



Media Release

PNGX welcomes changes to share trading levies

Port Moresby, 30 September 2021: PNGX, Papua New Guinea's national stock exchange, is pleased to announce that following an extended period of representations by PNGX on behalf of industry and investors, the PNG Securities Commission has agreed to substantially reduce the quantum of its share trading levies first introduced in February 2021. In a positive move for the PNG capital market, the Securities Commission has reduced the levies to 0.03% on each buy and sell transaction.

The new levies, which will take effect on Tuesday 23 November 2021, brings PNG in line with other developing markets and removes a potentially damaging barrier to the development of PNG's capital markets. At the same time the revised levies will bring a much needed contribution to the nation's Capital Market Development Fund.

All monies raised from the levies will now be paid into the Capital Market Development Fund which is established under the Capital Market Act¹ with the objectives of:

- (a) the promotion of the capital market within Papua New Guinea to be an efficient, innovative and internationally competitive market; and
- (b) the development and upgrading of skills and expertise required by the capital market in Papua New Guinea; and
- (c) the development of self regulation by professional associations and market bodies in the securities industry; and
- (d) the development and support of high quality research and development programmes and projects relating to the capital market in Papua New Guinea.

"The Securities Commission is to be commended for these changes" said PNGX Chairman, Mr David Lawrence. "Not only has the Securities Commission responded to concerns about the negative impact the previous levies were having on the market, but it has demonstrated foresight and a commitment to developing the markets through the Capital Market Development Fund along with

¹ Refer section 428 of the *Capital Market Act 2015*.

transparency by requiring disclosure of the levy by stockbrokers to their clients, both of which are positive for Papua New Guinea” he said.

The Securities Commission has withdrawn the previous levies which had been set at 0.75% on each buy and sell transaction and instructed that all monies collected under the previous levies be returned to investors².

A copy of the Gazette regarding the new Levies is attached.

ENDS

About PNGX Markets Limited

PNGX Markets is the national stock exchange of Papua New Guinea. PNGX is responsible for providing an orderly and fair market in relation to securities which are traded through its facilities and for acting in the public interest having regard to the need for protection of investors. PNGX is regulated and licensed by the Papua New Guinea Securities Commission. PNGX is the National Numbering Agency for Papua New Guinea.

Contacts

David Lawrence
+61 4 1117 2697

Frank Dunphy
+61 4 27888724

² Refer National Gazette G649 of 2021



National Gazette

PUBLISHED BY AUTHORITY

(Registered at the General Post Office, Port Moresby, for transmission by post as a Qualified Publication)

No. G649]

PORT MORESBY, FRIDAY, 24th SEPTEMBER

[2021

Securities Commission Act 2015

SECURITIES COMMISSION OF PAPUA NEW GUINEA (CAPITAL MARKET DEVELOPMENT FUND LEVIES) ORDER 2021

In the exercise of powers conferred by Section 44(1) of the *Securities Commission Act 2015*, the Securities Commission of Papua New Guinea makes the following order:

1. The Securities Commission (Levy on Securities Transactions) Order 2021 published on 10th February 2021 under Gazette No. G79 of 2021 is now revoked.
2. This order may be cited as the Securities Commission (Capital Market Development fund Levies) Order 2021 and shall come into effect 60 days after the date of this gazettal.
3. The rate of the levy to be paid by every seller and purchaser for every transaction of securities recorded on a securities exchange or notified to such exchange under its rules, the purchaser and the seller shall each of them pay to the Commission a levy of **0.03 percentag (%)** of the sale or purchase price of such securities.
4. A stock broker or a participating organization shall collect the levies at the rate specified above under Order 3 and remit such levies to the stock exchange within 14 days after the end of the previous month.
5. Within ten (10) business days after the receipt of the levies from a stock broker or participating organization pursuant to Order 4 above, the Stock Exchange shall remit or cause to be remitted the levies payable to the Commission by interbank transmission into a trust account to be known as the Capital Market Development Fund Levies Trust Account to be maintained with a commercial bank by the Capital Market Development Fund Board.

**Securities Commission of Papua New Guinea (Capital Market Development Fund Levies) Order 2021—
continued**

6. The Stock Exchange shall, within twenty-eight (28) business days from the last trading day of the previous month, forward to the Commission a written report stating the following:-
 - (a) The total volume of purchase and sale transactions on the stock exchange for the previous month in terms of the number of securities transacted;
 - (b) The total volume of purchase and sale transactions on the stock exchange for the previous month in kina value terms;
 - (c) The total volume of transactions and its kina value for the previous month, in respect of each listed member of the Stock exchange; and
 - (d) The total levies payable to the Securities Commission on the previous month.
7. A stock broker or a participating organization and the stock exchange shall maintain or cause to be maintained separate proper accounts for recording the levies payable by each and every seller or purchaser of securities in respect of every securities transacted by the stock broker or participating organization or recorded on the stock exchange or notified to the stock exchange according to its rules.
8. A stock broker or a participating organization and the stock exchange shall take all the necessary steps to ensure that the accounts maintained under Order 7 above shall be made available for examination or audit by the Securities Commission.
9. A stock broker or a participating organization shall include a statement in each contract note for a sale or purchase of securities to the effect that the levies fees charged by the stockbroker or participating organization include a contribution to the PNG Capital Market Development Fund at the rate of 0.03 percentage (%) of the purchase or sale price.
10. Levies collected to date by stockbrokers, whether or not remitted to the stock exchange, under the now revoked Gazettal No. G79 of 2021 be refunded to sellers or purchasers (as the case maybe) within 14 days of the publication of this order.
11. This levy rate shall be reviewed on its third anniversary from the date this order takes effect.

Dated this 22nd day of September, 2021.

R. SALMON-MINAK, LLB
Acting Executive Chairman.