \$1.5 trillion in total corporate capital was raised; almost \$1.1 trillion in corporate debt was underwritten; approximately \$263 billion in equity was raised, mostly in the form of common stock; municipalities were able to bring approximately \$493 billion in tax-exempt and taxable securities to market; and merger and acquisition activity exhibited healthy signs as nearly \$767 billion in transactions were announced.

Financial regulatory reform legislation has already started to move through Congress. SIFMA, in order to prevent future crises, is committed to help find the right policies that will fix gaps that still exist in our current, complex regulatory structure. We need to ensure the policies we adopt allow the industry to fulfill our duties to the Nation's citizens – they must enable us to continue to provide critical credit and capital to businesses, matching supply with demand, which in turn creates jobs for hard-working Americans.

The industry is for reform, and those reforms must address the roots of this crisis. Creation of a systemic risk regulator and determination of resolution authority for a failing institution is imperative to the future of America's economic health.

Your ongoing support and involvement are crucial to the role SIFMA, on behalf of our members, will play in this year's legislative debate and the subsequent implementation of a new regulatory structure.

With best regards,

A handwritten signature in black ink, appearing to read "T. Ryan", written in a cursive style.

T. Timothy Ryan, Jr.
President and Chief Executive Officer
Securities Industry and Financial Markets Association

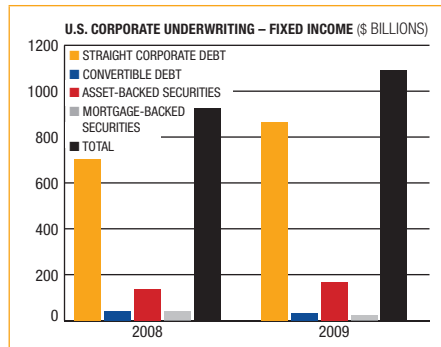
TOWARDS AN ECONOMIC RECOVERY

The turbulence that began in 2008 continued through the beginning of 2009, as government programs to support the markets and stimulate the economy were just taking hold. A deep global recession set in as questions of insolvency and illiquidity persisted.

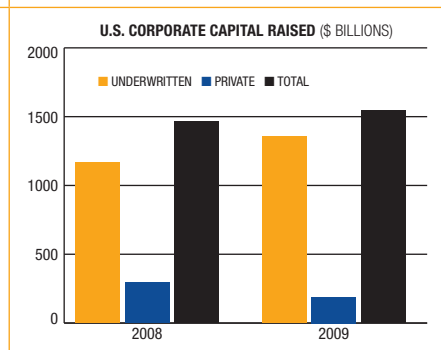
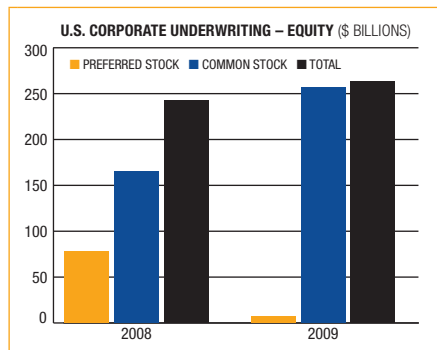
With a new Administration and Congress, policymakers and the industry began consideration of reforms that will forever change our industry.

However, as 2009 drew to a close, we saw notable improvements indicative of the beginnings of an economic recovery:

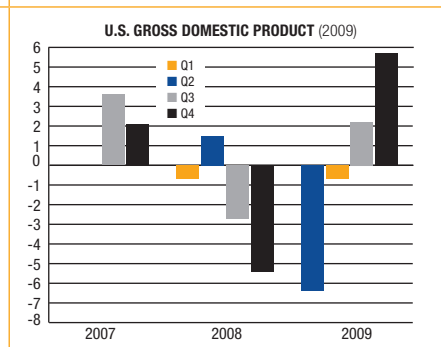
The industry helped U.S. corporations raise over \$1.5 trillion of capital, a 5% increase over 2008 levels.



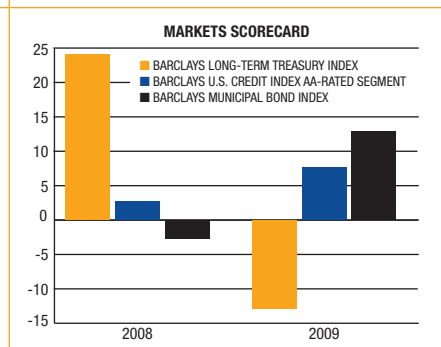
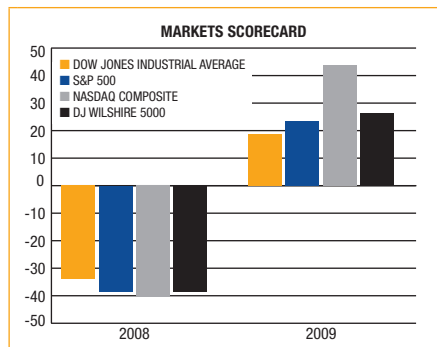
Equity and fixed income corporate underwriting steadily increased to a combined \$1.3 trillion.



U.S. gross domestic product increased 5.7% in Q4 2009, the first quarterly increase since the first half of 2008.



Market Activity, although still off previous highs, has shown noticeable year over year improvements.



ISSUES IN FOCUS PUBLIC POLICY AND ADVOCACY

Federal Government Relations

CASE STUDY: OTC DERIVATIVES

On behalf of the industry, and in partnership with ISDA and other trade associations, SIFMA has been advocating constructive measures to address OTC derivatives issues. Our goal is to bring greater regulatory transparency and oversight to derivatives markets and products without impairing the vital role they play in risk management by financial institutions and other companies.

Regulatory Reform

SIFMA has been a thought leader within the industry and amongst policy-makers regarding systemic risk regulation and ending “too big to fail” through the establishment of a “resolution process” while enhancing investor protections. SIFMA has advocated for:

- A systemic risk regulator;
- The creation of a “resolution authority” mechanism;
- New business opportunities by promoting open markets; and
- Legislative and regulatory convergence globally.

SIFMA has also been engaged in developing new measures to protect individual and institutional investors:

- Harmonization of retail investor protection through the establishment of a new federal fiduciary standard for retail investors;
- Clearing mechanisms for derivatives transactions;
- Reforms to the underwriting processes for asset-backed securities and other securitization vehicles; and
- The regulation of municipal financial advisors.

Executive Compensation

SIFMA staff worked with committees and policymakers to draft SIFMA’s Executive Compensation Guidelines and to respond to proposals to reform the industry’s compensation practices.

The financial services industry has been and continues to be a leading voice in calling for reform and has remained engaged with policy makers and regulators to bring about a new regulatory framework to restore confidence and trust in the markets.

Other Areas

Other areas the Public Policy and Advocacy group has been engaged in include:

- Successfully advocating the creation of the American Recovery and Reinvestment Act/“Stimulus Bill;”
- Mortgage Reform and Anti-Predatory Lending Act;
- Initiating a grassroots campaign to build opposition against a transaction tax;
- Reinforcement of uniform national standards for financial products and services;
- Preserving independent contractor tax status, and exempting small firms from the proposed requirements of Sarbanes-Oxley;
- Opposing legislation that would repeal an important section of the Pension Protection Act; and
- Successfully lobbying for changes to provisions of the Foreign Account Tax Compliance Act.



Jamie Dimon, Chairman and CEO, JPMorgan Chase, speaks at SIFMA's Annual Meeting.

CASE STUDY: TRANSACTION TAX

Through a SIFMA-led grassroots campaign, more than 3,000 letters and emails have been sent to members of Congress expressing opposition to the enactment of a financial transaction tax

Ken Bentsen

Executive
Vice President

Public Policy
and Advocacy



The financial services industry is about to enter into the greatest period of regulatory change since the 1930s.

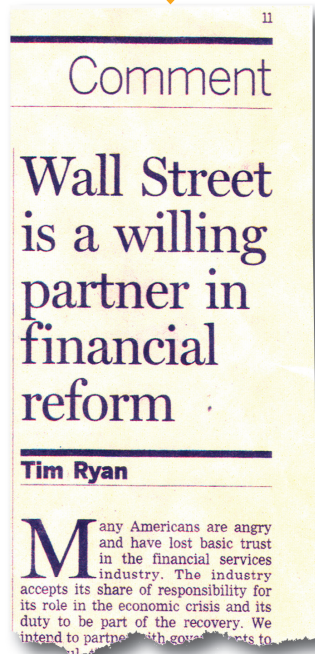
The likely outcome will be a new regulatory framework and architecture with far reaching powers to identify and mitigate systemic risk while enhancing investor and consumer protections, with a certain impact on market structure.

As this new framework is developed through the legislative and subsequent regulatory rulemaking process, SIFMA is actively engaged in representing and advocating the industry's views as a constructive voice with key members of Congress, the Administration and financial regulators.

To ensure that we effectively represent our members' collective interests, we have added the necessary resources so that our voice is heard. Further, we have engaged our member company executives, including members of the Board, to provide critical insight and information on market structure and practices. This includes congressional testimony such as that of Board member John Taft (RBC Capital Markets) and Small Firm Committee chairman John Maloney (Maloney Securities). Direct member engagement in the legislative and regulatory process is extremely beneficial to the industry's efforts.

While we do not yet know the final outcome, one thing is certain: there will be a new framework and new rules. It is therefore crucial that the industry, individually and through its trade association, engage in the process at every stage so that the final product balances the need for new regulation to restore trust and confidence with efficient market operations to insure that U.S. and global markets continue to provide for capital formation and investor opportunity.

***Financial Times* Op/Ed**
Tuesday, June 29, 2009



SIFMA's Testimony
on Industry
Perspectives
on the Obama
Administration's
Financial Regulatory
Reform Proposals

TESTIMONY OF
 RANDOLPH C. SNOOK
 EXECUTIVE VICE PRESIDENT OF THE
 SECURITIES INDUSTRY AND FINANCIAL MARKETS ASSOCIATION
 BEFORE THE
 U.S. HOUSE OF REPRESENTATIVES
 COMMITTEE ON FINANCIAL SERVICES

HEARING ON:

"INDUSTRY PERSPECTIVES ON THE OBAMA ADMINISTRATION'S
 FINANCIAL REGULATORY REFORM PROPOSALS"

JULY 17, 2009

State Government Relations

SIFMA represented the industry's interests at the local level as many state legislatures and regulators put forth proposals to increase penalties, create new private rights of action, enhance state attorney general authority or securities transactions and investment, and impose investment restrictions on the industry. SIFMA has been successful thus far in opposing or limiting corporate and service tax increases and expansions, fee increases, stock transfer taxes, and the elimination of certain business expensing.



A conversation between U.S. Treasury Secretary Tim Geithner and Charlie Rose at SIFMA's Annual Meeting

Office of the General Counsel

SIFMA's OGC was engaged in a number of broad legal issues that affected member firms, including:

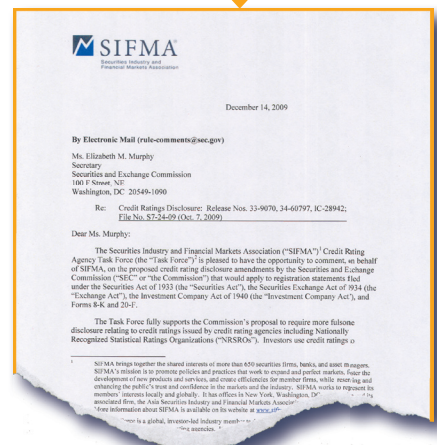
- Providing input and comment to the Financial Industry Regulatory Authority (FINRA) as it develops its consolidated rulebook;
- Developing with FINRA more expansive registration rules;
- Leading advocacy and education efforts with respect to a wide-range of short sale-related issues;
- Advancing broker/advisor rule harmonization, giving the Securities and Exchange Commission (SEC) authority to regulate arbitration clauses and regulation of custody of clients' assets, and SEC/Self Regulatory Organization (SRO) regulation of mutual fund point of sale disclosure;
- Defeating federal and state anti-arbitration legislation; and
- Seeking to improve the SEC market data rule-making process and modernize the regulation of electronic communications and other records to conform with current technology standards and products.

SIFMA also filed 14 *amicus* legal briefs, known as "friend of the court" briefs, in court cases that raise important policy issues impacting the financial services industry. The majority of briefs focused on participating in securities cases in which plaintiffs' lawyers attempt to inappropriately expand legal theories or tilt procedural rules in their favor. Topics include a broad range of topics, such as securities law issues, interational litigation, arbitration, employment, tax and bankruptcy.

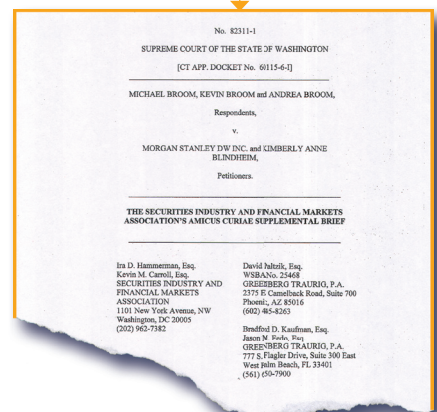


Richard G. Ketchum, FINRA chief executive officer, at SIFMA's Annual Meeting

62 comment letters filed

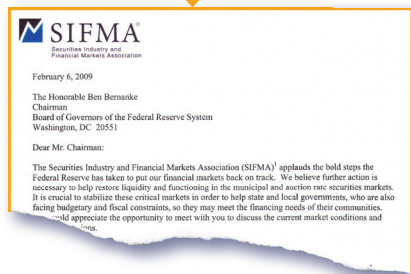


14 amicus briefs filed



ISSUES IN FOCUS BUSINESS POLICIES AND PRACTICES

Letter from SIFMA to Federal Reserve Chairman Ben Bernanke advocating restoration of liquidity to the municipal markets



Capital Markets Group

Interest Rates and Funding Division

Ensuring the continued function of interest rate-related primary and secondary markets, for dealers and investors, was a priority especially as Treasury issuance reached unprecedented levels. To that end, the Rates Division had considerable dialogue with a number of market participants including other broker/dealers, the U.S. Treasury, the Federal Reserve, global regulators, and interdealer brokers and trading platforms.

- Provided market participants with legal and operational tools to implement the Treasury Market Practices Group (TMPG) fails charge while publishing U.S. Treasury Securities Fails Charge Trading Practice guidelines;
- Provided input to the Federal Reserve about the settlement conventions in triparty repo;
- Developed a form of customer agreement for use by primary dealers in the Federal Reserve's Term Asset-Backed Securities Loan Facility (TALF) program;
- Responded to FINRA's rule to extend TRACE reporting requirements to include agency securities;
- Revised money market guidelines and formed a money market "blue sky" group; and
- Established (with the Association for Financial Markets in Europe/AFME) a Global Rates Board to provide a global perspective to heads of rates businesses at large member firms.

The expected strong regulatory and legislative response from the U.S. government will likely have tremendous implications for the business models of all financial institutions – whether it be issuers, intermediaries, or investors – as well as implications for the pricing and valuation of different asset classes and securities.

Corporate Credit Markets Division

Committees within the Division focused primarily on addressing the impact of regulatory reform and revisions to standard documentation in light of insights gained from the last cycle. Significant efforts were made to rebuild a foundation for sustained credit market confidence and liquidity:

- Developed a “first of its kind” Master Selected Dealer Agreement;
- Revised the Master Agreement Among Underwriters;
- Established a task force to advocate for the creation of a covered bonds market in the U.S.; and
- Revitalized the Credit Ratings Agency task force to re-examine the roles those entities play in the bond markets.

Municipal Securities Division

In the wake of the financial crisis, SIFMA advocated for a number of measures to help states and localities access the municipal bond market:

- Called for the enactment of the Build America Bonds program; and
- Supported the easing of restrictions on bank investment in tax-exempt bonds and lifting the application of the alternative minimum tax.

The Association also led the way for increased disclosure and transparency, calling for rational regulation and improvements to municipal securities disclosure, including changes to the Municipal Securities Rulemaking Board’s (MSRB) Electronic Municipal Market Access (EMMA) system.

Lastly, SIFMA was a vocal advocate of legislation to bring unregulated municipal financial advisors under federal regulatory oversight.

Randy Snook

*Executive Vice
President*

*Public Policies
and Practices*



SIFMA’s variety of membership – from global investment banks to regional financial services organizations to local small firms – affords it not only the insights into a myriad of business models but a flexibility to listen to many viewpoints and use that perspective to adopt appropriate messages and positions.

We use that information, in conjunction with our government affairs group’s knowledge of policy and our subject matter experts’ knowledge about the capital markets, to speak on behalf of members with authority.

SIFMA stands in a unique position to convene and build consensus at a time when people do not necessarily want to speak out. There is a benefit to speaking in a unified voice and to not appear self-interested, which has been helpful in trying to re-open the securitized market, bring greater transparency to municipal securities, or adopt a fiduciary standard for financial advisors. And even when there isn’t an outcome on the scale of what was mentioned previously, there is a value in simply having the ability to gather people around a table to discuss an idea.

2009 Conference Calendar

EVOLVING MARKET ISSUES

- **Public-Private Investment Program Summit**
- **Municipal Bond Summit**
- **Cyber Security Symposium**
- **Executive Compensation Seminar**



William Dudley, President and Chief Executive Officer, Federal Reserve of New York, speaking at the SIFMA 2009 PPIP Conference.



The SIFMA Executive Compensation Seminar featured Kenneth Feinberg, Special Master, U.S. Treasury.

Equity Capital Markets Division

The Division focused on several critical equity market structure and trading initiatives. Firm representatives worked to achieve consensus on positions regarding those matters and advocated those views in comment letters and in meetings and calls with regulators and Congressional members or staff. Those matters included:

- Various aspects of the SEC's proposed amendments to Regulation SHO, including the uptick rule and other types of price tests;
- Several equity market structure proposed changes, particularly those regarding "dark pools" (non-displayed liquidity);
- Nasdaq's sponsored access rule proposal; and
- Other rule changes impacting the equity markets, such as an NYSE/FINRA proposal to harmonize their customer protection rules, FINRA's front running and best execution proposals, and an SEC proposal to streamline the SRO rule filing process.

SIFMA Securitization Group (SSG)

At the beginning of 2010, SIFMA formed the SIFMA Securitization Group (SSG) and plans continued build-out to maximize its effectiveness. With the SSG, SIFMA has an opportunity to achieve vital coordination and syndication of views, goals and activities related to securitization for all member firms at a time when broad representation and coordination are integral to effectiveness. SIFMA will continue to provide leadership in areas where it has decades of experience and history, such as the markets for Agency MBS and related issues such as the reform of the GSEs. SSG will also leverage the organization's considerable resources and knowledge base to provide advocacy on the host of significant regulatory and legislative issues that will continue to arise for the foreseeable future.

SIFMA is uniquely situated and able to shape the issues that are currently the focus of regulators and policymakers in Washington in a way that provides for necessary reforms yet preserves the ability of financial markets to remain liquid and drive capital formation. With the formation of the SSG, SIFMA will further this effectiveness.

Private Client Group

Committees within the Private Client Group focused largely on issues related to regulatory reform, on a variety of fronts. Issues addressed included:

- Harmonizing broker-dealer and investment adviser regulatory regimes by embracing creation of a new federal fiduciary standard of care, which preserves investor choice;
- Maintaining pre-dispute arbitration clauses;
- Preserving independent contractor tax status for financial advisors; and
- Advocating against the disparate impact of regulation on small broker dealers.

13 members of the Regional Dealers Fixed Income Committee met with regulators and Congress at its 2nd Annual Public Policy Meeting in Washington, D.C.



Perspectives on Financial Services Regulation Reform Panel at SIFMA's Annual Meeting

More than **40** heads of small, independent and regional private client firms visited Washington, D.C. during SIFMA-organized Public Policy Days.



Market Turmoil Panel at SIFMA's Market Structure Conference

200 securities firms and 45 market entities participated in SIFMA's annual industry-driven business continuity test.

The 2009 test was one of the most successful with 97% of the test interactions completed successfully.

Operations, Technology & BCP Group

This Group led the way in helping the industry remain vigilant against outside forces with the potential to disrupt firm operations. Throughout the year, SIFMA tracked major cyber threats and alerted members, coordinating with the Department of Homeland Security and financial regulators. SIFMA also led pandemic planning efforts, especially during the outbreak of the H1N1 Swine Flu virus.

Additionally, SIFMA formed two new groups to address today's other key issues impacting our industry:

- Proxy Working Group, to examine access to proxy and proxy processing and reform; and
- Technology Advisory Council, which will identify and prioritize significant technology issues, and provide direction in formulating industry positions.

The Operations & Technology Group was also engaged in:

- Operations Symbology Initiative;
- Expansion of FINRA's TRACE system to additional parts of the fixed-income market;
- Working with regulators to shape a program calling for the registration of operations professionals; and
- Projects relating to TALF implementation.

Drawing a crowd at SIFMA's Technology Management Conference



Asset Management Group (AMG)

The Asset Management Group geared its work toward ad hoc initiatives in 2009 to help navigate the asset management community through the industry-wide effects of the financial crisis. The challenges associated with this crisis expanded the scope of AMG and resulted in the formation of a number of new member-driven working groups.

Some notable results this past year include:

- Executing the first clearable customer trades in the credit default swap market by which asset managers can access central counterparties in the over-the-counter market;
- Deferring implementation of the provisions of FAS 167; and
- Addressing the concerns about a proposed floating net asset value in money market funds and the need for acceptable liquidity levels for the protection of investors.

The Asset Managers Forum, responsible for buy-side tech/ops initiatives, helped mobilize the industry to put in place a recommended fails charge in connection with Treasury securities transactions.

The SIFMA SmartBrief newsletters now reach more than 65,000 people globally.

Newsletters

SIFMA has a variety of electronic newsletters intended to keep members abreast of changes or developments in the financial services industry.

SIFMA SmartBrief – and its companion **SIFMA Global SmartBrief** – were redesigned to better reflect member interests, resulting in a doubling of readership from the previous year. These e-newsletters remain a complimentary service, delivering members daily concise synopses of headline news in various parts of the financial markets.

To better serve the municipal securities industry, SIFMA introduced **comMUNications** as a resource to keep professionals interested in that market apprised of capital markets and regulatory developments that could affect that business.

Other SIFMA newsletters include:

- AMG Daily
- Global Weekly
- Operations & Technology Management
- Private Client Today
- Rates Update
- Regulatory Update
- Washington Weekly

Research

The SIFMA Research Department develops reports, statistical tables, and surveys on the securities industry and markets, as well as operational issues and managerial topics of interest to securities and financial services industry senior management, policymakers, academics, and investors. Research works with and supports SIFMA staff advisors, communications professionals, and advocacy teams by supplying information, examining market trends, or undertaking special projects.

Some of the more recognized pieces from Research include:

- Securities Industry Fact Book
- Research Quarterly
- Government Forecast Report
- Economic Outlook
- Municipal Issuance Survey

To help members keep track of the global regulatory developments, this year SIFMA undertook a special project and compiled the comprehensive *Global Regulatory Reform Proposals* document that catalogues and compares the various proposals being recommended in the U.S. and overseas, and how each governing or policymaking body was regarding them.



www.sifma.org/research

“**F**inancial products and services are interwoven into the daily fabric of economic life... SIFMA has already unveiled support for a number of major policy reforms as we build a new foundation for our economy.”

Financial Times

Op-Ed

June 8, 2009

THE SIFMA ORGANIZATION

Establishing GFMA



Lars Nyberg, Deputy Governor,
The Riksbank, speaks at SIFMA's
Annual Meeting

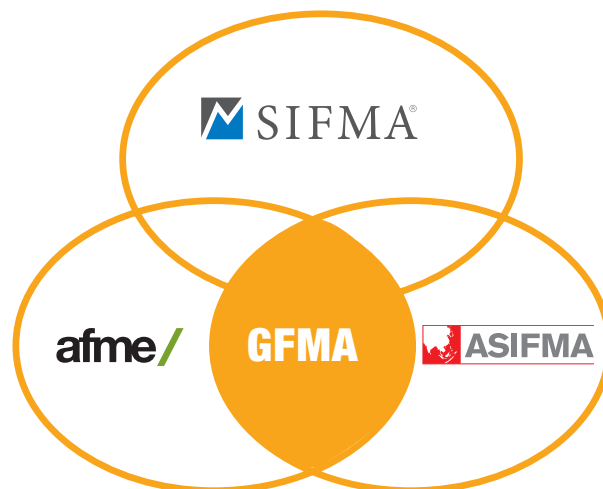
As regulation of the financial markets continues to have global implications, the Global Financial Markets Association (GFMA) was established as a way to join together the common interests of financial institutions across the globe.

SIFMA, with offices in New York and Washington, D.C., is the independent U.S. regional member of the Global Financial Markets Association ([GFMA](#)). The Association for Financial Markets in Europe ([AFME](#)) and the Asian Securities and Financial Markets Association ([ASIFMA](#)) represent the independent European and Asian regional members of GFMA.

GFMA joins together the common interests of hundreds of financial institutions across the globe. GFMA's mission is to develop policies and strategies for global policy issues in the financial markets, thereby promoting coordinated advocacy efforts across its partner associations.

SIFMA looks forward to continuing to work closely with our partners in the GFMA alliance to promote global coordination of our regulatory reform efforts.

GFMA is an alliance of three leading financial service trade organizations to confer and develop policies and strategies for global policy issues.

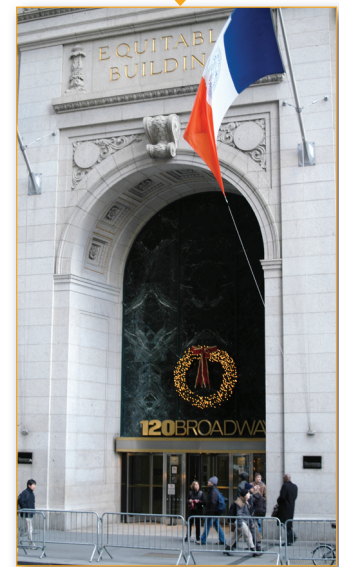


Financials

Income Statement

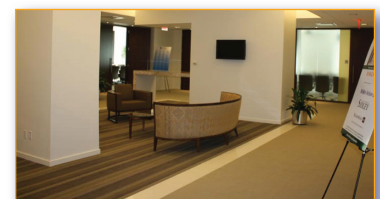
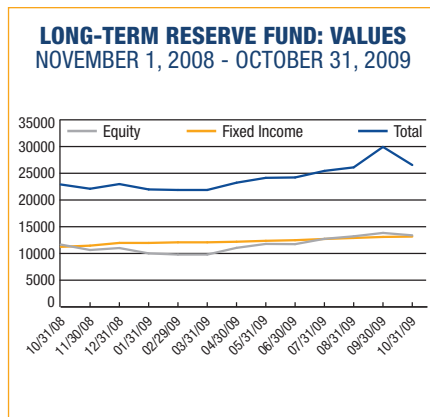
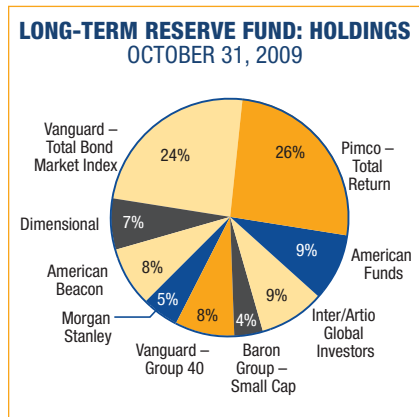
(AMOUNTS IN \$000)	2009 ACTUAL (UNAUDITED)	2008 ACTUAL	VARIANCE AMOUNT	%
MEMBER DUES RELATED				
Revenue	66,848	77,260	(11,009)	(14.2)
Expense	65,882	86,482	(20,539)	(23.7)
Operating Income	966	(9,222)	9,530	(103.3)
CONFERENCES AND EVENTS				
Revenue	13,837	23,258	(9,421)	(40.5)
Expense	7,508	12,694	(5,186)	(40.9)
Operating Income	6,329	10,564	(4,235)	(40.1)
TOTAL				
Revenue	80,685	100,518	(20,430)	(20.3)
Expense	73,390	99,176	(25,725)	(25.9)
OPERATING INCOME	7,294	1,342	5,295	394.6

In mid-June, SIFMA successfully consolidated its headquarters at The Equitable Building in New York at 120 Broadway. Located in lower Manhattan's Financial District, the building is registered as a national historic landmark, and upon its completion in 1915, was – at the time – the world's largest office building.



SIFMA's Long Term Reserve Fund

(AMOUNTS IN \$000)	2009 ACTUAL (UNAUDITED)	2008 ACTUAL	GAIN / (LOSS)
LONG TERM RESERVE FUND VALUES	26,544	22,902	3,642



SIFMA Conference Center at 120 Broadway

MEMBER ENGAGEMENT

2010 CONFERENCES

JANUARY 21, 2010

[Dark Pools Symposium](#)

MARCH 3, 2010

[Anti-Money Laundering Conference](#)

MARCH 7-12, 2010

[Securities Industry Institute](#)

MARCH 18, 2010

[Insurance- and Risk-Linked Securities Conference](#)

APRIL 22-23, 2010

[Private Client Conference](#)

TBA 2010

[Municipal Bond Summit](#)

MAY 4-7, 2010

[Operations Conference & Exhibit](#)

MAY 5-7, 2010

[SIFMA Compliance & Legal Society Annual Seminar](#)

TBA 2010

[Market Structure Conference](#)

JUNE 22-24, 2010

[Financial Services Tech Expo](#)

FALL 2010

[Fixed Income Legal & Compliance](#)

OCTOBER 24-27, 2010

[SIFMA Internal Auditors Society Annual Conference](#)

NOVEMBER 8, 2010

[SIFMA Annual Meeting](#)

“We... believe it is important to... ask the tough questions about underlying structural changes that promote responsible reforms and stability to our financial system... Ultimately, it is these changes that lead managers to make good business decisions that enable their firms to focus on what our industry does best — provide the financing for economic growth and job creation in America.”

Washington Post
Op-Ed
February 5, 2010

*Ileane
Rosenthal*

*Executive Vice
President*

*Communications
and Member
Engagement*



SIFMA's Members

SIFMA's mission is to support a strong financial industry, investor opportunity, capital formation, job creation and economic growth, while building trust and confidence in the financial markets.

The U.S. securities industry employs over 781,000 people nation-wide. These individuals, SIFMA members, are engaged in communities across the country to raise capital for businesses, promote job creation and lead corporate citizenship initiatives. Financial institutions are working every day, in ways large and small, to support those objectives in some of the following ways:

- Stephens, Inc. financed Viking Range, a Mississippi-based kitchen appliance small business when it needed additional capital to grow. Since 2001, Viking has opened an 87,000 square foot manufacturing plant and a separate distribution center to handle its expansion into offering additional products. In late 2008, Viking Range announced a new dishwasher-manufacturing facility in Greenwood. The new facility added 60 jobs to the local economy by March 2009, with another 25 to 35 jobs expected to be added at maximum production.
- Bank of America provided the financing for the conversion of Cavallo Point, a 45-acre former military site in Sausalito, California, to a resort hotel and educational retreat. As a result, 275 permanent jobs were created at the lodge, 90% of which are for low- to moderate-income individuals. (Source: Company Website)
- 10,000 Small Businesses is Goldman Sachs' \$500 million initiative that will unlock the growth and job-creation potential of 10,000 small businesses across the United States through greater access to business education, mentors and networks, and financial capital.

Over **15,200** people
attended more than
32 SIFMA conferences
and seminars

With the depth and breadth of our expertise, SIFMA is a trusted resource for participants involved in all facets of the regulatory reform debate.

Authoritative. Insightful. Engaged.

SIFMA is striving to keep our members – the financial industry – informed and represented throughout this critical time in our Nation's history. As an extension of this core work, SIFMA also touches individuals and communities across our country.

On behalf of our members, SIFMA is engaged in conversations with policymakers, media, industry participants and the general public. We are a credible and unique source of insight and substantive information on a multitude of policy issues. To advocate our policy positions effectively, SIFMA must communicate these complex issues both clearly and in a forthright manner. Our work focuses upon promoting a deep understanding of the vital role the financial services industry plays in America's economy.

The value of our ability to connect with audiences is directly affected by the knowledge we garner from our members. We are deeply indebted to each of you for your contributions and commitment to SIFMA.

“We’re serious about reform... No one, least of all our industry...wants to repeat the difficulties of the past 18 months... We will help ensure a thriving financial services sector contributes to our overall economic growth, revitalizes Main Street and benefits all Americans.”

USA Today
 Opposing View
 Op-Ed
 August 6, 2009

SIFMA Societies

In late 2009, SIFMA established four fully-integrated “Professional Societies,” effectively consolidating ten semi-autonomous professional membership divisions. SIFMA supports the Societies, representing over 7,500 individual members, as a way to promote the benefits of educational opportunities, share best practices, and offer another outlet for peer-to-peer networking among financial services industry professionals.

The four Societies are organized into categories meant to best represent the various roles professionals play in the financial services industry, and to serve as professional organizations for individuals with subject matter expertise. The four SIFMA Societies are:

- **Compliance & Legal**
- **Financial Management**
- **Internal Auditors**
- **Operations & Technology** (which includes six sections):
 - Corporate Actions
(the Dividend Section has merged with Corporate Actions)
 - Credit (Margin)
 - Customer Account Transfer
 - Data Management
 - Securities Lending
 - Securities Operations

Securities Industry Institute® (SII)

In March 2009, the Securities Industry Institute® graduated its 57th consecutive class.

SII continued its tradition of “focusing on the whole” – providing professionals with not only industry and investment knowledge but professional skills development, such as leadership training. T. Boone Pickens, Paul Begala, Paul Purcell, and Bob Doll were some of the 2009 guest speakers, while faculty engaged students on topics ranging from portfolio management theory and advanced securities operations, to stress management and strategic thinking in business.

Continuing the learning experience, SIFMA and the SII Board of Trustees hold a number of receptions and “SII to You” conference calls throughout the year.

The Securities Industry Institute® is the financial services industry’s premier executive education program, conducted in conjunction with The Wharton School of the University of Pennsylvania.

Established in 1952, with more than 4,500 graduates, it is the longest-running executive education program serving the industry.



2009 SII Graduating Class

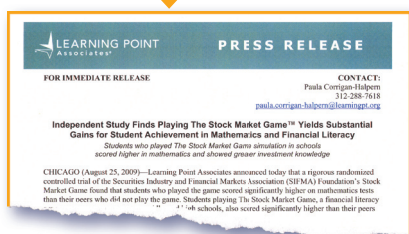


Dr. Jeremy J. Siegel, Wharton School professor and academic director for SII

Started in 1977, nearly **12 million** students have participated in The Stock Market Game™, which was designed to make economics and personal finance an easier, less intimidating subject for teachers to teach and more fun for students to learn because it is both hands-on and based on real-world events.

18,346 students participated in the Foundation's InvestWrite national essay competition, in which they develop a long-term asset allocation strategy based on a real world investing scenario.

Independent Study Finds Playing The Stock Market Game™ Yields Substantial Gains for Student Achievement in Mathematics and Financial Literacy



SIFMA Foundation

In 2009, the SIFMA Foundation continued to promote financial literacy and investor education to people of all ages, ranging from students and teachers at grade- and high school levels to state treasurers.

In late October 2009, new Board leadership was elected for the Foundation:

- Chairman Bernard B. Beal
Chief Executive Officer
M.R. Beal & Co.
- Chair Elect Richard F. Brueckner
Chief Executive Officer
Pershing
- Treasurer Alexandra Lebenthal
President and Chief Executive Officer
Lebenthal & Co. Inc.

The Stock Market Game™ (www.stockmarketgame.org) In August 2009, Learning Point Associates, in conjunction with the FINRA Foundation for Investor Education, commissioned a study examining the impact of the SIFMA Foundation's Stock Market Game. They found the following:

- Stock Market Game students in Grades 4-6 scored approximately 27 points higher in math and 62 points higher on investor knowledge tests than students who did not play the game;
- Stock Market Game students in Grades 7-10 scored approximately 15 points higher in math and 42 points higher on investor knowledge tests than students who did not play the game; and
- Teachers' financial behavior changed for the better as a result of teaching the Stock Market Game.

National Association of State Treasurers Foundation The SIFMA Foundation continues to enjoy a strong partnership with the National Association of State Treasurers Foundation, and its more than 40 state treasurers, providing state-based financial literacy for adults through website, e-newsletters, publications, and seminars. (www.tomorrowmoney.org)

Adult financial literacy programs include:

Investing in Bonds (www.investinginbonds.com) – consistently ranked as a top investor resource for fixed income investing, the Website provides real-time bond price information and a wide variety of market data, news, commentary and educational content on how the U. S. bond markets work.

Kiplinger's Personal Finance magazine named InvestingInBonds.com, a website created to educate investors about the fixed-income markets, as one of two top investing websites in 2009.

In 2009, **5 million** people visited the IIB website.

Path to Investing (www.pathtoinvesting.org) – acclaimed website that offers objective, engaging, timely and practical information to help investors at any skill level build the knowledge they need to make sound investment decisions through ABC's of Investing, Setting a Course for Retirement, Investing Goals, Investment Choices, Portfolio Management, Investment Markets and more.



Kentucky Senator Jim Bunning hosted the 2009 Capitol Hill Challenge winning team from Christian Academy of Louisville High School. Since 2004, more than **5,000** students have participated in the program, as have **239** U.S. Representatives and **112** U.S. Senators.

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SIFMA's 2009 Annual Meeting
 held at the NY Marriott Marquis





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