

Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

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No...30...1../LSX

Vientiane, Date: 01/12/ 2014

To: Securities Companies

Subject: The Launching date of Continuous Auction and Price Limit

- Regarding to the business plan of LSX for year 2014;
- Regarding to the requesting letter to LSCO for its approval on launching of Continuous Auction Trading Method and changing of Daily Price Change Limit dated 25/11/2014;
- Regarding to the report on the result of mock test for the new trading mechanism 01/12/2014.

After taking long period for studying and preparing to improve our trading mechanism by changing the trading method from Call Auction to be Continuous Auction, LSX would like to inform you that LSX is ready to introduce the new trading mechanism called Continuous Auction Trading Method, which will be launched on **03/12/2014** after getting an approval from LSCO, in line with the increasing of daily price change limit from current $\pm 5\%$ to $\pm 10\%$ which is supposed to be effective at the same day.

The purpose of changing the trading mechanism is in order to allow traders are able to trade or arrange their trades at any time whenever they want while the market is open, to increase the speed of trading; the information will be incorporated very fast into stock prices, investors will benefit from the discriminatory pricing rule. All of changes are supposed to attract more investors to trade in our market, the gap between LSX and other regional exchange also could be smaller as well.

Thus, LSX would like to inform you to acknowledge.

(Please see an attachment for new trading hour and trading method)

Chairman and CEO



Assoc. Prof. Dethphoung MOLAPAT

The Trading Method proposed for LSX

Trading Hour	Trading Method	Random End
08:30 – 09:00	Call Auction (Opening)	<ul style="list-style-type: none"> ▪ 08:55 – 09:00 : system will check whether Random End will be occurred or not ▪ 09:00 – 09:05 : Random End will be occurred
09:00 – 11:20	Continuous Auction	
11:20 – 11:30	Call Auction (Closing)	<ul style="list-style-type: none"> ▪ 11:25 – 11:30 : system will check whether Random End will be occurred or not ▪ 11:30 – 11:35 : Random End will be occurred
11:30	-	Market close

Session times for LSX as following:

1. Opening Call Auction: 08:30 – 09:00

- 08:55 – 09:00 : check whether the Random End will be occurred or not (based on Random End Condition (1));
- 09:00 – 09:05 : Random End will be occurred.

*** Random End Condition (1) =**

1). $(EHEP \geq EP + 5\% * EP \text{ or } ELEP \leq EP - 5\% * EP) \&$

2). $(EP \geq BP + BP * 1\% \text{ or } EP \leq BP - BP * 1\%)$

- EHEP: Estimated Highest Execution Price during 08:55 – 09:00;
- ELEP: Estimated Lowest Execution Price during 08:55 – 09:00;
- EP: Estimated Execution Price at 09:00;
- BP: Base Price.

➤ If Random End Condition 1 is TRUE, then Random End is occurred.

2. Continuous Auction: 09:00 – 11:20

3. Closing Call Auction: 11:20 – 11:30

- 11:25 – 11:30 : check whether the Random End will be occurred or not (based on Random End Condition (2));

- 11:30 – 11:35 : Random End will be occurred.

*** Random End Condition (2) =**

1). $(EHEP \geq EP + 5\% * EP \text{ or } ELEP \leq EP - 5\% * EP) \&$

2). $(EP \geq LEP + LEP * 1\% \text{ or } EP \leq LEP - LEP * 1\%)$

- EHEP: Estimated Highest Execution Price during 11:25 – 11:30;
- ELEP: Estimated Lowest Execution Price during 11:25 – 11:30;
- EP: Estimated Execution Price at 11:30;
- LEP: Last Execution Price during Continuous Auction.

➤ If Random End Condition 2 is TRUE, then Random End is occurred.

(Please see the Market Operation Regulation (Amended version) for more details)