



2016 | 2017 Global Financial Markets
Overview & Compensation Report

LETTER FROM THE MANAGING PARTNERS

To our clients and friends:

Options Group is pleased to present our *2016/2017 Global Financial Markets Overview and Compensation Report*. Each year, we choose one central theme to summarize our compensation and hiring trends. We are calling this “The Year of Reckoning: Political Upheavals, Technology Solutions.” We have two views - one longer term and one shorter range on the implications of Brexit. Our view is that in the long run, London will remain a key global financial center. This is because of its location, traditions, regulatory and corporate governance structure, infrastructure and the diversity and quality of its talent. While London will remain a major global financial center, the migration of significant parts of some of its workforce to other European cities will intensify in 2017 and beyond. In the near term, financial services companies in EMEA are still being buffeted by weak economic growth, as well as a punitive regulatory and corporate governance framework. However, global finance is no longer about office locations as much as it is about people, ideas and capital.

The key headline for this year’s report is that fixed income compensation will outperform both equities and investment banking. We forecast that average global total compensation at banks will be slightly down. Some of our clients are using this as a talent-hedging strategy and see it as healthy reengineering; others are waiting to see what their next steps should be; while others are using it as a buying opportunity and upgrading their teams. There has been some discussion about where to base jobs post-Brexit but much of this has been exaggerated by the press. We have begun to see the shift in some positions from London to the continent. It is all part of the natural cycle of firms weighing their options and trying to be as flexible as possible on their human capital talent options.

Change drives opportunity and as Thomas Edison once said, “opportunity is missed by most people because it is dressed in overalls.” Our firm is a leader in cross-border talent acquisition and we will continue to leverage and benefit from all talent flows into and out of London. Options Group believes heightened market volatility and an uncertain political environment often lead investors to raise cash or shift to lower-risk portfolios. This in turn creates opportunities for our clients to position themselves correctly on the right side of these movements.

As we approach the 25th anniversary of our founding, Options Group’s mission continues to evolve to provide a more holistic approach to helping clients achieve their goals. To better address our clients’ needs, Options Group has unveiled our strategy for Vision 2020. By 2020, we want to be the preeminent talent management firm in the world for our target clients in selected businesses. This means that we want to be our clients “go-to” firm, their clear first choice, as they build their talent base for winning their competitive battles.

2016 was a groundbreaking year for Options Group. In addition to significantly expanding our fintech practice globally, we were proud to announce the acquisition of Broadstreet Global Advisors and our expansion into Dubai. Over the next six months, we will be rolling out additional services in our OGiQ division parallel to our traditional recruitment business. Among them are our OGiP technology which enables our clients to view and analyze our proprietary intelligence in an interactive manner; Quantmatch, our project management and human capital trading platform; and enhancements to OGAXess, our daily news aggregator.

Sincerely,

Options Group Partners

COMPENSATION DATA ANALYSIS METHODOLOGY

Estimates in this report represent the total compensation to be paid to employees at top-tier financial services institutions. **Total compensation is defined as base salary plus cash and non-cash bonuses awarded for 2016.** Compensation offered at industry-leading, mid-sized banks and specialty firms was also taken into consideration. Our estimates represent expected annual pay packages for the top 25% of professionals in their respective roles or specialties, and they exclude the top 1% of compensation ranges. Unless otherwise noted, estimates are in US dollars. We define Tier 1 banks as bulge bracket banks and Tier 2 banks as non-bulge bracket banks.

Forecasts incorporate general market conditions from January 1, 2016 to October 31, 2016. This report provides an in-depth analysis of data gathered through our discussions with candidates, consultants, and clients, and offers forward-looking compensation projections by product and geographical region. Percentage changes in compensation are based on employees' expectations and Options Group's perspectives on current compensation and hiring trends.

The *Options Group 2016/2017 Global Financial Markets Overview and Compensation Report* is the culmination of 12 months of work by over 175 global consultants and research professionals. It is intended to help our clients make informed compensation decisions for 2016, and develop their human resource management plans and policies for 2017. OGiQ captured information on global business performance, key talent moves, recruitment trends, and compensation practices through its extensive and global database of over 600,000 industry professionals, interviews with senior executives across the industry, and various other data sources.

Options Group is able to provide thorough assessments of expected compensation for 2016 by product, asset class, and region. As the year draws to an end and institutions begin the process of allocating bonus pools and 2017 budgets, hiring managers and business unit heads may use these forecasts as a guide to employee compensation expectations.

DISCLAIMER

This compensation report is intended for reference purposes only. All compensation tables include estimated total pay levels for 2016 and include both base salary and bonus. We believe that the information contained in this publication is dependable, having been procured from primary and secondary sources through October 31, 2016. Options Group does not guarantee its accuracy or completeness, and nothing in this report may be construed as a representation of such a guarantee. In the event that market conditions change dramatically subsequent to this date, Options Group claims no responsibility for the accuracy of this information. This report is a single source of data in the overall analysis of compensation structures and the opinions presented herein are subject to change without notice. Options Group does not accept any responsibility for liabilities arising from the use of this document or any of its content. Any reproduction, sale, or distribution is strictly prohibited.

ABOUT OPTIONS GROUP

Founded in 1992, Options Group is a leading global executive search and strategic consulting firm for the financial services industry. We maintain offices 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 175 professional 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.

ABOUT OGIQ

OGiQ is the consulting division of Options Group. Its primary role is to provide unique, valuable advice, products, and human talent management solutions to our clients. OGiQ is responsible for developing the firm's intellectual capital and proprietary products, advanced analytical tools, and the databases used to provide these solutions.

Our mission is to enable clients to make more informed decisions by creating global research products that seamlessly combine the firm's proprietary tools, information, and research capabilities.

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Table of Contents

OVERVIEW	6
FICC	
Commodities	14
Credit	20
Rates	26
Foreign Exchange	32
Securitized Products	38
Emerging Markets	42
EQUITIES	
Cash Equities	47
Equity Derivatives	54
Cross Asset	61
Prime Finance	64
INVESTMENT BANKING	70
QUANT, RISK & ANALYTICS	
Quantitative Research & Analytics	78
Electronic Trading	83
Risk Management	88
Information Technology	94
PRIVATE WEALTH MANAGEMENT	99
HEDGE FUNDS	105
REGIONAL OVERVIEWS	
Asia (Hong Kong & Singapore)	114
Australia	119
Brazil	121
EMEA	128
India	136
Japan	142

OPTIONS GROUP 2016 GLOBAL SUMMARY

Average Change in Total Compensation

	US	EMEA	ASIA ²	JAPAN	BRAZIL	INDIA
FICC						
Commodities						
Credit						
Rates						
Foreign Exchange						
Securitized Products						
Emerging Markets						
Fixed Income Electronic Trading ³						
EQUITIES						
Cash Equities						
Equity Derivatives						
Prime Finance						
Equities Electronic Trading ³						
INVESTMENT BANKING						
PRIVATE WEALTH MANAGEMENT						
TOTAL¹						

Averages in this chart exclude research. FICC average weighs credit, rates, and FX 2:1 against commodities, securitized products and emerging markets. Equities average weighs equity cash 2:1 against equity derivatives and prime finance.

¹ Total average weighs FICC, equities, investment banking, and private wealth management equally.

² Asia is defined as Hong Kong and Singapore.

³ Electronic trading compensation changes are excluded from the FICC and equities totals.

† These businesses are not included in the forecast averages.

OPTIONS GROUP 2016 - UNITED STATES

Average Year-over-Year Change in Total Compensation

	Trading	Sales	S & T Total	Research
FICC*				
Commodities				
Credit				
Rates				
Foreign Exchange				
Securitized Products				
Emerging Markets				
Fixed Income Electronic Trading†				
EQUITIES*				
Cash Equities				
Equity Derivatives				
Prime Finance				
Equities Electronic Trading†				
INVESTMENT BANKING				
INFORMATION TECHNOLOGY				
QUANTITATIVE RESEARCH & ANALYTICS - FICC				
QUANTITATIVE RESEARCH & ANALYTICS - Equities				
PRIVATE WEALTH MANAGEMENT				
RISK MANAGEMENT				
TOTAL[‡]				

Sales & Trading Total is the average percentage change of all subsections within each product. In most instances, the number of trading roles outnumber the number of sales roles by a factor of 3:2 in each subsection.

* FICC average weighs credit, rates, and FX 2:1 against commodities, securitized products and emerging markets.

Equities average weighs cash equities 2:1 against equity derivatives and prime finance.

† Electronic trading compensation changes are excluded from the FICC and equities totals.

‡ Total average weighs FICC, equities, investment banking, and private wealth management equally.

Rates - US

Total Compensation Averages (USD, 000s)

The following compensation forecasts represent total compensation figures for the top 25% of personnel. The estimates below exclude data for personnel who have received any form of guarantees in 2016 or are within the top 1% of professionals in their respective disciplines. These estimates include premiums paid for professionals who are in high demand or are scarce. Compensation forecasts reflect market conditions up to October 31, 2016.

Total Rates (Wtd. Avg)									
TRADING									
	% Δ YoY [‡]	MD		Director		VP		Associate	
TOTAL COMPENSATION		Low	High	Low	High	Low	High	Low	High
Options									
Repos									
Front End Swaps									
Long/Med Swaps									
Inflation									
Munis									
Pass-Thrus									
STIR									
Treasuries - Front End									
Treasuries - Belly									
Treasuries - Long End									
Agencies									
<i>Trading Average</i>									
SALES									
	% Δ YoY [‡]	MD		Director		VP		Associate	
TOTAL COMPENSATION									
Institutions									
Corporates									
<i>Sales Average</i>									
STRATEGY									
TOTAL COMPENSATION		Low	High	Low	High	Low	High	Low	High
Rates Strategy									
		Global Head of Rates Trading							
		Head of Rates Trading, Americas							
		Head of Rates Sales, Americas							
		Head of Rates Trading, EMEA							
		Head of Rates Sales, EMEA							
		Head of Rates Trading, Asia-Pac							
		Head of Rates Sales, Asia-Pac							
BASE SALARY ASSUMPTIONS									
		MD		Director		VP		Associate	
		Low	High	Low	High	Low	High	Low	High
Tier 1 Firms									
Tier 2 Firms									
Boutique Firms									

‡ % Δ YoY is ± 2% change in average total compensation in 2016 from 2015.

Base salary assumptions exclude code/MRT staff base salaries. Due to CRD-4, code/MRT staff base salaries can be significantly higher than base salaries represented in this table.

SELECT PEOPLE MOVES: JANUARY 1 – OCTOBER 21, 2016

NAME	TITLE	NEW FIRM	PREVIOUS FIRM
		Nomura New York	Morgan Stanley New York
		Barclays London	Deutsche London
		Autonomy Capital London	Goldman Sachs London
		Jefferies London	Nomura London
		Banco Santander Mexico City	Deutsche Mexico City
		Pimco London	Goldman Sachs Asset Management New York
		VR Capital New York	Bank of America Merrill Lynch New York
		UBS Asset Management New York	BBVA New York
		HSBC London	PKO London
		BNP Paribas London	Morgan Stanley London
		Barclays London	RBS London
		Stifel Nicolaus & Co New York	Bank of America Merrill Lynch New York
		UBS Hong Kong	Morgan Stanley Hong Kong
		Scotiabank New York	Goldman Sachs New York
		Citigroup New York	Nomura New York
		Nomura London	Finansbank Istanbul
		Tricadia Capital New York	Morgan Stanley New York
		UBS New York	Deutsche New York
		BNP Paribas New York	Morgan Stanley New York
		UBS New York	Morgan Stanley New York
		Pimco London	Moore Capital London
		Tradition London	Citigroup London
		Goldman Sachs London	Cantor Fitzgerald London
		Millennium Management New York	Standard Chartered Bank New York
		Morgan Stanley New York	Mizuho Bank New York
		UBS London	Morgan Stanley London
		Deutsche London	BNP Paribas London
		Nomura London	Deutsche London
		Standard Chartered Bank Dubai	EFG Hermes Dubai
		Standard Chartered Bank Johannesburg	Morgan Stanley Johannesburg
		UBS London	Breyan Howard Geneva
		BNP Paribas London	Morgan Stanley London
		Jefferies London	Goldman Sachs London
		Goldman Sachs London	HSBC Dubai
		Renaissance Capital London	UBS London
		Morgan Stanley London	Barclays Investment Bank London
		ING London	Morgan Stanley London
		Bank Zachodni Poland	BRE Poland
		Citigroup London	HSBC London
		Nikko Asset Management London	BlackRock London
		Nomura New York	JP Morgan Chase New York
		Morgan Stanley London	BNP Paribas London
		Itau - Unibanco Sao Paulo	Banco Brasil Plural
		Noctua Partners Miami	Itau - Unibanco New York
		HBK Investments London	Morgan Stanley London
		Man Group New York	HSBC Asset Management New York
		Millennium Management London	JP Morgan Chase London
		Nomura New York	JP Morgan Chase New York
		Silver Ridge London	Citigroup London
		Moore Capital London	Morgan Stanley London
		Goldman Sachs Asset Management New York	Citigroup New York
		Imperial Capital London	Bank of America Merrill Lynch Sao Paulo
		Torino Capital New York	Bank of America Merrill Lynch New York
		Scotiabank New York	Goldman Sachs New York
		JP Morgan Chase London	Morgan Stanley London
		KNG Securities London	Deutsche London
		Scotiabank Singapore	DBS Bank Singapore
		Deutsche London	BNP Paribas London
		Tse Capital Management New York	RBC Capital Markets New York
		Goldman Sachs London	Credit Suisse London
		Jefferies Hong Kong	Barclays Hong Kong

Options Group defines “poor performance” as funds that have lost at least 20% of AUM in 2016, and/or have returned 100 basis points below the average benchmark within their respective strategies. “Good performance” is defined as funds that have maintained a consistent level or increased AUM in 2016, and/or have returned at least 100 basis points above the average benchmark within their respective strategies. Compensation figures below represent professionals whose bonus is determined on a **discretionary basis only**.

AUM > \$5B	MULTI-STRATEGY				GLOBAL MACRO			
	Poor Performance		Good Performance		Poor Performance		Good Performance	
	Low	High	Low	High	Low	High	Low	High
Portfolio Manager								
Head of Research								
Senior Research Analyst								
Junior Research Analyst								
Senior Trader								
Junior Trader								
Senior Investor Relations								
Junior Investor Relations								
Senior Marketer								
Junior Marketer								

\$1B - \$5B AUM	MULTI-STRATEGY				GLOBAL MACRO			
	Poor Performance		Good Performance		Poor Performance		Good Performance	
	Low	High	Low	High	Low	High	Low	High
Portfolio Manager								
Head of Research								
Senior Research Analyst								
Junior Research Analyst								
Senior Trader								
Junior Trader								
Senior Investor Relations								
Junior Investor Relations								
Senior Marketer								
Junior Marketer								

BASE SALARY ASSUMPTIONS	MULTI-STRATEGY				GLOBAL MACRO			
	AUM < \$5B		AUM > \$5B		AUM < \$5B		AUM > \$5B	
	Low	High	Low	High	Low	High	Low	High
Portfolio Manager								
Head of Research								
Senior Research Analyst								
Junior Research Analyst								
Senior Trader								
Junior Trader								
Senior Investor Relations								
Junior Investor Relations								
Senior Marketer								
Junior Marketer								

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