



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,
Off I.I Chundrigar Road, Karachi.

Tel: 021-32401278, E-mail: secretariat@psba.pk, Web: www.psba.pk, Fax: 021-32401279

PSBA/Notice-169

August 5, 2024

NOTICE FOR MEMBERS

BROKERAGE COMMISSION FOR GOVERNMENT DEBT SECURITIES MARKET

Respected Members,

This is in connection with PSBA Letter PSBA-P0724-01 dated July 12, 2024. We were approached by the Pakistan Stock Exchange (PSX), and following their approach, we had a joint meeting with the PSX team and GDS member participants. A synopsis of the meeting is attached to this notice for your reference.

In conclusion, it was decided that the Pakistan Stock Brokers Association (PSBA) will propose the standard brokerage commission rate for the secondary market and the sharing of incentives received from the Ministry of Finance.

Subsequent to this joint meeting, the PSBA and GDS member participants convened another meeting to discuss, deliberate, and assess the overall impact of the proposed changes. The collective view formed on the proposed slabs is enclosed with this notice.

In this regard, we request the members to provide their feedback and input on the proposal by COB August 6, 2024. Following this process, the finalized proposal will be submitted to the PSX to initiate further discussions.

Your prompt attention to this matter and your valuable feedback are highly appreciated.

Thank you,

sd
AKBER ALI
Officer - Secretariat

Copy to:

1. PSBA Website

Incentive (Primary Market)

Type	Rate	In Rs. (Per Billion)	Explanation
For Broker	0.0000425	42,500	On total amount accepted by the Government
For PSX/NCCPL	0.0000425	42,500	On total amount accepted by the Government

0.000085 85,000

Brokerage Commission (Secondary Market)

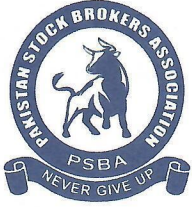
Transaction Type	Rate	In Rs. (Per Billion)	Explanation
For Brokers	0.001	1,000,000	On every buy and sell transaction
For CDC/NCCPL/PSX/SECP	0.00006	60,000	On every buy and sell transaction

0.00106 1,060,000



**SYNOPSIS OF MEETING HELD BETWEEN PAKISTAN STOCK BROKERS ASSOCIATION,
ITS MEMBERS/PARTICIPANTS OF THE GDS MARKET, AND THE PAKISTAN STOCK EXCHANGE**

Date of Meeting	July 30, 2024	
Present	Mr. Bilal F. Zardi – Secretary General PSBA Mr. Muhammad Munir Khanani – PSBA Board Mr. Muhammad Noman – PSBA Board Mr. Jawad Hashmi – General Manager PSX Mr. Ghulam Mujtaba Sakarwala - PSBA Member (Sakarwala Cap) Mr. Humayun Javed – PSBA Member (WE Financials) Mr. Muhammad Sohail – PSBA Member (Topline Sec) Mr. Jawad Bhatti – PSBA Member (BMA Cap) Mr. Taha Siddiqui – PSBA Member (Arif Habib Limited)	
S. No.	Description of Matter	Discussion held during the meeting
1.	Improvement in the GDS Auction System /Process/Registration	a) The current registration process is lengthy and cumbersome, with data entry being a significant hassle. It was agreed that this process needs to be reviewed and streamlined to enhance user-friendliness. b) Presently, rectification or modification of entries is not permitted, which poses challenges, particularly in the secondary market. It was suggested that this policy be reconsidered to allow necessary amendments. c) It was confirmed during the meeting that GDS instruments are acceptable as margin or collateral, ensuring their utility. d) The current tax treatment and incidence for GDS instruments are ambiguous and perceived as unfair. It was recommended that the tax rules be revisited to provide clarity and equity. e) It was proposed that the margins available in other markets should be acceptable instead of imposing an additional 10% margin specifically for GDS.
2.	Brokerage Commission and Sharing	a) There is a need to establish a standard commission rate that brokers should adhere to, ensuring uniformity and fairness in the market. b) A sharing mechanism should be introduced for the commission received from the Ministry of Finance. It was proposed that brokers should receive a portion of this commission.
Action Items		
1.	A joint meeting involving PSX and NCCPL is to be conducted to address concerns related to the registration & settlement process, tax treatment, and margin requirements.	
2.	PSBA to submit proposals regarding the introduction of standard commissions for brokers, and the sharing mechanism for the commission received from the Ministry of Finance.	



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BILAL FAROOQ ZARDI
Secretary General

Ref: PSBA/P0724-01

July 12, 2024

MR. FARRUKH H. KHAN
Chief Executive Officer
Pakistan Stock Exchange Limited
Karachi.

MR. IMRAN AHMED KHAN
Acting Chief Executive Officer
National Clearing Company of Pakistan Limited
Karachi.

Subject: **COMMISSION DISTRIBUTION FOR GOVERNMENT DEBT SECURITIES AUCTION**

Dear Sir(s),

This letter pertains to the auction for the sale of Government Debt Securities, which the PSX conducts through its Auction System.

At the outset, we would like to commend the collective efforts of the PSX, SECP, and SRO teams. Your contributions have been pivotal in achieving a significant milestone for both the financial market and the overall economy of Pakistan.

The brokerage industry also plays a crucial role in the successful execution of primary market auctions of Government Debt Securities. Hence, this is a commendable achievement for the market as a whole.

Given the overall participation and fair distribution principles, we would like to present the following points:

1. So far, the PSX has successfully executed auctions amounting to approximately Rs. 650 billion;
2. It has been noted that the State Bank of Pakistan pays a commission of Rs. 85,000 per billion, amounting to Rs. 55 million, to date; therefore
3. We believe that this commission should be distributed equally among the member community, as they have not yet received any share from PSX and NCCPL.

We respectfully submit to your kind authority(ies) that this matter requires immediate and positive attention. Addressing this issue will benefit not only the brokers but also encourage broader participation and support for the product as a whole.

We look forward to your positive response.

Regards,

Cc: **MR. ABDUL REHMAN WARRAICH** – Commissioner Securities Market Division – SECP.