

The independent movement

Trends in new independent advisor registrations

Analysis of 2016 SEC registration data by Schwab Advisor Services

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Executive Summary

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The independent movement continues

- Firms representing nearly \$55B in new SEC registrations in 2016
- 75% increase in number of new SEC registrations since 2012¹

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Larger firms are fueling the movement

- \$300M+ firms with new SEC registrations has doubled since 2013
- Average deal size for SEC registered firms increased 2% to \$276M since 2015, and larger deals are driving more multi-custodian selections¹

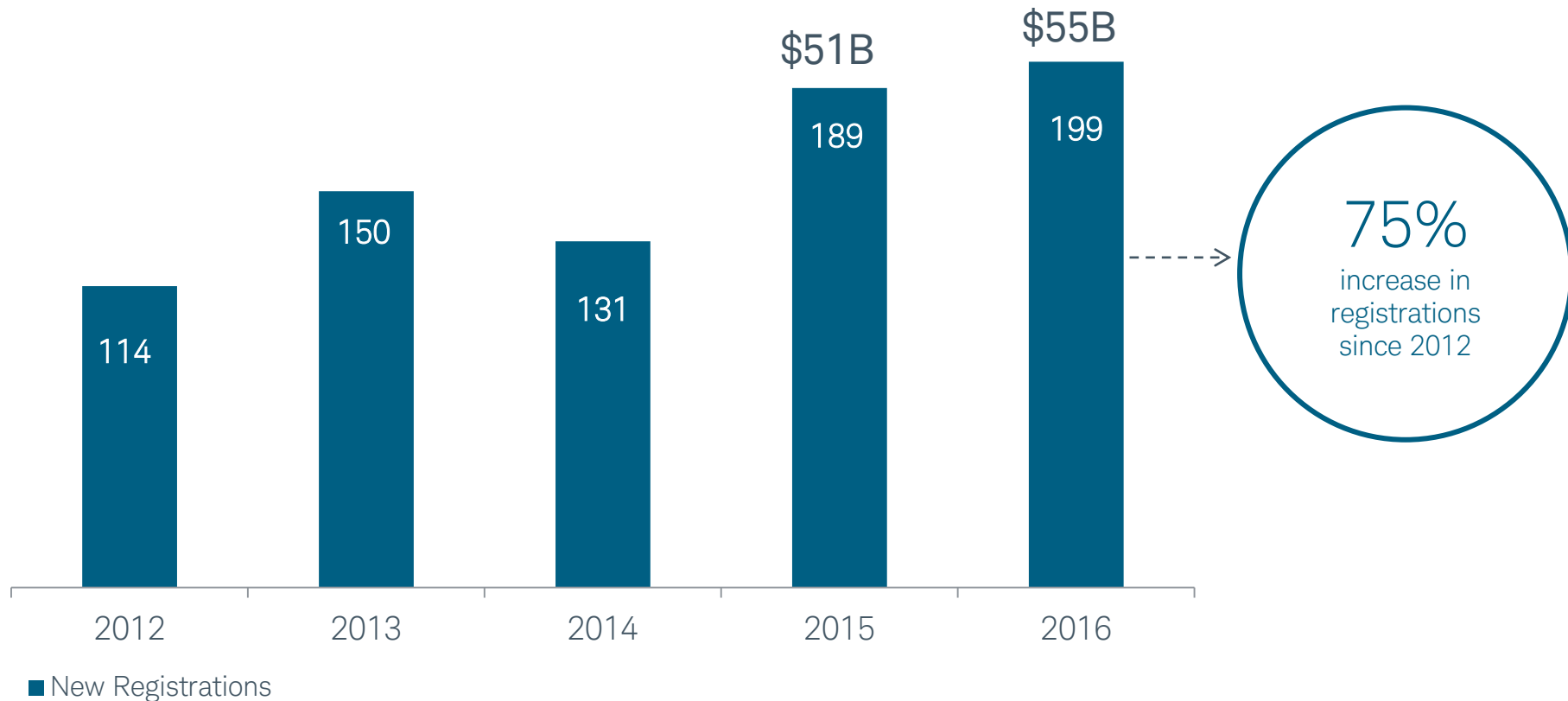
3

Schwab continues to be the leader

- Schwab has 40% market share of the newly registered SEC firms making a single custodian selection
- Schwab was named in 66% of multi custodian deals in 2016¹

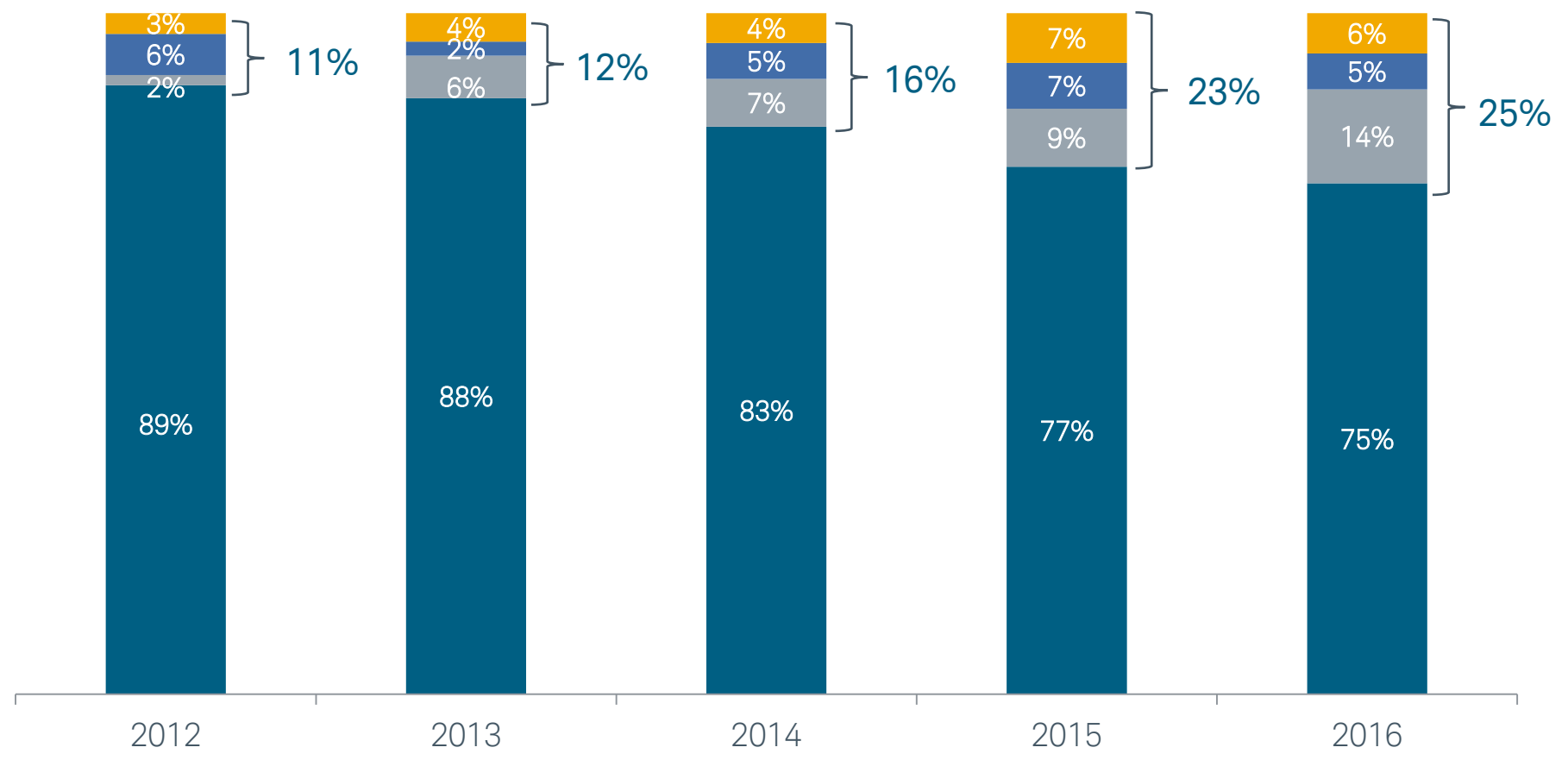
Move to independence is stronger than ever, with more firms going independent in the past five years

Number of New SEC RIA registrations YOY



Filings by firms >\$300M continues to increase YOY and represents 25% of newly independent firms in 2016

Single and Multi-Custodian Firms By Size

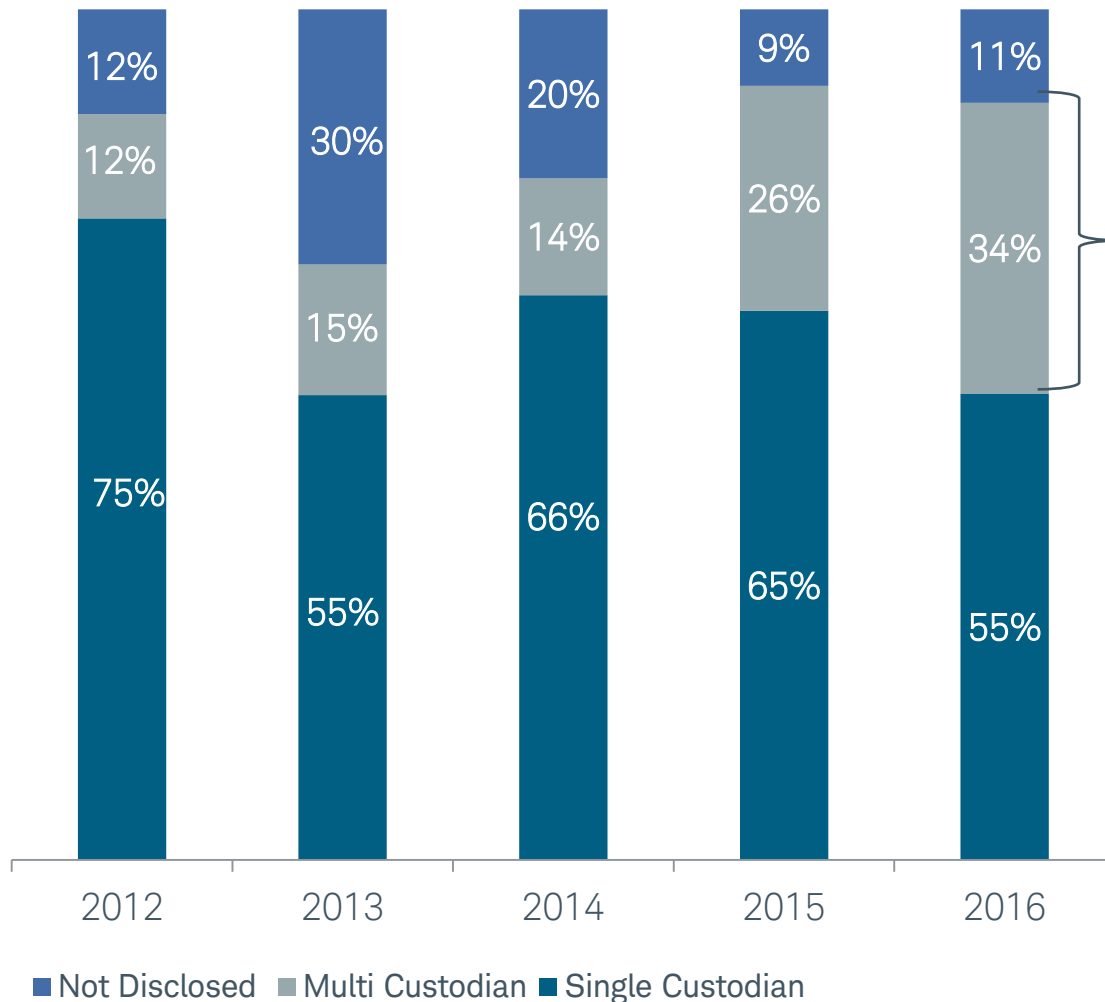


■ \$1B+
 ■ \$500M-\$1B
 ■ \$300-\$500M
 ■ \$100-\$300M

- Does not include firms under \$100M or firms that did not disclose their AUM
- Due to rounding, some values may not add up to 100

Multi-custodian registrations increased 36% YOY as larger firms move to independence

New Firm Custodian Selection Types (2012-2016)



	Approved #	Avg Size
Single	110	\$200M
Multi	68	\$379M
Not disclosed	21	\$342M

SEC Status Description

- Firms meet SEC asset size filing requirements >\$100M
- Approved status with <\$100M due to other SEC filing requirements
- AUM disclosed in filing

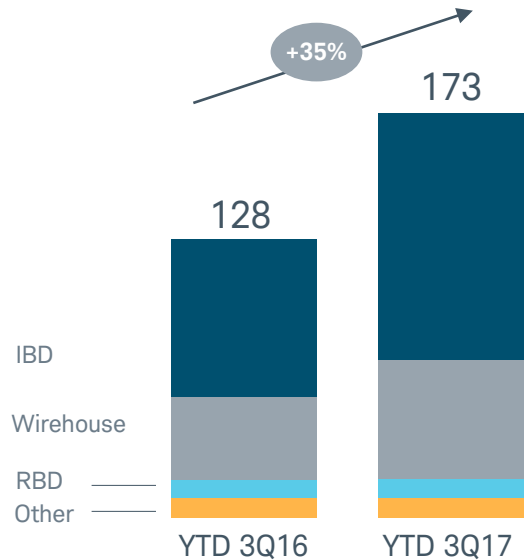
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Record-setting number of breakaway teams select Schwab's custody platform

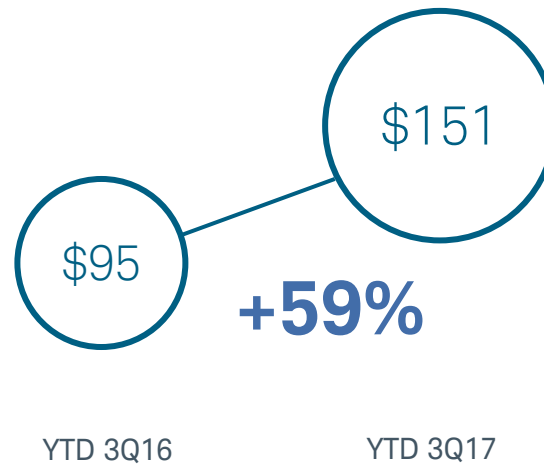
Number of AITs selecting Schwab's custody platform is 35% higher than 2016, surpassing all full year totals

Source of Advisors in Transition (AIT)



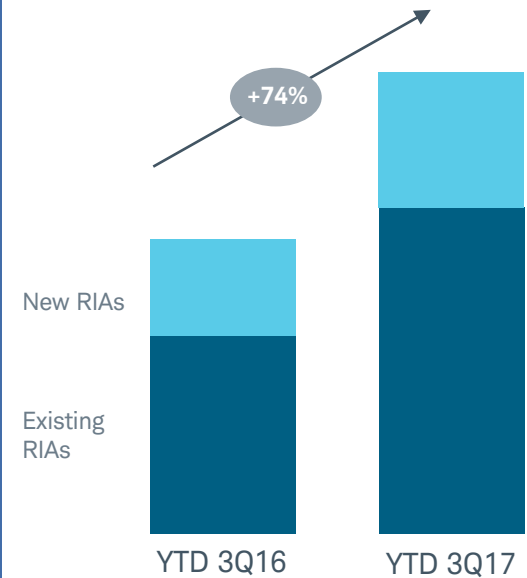
Of those selecting Schwab's custody platform, average AIT size is up ~60%

Average AIT Size (\$M)



AITs driving a 74% overall increase in NNA for Schwab Advisor Services

Schwab Advisor Services NNA



Note: Excludes retirement Business Services. IBD = Independent Broker Dealer, RBD – Regional Broker Dealer, Other = Banks, Institutional BDs, Trusts and Insurance

Methodology:

SEC: New RIA Filings

- Based on all 2016 RIA filings currently approved by the SEC
- Organized under US Law and established in 2016
- Actively engaged in ongoing supervisory or management of securities portfolios
- Not an advisor to a private fund
- Must have AUM for HNW clients
- Less than 50% of client AUM in Pensions or Profit Sharing Plans, Pooled Investment Vehicles, or in State or Municipal entities
- Not a broker/dealer or a representative of a broker/dealer