



PAKISTAN STOCK BROKERS ASSOCIATION

(A company setup under section 42 of the Companies Act 2017)

Regd Office: Mezzanine Floor, Trading Hall, Stock Exchange Building, Stock Exchange Road,
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PSBA/Notice-185

October 24, 2024

NOTICE FOR MEMBERS

PROPOSED AMENDMENTS IN RELATION TO THE STANDARDIZATION OF BROKERAGE COMMISSION AND REDUCTION IN PSX TRADING FEE FOR SECONDARY MARKET TRADING OF GOVERNMENT OF PAKISTAN IJARAH SUKUK (GIS)

This is in reference to the notification PSX/N-1026 dated October 24, 2024 (attached), whereby the comments have been invited by the PSX:

In this regard, the members are hereby requested to kindly submit your comments, if any, at psamail024@gmail.com latest by **November 05, 2024**, so that a consolidated response is submitted to the authorities for their consideration.

Sd

Akber Ali
Officer - Secretariat

Copy to:

1. PSBA Website

INVITATION OF PUBLIC COMMENTS

PROPOSED AMENDMENTS IN RELATION TO THE STANDARDIZATION OF BROKERAGE COMMISSION AND REDUCTION IN PSX TRADING FEE FOR SECONDARY MARKET TRADING OF GOVERNMENT OF PAKISTAN IJARAH SUKUK (GIS)

This is to inform the public that the PSX, in exercise of the power conferred upon it u/s (7) of the Securities Act, 2015, is proposing amendments to PSX Regulations and Schedule of Charges in relation to standardization of brokerage commission applicable to securities brokers and reduction of PSX Trading Fee for secondary market trading of GIS.

The introduction of standardized charges is expected to:

- (i) Increase participation from Brokers, Banks, and Mutual Funds; and
- (ii) Make the GIS secondary market more competitive and bring trading activity on par with the Over-The-Counter market of GDS.

Considering the above and in the interest of ensuring a competitive and equitable transactional structure, PSX is proposing to introduce following standardized brokerage commission structure for GIS:

Transaction Type	Brokerage Commission	Calculation Basis	Applicable On
IDS based Non-Broker Clearing Members (NBCMs)	0.0100% (1 bps)	Based on Days-to-Maturity [DTM] for securities with DTM of less than one year.	On every buy and sell transaction
Other than IDS based NBCMs	0.0700% – to 0.0900% (7 – 9 bps)		

In addition to the above, PSX is also proposing a reduction in Trading Fee and SECP Levy for GIS in the Schedule of Charges as below:

Schedule of Charges	Fee Type	Basis	Mode	Collection Date
Schedule for Trading Fee	*Trading Fee: 0.001% (0.1 bps)	Settlement value. Also based on Days-to-Maturity [DTM] for securities with DTM of less than one year.	Trough Payment Order	On every settlement date
Schedule for Government Taxes and Levies	SECP Levy: 0.00040% (0.04 bps)			

* The reduction in Trading Fee shall be applicable for an interim period as may be notified by the Exchange.

The proposed amendments to Annexure-III of Chapter 4 of PSX Regulations and Schedule of Charges are attached herewith as **Annexure A** and **Annexure B**, respectively.

INVITATION OF PUBLIC COMMENTS:

In terms of Section 7(3) of the Securities Act, 2015, all interested parties are invited to provide written comments on the proposed amendments to PSX Regulations and Schedule of Charges. The comments can be submitted by **November 7, 2024** through such modes and in such manner as prescribed in the 'Guidelines for Submission of Comments' which are attached herewith as **Exhibit A**.



JAWAD H. HASHMI
Chief Market Operations Officer



AJEET KUMAR
Chief Regulatory Officer

Cc:

1. The Executive Director/HOD (PRDD), SMD, SECP
2. The Acting Chief Executive Officer, PSX
3. The Chief Executive Officer, CDC
4. The Chief Executive Officer, NCCPL
5. The Chief Executive Officer, PMEX
6. The Chief Executive Officer, E-Clear
7. The Chief Executive Officer, IFMP
8. The Secretary General, PSBA
9. The Financial Markets Association of Pakistan
10. The Mutual Funds Association of Pakistan

“ANNEXURE A”

PROPOSED AMENDMENTS TO ANNEXURE-III [STANDARD RANGE/ SCALE OF BROKERAGE COMMISSION ON DIFFERENT TYPES OF TRANSACTIONS] OF CHAPTER 4 OF PSX REGULATIONS

PROPOSED AMENDMENTS				RATIONALE
SR.#	TRANSACTION TYPE	*MINIMUM RATE	EXPLANATION	
1	Ready Delivery Contract Market (“Ready Market”) – Normal	Minimum 3p or 0.15% whichever is higher	On every buy and sell transaction which is not squared during the same Trading Day.	<p>PSX is proposing to introduce Brokerage Commission applicable on the secondary market trading of GIS issued through primary market auction conducted by the Capital Market Infrastructure Institutions.</p> <p>Introduction of these standardized charges are expected to:</p> <p>(i) Increase participation from Brokers, Banks and Mutual Funds;</p> <p>(ii) Standardize Brokerage Commission to make the GIS secondary market more competitive and bring trading activity on par with the OTC market.</p> <p>The brokerage commission rate for GIS is proposed to be bifurcated into two separate categories, namely:</p> <p>i) IDS based NBCMs, and</p> <p>ii) Other than IDS based NBCMs.</p>
2	Ready Market – Intra-Day Squared	Minimum 3p or 0.15% whichever is higher	On one side – either on buy side or sell side trade.	
3	Fixed Income ETF – Normal	Minimum 1p or 0.01% whichever is higher	On every buy and sell transaction which is not squared during the same Trading Day.	
4	Fixed Income ETF – Intra-Day Squared	Minimum 1p or 0.01% whichever is higher	On one side – either on buy side or sell side trade.	
5	Arbitrage between Ready and Future Market	No minimum rate of commission	-	
6	Ready Market Trade financed through Margin Trading System/ Margin Financing System/ Morabaha Share Financing	Minimum 3p or 0.15% whichever is higher	Minimum commission on Ready Market purchase or sale only. No minimum commission on Margin Trading System, Margin Financing System market and Morabaha Share Financing transaction.	
7	Deliverable Futures Contract Market	Minimum 3p or 0.15% whichever is higher	Minimum commission on every buy and sell transaction which is not squared during the contract period.	
8	Deliverable Futures Contract Market – Squared Transaction	Minimum 3p or 0.15% whichever is higher	Minimum commission on one side – if transaction is squared-up in Deliverable Futures Contract Market either through offsetting transaction or rollover.	
9	Proprietary Trade and trades of Sponsors and Directors of the Securities Broker and their immediate family members**	No minimum rate of commission	-	
10	<u>Government of Pakistan Ijarah Sukuk (GIS) - IDS based NBCMs</u>	Fixed 1 basis point (0.0100%)	On every buy and sell transaction.***	
11	<u>Government of Pakistan Ijarah Sukuk (GIS) - Other than IDS based NBCMs</u>	Minimum 7 basis points (0.0700%)	On every buy and sell transaction.***	

* **For transactions mentioned in serial no. 1 to 9 above, the prescribed range is from minimum brokerage commission, as mentioned above, up to 2.5% of the transaction value in the above-mentioned transactions.**

* **For transactions mentioned in serial no. 11 above, the prescribed range is from minimum brokerage commission, as mentioned above, up to 0.0900% (9 basis points) on the settlement value.**

** Immediate family member means spouse, children and parents.

*** **The brokerage commission rate shall be based on Days-to-Maturity (DTM) for securities with DTM of less than one year.**

NOTES:

- Commission is exclusive of levies, **except for GIS as prescribed above.**
- Rates in each type of transaction can be scaled up within the minimum and maximum ranges.
- Minimum rate of brokerage commission shall not be applicable on any other markets or transactions not mentioned herein above.
- The Commission may provide clarification and treatment in respect of applicability of standard range/ scale of brokerage commission on different types of transactions.



PAKISTAN STOCK EXCHANGE LIMITED

“ANNEXURE B”

PROPOSED AMENDMENTS TO THE SCHEDULE OF CHARGES

PROPOSED AMENDMENTS										RATIONALE	
SCHEDULE FOR TRADING FEE										<p>Introduction of proposed Brokerage Commission applicable on the secondary market trading of GIS is expected to:</p> <p>(i) Increase participation from Brokers, Banks and Mutual Funds;</p> <p>(ii) Standardize Brokerage Commission to make the GIS secondary market more competitive and bring trading activity on par with the OTC market.</p> <p>Considering the above and in the interest of ensuring a competitive and equitable transactional structure, PSX is proposing a reduction in Trading Fee and SECP Levy for GIS in the Schedule of Charges.</p> <p>Further, for clarity purpose, different types of debt securities (i.e. Government Debt Securities, Corporate Debt Securities and GIS) have been separately mentioned and few other editorial changes have also been proposed.</p>	
Market Name	Rate in Rupees		Basis	Mode	Collection Date						
Ready Market Trade	3.50		Rs. 100,000/- value traded	Through Payment Order	On Every Settlement Day						
Deliverable Futures Contract Market- contract	3.90										
Single Stock Cash-Settled Futures Contract Market - contract	3.90										
Stock Index Futures Contract Market - contract	3.90										
Squaring-Up Market - trade	3.50										
Negotiated Deals Market - transaction	3.50										
Trade Rectification - transaction	One side of fee applicable to Original										
<u>Corporate Debt Securities Market</u>	2.80		<u>Rs.100,000/- Settlement Value</u>								
<u>Government Debt Securities Market (Other than GoP Ijarah Sukuk)</u>	<u>2.80</u>										
<u>GoP Ijarah Sukuk (GIS) Market</u>	<u>1.00</u>										
SCHEDULE FOR GOVERNMENT TAXES AND LEVIES											
Market Name	Rate in %age		Rate in %age		Rate in %age		SECP Levy	Basis	Mode	Collection	
	CVT	Basis	Adv. Tax	Basis	Sales Tax	Basis					
Ready Market Trade	0.00%	On Purchase Value	0.00%	On Purchase and Sale Value in lieu of Brokerage Commission	The applicable rate as notified from time to time	On the trading fee amount	0.00065% <u>PKR 0.65</u>	Per Rs. 100,000/- value traded	Through Payment Order	On Every Settlement Day	
Deliverable Futures Contract Market- contract											
Single Stock Cash-Settled Futures Contract Market- contract											
Stock Index Futures Contract Market- contract											
Squaring-Up Market- trade											
Negotiated Deals Market- transaction											
Government Debt Securities (Other than GIS)											
Corporate Debt Securities											
<u>GoP Ijarah Sukuk (GIS)</u>						<u>PKR 0.40</u>	Per Rs. 100,000/- Settlement value				
<p>Note: The Listing fees applicable under various markets and products in accordance with PSX Regulations shall be subject to relevant sales tax as notified from time to time.</p>											

End of Proposed Amendments



“EXHIBIT A”

GUIDELINES FOR SUBMISSION OF COMMENTS

1. PSX invites the interested parties to provide their comments and views with specific reference to the subject matter of the proposed amendments to PSX Regulations notified in this Notice.
2. The comments can be submitted through any of the following modes:

Email	comments.rad@psx.com.pk
Mail	The Chief Regulatory Officer, Regulatory Affairs Division, 2 nd Floor, Administration Building, Pakistan Stock Exchange Building, Pakistan Stock Exchange Road, Karachi – 74000.

3. At the time of submission of comments, respondent is advised to provide the information, as per **Table-A** below, so that PSX may contact him/her for clarification or deliberation on the comments, if needed. Anonymous responses may be disregarded by PSX.

Table-A

TO BE FILLED BY THE RESPONDENT	
Name of respondent	
Name of company (if applicable)	
Designation (if applicable)	
Contact Number	
Email Address	

4. The respondent may request confidential treatment for his/ her identity and all or any part of comments due to their proprietary, confidential or commercial nature, by clearly marking the information in **Table-B** below:

Table-B

DISCLOSURE OF IDENTITY AND COMMENTS
Please check the box(es) if you wish to be remain confidential: <input type="checkbox"/> I wish to have my identity remain confidential. <input type="checkbox"/> I wish to keep all or any part of my comments confidential.

If respondent wishes to keep any part(s) of comments confidential, then he/she is required to clearly specify such part(s) of comments.

5. To ensure quality and promote transparency, PSX will publish the relevant comments of respondents and its management’s response thereon in the form of a **Response Paper** on its website, within a reasonable timeframe, after close of public consultation session, unless the respondent has made a confidentiality request.
6. Any policy or rule amendment may be subject to regulatory concurrence. For this purpose, respondents should note that notwithstanding any confidentiality request, PSX will share all their response(s) with the Securities and Exchange Commission of Pakistan (Apex Regulator).
7. By submitting comments, respondents are deemed to have consented to the collection, use and disclosure of data that is provided to PSX, unless respondents wish to have their identity or comments remain confidential.