



NOTICE FOR ALL MEMBERS

BID/OFFER MECHANISM FOR DETERMINING CLOSING PRICES OF ALL SCRIPS

Members are hereby notified that the Securities and Exchange Commission of Pakistan vide its letter No. SMD-SE/2(141)2006 dated January 19, 2009 has accorded its approval to the amendment in Regulations Governing Risk Management of the Exchange as approved by the Board of Directors of Exchange during its meeting held on January 09, 2009 relating to determining the daily Closing Prices of all scrips, which is reproduced as under:

Definitions:

"Closing Price" of a security in the respective market means the volume weighted average price of the last 30 minutes trades in that security for the day. In case of no trading in a particular security during the last 30 minutes of the day, volume weighted average price of last traded 30 minutes in that security.

Provided that in case no trade takes place during the last two trading hours in the Ready Market, in that security, the Closing Price of that security will be updated on the basis of Bid/Offer mechanism whereby Bid/Offer must be better than last traded price and satisfy the following conditions:

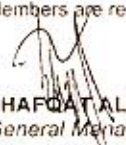
- (i) Bid/Offer is entered in KATS at least two hours before the closure of the market*
- (ii) Bid/Offer is available for trade at the time of closure of the market.*
- (iii) Bid/Offer remains un-changed during this time.*

Provided further that in case no trade takes place during the whole trading day in the Deliverable Futures Contract Market or Cash-Settled Futures Contract Market in a particular security, the Closing Price of that security for respective future market will be updated on the basis of Theoretical Price, i.e. Closing Price of underlying security in the Ready Market x $\{1 + (\text{One Month KIBOR} + 4\%) / 365 \times \text{DTM}\}$, where DTM stands for Date to Maturity, which is equivalent to calendar days difference in the Settlement Dates of the Ready Market trades and Deliverable Futures Contract or Cash-Settled Futures Contract on any applied trade date.

The said amendment has been sent for Gazette Notification vide our letter No. KSE/Legal-Govt-623 dated January 20, 2009. We expect the said amendments to be published in gazette within 15 days of their submission. The Exchange will then be obliged to enforce the new method for determining Closing Prices of scrips in all market in accordance with the revised definition.

Please note that the above definition is currently applicable partially for the Securities falling under category A as eligible for CFS Mk-II Market.

Members are requested to note the same


SHAFIQ ALI
General Manager-Risk

- Copy to:**
- 01. The Executive Director (SM), SECP, Karachi & Islamabad
 - 02. The Managing Director, Lahore Stock Exchange, Lahore
 - 03. The Managing Director, Islamabad Stock Exchange, Islamabad
 - 04. The Chief Executive Officer, Central Depository Co. of Pakistan Ltd, Karachi
 - 05. The Chief Executive Officer, National Clearing Company of Pakistan Limited
 - 06. The General Manager, Operation, KSE
 - 07. The General Manager, I.T. Division, KSE
 - 08. Deputy General Manager, Delivery & Settlement Department, KSE
 - 09. Deputy General Manager, Trading Affairs Department, KSE
 - 10. Deputy General Manager, M.C&S.D., KSE
 - 11. Notice Board for all Members
 - 12. Website of the Exchange