



**SEC MEMORANDUM CIRCULAR NO. 7
Series of 2024**

TO : ALL CONCERNED

**SUBJECT : REMOVAL OF THE MINIMUM COMMISSION
CHARGED BY PSE STOCKBROKERS**

WHEREAS, Section 1 of Presidential Decree 154 ("P.D. 154") states that no stockbroker using the facilities of any stock exchange shall charge, collect or receive a commission of more than 1% of the value of each transaction, whether a purchase or a sale, but in no case shall the commission be less than twenty (P20.00) pesos for a transaction;

WHEREAS, Section 2 of P.D. 154 empowers the Securities and Exchange Commission ("SEC") to study and adjust from time to time the rate of commission established therein to conform with prevailing market conditions when the same is necessary in the public interest, but in no case shall the change of rate be more than once in one year;

WHEREAS, the Commission, after assessing the result of the public hearing during which no opposition from the public was observed, and after considering the arguments submitted by petitioner Philippine Association of Securities Brokers and Dealers (PASBDI), including, among others, the increase in costs of operations of broker dealers since P.D. 154 was issued on 14 March 1973, resolved, in its session held on December 14, 1977, to allow the increase in the broker's commission from 1% to 1 ½%;

WHEREAS, the current rule of the Philippine Stock Exchange on minimum commission rates prescribes a minimum commission ranging from 0.25% to 0.05% of the value of the trade transaction;

WHEREAS, under R.A. No. 11765 or the Financial Products and Services Consumer Protection Act (FCPA), which took effect on 03 June 2022, financial regulators, including the SEC, are authorized to determine the reasonableness of interest charges or fees which a financial service provider may demand, collect, or receive for any service or product offered to a financial consumer;

WHEREAS, Republic Act No. 10667, otherwise known as the Philippine Competition Act, promotes unencumbered market competition in order to not only foster economic vitality but also to champion the interests of consumers by empowering them to access and freely exercise their right of choice over a diverse array of goods and services available in the market at lower prices, and where such market encourages its players to be more efficient and innovative;

WHEREAS, almost all of the markets in the ASEAN and neighboring economies do not prescribe any minimum stockbroker's commission;

WHEREAS, Republic Act No. 8799 or the Securities Regulation Code (SRC), grants the SEC the power to regulate and supervise the various capital market professionals and their products, services, and other market-related activities;

WHEREAS, records show that online trading platforms are being utilized by trading participants, thereby resulting in a more cost-efficient transaction. Hence, the removal of any prescribed minimum commission will allow brokers to set their own commission schedule without the constraint of a prescribed regulatory minimum commission; and

WHEREAS, the removal of the minimum amount of commission to be charged by trading participants, including brokers using online trading platforms and those performing traditional execution of trades, is deemed consistent with public interest and aligned to the objective of boosting the volume of trades in the stock market. It likewise encourages investors to actively participate in the market and allow them to engage the services of a broker of their choice based on cost preference.

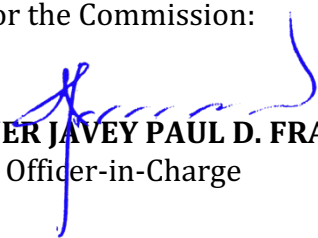
NOW, THEREFORE, consistent with the declared policies and provisions of the laws stated herein, the Commission hereby resolves to remove the minimum amount of commission charged by stockbrokers to its customers for each transaction.

Accordingly, all rules and regulations or parts thereof, including those issued by the Commission or approved for implementation by regulated entities, which are inconsistent with this Circular are hereby repealed, amended or modified.

This Circular shall take effect immediately upon completion of its publication in two newspapers of general circulation.

Done this 16 April 2024, Makati City, Philippines.

For the Commission:


COMMISSIONER JAVEY PAUL D. FRANCISCO
Officer-in-Charge