

Brokerage fees?

Description

Brokerage fees (and what to consider when choosing a brokerage)

Been getting requests from readers on which brokerage they should sign up with given the different fees, so I thought I'd share that in a post here!

One thing to note: brokerage fees are significantly more expensive if you call/text your broker to put in an order for you. I learnt this firsthand when I was outside and too busy at work to monitor the market, so I told my broker to help me put in an order once my stock reached a certain price. #bbinvestments

Got a rude shock when I received the bill at the end of the month – the brokerage fee was almost 2x higher! ?

So ever since, I've been putting in my own orders. If you don't always have access to a laptop, some brokerages even have mobile apps which allows you to buy and sell stocks on the go.

So without further ado, here's a comparison of the different brokerage fees in Singapore! Table taken from D&S courtesy of my friend Tim.

Criteria 1: how much commissions do they charge?

Stock Brokerage	Min Fees (\$\$)	Trading Fees		
		<\$50K	\$50K – \$100K	>\$100K
PhillipCapital	25	0.28%	0.22%	0.18%
DBS Vickers	25	0.28%	0.22%	0.18%
AmFraser Securities	25	0.275%	0.22%	0.18%
CIMB Securities	25	0.275%	0.22%	0.18%
Citibank Brokerage	28	0.25%	0.20%	0.18%
RHB Securities	25	0.275%	0.22%	0.18%
Maybank Kim Eng Securities	25	0.275%	0.22%	0.18%
Lim & Tan Securities	25	0.28%	0.22%	0.18%
OCBC Securities	25	0.275%	0.22%	0.18%
SAXO Capital Markets	25	0.15%	0.15%	0.15%
Standard Chartered	10	0.20%	0.20%	0.20%
UOB Kay Hian	25	0.275%	0.22%	0.20%

The fees are generally quite similar, with 1 or 2 being much cheaper in contrast.

Note that you'll be charged whichever is higher. So with Citibank, 0.28% of your total trade purchase is more than the minimum fee of \$28, then you'll be charged that. I've been charged \$36 on my trades before ?

Criteria 2: Who owns the stocks?

I'm not familiar with Saxo Capital Markets as they're a smaller name (and no one I know uses them),

but the next cheapest is Standard Chartered Bank (or SCB) for short.

However, the cheap rates come at a sacrifice – both of them are custodian owners for your stocks. In other words, your stocks are held by them, instead of it being directly deposited into your CDP account which is the norm among the other brokerages. Thus, technically speaking, you don't directly own the stocks.

Repeat: With SCB and Saxo, you DON'T own the stocks you purchase.

Because of these factors (and SCB recently revising their terms to remove the no minimum commission fee, which was what made them attractive in the first place), I don't use either of them.

Criteria 3: What trading platforms and resources do they offer?

Brokerages can differ quite vastly in the quality of their resources provided to clients. For instance, some may have a savvy mobile app that allows you to track, put in orders and do charting of stocks while on the go. Others are limited to a laptop, web-based platform.

Another important thing I look at is the educational resources provided. For instance, I'm not a huge fan of CIMB analyst reports as I find them too optimistic and I'm always disagreeing with most of their buy/sell calls.

Criteria 4: slow to get updates on stocks you own

If you buy any stocks through a custodian such as SCB, you'll be one of the last to know about new actions such as rights issues. If you invest in REITS, this is a potential downside you want to consider, because the delay could eventually make you potentially miss the application deadline if you don't check your mail often.

Furthermore, it is very cumbersome if you want to attend any of the Annual General Meetings of the companies whose stocks you own.

You'll need to call SCB to make arrangements for you to attend the AGMs. I find extra work too troublesome.

Another risk some people suggest is that if SCB ever collapses, there's a risk that your shares might be gone. While it is indeed a factor to consider, I personally doubt the chances of this happening are realistic so I'm throwing this out of the window.



Most of the brokerages are the same to me, but I just don't favour SCB, Saxo Capital and CIMB for reasons listed out in this post. The others are about the same so it is really up to you to choose, although my preference is to usually go with one that is linked to my bank account(s). I'm just lazy la ?

At the end of the day, while commission fees should definitely be something you need to factor in while choosing your brokerage, do note that cheapest is NOT always better.

Will anyone be interested if I do a investing recommendation for beginners? Let me know, and if there's enough of you who are keen, I just might! ?

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