



PAKISTAN Stock Exchange Limited

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PSX/N- 981-A

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REVISED NOTICE FOR ALL TREC HOLDERS

Brokerage and Other Charges by Securities Brokers under the Securities Act, 2015

With reference to the subject mentioned above, all TREC holders are hereby informed that the Exchange has been receiving verbal and written representations at various forums by securities brokers of PSX, for prescribing regulatory requirement introducing standard range/ scales of brokerage commission. The representations provide compelling arguments citing standard range/ scale of commission as a critical measure for bringing in desired competition in the market. The move would act as a catalyst for market development, curtailing exploitative practices, supporting commercial viability of brokerage industry and help fostering economic growth.

The introduction of standard range/ scales of brokerage commission has also been considered in view of the specific powers provided to the Exchange through section 7(1)(w) of the Securities Act, 2015 for framing regulations "with respect to brokerage and other charges by securities brokers" with the prior approval of the SECP.

Considering that the brokerage commission is an unregulated area, which results in applicability of unequal brokerage commission based on type of clients, therefore it is highly desired to incorporate a schedule of brokerage charges in the PSX Regulations. The proposed commission range/scale would ultimately would result in greater volume and investor participation through improvement in service standards accompanied with confidence and trust in the reputation of the market over the long run.

Further, a range-bound schedule of brokerage charges would catalyze greater incentives to improve infrastructure and efficiency as brokers would compete for clients based on quality of service, thus, it would encourage brokers to expand outreach and explore untapped geographical and demographic market segments

The Board of Directors of the Exchange in its meeting held on January 09, 2017 considered this matter and passed a resolution regarding brokers' commission. Extract of Board Resolution and Schedule of Standard Range / Scale of Brokerage Commission on Different Types of Transactions are attached for information.

Subject to receipt of Exemption from Competition Commission of Pakistan and approval of SECP, regulatory amendments will be made and the Board's decision implemented.

It may be noted that the Exchange has applied to Competition Commission of Pakistan for seeking exemption under Competition Act, 2010 and as required in the prescribed Application for Exemption, this information is being notified for information.

HAROON ASKARI

Deputy Managing Director

Cc: PSX Website

- All TREC Holders of PSX in Karachi
- All TREC Holders of PSX in Lahore
- All TREC Holders of PSX in Islamabad

Attachment: Extract of Board Resolution & Schedule

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EXTRACT OF BOARD RESOLUTION

“The Board decided to recommend a formula based range / scale of brokerage commission from 0.5 paisa (Rs.0.05) per share or 0.25% of transaction value whichever is higher to 2.5% of transaction value by brokers of the Exchange for transactions in the Ready Market & day-trade transactions, however, in case of day trading, the commission may be charged on only one side of the round trip of buy and sale transactions on the same day in the same scrip. The Chairman suggested that a letter seeking required exemption from CCP should be sent to CCP.”

“SCHEDULE”

Standard Range / Scale of Brokerage Commission on Different Types of Transactions

Sr.	Transaction Type	* Rate from	Remarks
1	Ready market – Normal	5p or 0.25% whichever is higher	On every buy and sell transaction which is not squared during the trading day
2	Ready market – intra-day squared	5p or 0.25% whichever is higher	On one side – either on buy side or sell side trade
3	Ready to future arbitrage	5p or 0.25% whichever is higher	On one side – if bought in ready, sold in DFM by same client, same security on same trading day, otherwise on both sides.
4	MTS financed ready market trade	5p or 0.25% whichever is higher	Commission on ready market purchase or sale only. No minimum commission on MTS market transaction.
5	DFM – squared transaction	5p or 0.25% whichever is higher	On one side – If transaction is squared-up in DFM either through offsetting transaction or rollover.
6	Proprietary Trade	Nil	No Commission.

** The prescribed range is from 5 Paise per share or .25% of the transaction value, whichever is higher, up to 2.5% of the transaction value in the above mentioned transactions.*

Notes:

1. Commission is exclusive of levies.
2. Rates in each type of transaction can be scaled up within the minimum and maximum ranges.