

GLOBAL SPRING SURVEY RESULTS

JUNE 2014

COMMODITIES
RATES
FOREIGN EXCHANGE
CREDIT
SECURITIZED PRODUCTS
EMERGING MARKETS
CASH EQUITIES
EQUITY DERIVATIVES
PRIME SERVICES
INVESTMENT BANKING
RISK MANAGEMENT
QUANT RESEARCH & ANALYTICS
ELECTRONIC TRADING
INFORMATION TECHNOLOGY
PRIVATE WEALTH MANAGEMENT
HEDGE FUNDS
ASSET MANAGEMENT
PRIVATE EQUITY

COMPENSATION DATA ANALYSIS METHODOLOGY

The Options Group Intelligence Unit (OGIU) conducted a global survey between March 12, 2014 to April 16, 2014 and received over 3,300 responses. The survey entailed more than 30 specific questions to assess the sentiment of compensation trends and to capture additional perspectives from our candidates. Total compensation is defined as base salary plus cash and non-cash bonus. Compensation values are in U.S. dollars. The definition of corporate titles can vary from firm to firm.

In order to make comparisons across firm types, we defined the following:

Managing Director – Managerial role and with more than ten years of experience.

Director - Managerial role and with six to ten years of experience.

Vice President - Non-managerial role and with three to five years of experience.

Associate - Non-managerial role and with one to three years of experience.

Unless otherwise noted, compensation levels are based on responses from front-office professionals employed in developed markets. “Developed Markets” is defined as those employed in the US, UK, EU, Switzerland, Hong Kong, Singapore, Japan, and Australia. “Banks” is defined as bulge bracket and non-bulge bracket global banks. “Buy Side Firms” is defined as hedge funds, asset management firms, proprietary trading firms, insurance companies, private equity firms, and real estate companies. “Trading Firms” is defined as energy companies, physical trading firms, metals & mining companies in developed markets. “Front-office” is defined as any of the following roles: fundamental, quantitative or electronic trader, salesperson, portfolio manager, structurer, marketer, or executive.

ABOUT OPTIONS GROUP

Founded in 1992, Options Group is a leading global executive search and strategic consulting firm for the financial services industry. Since 2000, we have maintained a local presence on five continents and have placed thousands of mid- to senior-level professionals in all areas of the financial services industry at a range of institutions. With over 120 consultants and market intelligence analysts worldwide, Options Group has a thorough knowledge of key competencies in the financial industry and is at the cutting edge of global hiring services and compensation trends for securities, investment banking, hedge funds, asset management, and information technology. Options Group possesses a track record of consistently providing expeditious and comprehensive executive search and market intelligence services to clients.

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ABOUT OPTIONS GROUP INTELLIGENCE UNIT (OGIU)

Options Group Intelligence Unit is the business information and research arm of Options Group. Through its extensive global network of analysts, consultants and client relationships, OGIU is uniquely equipped to assist senior executives in making more prudent business decisions by providing timely, accurate and reliable analysis worldwide on financial firms and market trends. Options Group is committed to delivering value-added market intelligence and strategic consulting in addition to our world-class executive search services.

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SPRING 2014 CANDIDATE SURVEY SUMMARY

INTRODUCTION

Total Responses: 3,364

REGIONS	
US	60.2%
Asia	8.8%
Canada	0.5%
UK	10.5%
Australia	0.8%
EU & Nordic Region	2.4%
Japan	1.8%
Switzerland	1.8%
Emerging Markets	13.3%
TOTAL	100%

FIRM TYPE	
Asset Mgmt Firm	12.4%
Broker-Dealer	5.0%
Global Full-Service Bank	44.3%
Boutique	3.8%
Hedge Fund	10.7%
Insurance Company	1.8%
Private Equity/Real Estate	4.0%
Physical Trading/Energy Firm	2.4%
Proprietary Trading Firm	2.7%
Wealth Management	2.0%
Regional Bank	4.6%
Technology Company	4.3%
Consultant/Consulting Firm	0.6%
Other	1.3%
TOTAL	100%

Breakdown

EMERGING MARKETS	
LatAm	15.2%
Central & Eastern Europe	2.2%
SE Asia	0.4%
UAE	5.8%
China	2.7%
India	10.3%
Brazil	63.4%
TOTAL	100%

2013 TOTAL COMPENSATION	
More than \$5M	0.3%
\$3.1M to \$5M	0.7%
\$2.1M to \$3M	1.2%
\$1.1M to \$2M	5.6%
\$750K to \$1M	6.9%
\$500K to \$750K	12.9%
\$400K to \$500K	10.1%
\$300K to \$400K	15.3%
\$200K to \$300K	18.0%
\$150K to \$200K	11.2%
\$100K to \$150K	10.7%
Less than \$100K	7.1%
TOTAL	100%

CORPORATE TITLE	
Executive/Partner	5.9%
Managing Director	13.9%
Director	34.7%
Vice President	28.8%
Associate	11.8%
Analyst	3.8%
Contractor/Consultant	1.0%
TOTAL	100%

ROLE	
Compliance Officer	1.0%
Consultant	0.3%
Electronic Trader	2.7%
Executive/Partner	3.1%
Transaction Services	0.2%
Investment Banker	9.5%
Investor Relations	1.7%
Information Technology	7.0%
Marketer	1.1%
Operations	3.8%
Portfolio Manager	8.3%
Prime Services	1.1%
Wealth Advisor	2.2%
Quant	8.1%
Research	11.7%
Risk	5.0%
Sales	12.5%
Structurer	3.5%
Trader	17.0%
TOTAL	100%

GUARANTEED BONUS	
Contractual	8.4%
Verbal	7.1%
No	81.1%
No bonus role	3.4%
TOTAL	100%

WORK HOURS	
Normal Hours	84.7%
No typical hours	10.4%
~5 hour time difference	3.2%
~12 hour time difference	1.7%
TOTAL	100%

SELECT SURVEY RESULTS

- 8% of all survey participants reported receiving a **contractual bonus guarantee** in 2013. Firm types that provided, collectively, one third of these guaranteed bonuses were **insurance companies, wealth management firms and consulting firms**.
- Of the contractual bonus guarantees reported in 2013, 12% were for **executive/partner** level employees, 10% for **operations** staff, 9% for **compliance officers, wealth advisors** and **investor relations** professionals and 4% of guaranteed bonuses were for **traders** and 4% were for **quantitative analysts**.
- 13% respondents employed at **proprietary trading firms** reported year-over-year compensation increases of over 100% versus 3.3% at **hedge funds**, 1.9% at **global banks** and 0.5% at **asset management firms**.
- 24.4% of respondents employed at **hedge funds** said their compensation met their expectations and they were paid fairly while 16.2% of respondents employed at **global banks** and 15.3% employed at **technology firms** felt their compensation met their expectations and that they were paid fairly.
- 40.6% employed at **boutiques** and 40% of those who are **consultants** said they were satisfied with their job and satisfied with their firm versus 15.4% employed at **regional banks** and 20% at **global banks**.
- 29.3% of **executive/partner** level respondents said they are satisfied with their job and their firm versus 21.9% of **associate level** (1 to 3 years experience) respondents.
- 66.7% of respondents who earned **over \$3M** in 2013 said they are satisfied with their job and their firm while 21.9% of those earning earnings **less than \$100K** said they are satisfied with their job and their firm.
- 5.6% of those employed at **hedge funds** and 5.0% of those at **physical merchant trading firms** reported year-over year compensation declines greater than 50% versus 1.6% at **global banks**, 1.0% at **asset management firms** and 0% at **technology companies**.
- 20.5% of respondents who selected **rates** as their primary security reported year-over-year compensation declines of over 50%. No respondents who are primarily involved in **distressed credit** or **emerging market equities** reported compensation declines of over 50% year-over-year.
- 13.6% of respondents who selected **equity derivatives** and 12% who selected **emerging market equities** as their primary security reported year-over-year compensation increases of over 100%.

EXPECTATIONS VERSUS FAIRNESS

We asked survey participants to provide percentage change in their year-over-year compensation, if their compensation in 2013 met their expectations and if they were paid fairly in 2013. Results below exclude those who received contractual bonus guarantees for 2013. The average change in total compensation is highest for those where compensation expectations were met and they believe they were paid fairly. While this would be expected, note that in all instances, there are large differences in compensation changes between those whose expectations were met and those whose expectations were not met but still believed they were paid fairly. Also note that compensation expectations are consistent with overall market conditions. For example, the average change in total compensation for equity capital markets bankers whose compensation did not meet their expectations and felt they were not paid fairly is 15%, while the average change in total compensation for rates professionals who felt compensation meet their expectations and that they were paid fairly is around 15.9%.

Average YoY Change in Total Compensation of Respondents Who Answered..			
	Comp Expectations Met + Paid Fairly	Comp Expectations NOT Met + Paid Fairly	Comp Expectations NOT Met + NOT Paid Fairly
BY PRIMARY SECURITY			
Commodities	14.4	11.0	(4.2)
Credit, HY, IG, Derivatives	26.8	6.6	(2.8)
Credit, Distressed	40.2	14.7	(3.6)
Cross-Asset	20.7	0.0	(0.7)
Emerging Markets, Equities	24.1	10.7	0.0
Emerging Markets, Fixed Income	11.9	5.0	(37.5)
Equity Derivatives	25.5	14.4	6.0
Cash Equities	36.0	11.8	8.1
Foreign Exchange	37.9	9.4	(1.6)
Rates	15.9	5.0	(18.9)
Securitized Products	35.0	6.5	(14.4)
BY PRIMARY FUNCTION/ROLE			
Prime Services	13.3	10.0	0.0
Wealth Management	14.5	6.5	(4.0)
IBD, Debt Capital Markets	10.0	5.0	8.7
IBD, Equity Capital Markets	58.0	22.7	15.0
IBD, Advisory	24.7	4.6	(0.8)
IBD, Leveraged Finance	56.7	21.2	0.0
IBD, Corp Finance	20.4	10.0	8.5
Investor Relations	46.2	18.4	10.8
Marketer	23.3	11.9	(6.4)
Risk Manager	15.1	2.3	(5.3)
Compliance	30.0	12.9	(0.8)
IT- Front Office	14.1	8.3	2.5
IT-Middle/Back Office	14.7	11.0	0.0
Operations	29.1	12.3	6.9
GTS/Treasury Services	10.0	2.3	(5.7)

FAVORITE BENEFITS (In order of most popular, based on total number of mentions)

Banks - US	Banks - OUS	Private Equity
Healthcare/Insurance	Healthcare/Insurance	Healthcare/Insurance
Gym/health club benefits	Retirement-related benefits	Travel/expense policies
Travel/expense policies	Transportation-related benefits	Meals/Food
Vacation policies	Gym/health club benefits	Education reimbursement
Meals/Food	Meals/Food	Location flexibility
Retirement-related benefits	Childcare-related benefits	No Perks

Hedge Funds	Asset Mgmt	Tech Firms
Meals/Food	Healthcare/Insurance	Healthcare/Insurance
Healthcare/Insurance	Meals/Food	Gym/health club benefits
Gym/health club benefits	Gym/health club benefits	Location flexibility
Flexible hours	Retirement-related benefits	Meals/Food
Transportation-related benefits	Flexible hours	Work Life Balance
Travel/expense policies	Transportation-related benefits	Casual dress

FAVORITE BENEFITS (In order of most popular, based on total number of mentions)

Banks - US	Banks - OUS	Private Equity
Gym/health club benefits	Better healthcare benefits	Gym/health club benefits
Meals/food	Gym/health club benefits	Meals/food
Better healthcare benefits	Childcare-related benefits	Better healthcare benefits
Retirement-related benefits	Don't Care	Retirement-related benefits
Car service	Retirement-related benefits	Mortgage discounts
Happy with existing benefits	Education-related benefits	

Hedge Funds	Asset Mgmt	Tech Firms
Retirement-related benefits	Gym/health club benefits	Meals/food
Better healthcare benefits	Meals/food	Better healthcare benefits
Meals/food	Better healthcare benefits	Retirement-related benefits
Location flexibility	Retirement-related benefits	Gym/health club benefits
Car service		

MOST DESIRED BENEFITS – NOTABLE MENTIONS

Banks - US	Banks - OUS	Private Equity	Hedge Funds
Happy with existing benefits	Tickets to Wimbledon	Frequent happy hours	Unlimited vacation
Christmas party	Great Benefits package already	Daycare	Personal trainers
Better charitable matching policies	More compensation	Competitive salary/bonus structure	Expensed dinner at 7 instead of 8
Fridays off year round	Golf club membership	A locker room in the building	Snacks and fruit
Personal assistant	Fun workplace	Mayfair members club membership	
Free food and laundry		hazardous location bonus	
Country club membership		First class air travel	
Market Rate Pay			
More money			
I wish there were perks			
A lot			
I wish my firm would stop sucking. Its a miserable place to work.			
Paternity leave			
Asset Mgmt	Tech Firms	Other	
Personal trainers	Free massages	Regional Bank, Brazil, more interchange with other groups outside Brazil	
Upper mgmt mentors	Anything, we get nothing	Broker-dealer, Japan, showers for bicycle commuters	
I don't care about perks	Award trips	Physical Trading Firm, UK, Benefits are good	
Bigger total cash	Business class traveling always	Boutique, EU, None, more compensation	
Subsidized firm activities/offsites	More IQ for employees!!	Private Wealth Mgmt, Hong Kong, Personal Room	
More office location possibility (FL in winter)	Country club stipend/expense for entertaining	Broker-dealer, New York, Martini Fridays	
Better health plan, the current one is awful		Physical Trading Firm, Florida, Free soft drinks	

FICC

COMMODITIES

COMMODITIES	BANKS				COMMODITY PHYSICALS				BUY SIDE FIRMS			
Guaranteed 2013	MD	Director	VP	Associate	MD	Director	VP	Associate	MD	Director	VP	Associate
Verbal	-	-	-	5%	14%	17%	12%	-	-	-	12%	7%
Contractual	-	-	-	-	-	8%	-	-	13%	8%	6%	-
No	100%	100%	100%	95%	86%	75%	88%	100%	88%	92%	82%	93%
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Total Compensation 2013												
Less than \$100K	-	-	-	-	-	-	-	6%	-	-	-	2%
\$100K to \$150K	-	-	-	23%	-	-	-	29%	-	-	-	18%
\$150K to \$200K	-	-	15%	54%	-	-	9%	47%	-	3%	9%	40%
\$200K to \$300K	-	-	46%	8%	-	5%	26%	18%	24%	6%	26%	27%
\$300K to \$400K	-	17%	31%	15%	-	26%	43%	-	12%	18%	39%	9%
\$400K to \$500K	28%	26%	8%	-	6%	37%	17%	-	3%	12%	22%	4%
\$500K to \$750K	17%	35%	-	-	13%	21%	4%	-	18%	29%	4%	-
\$750K to \$1M	39%	13%	-	-	56%	11%	-	-	9%	21%	-	-
\$1.1M to \$2M	11%	9%	-	-	19%	-	-	-	24%	9%	-	-
\$2.1M to \$3M	6%	-	-	-	6%	-	-	-	6%	3%	-	-
More than \$3M	-	-	-	-	-	-	-	-	3%	-	-	-
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Bonus												
Discretionary	89%	82%	93%	100%	57%	70%	60%	100%	44%	50%	64%	85%
Mixed	11%	18%	7%	-	-	-	13%	-	-	-	9%	-
Formulaic, Contractual	-	-	-	-	43%	20%	20%	-	33%	30%	27%	-
Formulaic, Verbal	-	-	-	-	-	10%	7%	-	22%	20%	-	15%
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

ASSET MANAGEMENT FIRMS							
Satisfied with Job	Partner/Exec	Senior PM	Junior PM	Sr. Trader	Jr. Trader	Sr. Marketer/IR	Jr. Marketer/IR
Agree	56%	55%	45%	75%	43%	60%	67%
Neutral	22%	32%	36%	17%	43%	20%	33%
Disagree	22%	13%	18%	8%	14%	20%	-
TOTAL	100%	100%	100%	100%	100%	100%	100%
Satisfied with Firm							
Agree	56%	36%	27%	67%	14%	30%	50%
Neutral	22%	31%	27%	25%	71%	50%	33%
Disagree	22%	33%	45%	8%	14%	20%	17%
TOTAL	100%	100%	100%	100%	100%	100%	100%
CompensationFair							
Agree	50%	37%	27%	25%	17%	22%	17%
Neutral	20%	42%	36%	42%	83%	22%	50%
Disagree	30%	21%	36%	33%	-	56%	33%
TOTAL	100%	100%	100%	100%	100%	100%	100%
Considering Switching Firms							
Agree	22%	49%	36%	17%	33%	30%	50%
Neutral	56%	24%	36%	67%	67%	40%	17%
Disagree	22%	27%	27%	17%	-	30%	33%
TOTAL	100%	100%	100%	100%	100%	100%	100%