

**PROPOSED AMENDMENTS TO THE PDEX RULES
FOR THE FIXED INCOME SECURITIES MARKET, AS AMENDED
ON MINIMUM BROKER COMMISSION RULE**

PROPOSED AMENDMENTS TO	:	Rule 6.5 - Other Duties to Customer
REFERENCE NO.	:	Proposal No. 001-2023
RATIONALE	:	To set a minimum broker commission for trades brokered for customers who are Qualified Investors; In keeping with the rationale on setting a minimum commission for non-Qualified Investors, the minimum fee for Qualified Investors would allow Brokering Participants to cover costs to client coverage such as overhead, voice broker fees, mapping fees and cable fees.

Current Rules	Proposed Amendments Proposed on 18 May 2023	Proposed Amendments Approved by the MGB on 22 June 2023
<p><i>Rule 6.5. - Other Duties to Customer</i></p> <p>Every Trading Participant or its personnel shall:</p> <p>xxx xxx xxx</p> <p>7. Ensure that fees charged for services are fair and reasonable as required by Securities Laws and other pertinent laws, and file a schedule of their minimum commission rates with the Commission pursuant to these Rules. Thus, Brokering Participants shall comply with the following fee structure on the minimum broker commission for transactions in PDEX for customers that are not Qualified Investors:</p> <p style="padding-left: 40px;">a. For securities with tenors of over one (1) year, a minimum commission shall be a flat fee of</p>	<p><i>Rule 6.5. - Other Duties to Customer</i></p> <p>Every Trading Participant or its personnel shall:</p> <p>xxx xxx xxx</p> <p>7. Ensure that fees charged for services are fair and reasonable as required by Securities Laws and other pertinent laws, and file a schedule of their minimum commission rates with the Commission pursuant to these Rules. Thus, Brokering Participants shall comply with the following fee structure on the minimum broker commission for transactions in PDEX for customers that are not Qualified Investors:-</p> <p style="padding-left: 40px;"><u>7.1. To preserve market order and avoid disruptive price wars, Brokering Participants shall observe the following minimum commission fee structure:</u></p> <p style="padding-left: 40px;"><u>a. For Qualified Investors:</u></p>	<p><i>Rule 6.5. - Other Duties to Customer</i></p> <p>Every Trading Participant or its personnel shall:</p> <p>xxx xxx xxx</p> <p>7. Ensure that fees charged for services are fair and reasonable as required by Securities Laws and other pertinent laws, and file a schedule of their minimum commission rates with the Commission pursuant to these Rules. Thus, Brokering Participants shall comply with the following fee structure on the minimum broker commission for transactions in PDEX for customers that are not Qualified Investors:-</p> <p style="padding-left: 40px;"><u>7.1. To preserve market order and avoid disruptive price wars, Brokering Participants shall observe the following minimum commission fee structure:</u></p> <p style="padding-left: 40px;"><u>a. For Qualified Investors:</u></p>

<p>ten basis points (10bps) of the face value.</p> <p>b. For securities with tenors of one (1) year or less, the broker commission shall be a flat fee of ten basis points (10bps) of the face value computed based on actual number of days/360.</p> <p>The Associated Person shall certify, in the Monthly Sworn Certification submitted to PDEx pursuant to Rule 3.3 item 1, that the Brokering Participant complied with the minimum broker commission for all brokered trades.</p>	<p><u>i. For securities with tenors of over one (1) year, the minimum commission shall be a flat fee of five basis points (5bps) of the face value.</u></p> <p><u>ii. For securities with tenors of one (1) year or less, the minimum commission shall be five basis points (5bps) per annum of the face value computed based on actual number of days/360.</u></p> <p><u>b. For Non-Qualified Investors:</u></p> <p>i. For securities with tenors of over one (1) year, the minimum commission shall be a flat fee of ten basis points (10bps) of the face value.</p> <p>ii. For securities with tenors of one (1) year or less, the broker minimum commission shall be a flat fee of ten basis points (10bps) <u>per annum</u> of the face value computed based on actual number of days/360.</p> <p><u>7.2. In complying with the minimum commission rule, Brokering Participants should not engage in practices that will in effect undermine the said rule such as discounts, rebates, etc.</u></p> <p>7.3. The Associated Person shall certify, in the Monthly Sworn Certification submitted to PDEx pursuant to Rule 3.3 item 1, that the Brokering Participant complied with the minimum broker commission for all brokered trades.</p>	<p><u>i. For securities with tenors of over one (1) year, the minimum commission shall be a flat fee of one basis point (1bp) of the face value.</u></p> <p><u>ii. For securities with tenors of one (1) year or less, the minimum commission shall be one basis point (1bp) of the face value computed based on actual number of days/360.</u></p> <p><u>b. For Non-Qualified Investors:</u></p> <p>i. For securities with tenors of over one (1) year, the minimum commission shall be a flat fee of ten basis points (10bps) of the face value.</p> <p>ii. For securities with tenors of one (1) year or less, the broker minimum commission shall be a flat fee of ten basis points (10bps) of the face value computed based on actual number of days/360.</p> <p><u>7.2. In complying with the minimum commission rule, Brokering Participants should not engage in practices that will in effect undermine the said rule such as discounts, rebates, etc.</u></p> <p>7.3. The Associated Person shall certify, in the Monthly Sworn Certification submitted to PDEx pursuant to Rule 3.3 item 1, that the Brokering Participant complied with the minimum broker commission for all brokered trades.</p>
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