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**CANADA'S**  
**BEST**  
**DISCOUNT**  
**BROKERAGES**

Trading online has never been cheaper or easier, but with more choice comes more confusion. **In our third annual survey**, we help you find the discount brokerage that suits your investing style

By  
**MARK  
BROWN**

&  
**ROMANA  
KING**



**IF YOU'VE EVER ASSEMBLED** a piece of furniture you've probably used one of those all-in-one screwdrivers. You know, the kind that comes with a dozen different bits to fit every kind of screw, bolt and fastener. Sure, this little tool seems convenient, and it will get the job done eventually, but it won't be the best tool for every job. Chances are you'd be better off with a dedicated screwdriver for your specific fastener in some cases.

For many Canadians, their bank is that all-in-one tool: the place where they not only have a chequing account and maybe a mortgage, but also where they hold their investments. No wonder the Big Five banks also dominate the online brokerage space in Canada.

Like the multi-purpose screwdriver, your bank's brokerage might be your default choice because it's convenient, but we think it's worth the effort to search for a brokerage that's suited to your specific needs. The ideal fit depends on a number of factors, such as the size of your account, how often you trade, and the types of investments you tend to buy.

Cost is an important consideration, but it's not the only factor. If you're a buy-and-hold investor who seldom trades, for example, then a few bucks' difference in commissions is trivial. If you're a beginner, you'll want a brokerage that is easy to use and quick to fix any problems that arise. And no matter your investment style, your online brokerage should provide detailed quotes, deliver top-notch customer service and arm you with the same research that portfolio managers use.

To help you find the right fit, *MoneySense* has again partnered with Survisor to deliver our third annual report on the best discount brokerages in Canada. Survisor, a business analysis firm based in Oakville, Ont., conducts detailed surveys of online brokerages and tracks their customer service semi-annually. Backed by hard data provided by Survisor's Glenn LaCoste, an industry veteran with more than 24 years of experience, this is the most comprehensive report you'll find on discount brokerages in Canada.

In the following pages we walk you through the categories you should consider when choosing a discount brokerage, listing a winner and a runner-up for each. On page 32, we also provide a summary of the features, costs and overall customer experience for each discount brokerage to help you decide whether you can get by with an all-purpose tool—or if it's time to look for something a little more specialized.



Beginner

**Eric Escobar**  
Burnaby, B.C.

**RBC DIRECT INVESTING**

"They have excellent customer service for unorthodox inquiries. For instance, I opened up a spousal RRSP and inverted the contributor and annuitant names—they caught this and were super helpful in fixing it."

**EASE OF USE**

**BMO InvestorLine**

/ RUNNER-UP / Scotia iTRADE

The markets can be intimidating, but your discount brokerage shouldn't be. When buying and selling securities, you should have access to all the information you need to execute a trade, but you shouldn't feel overwhelmed. Order screens must be intuitive, and help should be a simple click away. The best brokerage sites are clean and elegant in appearance, yet still assemble the data you'll need to complete a transaction. That's a difficult balance.

BMO InvestorLine and Scotia iTRADE outperform the competition in this area. Both brokerages have well-designed sites, and both offer investors the ability to customize their experience by choosing how much or how little information gets displayed. BMO has a neat "floating ticket" feature that keeps the trade window front and centre as you scroll up and down the screen. Scotia iTRADE also has many user-friendly features: Survisor likes how investors can prepopulate their order tickets to make trades faster—a perk for active traders who tend to buy and sell in standard blocks.

**CUSTOMER SERVICE**

**Scotia iTRADE**

/ RUNNER-UP / Qtrade Investor

There was a time when a simple smile was a hallmark of good customer service. With an online brokerage, however, it's all about response time. Markets move fast, and as a do-it-yourself investor it can be tough to keep pace. The last thing you want is for your discount brokerage to cost you time and money with slow service.

When you have a question you expect a quick response, regardless of when you submit it. Unfortunately, while websites selling cheap clothes excel at this, brokerages that manage their clients' life savings have room for improvement.

Photograph by Trevor Brady

In recent years many discount brokerages have made click-to-call, live chat, and even screen-sharing features available to clients. The trouble is, many of these services are only available on specific pages (such as when you're opening an account) or only during certain hours. Although the markets are closed on evenings and weekends, that's often the only time investors actually have the time to look at their accounts.

You can always send a question via email, but if you do, be prepared to wait. Sadly almost every discount brokerage tracked by Survisor slipped in email response times this year. Last year, several had average response times of an hour or less: now none do. In fact, only four of the 11 brokerages tracked by Survisor had an email response time of five hours or less.

Despite these disappointments, there are still some standouts worth noting. Scotia iTRADE is not the fastest to respond to email, nor does it offer the most customer support features, but overall it delivers a good customer experience. It also stands out for providing support on evenings and weekends. And while it doesn't offer its online chat feature on every page, it is available on key screens where you are most likely to have a question.

As an independent brokerage, Qtrade lacks the resources of the big banks, but it does a good job supporting its own platforms. Plus, if you email them a question you can expect an answer in a little more than three hours, which was the second-best response time collected by Survisor.

**FEES & COMMISSIONS**

**CIBC Investor's Edge**

/ RUNNER-UP / Credential Direct

If there's one bit of really good news in the discount brokerage space, it's that many of the major players now take the *discount* element to heart. Most have recently taken significant steps to lower their fees and commissions. Just five years ago, investors with limited assets could expect to pay as much as \$29 per trade. Today most brokerages charge under \$10, regardless of how much you have in your account, and a few will do it for less than \$7.

Unfortunately, depending on which discount brokerage you choose, account size and trading frequency can still determine how much you'll pay in fees and commissions. Some brokerages, like Scotia iTRADE, have even taken a step backwards,

charging \$24.99 per trade for clients whose combined accounts are below \$50,000.

And while brokerages such as Questrade and Virtual Brokers advertise extremely low trading commissions, Survisor's analysis suggests these may not be the cheapest options overall once you factor in other costs—such as electronic communication network (ECN) fees and monthly charges for data that other brokerages provide for free. As a rule, the bank-owned brokerages don't charge these fees, which is why they can be cheaper overall—or at least more transparent. That said, Questrade and Virtual

Brokers do offer commission-free purchases of ETFs (the regular commission usually applies when you sell).

Brokerages offer several different fee and commission schedules, and none is the cheapest in every respect. To pick our winner, we blended several types of users, trade types and account sizes to see which brokerage stood out. We give the nod to CIBC Investor's Edge: when it comes to pricing, CIBC is as straightforward as they come: \$6.95, regardless of account size or trading activity.

Our runner-up is Credential Direct, which also deserves kudos for being cheap and transparent: \$8.88 per equity trade, with no hidden ECN or platform fees.

**ACCOUNT INFORMATION & REPORTING**

**BMO InvestorLine**

/ RUNNER-UP / Questrade

Keeping tabs on the trades you've made and how your portfolio is performing are among the most basic roles a discount brokerage should play, but they actually vary a lot in this area. Only a few produce easy to follow reports of your order history and— even more surprising—fewer still provide concise performance reporting.

Your discount brokerage should also ►



Buy & Hold

**Lourie Graevtchiner**  
Ottawa

**TD DIRECT INVESTING**

"Recently I was trying to complete a trade on a U.S. exchange and got confused, so I called the TD Direct helpline. The rep walked me through it and helped me complete the transaction. She should have charged me \$40 for doing the trade on the phone, but she only charged me \$9.99 as if I'd completed it online by myself. I really appreciate this level of customer service."



TO SEE A VIDEO ON HOW TO MAKE YOUR FIRST TRADE DOWNLOAD OUR APP  
Free for subscribers

Photograph by Jessica Deeks

alert you if a stock you're monitoring hits a certain price, or tell you if your account has fallen below a certain level. A lot of brokerages dress these pages up with pie charts and maps, but they don't all provide you with the same level of detail.

BMO InvestorLine is the clear winner in this category, says Glenn LaCoste of Surviscor. The brokerage is especially good at parsing information in a clean and efficient way, allowing the user to sort through multiple accounts in a single table, which is particularly appealing to active traders. And if there's news on one of your holdings, it appears automatically on your screen. "I see almost perfection in this category," says LaCoste.

Questrade has made some significant

strides in this category, too. About a year ago users had to deal with separate sign-ins and multiple platforms: now everything is collected in one place. It also recently added performance reporting so you can see if you're keeping up with your benchmarks, and it earns high marks for providing granular data, right down to which exchange the transaction was routed through.

## EDUCATIONAL RESOURCES

### ➔ Desjardins Online Brokerage

/ RUNNER-UP / TD Direct Investing

Do-it-yourself investors improve their chance of success when they have access to high-quality research and educational tools. There are two broad categories of resources: the first includes material geared towards teaching investors to use a particular trading platform, while the second aims to improve investors' market knowledge. Both are important, but we give more credit to the latter.

Most online brokerages offer tutorials and seminars to help investors learn about the markets and gain confidence in their own decisions. But because of its combination of online resources, videos and seminars across the country, Desjardins is the leader in this category. The brokerage even has an interactive event planner that allows investors to sign up for nearby seminars.

If you're a new investor looking to beef up your knowledge, then TD Direct Investing is another good place to start. The brokerage provides users with a good

series of videos geared to raising investors' general understanding of the markets.

## MARKET INTELLIGENCE

### ➔ TD Direct Investing

/ RUNNER-UP / Scotia iTRADE

Portfolio managers rely on quality research to support their investment decisions, and through the discount brokerages, DIYers can now get access to many of the same tools. At the most basic level your brokerage should offer screening tools that help you identify the companies, ETFs or mutual funds that meet your requirements. The good ones take this a step further by giving you access to the latest in-house and third-party research reports and market news.

TD Direct Investing excels here by offering more research from more vendors than the competition. They also offer a full suite of stock-screening tools and allow users to set up alerts so they can keep up with companies on their watch list. Scotia iTRADE may not have TD's research depth, but it offers some excellent stock-screening tools, making it our runner-up.

## BEST OVERALL

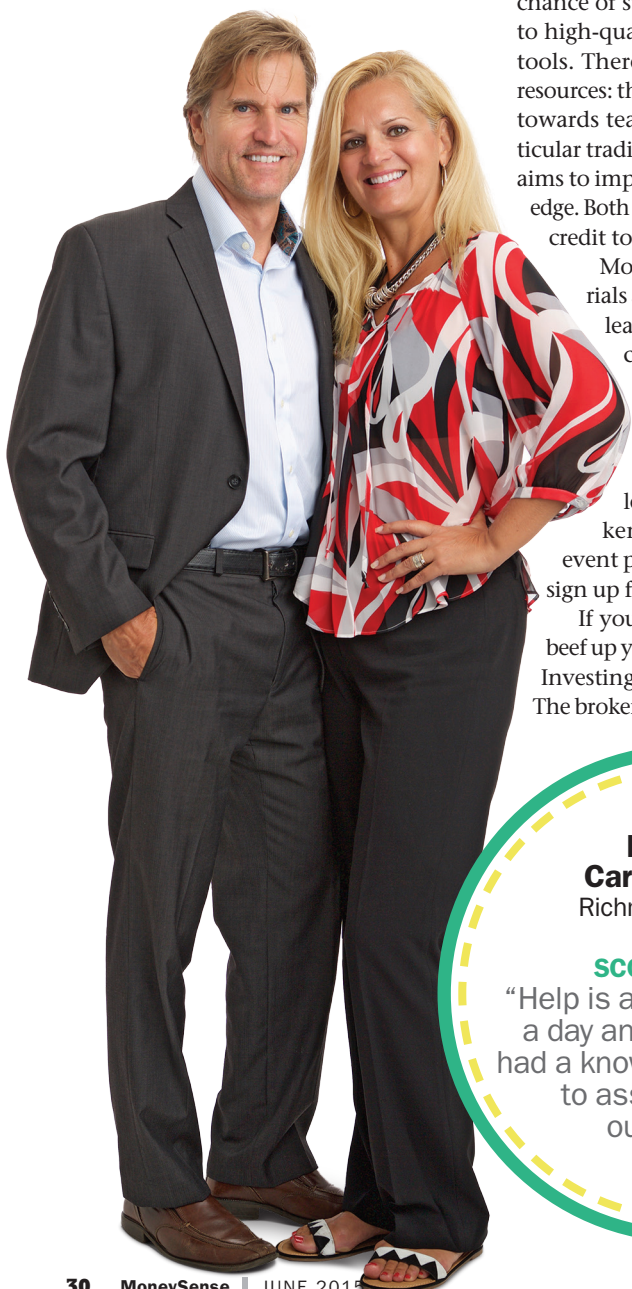
### ➔ BMO InvestorLine

/ RUNNER-UP / Scotia iTRADE

While there is no one ideal discount brokerage for every type of trader, BMO InvestorLine comes close. Their service consistently earns high marks in just about every category we track, from customer support when opening a new account to the way the brokerage integrates information without overwhelming the user. BMO does its homework in the brokerage marketplace, and when InvestorLine launches new features they tend to be innovative. Pricing is the one area where BMO fails to lead, although its costs are in line with most of the competition.

Scotia iTRADE is another perennial top performer, and it does a good job again this year. The brokerage offers a good level of supporting information to help users make faster, more informed trades.

Still need more information to help you decide which discount brokerage is the right fit for you? **The table on page 32** summarizes the key features of the major players so you can zero in on the ones most important to you. ■ M

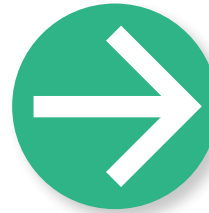


**Daniel & Carole Lavigne**  
Richmond Hill, Ont.

#### SCOTIA ITRADE

"Help is available 24 hours a day and we have always had a knowledgeable person to assist us during our trades."

Mid Level



# BEST DISCOUNT BROKERAGES

2015

|  | BMO InvestorLine   | CIBC Investor's Edge  | Credential Direct  | Desjardins Online Brokerage   | HSBC InvestDirect   | Laurentian Bank Discount Brokerage  | National Bank Direct  | Qtrade Investor   | Questrade   | RBC Direct Investing  | Scotia iTRADE   | TD Direct Investing  | Virtual Brokers  |
|--|--|---|--|---|---|---|---|---|---|---|---|--|--|
| <b>Annual account fees</b>   | RRSP \$100<br>TFSA \$0<br>RESP \$50<br>Regular \$100*                      | RRSP \$100<br>TFSA \$0<br>RESP \$0<br>Regular \$100†  | RRSP \$100<br>TFSA \$100<br>RESP \$100<br>Regular \$100  | RRSP \$50<br>TFSA \$0**<br>RESP \$50<br>Regular \$120*                              | RRSP \$100<br>TFSA \$0<br>RESP \$50<br>Regular \$0**  | RRSP \$75<br>TFSA \$50*<br>RESP \$50<br>Regular \$80*   | RRSP \$100<br>TFSA \$100<br>RESP \$100<br>Regular \$100   | RRSP \$100*<br>TFSA \$100*<br>RESP \$100*<br>Regular \$100*           | RRSP \$0**<br>TFSA \$0**<br>RESP \$0**<br>Regular \$0**                                     | RRSP \$100<br>TFSA \$100<br>RESP \$100<br>Regular \$100   | RRSP \$100<br>TFSA \$0<br>RESP \$25<br>Regular \$0**  | RRSP \$100<br>TFSA \$0<br>RESP \$50<br>Regular \$0**                       | RRSP \$0**<br>TFSA \$0**<br>RESP \$25**<br>Regular \$0**               |
|  | <i>Fees are waived on accounts holding \$25,000 or more</i>                | <i>Fees are waived on registered accounts holding \$25,000 or more, and regular accounts holding \$10,000 or more</i> | <i>All fees are waived if combined accounts hold \$15,000 or more, or if you make two or more trades per quarter</i> | <i>Fees are waived on accounts holding \$15,000 or more</i>                         | <i>Fees are waived on RRSP accounts holding \$25,000 or more, and regular accounts holding \$10,000 or more</i> | <i>Fees are waived on RRSP accounts holding \$25,000, TFSA fee waived if combined accounts hold \$100,000</i> | <i>All fees are waived if combined accounts hold \$20,000 or more, or you make five or more trades per year</i> | <i>All fees are waived if combined accounts hold \$25,000 or more</i> |   | <i>All fees are waived if combined accounts hold \$15,000 or more, or you make three or more trades per quarter</i> | <i>RRSP fees waived if combined accounts hold \$25,000, RESP fees waived if combined accounts hold \$15,000</i> | <i>All fees are waived if your combined accounts hold \$25,000 or more</i> | <i>Inactivity fees waived if accounts hold more than \$5,000</i>       |
| <b>Minimum account size</b>  | \$5,000<br><i>(no minimum for TFSA)</i>                                    | None  | None<br><i>(\$2,000 for margin accounts)</i>   | \$1,000   | None  | None  | None  | None  | \$1,000   | None  | None  | None   | \$1,000  |
| <b>Basic online equity trading commission <sup>(1)</sup></b>               | \$9.95   | \$6.95  | \$8.88   | \$9.95  | \$9.88  | \$9.95  | \$9.95  | \$8.75  | 1¢/share<br><i>(\$4.95 min, \$9.95 max)</i>   | \$9.95  | \$9.99  | \$9.99   | \$6.49   |
| <b>Are lower or higher commissions charged in different circumstances?</b> | No   | As low as \$4.95 for active traders   | No   | As low as \$5 on active traders platforms <i>(other fees may apply)</i>             | \$6.88 for Premier banking clients; \$28.88 or 3¢/share if under \$50,000                                       | No  | \$6.95 if 30 trades per quarter   | \$6.95 if 150 trades per quarter                                      | Several structures, including 1¢/share <i>(to a maximum of \$6.95)</i> or a \$4.95 flat fee | \$6.95 if 150 trades per quarter  | \$4.99 if 150 trades per quarter; \$24.99 or 3¢/share if account under \$50,000                                 | \$7 if 150 trades per quarter  | Several structures, including 1¢/share <i>(to a maximum of \$9.99)</i> |
| <b>Basic options commission <sup>(1)</sup></b>                             | \$9.95 plus \$1.25/contract  | \$6.95 plus \$1.25/contract   | \$8.88 plus \$1.25/contract  | \$1.25/contract <i>(minimum is \$8.75)</i>  | \$9.88 plus \$1.25/contract   | \$9.95 plus 1.25/contract   | \$9.95 plus \$1.25/contract   | \$8.75 plus \$1.25/contract   | \$9.95 plus \$1.00/contract   | \$9.95 plus \$1.25/contract   | \$9.99 plus \$1.25/contract   | \$9.99 plus \$1.25/contract  | \$9.99 plus \$1.50/contract  |
| <b>Are commission-free ETFs available?</b>                                 | X  | X   | X  | X   | X   | X   | X   | ✓<br><i>Limited selection</i>   | ✓<br><i>Purchase only</i>   | X   | ✓<br><i>Limited selection</i>   | X  | ✓<br><i>Limited selection; all ETFs free to buy</i>                    |
| <b>Can you hold U.S. dollars in registered accounts?</b>                   | ✓  | X   | X  | ✓   | X   | X   | ✓   | ✓<br><i>\$60 annual fee</i>   | ✓   | ✓   | X<br><i>U.S.-friendly RRSP is \$120</i>   | ✓  | ✓<br><i>\$50 fee</i>   |
| <b>Does the brokerage provide personal rates of return?</b>                | X  | X   | X  | X   | X   | X   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓  | X  |
| <b>Can you purchase bonds and GICs online?</b>                             | ✓  | ✓   | Bonds only   | Bonds only  | Bonds only  | Bonds only  | Bonds only  | ✓   | X   | ✓   | Bonds only  | Bonds only   | ✓  |
| <b>What can be traded using apps or mobile browser?</b>                    | Equities, options, mutual funds  | Equities  | Equities, options, mutual funds  | Equities, options, mutual funds   | Nothing   | Nothing   | Equities  | Equities, options, mutual funds                                       | Equities, options   | Equities, options, mutual funds   | Equities, options   | Equities   | Equities   |
| <b>What extra benefits are available to active traders?</b>                | Added services, better data <i>(need 30 trades per quarter to qualify)</i> | Lower commissions <i>(need 150 trades per quarter to qualify)</i>   | Fees waived after two or more trades per quarter   | Lower commissions, better data <i>(need 10 or more trades per month to qualify)</i> | Lower commissions <i>(need 50 trades per quarter to qualify)</i>  | None  | Better data plus lower commissions <i>(need 10 trades per month to qualify)</i>                                 | Lower commissions <i>(need 150 trades per quarter to qualify)</i>     | Lower commissions, better data <i>(with fee)</i>  | Better data plus access to RBC Capital Markets and Morningstar reports  | Lower commissions and access to Sabrient Research reports   | Lower commissions <i>(need 150 trades per quarter to qualify)</i>          | Lower commissions, better data <i>(with fee)</i>                       |
| <b>Are there advanced platforms for active traders?</b>                    | X  | X   | X  | ✓   | X   | X   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓  | ✓  |
| <b>How long does it take to respond to a general email? <sup>(2)</sup></b> | 15 hours   | 26 hours  | 2 hours  | 4 hours   | 14 hours  | 51 hours  | 10 hours  | 3 hours   | 23 hours  | 34 hours  | 5 hours   | 7 hours  | 15 hours   |
| <b>Does the site have live chat or call-back service?</b>                  | Live chat  | Live chat   | X  | X   | Call-back service   | X   | Call-back service   | Live chat and call-back   | Live chat and call-back   | Live chat in some areas; screen-sharing feature   | Live chat and call-back   | X  | X  |
| <b>BEST FEATURES</b>   | AdviceDirect, model portfolios, mobile apps                                | \$6.95 commissions irrespective of account size or trading activity   | Excellent service levels, competitive commission structures  | Excellent service, low option commissions, educational materials                    | Allows overseas trading and accounts in multiple currencies   | Competitive account fees and simple commission structure  | New InvestCube ETFs, Market-Q platform for active traders   | Excellent service, menu of free ETFs, Qtrade Streamer market data     | Low commissions and account fees, multiple platforms, FX trading                            | Performance analysis, banking integration, practice accounts, series D mutual funds                                 | Excellent service, FlightDesk for active traders, banking integration, mobile apps                              | Superior market information, global trading, mobile apps                   | Innovative order screens, penny commission structure, free ETFs        |
| <b>BUYER BEWARE</b>  | Minimum account size, option commissions, service levels                   | Poor service levels, basic website features   | High commissions for those making 50+ trades a month   | No online applications; weak mobile offering  | High commissions for low activity investors, outdated website, no mobile platform                               | Poor service levels, outdated website, no mobile platform   | Basic website features, extras come at a cost and cater to active traders                                       | ECN fees can substantially increase stated commission                 | ECN fees can drive up commissions, commissions on 'free' ETFs charged on sale               | Poor service levels, few resources for active traders, below average charting tools                                 | High commissions on accounts under \$50,000; high options commissions   | Difficult to navigate website, below average e-services                    | ECN fees can increase stated commissions, extra platform charges       |

1. Equity and options commissions may vary according to the size of the investor's account and/or the frequency of trades.  
2. Email response times was measured over multiple emails using Surviscor's Customer Email Responsiveness program.

\* Waived if trades made during the year (typically 2 or 4) \*\* Subject to inactivity or administration fees † Waived if combined with a registered account