



## **CONSULTATION PAPER**

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### **Amendment to the Securities (Licensing and Registration) Regulations, 1996 (Jamaica Stock Exchange Fees)**

The Financial Services Commission  
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Kingston 5, Jamaica  
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## **1.0 Background**

Section 18(8) of the Securities Act, and item 5 of the Second Schedule of The Securities (Licensing and Registration) Regulations, 1996 (LAR), prescribes that a recognized stock exchange in Jamaica is required to pay a licensing fee calculated as follows:

*“0.08% of the total value of all trading activities on the stock market for each day of the financial year of the Exchange”.*

The purpose of this paper is to introduce a new set of fees for transactions on the Jamaica Stock Exchange. The objective of the proposed fee structure is to allow the highlighted transactions to be executed at lower transactions costs on the exchange and encourage trading in GOJ debt securities in keeping with the goal of financial deepening and transparency.

## **2.0 Need to Improve Current Fee Structure**

### *2.1 Secondary Trading of Government Securities*

The Ministry of Finance & Public Service is pursuing an initiative to have all Government of Jamaica (“GOJ”) bond instruments moved from over-the-counter to being traded on the JSE. This is in keeping with a mandate given by the Minister of Finance of an inter-financial agency group comprising the Bank of Jamaica, Development Bank of Jamaica, the Jamaica Stock Exchange and the Financial Services Commission. The Group’s primary objective is to develop and implement a financial market deepening agenda, starting with the establishment of an infrastructure to facilitate the secondary trading of GOJ securities.

Under the Market Deepening Initiative, the FSC is mandated to collaborate with the JSE and other relevant stakeholders to facilitate secondary market trading in GOJ securities. Both the JSE and the Jamaica Securities Dealers Association (JSDA) have made representation to the FSC highlighting the likely prohibitive effect of transaction costs incurred under the current fee structure, in respect of the secondary trading of government debt (due to the combined fees of the JSE and the FSC).

### *2.2 Scheme of Arrangements*

The FSC is also taking the opportunity to adjust its fees for block transactions where companies can exercise a court approved scheme of arrangement. In order to facilitate this, the JSE has introduced a block transaction fee discount policy for such transactions, which reduces the cess charge payable based on a tiered discount fee structure.

## **3.0 Proposed Approach**

For the purposes of market development, the FSC is proposing an amendment to the LAR (Part 5 of the Second Schedule) to allow the FSC to charge, in certain circumstances outlined below, a percentage of the total fees levied by the JSE, rather than a fee attached to the value traded.

## **SR-CONSUL-19/10-0034**

The FSC is proposing to maintain the current fee structure of 0.08% of all trading activities on the Exchange with the following exceptions:

- 14% of the fees charged by the Exchange for block transactions (uninterruptible put-throughs restricted to transactions between members of the same group of companies and other transactions that will not effect a change in the beneficial ownership of securities) where the company can exercise the option of a Court Approved Scheme of Arrangement; and
- 14% of the total fees charged by the Exchange for each transaction applicable to debt market.

We believe the proposed amendment will aid in stimulating the capital markets by allowing the stock exchange to respond to market conditions and trends.

The FSC invites comments on all aspects of the proposal presented in this paper. Comments should be submitted in hard copy or via email, on or before Monday, November 4, 2019 to:

The Senior Director, Securities  
Financial Services Commission  
39-43 Barbados Avenue  
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Or by email to:

**[securities@fscjamaica.org](mailto:securities@fscjamaica.org)**