



NOTICE FOR ALL MEMBERS

MEASURES TO MITIGATE ADDITIONAL RISK ISSUES

This is in continuation to our previous Notice No. KSE/N-5061 dated August 27, 2008 whereby the KSE Board decided to place the floor-price-level circuit breakers in the Ready and Futures markets based on the closing prices of the securities as of August 27, 2008.

Considering that the KSE RiskMeter takes into effect every day's volatility for calculating daily VaRs for risk management purposes of the Exchange, the Board of Directors of the Exchange in its meeting held on September 3, 2008 has observed that floor-price-level circuit breakers have artificially been restricting daily price volatilities in the ready market, which is causing continuous decrease in the VaR rates.

Therefore, the Board in its above said meeting has decided to freeze the VaR rates as of September 2, 2008 for risk management purposes of the Exchange till further notice.

All Members are requested to note the above.

SHAFQAT ALI

General Manager Risk

Copy to:

01. The Executive Director (SMD), Securities & Exchange Commission of Pakistan
02. The Managing Director, Lahore Stock Exchange (Guarantee) Limited
03. The Managing Director, Islamabad Stock Exchange (Guarantee) Limited
04. The Chief Executive, Central Depository Company of Pakistan Limited
05. The Chief Executive, National Clearing Company of Pakistan Limited
06. The General Manager, I.T. Division-KSE
07. The General Manager (Operations)
08. Deputy General Manager, Market Control & Surveillance Department-KSE
09. Deputy General Manager, Clearing & Settlement Department-KSE
10. Deputy General Manager, Trading Affairs Department, KSE
11. Notice Board
12. KSE Website