

1. Limit Order (LO)

A Limit Order having a price equal to the best opposite orders will match with opposite orders at the best price queue residing in the system, one by one according to time priority.

When you place a limit order, you are stating the price at which you wish to buy or sell a stock. If that price is not met, your order will not be executed and will be placed in queue.

For buy order, if the input price is below the ask price, the order will be on queue (allow to key within 24 price spreads).

For sell order, if the input price is above the bid price, the order will be on queue (allow to key within 24 price spreads).

2. Enhanced limit order (ELO)

ELO is similar to the limit order except that it will allow matching of up to **five price queues** at a time. The ask order price of ELO can be input at 5 spreads lower than the current bid or the bid order price can be input at 5 spreads higher than current ask price.

Any unfilled quantity of ELO after matching will be stored in the system as a normal Limit Order at the input order price.

Example 1 : Enhanced Limit Order (ELO) - fully matched

Table 1 (a) : Original Position

Bid		Ask	
Price	Volume	Price	Volume
\$30.00	100K	\$30.05	80K
\$29.95	90K	\$30.10	70K
\$29.90	80K	\$30.15	160K
\$29.85	60K	\$30.20	50K
\$29.80	180K	\$30.25	60K
\$29.75	34K	\$30.30	50K
\$29.70	100K	\$30.35	40K
\$29.65	150K	\$30.40	45K
\$29.60	18K	\$30.45	325K

Client enter Enhanced Limit Order to buy : 400K @ HK\$30.25

Table 1 (b) : After Execution

Bid		Ask	
Price	Volume	Price	Volume
\$30.00	100K	\$30.25	20K
\$29.95	90K	\$30.30	50K
\$29.90	80K	\$30.35	40K
\$29.85	60K	\$30.40	45K
\$29.80	180K	\$30.45	325K
\$29.75	34K	\$30.50	20K
\$29.70	100K	\$30.55	30K
\$29.65	150K	\$30.60	50K
\$29.60	18K	\$30.65	60K

Qty executed : 80K @ \$30.05
 70K @ \$30.10
 160K @ \$30.15
 50K @ \$30.20
 40K @ \$30.25

Unfilled Qty : None

Example 2 : Enhanced Limit Order (ELO) - with unfilled quantity

Table 2 (a) : Original Position

Bid		Ask	
Price	Volume	Price	Volume
\$30.00	100K	\$30.05	80K
\$29.95	90K	\$30.10	70K
\$29.90	80K	\$30.15	160K
\$29.85	60K	\$30.20	50K
\$29.80	180K	\$30.25	60K
\$29.75	34K	\$30.30	50K
\$29.70	100K	\$30.35	40K
\$29.65	150K	\$30.40	45K
\$29.60	18K	\$30.45	325K

Client enter Enhanced Limit Order to buy : 430K @ \$30.25

Table 2 (b) : After Execution

Bid		Ask	
Price	Volume	Price	Volume
\$30.25	10K	\$30.30	50K
\$30.20	–	\$30.35	40K
\$30.15	–	\$30.40	45K
\$30.10	–	\$30.45	325K
\$30.05	–	\$30.50	20K
\$30.00	100K	\$30.55	30K
\$29.95	90K	\$30.60	50K
\$29.90	80K	\$30.65	60K
\$29.85	60K	\$30.70	70K

Qty executed : 80K @ \$30.05
 70K @ \$30.10
 160K @ \$30.15
 50K @ \$30.20
 60K @ \$30.25

Unfilled Qty : 10K @ \$30.25 as "limit order"

3. Special Limit Order (SLO)

A SLO will match up to **five price queues** (i.e. the best price queue and up to the 5th queue at 4 spreads away) as long as the traded price is not worse than the input limit price. Any unfilled quantity of SLO after matching will be cancelled and not stored in the system.

Example 3 : Special Limit Order (SLO)

Table 3 (a) : Original Position

Bid		Ask	
Price	Volume	Price	Volume
\$30.00	100K	\$30.05	80K
\$29.95	90K	\$30.10	70K
\$29.90	80K	\$30.15	160K
\$29.85	60K	\$30.20	50K
\$29.80	180K	\$30.25	60K
\$29.75	34K	\$30.30	50K
\$29.70	100K	\$30.35	40K
\$29.65	150K	\$30.40	45K
\$29.60	20K	\$30.45	325K

Client enter Special Limit Order to buy : 430K @ \$30.40

Table 3 (b) : After Execution

Bid		Ask	
Price	Volume	Price	Volume
\$30.00	100K	\$30.30	50K
\$29.95	90K	\$30.35	40K
\$29.90	80K	\$30.40	45K
\$29.85	60K	\$30.45	325K
\$29.80	180K	\$30.50	20K
\$29.75	34K	\$30.55	30K
\$29.70	100K	\$30.60	50K
\$29.65	150K	\$30.65	60K
\$29.60	20K	\$30.70	70K
<i>Qty executed : 80K @ \$30.05 70K @ \$30.10 160K @ \$30.15 50K @ \$30.20 60K @ \$30.25</i>			
<i>Unfulfilled qty : 10K cancelled, not stored in the system</i>			

4. Comparison of Limit Order, Enhanced Limit Order and Special Limit Order

The following example illustrates the effect on the central order book if a sell order of 400K shares of XYZ stock is input at different selling prices and with different order types:

Original Order Book of XYZ Stock (Nominal Price: \$1.00)			
Bid		Ask	
Price	Volume	Price	Volume
\$1.00	100K	\$1.01	80K
\$0.99	90K	\$1.02	70K
\$0.98	60K	\$1.03	90K
\$0.97	~	\$1.04	50K
\$0.96	80K	\$1.05	30K

	If the selling price is input at	Case 1	Case 2	Case 3
		Limit Order	Enhanced Limit Order	Special Limit Order
1	\$1.01	Order unfilled and put in the ask queue at \$1.01	Order unfilled and put in the ask queue at \$1.01	Order rejected by exchange (special limit sell order cannot be made at a price above the current bid at \$1.00)
2	\$1.00	Order partially filled Filled: 100K@\$1.00 Outstanding: 300K put in the ask queue at \$1.00	Order partially filled Filled: 100K@\$1.00 Outstanding: 300K put in the ask queue at \$1.00	Order partially filled Filled: 100K@\$1.00 Outstanding: 300K @\$1.00 cancelled by the exchange
3	\$0.99	Order rejected by the exchange (limit sell order cannot be made at a price below the current bid at \$1.00)	Order partially filled Filled: 100K@\$1.00 90K@\$0.99 Outstanding: 210K put in the ask queue at \$0.99	Order partially filled Filled: 100K@\$1.00 90K@\$0.99 Outstanding: 210K@\$0.99 cancelled by the exchange
4	Any price below \$0.96 but above \$0.111 (i.e. a price which does not deviate 9 times or more from the nominal price*)	Order rejected by the exchange (limit sell order cannot be made at a price below the current bid at \$1.00)	Order rejected by the exchange (enhanced limit sell order cannot be made at a price of 5 spreads (or more) below the current bid price at \$1.00)	Order partially filled Filled: 100K@\$1.00 90K@\$0.99 60K@\$0.98 80K@\$0.96 Outstanding: 70K cancelled by the exchange
5	At or below \$0.111 (i.e. a price which deviates 9 times or more from the nominal price*)	Order rejected by the exchange (limit sell order cannot be made at a price below the current bid at \$1.00 or deviates 9 times or more from the nominal price*)	Order rejected by the exchange(enhanced limit sell order cannot be made at a price of 5 spreads (or more) below the current bid price at \$1.00 or deviates 9 times or more from the nominal price*)	Order rejected by the exchange(special limit sell order cannot be made at a price which deviates 9 times or more from the nominal price*)