



MEMO FOR BROKERS No. 266-2003

The Philippine Stock Exchange, Inc.

<input type="checkbox"/> Trading Rules	<input type="checkbox"/> Computer System Update
<input type="checkbox"/> Membership Rules	<input type="checkbox"/> Administrative Matters
<input type="checkbox"/> Listing Rules	<input checked="" type="checkbox"/> Others Minimum Commission Rates

Subject : Minimum Commission Rates

Date : 23 October 2003

The Board of Directors of the Exchange, during its regular board meeting held on 22 October 2003, approved to amend its earlier resolution (Resolution No. 75, Series of 2002) on the minimum commission rates for trade transactions covering equity and equity-related products. Effective 23 October 2003, please be guided of the following minimum commission rates based on transaction value:

Value of Transaction	Commission Rate
₱1,000,000,001 and above	Negotiable
₱500,000,001 to ₱1,000,000,000	Eight basis points or 0.0008
₱100,000,001 and to ₱500,000,000	Fifteen basis points or 0.0015

The above rates should be inclusive of any applicable Value Added Tax or Gross Receipt Tax, as the case may be (Resolution No. ____, Series of 2003).

For transactions the value of which is ₱100,000,000 and below, the minimum commission rate earlier approved by the Board at one fourth of one percent (¼ of 1%) or twenty-five basis points (25 bp) shall remain effective and shall be exclusive of the applicable Value Added Tax or Gross Receipt Tax, as the case may be.

The above rates shall not apply to broker-to-broker or Odd Lot transactions. In all cases, the provisions of Presidential Decree No. 154, as amended, shall prevail over the commission rates set by the Board.

The following Duties and Penalties for Trading Participants shall remain enforceable in case of violation of the minimum commission rule:

1. Duties of Trading Participants:

- a. Require both Management and Company officers to comply with the rules and regulations covering brokerage fees and refrain from any inappropriate activities that may lead to rebates or discounts that will cause reduction of commission to less than the minimum rate. Trading Participants shall also undertake to punish offender(s) in its organization.

Finance / Admin / Membership	Compliance & Surveillance Grp.	Listing & Disclosures Grp.	COO / Automated Trading Grp.	Business Dev't & Info. Group	CEO / Legal
Tel. No. 688-7560/7440/7460	Tel. No. 688-7559	Tel. No. 688-7501/7510	Tel. No. 688-7405/819-4400	Tel. No. 688-7590	Tel. No. 688-7400/819-4408



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b. Establish the necessary procedures and guidelines in its Written Supervision Procedures Manual as regards its policies and compliance on brokerage fees.

2. Penalties

If Trading Participants do not comply with the prescribed minimum commission rate, the following penalties shall be imposed by the PSE:

First Offense	Fine of no more than Two Million Five Hundred Thousand Pesos (₱2.5M) and/or suspension of trading for no more than five (5) consecutive business days;
Second Offense	Fine of no more than Five Million Pesos (₱5M) and/or suspension of trading for no more than ten (10) consecutive business days;
Third and Subsequent Offenses	Fine of no more than Ten Million Pesos (₱10M) and/or suspension of trading operations for no more than fifteen (15) consecutive business days for each subsequent violation.

3. The Compliance and Surveillance Group of the PSE shall be responsible for ensuring compliance with the above rules and regulations.

This Circular shall take effect immediately.

Original Signed
ZAYBER B. PROTACIO
VP – General Counsel

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