



TRADING AT LAST PHASE FUNCTIONAL MEMENTO

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PURPOSE OF THIS DOCUMENT

This document describes the functionality of the Trading at last phase.

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TRADING AT LAST

1 DEFINITION

Trading at Last is a trading phase during which all trades are at a single reference price, which in turn is equal either to the closing price or to the last adjusted price. This may apply to continuously traded groups or to groups trading by call auction.

2 ADVANTAGES

Trading at Last is an extension of trading that allows market members unable to participate in the closing call auction to benefit from prices set in this way.

3 OPERATION

Trading at Last takes place after the closing call auction for continuously traded groups and before the Supervisory Intervention phase of the business day. It replaces the pre-opening phase which previously followed the closing call auction. It is also to be introduced following each call auction for groups traded exclusively in this way.

The trading group switches to Trading at Last automatically for an adjustable length of time after the closing call auction. Throughout Trading at Last, only orders with limits equal to the closing price may be entered or modified. However, the orderbook may also contain orders of other kinds (e.g., Stop and Market orders), and the situation which emerges from the closing call auction can thus vary.

Trading at Last is to be for a period of 30 minutes in the case of groups traded by call auction, and 10 minutes for continuously traded groups.

4 APPLICABLE RULES

4.1 SINGLE REFERENCE PRICE

A single reference price applies for the verification of orders entered during Trading at Last. This is the closing price in cases where one is determined by the closing call auction or the last price for the trading session. If the stock has not been traded in the course of the day, the reference price is the previous day's close after any necessary adjustment.

If the last traded price is not that of the closing call auction, it must be within the best market bid/ask spread (including limits) for orders with this limit to be accepted.

4.2 GENERAL RULES APPLICABLE TO STOCKS OPEN FOR TRADING

An order entered during Trading at Last phase must:

- be a Limit order
- specify a limit equal to the closing price or the last traded price.

Orders entered prior to Trading at Last phase may only be traded during this Trading At Last phase if they are Market orders or Limit orders with limits equal to the single reference price.

Orders remaining in the orderbook are held for later stages provided this is compatible with their validity dates.

Orders entered first are executed first.

- Type of order accepted

Only Limit orders are accepted during Trading at last.

- Quantity

Both minimum quantity and disclosed quantity orders are accepted during Trading at Last.

- Validity of orders

All or None

Good till date

Good for day

Good till cancelled.

4.3 SPECIAL CASE OF MARKET ORDERS

A Market order may remain in the orderbook throughout the stages leading up to Trading at Last.

When a Market order is present, the best spread is determined on the assumption that its limit is equal to the higher, in the case of a bid, or the lower, in the case of an ask, of (a) the best limit already present and (b) the dynamic reference price.

A Market order may thus be matched with an order specifying a limit equal to the last traded price, provided this is within the best bid/ask spread.

a) Special cases

The following situations may arise at the end of the closing call auction as the group switches to Trading at Last.

- There is no theoretical opening price for the stock, since limits do not match

Trading in the stock opens and proceeds in accordance with rules for Trading at last.

- A valid theoretical opening price has been determined

Trading in the stock opens and proceeds in accordance with rules for Trading at last.

- The theoretical opening price calculated is not valid, e.g., because it is outside thresholds.

The stock is reserved and is subject to pre-opening procedures, which means that all types of order may be entered and the system calculates and disseminates a theoretical opening price.

In this case, orders are processed in accordance with rules for “reservation”, and trading in the stock may resume when the group it belongs to is in the Trading at Last phase. It will then be traded in accordance with Trading at Last rules until the close of this phase.

b) Impact on messages

Trading at Last entails a number of changes for SLE and SLC messages.

Messages affected are 0101 (notification of a change in the status of the trading group) and 0106 (instrument state message) for SLE messages and 0016 (group state message) for SLC messages. A “group state message” is sent as soon as the group switches to Trading at Last (group state message “R”), and 0106 messages are sent when trading in a stock opens during the Trading at Last phase (security state message “C”).

c) Examples :

- Example 1: No orders remain in the orderbook

The stock is open for trading and there are no orders remaining in the orderbook as the group switches to Trading at Last after the closing call auction.

The closing price is EUR 1001 which is within the thresholds (allowed range). Only orders with limits equal to this closing price may be entered.

- Example 2: Only Limit orders remain in the orderbook

The trading group has switched to Trading at Last and the stock is authorized open. The only orders remaining in the orderbook after the closing call auction are Limit orders.

The closing price of EUR 1001 is within the thresholds and also within the best market spread. Only orders with a limit of EUR 1001 may be entered.

- Example 3: Only Market orders remain in the orderbook

The trading group has switched to Trading at Last and the instrument is authorized open. The only orders remaining in the orderbook after the closing call auction are Market orders.

The closing price of EUR 1001 is within the thresholds. The Market orders are deemed to have a limit of EUR 1001, this being the dynamic reference price. Only orders with a limit of EUR 1001 may be entered.

- Example 4: Only Market orders and Limit orders on the same side (bid or ask) remain in the orderbook.

The trading group has switched to Trading at Last and the stock is authorised open. The only orders remaining in the orderbook after the closing call auction are Market orders and Limit orders on the same side (bid or ask).

The closing price of EUR 1001 is within the thresholds.

The orderbook is as follows:

BID		
Member	Quantity	Limit
G	20	MO
A	50	1000
B	90	990
C	10	980

The Market order is deemed to have a limit of EUR 1001, this being the better of the dynamic reference price and the best price already in the orderbook. Only orders with a limit of EUR 1001 may be entered.

- Example 5: Only Limit orders remain in the orderbook, and the closing call auction fails to set a price on the stock

During the pre-opening procedures that precede the closing call auction, the orderbook is as follows.

17:30	Theoretical opening prices: -
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Last traded price	1000
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BID		
Broker	Quantity	Limit
A	10	1012
B	40	1010
C	10	990

ASK		
Limit	Quantity	Broker
1020	10	D
1021	50	E
1030	10	F

The stock opens for trading at the closing call auction, but no price is set. When the trading group switches to the Trading at Last phase, the related rules apply to the stock. Only orders with a limit of EUR 1000, the last traded price, may be entered. However, the last price is also required to be within the market spread, here [EUR 1012/EUR 1020], which is not the case. As a result, no orders may be entered or modified.