



INTERPRETATIVE GUIDANCE: MINIMUM BROKER COMMISSION RULE

Adopted by the Market Governance Board on 28 January 2014

Rule 6.3.7 of the PDEX Rules for the Fixed Income Securities Market, as Amended, (PDEX Rules) on Conduct and Ethics states -

Rule 6.3 Other Duties to Customer

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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:
 - a. For securities with tenors of over one (1) year, a minimum commission shall be a flat fee of ten basis points (10bps) of the face value.
 - 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.

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. (rev020114)

The PDEX Market Governance Board (MGB) in its meeting on 28 January 2014 adopted the following interpretative notes on Rule 6.3.7 of the PDEX Rules:

1. Scope and Applicability of Rule 6.3.7

Rule 6.3.7 shall apply to all Trading Participants with a brokering unit transacting on behalf of Non-Qualified Investors. Voice Brokers are not covered by this Rule.

For clarity, paragraph b of Rule 6.3.7 likewise prescribes a minimum broker commission and Brokering Participants may opt to charge a fee higher than what is prescribed in the said rule.

2. Tenor of the Securities

With regard to the tenor of the securities referred to in Rule 6.3.7 (a) and (b), as basis for the computation of the minimum commission, the tenor shall refer to the remaining maturity of the security and not its original tenor.