



**QUOTE MTF Ltd.  
Order Types**

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## 1. General

QUOTE MTF will start to take the limit day orders and possible cancellations or cancel/replace requests (order modifications) 30 minutes prior to market open. This will allow participants to put in orders with early timestamp to establish time priority.

Orders arriving to the matching engine will seek execution with one of the existing orders in the order book. We use a **strict Price - Time Priority** matching algorithm.

Modification of orders which may affect the execution of other orders in the order book materially will lead to a new time stamp and thus to a new time priority. These events are:

- (i) Change of the limit price
- (ii) Increase of the order volume

If the volume of an order is decreased, the original time priority remains.

QUOTE MTF supports **five parameters** for all its orders. By using combinations of these parameters, traders can create a variety of order types to create the trading behavior they desire. QUOTE MTF will support any combination of its parameters that creates an order (see detailed list of combinations in Annex I.)

## 2. Order Types

Limit – QUOTE MTF will support only limit orders; every buy (sell) order must have a maximum (minimum) price at which the user wishes to buy (sell).

Besides, the system accepts order cancellations via a cancellation request as well as order modifications via a cancellation/replace request.

## 3. Time In Force (TIF)

The time in force of an order represents the length of time the user wishes the order to remain live. We offer traders three options:

- (i) **Day** – a day order will remain live until the end of the day. At the close of the order book, all day orders are purged so that no orders remain open overnight.



- (ii) **IOC** (Immediate or Cancel) – IOC orders check for any matches within the order book; if no possible full or partial matches exist up to (down to) the order limit price, the order is cancelled immediately.
- (iii) **FOK** (Fill or Kill) – FOK orders check for any matches within the order book; if no possible matches exist up to (down to) the order limit price, the order is cancelled immediately. In addition, the order must get filled for the entire share amount from one or multiple counter orders. If this is not possible due to liquidity or the limit price, the order will get cancelled with nothing done.

## 4. Display

Using the display options, trades may choose from one of four ways to display, partially display, or hide their liquidity from the market. This flexibility gives users the ability to minimize the market impact of their passive orders without undue effort.

- (i) **Display** – shows the full size of the order on the order book.
- (ii) **Do not display (hidden)** – displays nothing in the order book.
- (iii) **Iceberg** – displays only a fraction of the order; any executions reduce the displayed size; once depleted, the display size refreshes with the original display size repeating until all shares are executed.

## 5. Special Instructions

Traders use this field to give special instructions on the execution of their orders. In this case, we offer only one possible special instruction.

**Post only** – this instruction indicates that the trader does not want to remove liquidity. Upon receipt of this order, if it was to remove liquidity given current conditions, the order will be rejected.

## 6. Peg Types

Traders may choose to enter pegged orders as a method of tracking their orders against the market. Pegged orders adjust their displayed price based on the displayed price of either the QUOTE MTF or another reference price. The Market and Primary peg types offer an offset option to allow a trader to maintain his order a set amount away from a reference price.

- (i) **Mid-point** – a mid-point pegged order sits in the order book as a non-displayed order at the average price of the best bid and best offer. No offset option possible.
- (ii) **Market** – the market peg allows users to set their order price based on the best offer (bid) being the opposite side of the market.



- (iii) **Primary** – the primary peg allows users to set their order price based on the best bid (offer) being on the same side of the market as the order.

In addition to the pricing of peg, users will have the option to select the peg point.

- (i) **EBBO** – users may select this setting to have their peg orders use the European Best Bid-Offer as the peg reference price.
- (ii) **QUOTE MTF** – users may select this setting to have their peg orders use the QUOTE MTF Best Bid-Offer as the peg reference price.

A Pegged orders will continue to adjust its price up to (down to) the order's limit price.

## 7. Internal Cross Order

If a broker executes a trade between two of its clients, this will allow the broker to “print the trade” with QUOTE MTF. As this is a trade that does not require execution, the trade is just reported through the market data dissemination system and passed to the CCP. However in order to comply with the CCP requirements, we need to report the two sides of the trade separately with two IDs.

## 8. Notes

- All orders are Day Orders (except IOC and FOK).
- If a post only order was to remove liquidity, it is instead rejected.
- If post only was to result in a crossed market order book it is instead rejected.
- Iceberg orders: a new time stamp (priority) is assigned each time a new quantity is introduced to the order book
- All hidden orders must be Large in Scale.
- QUOTE MTF will provide EBBO as reference price to pegged orders in Q3 2010.



## 9. Appendix I: Valid combination of order parameters on QUOTE MTF

1. Limit, Day, Display

2. Limit, Day, Hidden

3. Limit, Day, Display, Post only

4. Limit, Day, Hidden, Post only

5. Limit, Day, Iceberg

6. Limit, IOC

7. Limit, FOK

8. Limit, Day, Hidden, Mid-point peg to EBBO

9. Limit, Day, Hidden, Post only, Mid-point peg to EBBO

10. Limit, Day, Hidden, Mid-point peg to QUOTE MTF

11. Limit, Day, Hidden, Post only, Mid-point peg to QUOTE MTF

12. Limit, Day, Hidden, Market peg to EBBO

13. Limit, Day, Hidden, Post only, Market peg to EBBO

14. Limit, Day, Hidden, Market peg to QUOTE MTF

15. Limit, Day, Hidden, Post only, Market peg to QUOTE MTF

16. Limit, Day, Hidden, Primary peg to EBBO

17. Limit, Day, Hidden, Post only, Primary peg to EBBO

18. Limit, Day, Hidden, Primary peg to QUOTE MTF

19. Limit, Day, Hidden, Post only, Primary peg to QUOTE MTF

20. Limit, Day, Iceberg, Market peg to EBBO

21. Limit, Day, Iceberg, Market peg to QUOTE MTF

22. Limit, Day, Display, Market peg to EBBO

23. Limit, Day, Display, Post only, Market peg to EBBO

24. Limit, Day, Display, Market peg to QUOTE MTF

25. Limit, Day, Display, Post only, Market peg to QUOTE MTF



## 10. Appendix II: Impact of different offset options on pegged orders

| Pegged Order Type            | Impact of <u>positive</u> offset                   | Impact of <u>negative</u> offset              |
|------------------------------|--|---|
| Pegged to Primary Buy Order  | <i>Higher</i> price than best displayed bid        | <i>Lower</i> price than best displayed bid    |
| Pegged to Primary Sell Order | <i>Lower</i> price than best displayed offer       | <i>Higher</i> price than best displayed offer |
| Pegged to Market Buy Order   | Approach of best displayed offer <i>from below</i> | <i>Crossing</i> of best displayed offer       |
| Pegged to Market Sell Order  | Approach of best displayed bid <i>from above</i>   | <i>Crossing</i> of best displayed bid         |
| Pegged to Mid-Point Order    | <i>No offset possible</i>                          |   |