

Trade Ideas Summit 2019

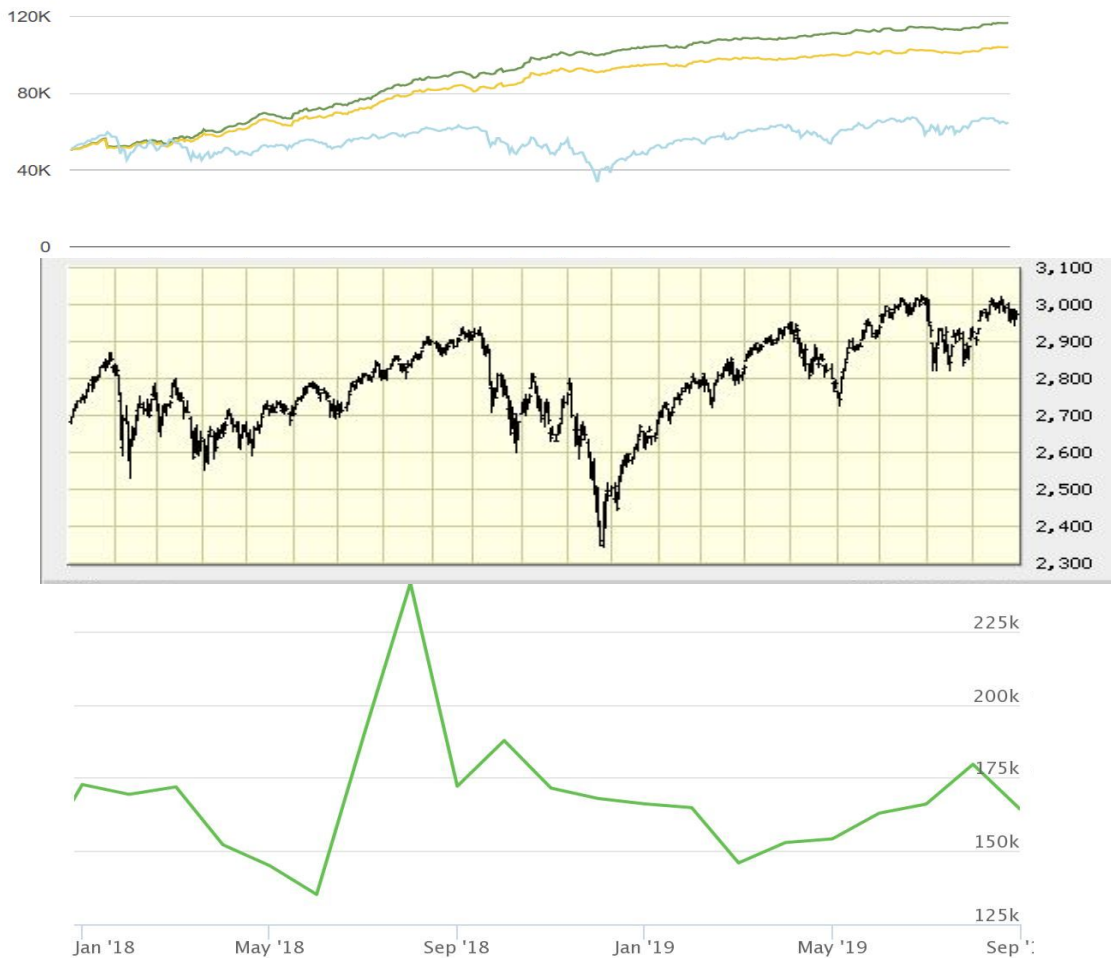
Post-Game: After Zero, What's Next?

David Aferiat
Trade Ideas | Managing Partner

Charts Speak

Daily Performance Jan 2018 to Oct 2019:

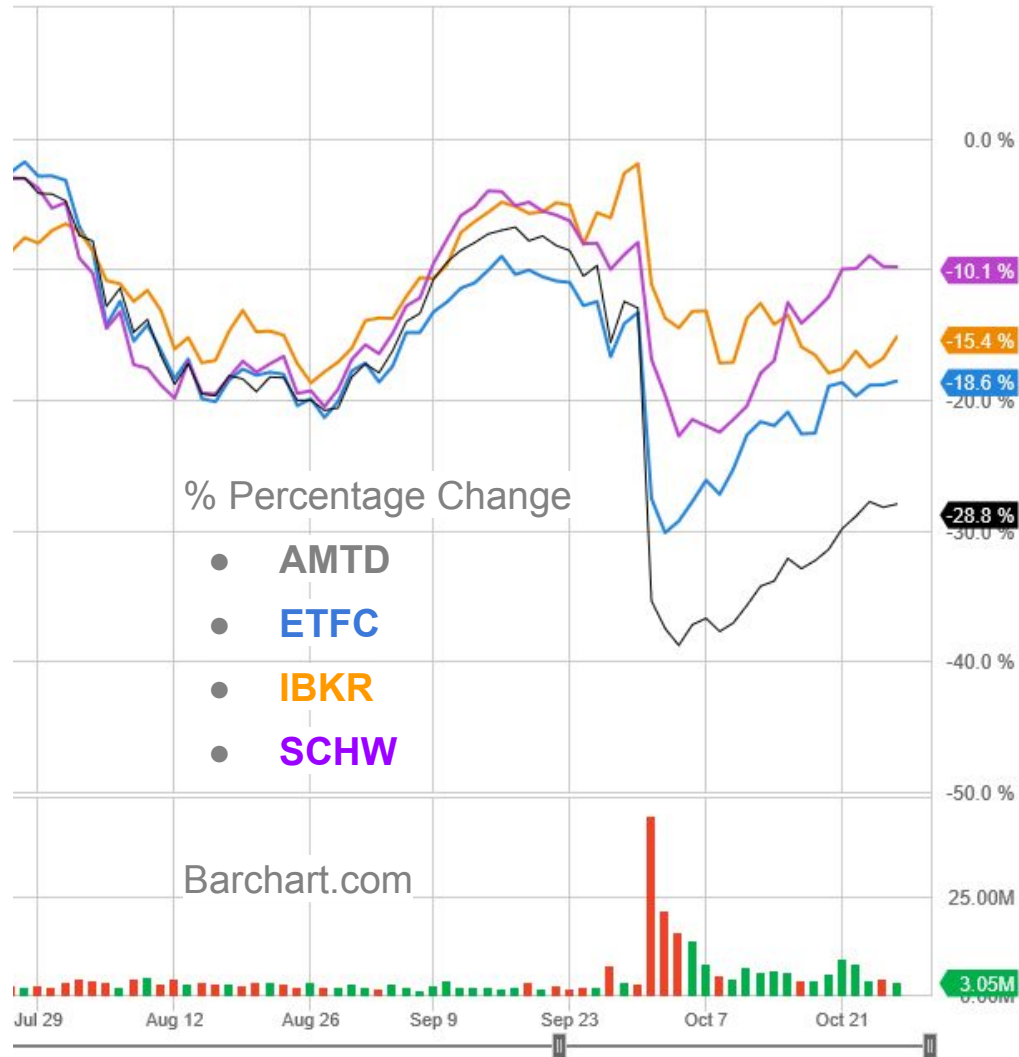
- HOLLY AI
- SPX
- Trade-Ideas.com



The Day DARTS Died

Bank of America
estimates of commission
revenue:

- AMTD, 28%
- ETFC, 17%
- SCHW, 8%
- FIDO, 7 - 9%



WHAT THEY SAID,

“We remain focused on offering intuitively designed products that reduce barriers to our financial system, including account minimums and commission fees.”

WHAT THEY MEANT

“DON'T LOOK DOWN!!!”

Jack Randall, head of communications at Robinhood

WHAT THEY SAID,

“While we did not favor this shift, we believe it enhances our competitive position in our core retail franchise.”

WHAT THEY MEANT

“Kiss Your Annual Incentive Bonus Goodbye.”

ETRADE CEO, Mike Pizzi

WHAT THEY SAID,

“In this new paradigm,
platform, functionality, and
customer experience are more
important than ever. And that
is where we truly differentiate.”

WHAT THEY MEANT

Same.

(It's the Truth.)

ETRADE CEO, Mike Pizzi

WHAT THEY SAID,

“With ... price going now down to zero, it doesn't preclude us from really understanding where there are opportunities to best charge for the value created.”

WHAT THEY MEANT

“IF WE’RE GOING TO GET
OUT OF HERE,
LET’S STOP DIGGING!”

Tim Hockey, President/CEO
TD Ameritrade

WHAT THEY SAID,

“There is a number of things that we give to everyone today that a number of our clients really don't utilize, but cost us money, and so we think there's probably ways to value engineer that offering.”

WHAT THEY MEANT

“FOLKS, THERE'S NO FREE LUNCH.”

Steve Boyle, EVP/CFO
TD Ameritrade

WHAT THEY SAID,

“Responses from competitors
were precisely as we
expected.”

WHAT THEY MEANT

Said the cat who ate the
canary.

Schwab CEO Walt Bettinger



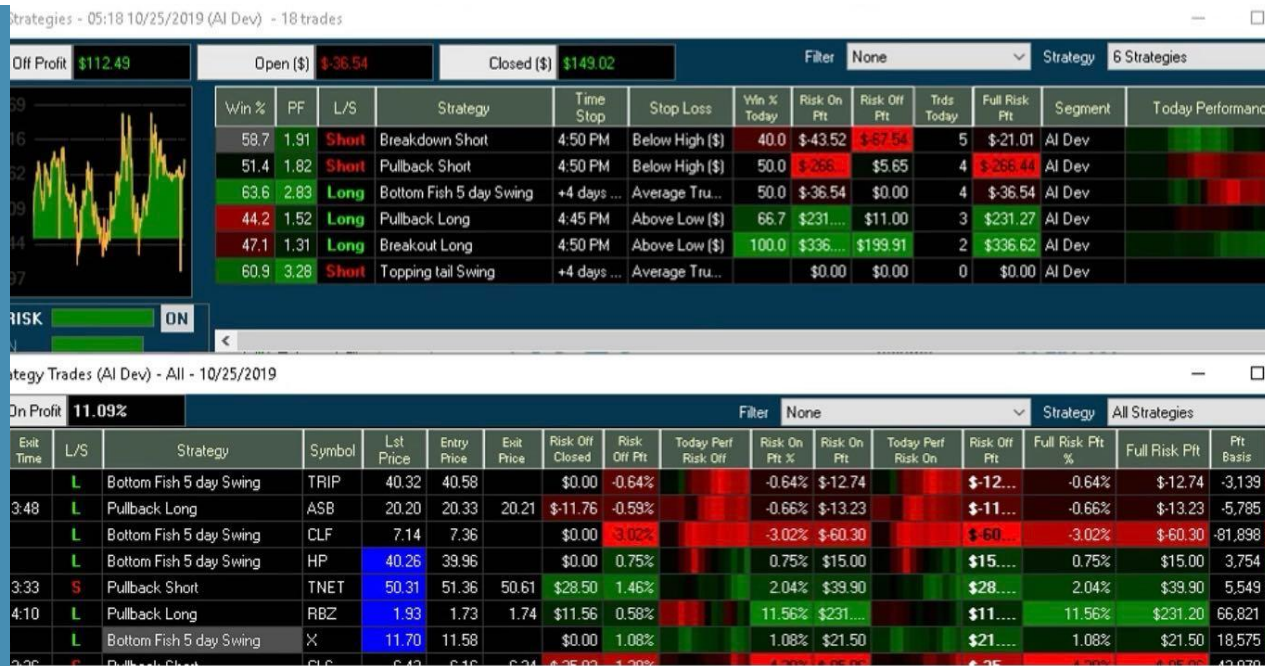
SIGNPOSTS

WATCH FOR:

- Pressure on Robinhood to continue growth or news of losses (Brokers pulling customers back)
- Emphasis on APIs (Need for technology outside Brokers' 4 walls, 'as long as it trades here')
- Movement to a pay for what you need (shifting of customer costs from commissions to tools)

Here to Help Brokers Fulfill their Brand Promise, And Ours

- Brokers vying to sponsor use of Trade Ideas
- TI API connectivity
- TI as the 'LendingTree' of Broker Offers



MORE NOTES, HOCKEY

- about 50% of our costs are third-party contracts. So those would be something on the expense side, but we look at things on the revenue side as well.
- in an industry that benefits from scale and an industry that has small players that have had their price differential, which was their main value proposition stripped out, there will probably be some consolidation.
- 20 years ago at TDA, 20 times the trade rates from clients who are participating in the free-trade.

MORE NOTES, PIZZI

- We have always taken a modeled approach of giving everything to all customers, the full capability, and suite of the platform.
- We are incurring cost for every account for services and features that customers do not use or do not put value on.
- We're not really set up today to do that immediately, but over time, it allows us flexibility, sort of, in our overall expense structure by reducing portions in the offer that are really not important to that particular customer, and reduce our overall usage of services that we pay quite a lot of expense for.

MORE NOTES, PIZZI Cont'd

- In terms of other revenue opportunities, you know, we are always asking ourselves, are there ways to add adjacent services, adjacent products or optimizations or things?
- And maybe some of those things that we would be adding that would differentiate us in the past were offered to differentiate the price point we were at in the market versus other participants, whereas today, they could become the basis of alternative models.
- target your use of promotions to the things that generate the best revenue capacity.
- you're going to tailor your efforts around promotions, around sort of what you're doing to try to attract that customer to the products that generate the best return overall.
- 7 million accounts and roughly that many customers

CULTURE & VALUES

VALUES

Perserverance
independent / free from

Original / Authentic / Real

People Power

COLLECTIVE EXPERIENCE

Real (Legit) Product to 20p.
Constant Evolution of Product.

- LOVE HOW NO ONE LEAVES TRADE IDEAS

TRADE IDEAS NEWS

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