

Traditional Brokers still provide a value-added proposition to clients & the charges are transparent.

As stated in today's Business Times (7th May 2022), Zero Commission charged by Fintech Brokerages is not necessarily Free Trades. Need to read the fine print.

Zero-commission trades don't mean free trades in many cases

Online brokerages may tout free shares as well, but trading through them can still be expensive

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THE advertisements of online brokerages such as Tiger Brokers and moomoo tout free shares and zero-commission trades, but trading through them can be expensive – as one customer recently found out.

Kong Weng Hong, a sales accounts manager, recently sold about US\$5,000 worth of US-listed shares he was holding with Tiger Brokers.

But when he logged in to his account after the trade was completed, he was shocked to see a deficit of US\$11,000 instead.

Upon closer inspection, he saw that the brokerage had levied a US\$0.003-per-share settlement fee on his trade. And unlike most other brokerage fees, the settlement fee had no maximum cap.

The fee had been effective on trades from Jan 13 this year. Kong had received a notice on it, but had not inspected the exact terms.

Tiger Brokers sent out an e-mail on Dec 27, 2021, informing its users of changes to its fee schedule. But the e-mail did not include details of the changes to the fee schedule itself.

Because Kong had sold his shares for US\$0.001 each, the charges were 3 times the value of the trade.

He subsequently found that Tiger Brokers in Australia and New Zealand caps this particular fee at 7 per cent of a trade's value.

"I think this is really a potential pit-hole for Singaporeans. Imagine that before the fees were implemented, you were already holding all your penny shares. Now, you can't even sell them off because then you would be put in debt," he said, adding that he has contacted

Fees that brokerages commonly charge

BROKERAGE	TIGER BROKERS	MOOMOO	TD AMERITRADE SINGAPORE	SYFE TRADE
Commission	US\$0.005/share (Min. US\$0.99/order; capped at 0.5% of trade value/order)	US\$0 for eligible clients	None (US\$7.44 commission applies to online trades of over-the-counter (OTC) stocks)	5 free trades per month for first 3 months (US\$0.99 per trade after) 2 free trades per month (US\$1.49 per trade after)
Platform fees	US\$0.005/share (Min. US\$1/order; capped at 0.5% of trade value/order)	US\$0 for the first year, US\$0.99 per order after	None	None
SEC fees (sells only)	US\$0.0000051 of trade value (Min. US\$0.01/order)	US\$0.0000051 of trade value (Min. US\$0.01/order)	US\$0.0000051 of trade value (Min. US\$0.01/order)	US\$0.0000051 of trade value (Min. US\$0.01/order)
Settlement fees	US\$0.003/share	US\$0.003/share	None	None
Trading activity fees (sells only)	US\$0.00013/share (Min. US\$0.01/order; capped at US\$6.49/order)	US\$0.00013/share (Min. US\$0.01/order; capped at US\$6.49/order)	\$0.000119/share (Min. US\$0.01; capped at US\$5.95 per trade)	\$0.000119/share (Min. US\$0.01; capped at US\$5.95 per trade)

Compiled by BT.

the Monetary Authority of Singapore (MAS) to seek recourse.

In response to queries from *The Business Times*, Tiger Brokers said it operates separate business entities in each jurisdiction, and caps in the settlement fee are determined by the needs of each local market.

It also encouraged all investors and account holders to pay close attention to the terms and conditions to ensure that they understand the charges accompanying each trade before investing.

BT has reached out to the MAS for comment.

The fee is not unique to Tiger Brokers. Rival moomoo also charges a settlement fee with no maximum cap.

Kong's case is a reminder that investors should be alert to the various fees

charged by brokerages here that are advertising zero-commission trades on US-listed stocks.

For instance, quotes for counters listed on the Level 2 NYSE ArcaBook are free on Tiger Brokers. But trades in other shares are levied a US\$0.005 commission per share. TD Ameritrade Singapore charges US\$7.44 for over-the-counter stocks.

Online brokerage moomoo, on the other hand, removed its previous commission structure of US\$0.0049 per share, with a minimum US\$0.99 fee per trade from Apr 13 this year.

Instead, after a 1-year period, users would be charged a flat platform fee of US\$0.99.

SEC Fees and Trading Activity Fees, which are levied on sells and go to the SEC (the US Securities and Exchange



Investors should be alert to the fees that are charged by brokerages offering zero-commission trades on US-listed stocks. PHOTO: REUTERS

Commission) and the Financial Industry Regulatory Authority (FINRA) respectively, are also charged, albeit with slightly different per-share charges and maximum caps.