

# BROKERAGE - U.K. IS CHEAPER

By  
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Mr. Adrian Holst points out in his article on page 5 of the December, 1967, Security Analysts' Journal that brokerage charges are lower in Australia than in the U.S.A. In the case of most of the shares dealt in on Australian markets this is undeniably so, because the American system benefits "heavy" shares, i.e., those with a high price. However, it should be remembered that in consequence it is unusual for an American share

of any standing to sell for less than \$10 whereas it is unusual for an Australian share to sell for more than this. Incidentally, Magellan Petroleum's U.S. parent is being delisted from the American Stock Exchange (the "Second Room" in New York) because its shares have been selling for a substantial time below \$5 a share. The company has chosen delisting rather than consolidation of its shares into a higher par value.

Mr. Holst did not, however, compare the Australian brokerage charges with the English ones (on which the Australian system is presumably based). The English brokers charge 1½% (vs. Australian 2%) on consideration with reduced rates for large amounts. Not only is the Australian basic rate higher, but the reductions for large orders

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## Comparisons of Commission Rates in Australia, U.S.A. and U.K.

Number of Shares	Price \$	Value \$	Commission Charged \$			Basis (% of Consideration)		
			Aust.	U.S.A.	U.K.	Aust. %	U.S.A.	U.K. %
Multiples of 100 Shares								
100	0.75	75	2.00	6.00	2.00	min.	min.	min.
1,000	"	750	15.00	60.00	9.38	2	10×min.	1¼
10,000	"	7,500	150.00	600.00	93.80	2	100×min.	1¼
20,000	"	15,000	275.00	1,200.00	156.25	2+1½	200×min.	1¼-⅝
100,000	"	75,000	1,050.00	6,000.00	468.75	2+1½	1,000×min.	⅝
						+1		
100	3.00	300	6.00	9.00	3.75	2	2%+\$3	1¼
150	"	450	9.00	13.00	5.62	2	2%+\$3 on 300	1¼
							2%+\$1 on 150	
1,000	"	3,000	60.00	63.00	37.50	2	2%+\$3	1¼
10,000	"	30,000	500.00	603.00	250.00	2+1½	2%+\$3	1¼+⅝
100	5.40	540	10.80	12.40	6.75	2	1%+\$7	1¼
10,000	"	54,000	840.00	547.00	337.50	2+1½+1	1%+\$7	⅝
100	30.00	3,000	60.00	34.00	37.50	2	½%+\$19	1¼
1,000	"	30,000	500.00	169.00	250.00	2+1½	½%+\$19	1¼+⅝
10,000	"	300,000	3,300.00	1,519.00	1,875.00	2+1½+1	½%+\$19	⅝
100	58.00	5,800	116.00	44.80	72.50	2	1/10%+\$39	1¼
1,000	"	58,000	880.00	97.00	362.25	2+1½+1	1/10%+\$39	⅝
Odd Lots								
90	0.75	67.50	2.00	6.00	2.00	min	min.	min.
"	3.00	270	5.40	6.40	3.38	2	2%+\$1	1¼
"	5.40	486	9.72	9.86	6.07	2	1%+\$5	1¼
"	30.00	2,700	54.00	30.50	33.75	2	½%+17	1¼
"	58.00	5,220	104.40	42.22	65.25	2	1/10%+\$37	1¼

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R. YEE

## TAKEOVERS (From page 9)

Final regular business is Buying and we consider: any price increases; price reductions achieved; and future action on price reductions.

The meeting closes after discussion of Any Other Business.

You can therefore see there is not much room for things to get out of hand inside the month. And if anything does go wrong, we, that is, the central management, can move swiftly to correct the matter, if the operational management has not already taken it in hand autonomously.

The point to remember is that the central management is a team of trouble-shooters, vigilantes if you like. We are trained to identify problems, then eradicate them, with the ultimate aim, as I said earlier, of increasing profits.

## BROKERAGE (From page 10)

are less. The two systems may be compared as follows:—

specified companies but have merely quoted representative share prices.

	U.K.	Australia
Basic Rate .....	1½%	2%
Consideration \$10,000-\$50,000 ....	1½% on 10,000 ¾% on balance	2% on 10,000 1½% on balance
Consideration over \$50,000 .....	¾% on whole	2% on 10,000 1½% on 10-50,000 1% on balance

The minimum provisions are similar.

The effect of the Australian system is that the purchaser of a large block of shares pays 1.6% on the first \$50,000 of consideration and 1% on the balance compared with 0.625% on the total in the U.K.

I have therefore taken the liberty of adapting Mr. Holst's table to compare brokerage in Australia, the U.S.A. and the U.K. I have not

For the purposes of the table I have assumed that \$A1 = \$U.S.A.1 = "\$U.K."1 = 10/- sterling and have ignored stamp duties.

In the U.K. there is another concession in that if the same broker deals for the same client on the buying and selling side in the same shares in the same Stock Exchange Account (normally two weeks) one commission only is payable.