



# FINANCIAL MARKETS ASSOCIATION OF PAKISTAN

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April 26, 2004

FMAP/GS/PIB\_B/Misc-0010/2004

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Head of ALM & Senior Dealer MM  
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**Mr. Muhammad Anwar**  
Asst. Vice President & Manager  
Money Market Department  
Habib Bank Limited  
Karachi.

Dear Mr. Anwar,

**Subject : RE : Revised Money Market Brokerage Rates**

This is with reference to your letter dated April 12, 2004 on the above captioned subject. In line with the MARKET PRACTICE of charging brokerage on the sale/purchase price and not the face value in Repo/ Reverse Repo and outright deals in respect of T-bills. The same practice may also be followed in respect of outright PIB deals for maturity up to 1 year (as pointed out in Point 1. of FMAP Circular dated May 05, 2003).

However, in case of PIBs it may be noted that the amount of brokerage will be based on the total transaction amount calculated on the basis of Clean Price i.e. excluding the amount of Accrued Interest. This will ensure uniformity in practice and will ensure computation of brokerage on tenor basis rather than differentiating the brokerage calculation on Instrument basis, which would not be desirable.

I hope the above would clarify the issue as mentioned in your letter. Let me know if you further require any clarification.

Best regards,

**Asad Qureshi**  
Secretary

*Received  
Asad Khan  
28/04/2004*