

**Securities (Brokerage Fees for Exchange Traded Funds on Foreign Underlyings)
(Amendment) Rules 2016**

GN No. 42 of 2016

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SECURITIES ACT 2005

FSC Rules made by the Financial Services Commission under section 93 of the Financial Services Act and section 155 of the Securities Act.

1. Citation

These Rules may be cited as the **Securities (Brokerage Fees for Exchange Traded Funds on Foreign Underlyings) (Amendment) Rules 2016**.

2. Interpretation

In these Rules -

“principal Rules” means the Securities (Brokerage Fees For Exchange Traded Funds on Foreign Underlyings) Rules 2013.

3. Rule 2 of the principal Rules amended

Rule 2 of the principal Rules is amended by inserting in the appropriate alphabetical order the following new definition –

“debt security” includes debentures, debenture stock, loan stock, bonds, convertible bonds or other similar instruments;

4. Rule 3 of the principal Rules amended

Rule 3 of the principal Rules is amended -

(1) by deleting paragraph (1) and replacing it by the following new paragraph –

Every investment dealer licensed under the Act shall, after the completion of a transaction in Exchange Traded Funds on foreign underlyings on a securities exchange, recover from its client -

- (a) brokerage fee at the rate specified in the fifth column of Part I of the Schedule where the foreign underlying of the Exchange Traded Fund is a security, other than a debt security;
- (b) brokerage fee at the rate specified in the fifth column of Part 11(a) of the Schedule where the foreign underlying of the Exchange Traded Fund is a debt security and the value of the transaction exceeds or equals to Rs 75,000; or
- (c) the amount of brokerage fee specified in the fifth column of Part 11(b) of the Schedule where the foreign underlying of the Exchange Traded Fund is a debt security and the value of the transaction is less than Rs 75,000.

(2) in paragraph (2), by deleting the words “irrespective of their value”.

5. Schedule amended

The Schedule to the principal Rules is revoked and replaced by the Schedule set out in the Schedule to these Rules.

6. Commencement

These Rules shall come into operation on 4 April 2016.

Made by the Financial Services Commission on 25 March 2016.

SCHEDULE

(Rule 5)

SCHEDULE

(Rule 3)

PART I

For transactions where the foreign underlying of the Exchange Traded Fund is a security other than a debt security

Investment Dealer	Securities Exchange	The Commission	CDS	Total brokerage fee claimed for apportionment
% of transaction value	% of transaction value	% of transaction value	% of transaction value	% of transaction value
0.21	0.07	0.014	0.056	0.35

PART II (a)

For transaction value on Exchange Traded Funds with debt securities as foreign underlyings which exceeds or equals to Rs 75,000

Investment Dealer	Securities Exchange	The Commission	CDS	Total brokerage fee claimed for apportionment
% of transaction value	% of transaction value	% of transaction value	% of transaction value	% of transaction value
0.0725	0.0125	0.0025	0.0125	0.10

PART II (b)

For transaction value on Exchange Traded Funds with debt securities as foreign underlyings which is less than Rs 75,000

Investment Dealer	Securities Exchange	The Commission	CDS	Total brokerage fee claimed for apportionment
Rs 55	Rs 9	Rs 2	Rs 9	Rs 75