**Information disclosure before market opening and closing**

**Summary**

Starting on June 29th, 2015, Taiwan Stock Exchange (hereinafter TWSE) and Taipei Exchange (hereinafter TPEX) will disclose simulated transaction prices, simulated trading volumes, simulated best five bid/ask prices, and simulated bid/ask volumes for investors’ reference in making orders before market opening (08:30~09:00) and during the last five minutes before market closing (13:25-13:30).

According to the current system in Taiwan, orders are matched approximately every five seconds during the current intraday call auction. The prices and volumes of trading and the simulated best five bid/ask prices and volumes from order-matching are also disclosed for investors' reference. Orders made preopening (08:30-09:00) are not matched, only accepted, and there is no information disclosure during this period. Starting on February 20th, 2012, for orders made during the last five minutes before market closing (13:25-13:30), the highest bid price and the lowest ask price of the order-matching simulation have been provided, and in event of extremely volatile price changes, a corresponding measure of temporary suspension from closing on the last minute has been implemented.

Starting on June 29th, 2015, an intraday volatility interruption system similar to that applied before market closing will be applied before market opening. If in the last 1 minute before market opening (08:59-09:00), there is a volatile change of a securities reference price that reaches a specific rate simulated by the order-matching system, market opening will be temporarily suspended 2 minutes for those individual stocks. During suspension, investors’ new orders, cancellations and revision requests will continue to be accepted and information of simulated transaction prices, simulated trading volumes, and simulated best five reported bid/ask prices and volumes will continually be disclosed to provide investors with an opportunity to consider adding, cancelling or altering an order of a stock with high price volatility before market opening.

**Introduction to the Mechanism:**

**1. Information Disclosure before Market Closing**

(1) Securities Subject to Information Disclosure.

Except for securities subject to certain disposition measures or securities listed under the altered-trading-method category where periodic call auctions are adopted, where intraday matching lasts more than five minutes, information disclosure before market closing should apply to all types of securities.

(2) Method of Information Disclosure.

During the trading orders acceptance period of the last five minutes before closing (13:25 to 13:30), disclosure information has been adjusted from the highest bid price and the lowest ask price of the order-matching simulation according to the intervals (approximately every 5 seconds) of the intraday call auction matching, to the simulated transaction price, simulated trading volume and the simulated best five bid/ask prices and bid/ask volumes.

**2. Information Disclosure before Market Opening**

(1) Securities Subject to Information Disclosure.

All securities are subject to information disclosure before market opening starting from 8:30 and continually in accordance with the intervals of the intraday call auction matching. For securities subject to certain disposition measures or securities listed under the altered-trading-method category where periodic call auction trading is adopted, information will be disclosed in accordance with the periodic intervals (5 minutes, 10 minutes, 30 minutes) of the intraday call auction matching.

(2) Method of Information Disclosure.

During the thirty minutes before opening (8:30 to 9:00) when orders are accepted, the simulated transaction price, the simulated trading volume and the simulated best five bid/ask prices and bid/ask volumes will be disclosed according to the intervals (approximately every 5 seconds) of the intraday call auction matching.

**3. Supporting Measures for Suspension from Opening and Closing**

To provide investors with an opportunity to add, cancel or alter an order of a stock with high price volatility preopening or preclosing, the exchanges plan to implement an intraday volatility interruption system during opening and closing session.

 **(1)Closing:**

Starting on **February 20th, 2012**, in the **1** minute prior to market closing (13:29-13:30) for a security, if **any given computed transaction price fluctuates beyond 3.5 percent from the previous computed transaction price** (if there is no previous calculated transaction price available, the fluctuation shall be based on the most recent transaction price; if there is no most recent transaction price available, the fluctuation shall be based on the auction reference price at market opening), the closing and matching for that security will be **suspended until 13:30**.

For suspended securities, addition, cancellation, or alteration of orders will be accepted within the 2 minutes between 13:31 to 13:33, when the market is closed and orders are otherwise not normally accepted. Starting on June 29th, 2015, during this suspension period (13:31-13:33), disclosed information will include the highest bid price and lowest ask price of an order-matching simulation, the simulated transaction prices, the simulated volumes, the simulated best five bid prices, bid volumes, and the simulated best five ask prices and ask volumes.

 **(2)Opening**

In the 1 minute prior to market opening (8:59-9:00) for a security, if any given computed transaction price fluctuates beyond 3.5 percent from the previous computed transaction price (if there is no previous computed transaction price available 30 minutes before market opening, the fluctuation shall be based on the auction reference price at market opening), the opening and matching for that security will be suspended. Suspended securities will be matched two minutes later when the market opens. Within the 2 minutes where the opening is suspended, additions, cancellations, or alteration of orders will still be accepted, and during the suspension period, the simulated transaction prices, the simulated volumes, the highest five bid prices, bid volumes, and the lowest five ask prices and ask volumes.

 **(3) Securities Not Subject to Supporting Measures**

 (a) Stocks of which the auction reference price at market opening is NT$1 or less.

 (b) Call (put) warrants and separated stock warrants.

 (c) Securities subject to certain disposition measures or securities listed under the altered-trading-method category where periodic call auction is adopted.

 **(4) Calculation of Market Index:**

Even if a stock is suspended from closing on a particular day, each index will be disclosed according to the regular (approximately every 5 seconds). If a stock is suspended from closing on a particular day, the market index of that day will not be calculated until 13:33. If no stock is suspended from closing on a particular day, the market index of that day will be calculated approximately at 13:30.

**4. Information of Market Opening and Closing**

(1) During opening and closing sessions, and periods of suspension from opening and closing, simulated transaction prices, simulated trading volumes, simulated best five bid/ask prices, and simulated bid/ask volumes will be submitted to information service providers immediately to thereafter transfer information to customers.

(2) On TWSE’s Market Information System (mis.twse.com.tw), simulated transaction prices, simulated trading volumes, simulated best five bid/ask prices, and simulated bid/ask volumes will be disclosed, and a web page of suspended opening/closing stocks will be provided for interested investors. For individual stocks of which opening and closing is suspended, their corresponding information on the trading web pages of each industry and their simulated best five bids/asks information will be printed in different colors to caution investors.

Illustrations and Explanation:

**1. Flow Chart of Information Disclosure for Opening and Supporting Measures for Suspension from Closing**

**For individual stocks which are suspended from opening, simulated transaction prices/volumes and simulated best five bid/ask prices/volumes will continually be disclosed.**

**Disclosure of simulated transaction prices/volumes and simulated best five bid/ask prices and volumes**

**To calculate whether individual stocks reach criteria to be suspended from opening**

**08:30**

**08:59**

**09:02**

**09:00**

1. **All orders will continually be accepted**
2. **Market opens for individual stocks not suspended from opening**
3. **Market will not open for individual stocks suspended from opening,.**

**Market opens for individual stocks suspended from opening.**

* Securities subject to information disclosure before opening: all stocks are subject to information disclosure in accordance with the intervals (approximately every 5 seconds) of intraday call auction matching, and for securities subject to certain disposition measures or securities listed under the altered-trading-method category where periodic call auction trading is adopted, information will be disclosed in accordance with periodic intervals (such as 5 minutes, 10 minutes, 30 minutes) of the intraday matching.

**2.Flow Chart of Information Disclosure and Support Measures for Suspension from Closing**

**For individual stocks which are suspended from closing, simulated transaction prices/volumes and simulated best five bid/ask prices/volumes will continually be disclosed.**

**To calculate whether individual stocks reach criteria to be suspended from closing**

**Discloure of simulated transaction prices/volumes and simulated best five bid/ask prices and volumes**

**13:29**

**13:33**

**13:31**

**13:30**

**13:25**

**1. All orders will not be accepted any more.**

**2. Market closes for individual stocks not suspended from closing**

**3. Market will not close for individual stocks suspended from closing,**

**Market closes for individual stocks which are suspended from closing.**

**For individual stocks which are suspended from closing, orders are still accepted.**

* Securities subject to information disclosure before closing: Except for securities subject to certain disposition measures, or securities listed under the altered-trading-method category where periodic call auction is adopted, all types of securities are subject to disclosure.