

*Government Notice No. 42 of 2016***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 II (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 II (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.

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**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**

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

**PART II (a)**

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

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

**PART II (b)**

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

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