

# Pure Market Order

The investor priority is the speed of execution and the quantity traded. As a consequence this order type can be executed at any price.

## Definition

A Pure Market order is an order to buy or sell without a price limit. It can thus be executed with any matching order regardless of its price limit, and is only subject to the constraints of available quantities and allowed price variations.

## Admissibility

Pure Market orders are accepted during call and trading session phases, whether the securities concerned are traded continuously or by call auction.

## Features

A Pure Market order is compatible with the following validity types:

- Day
- Good Till Date
- Good Till Cancelled
- Good Till Time
- Fill Or Kill (in continuous session only)
- Immediate Or Cancel (in continuous session only)
- Valid for Auction (VFA)
- Valid for Closing (VFC)

## Quantity combination of the Market orders

Qty conditions \ Trading Phase	Call Phase	Continuous Trading phase
Minimum Quantity	No	No
Disclosed Quantity	No	No

### a. Processing during Call phase

The system disseminates the Pure Market Order. It is displayed in the orderbook according to the rules of price priority (positioned ahead of 'Limit Orders') and of time priority (queued behind other 'Market orders' on the same side already present in the orderbook).

Note: Pure Market orders and Market to limit have the same precedence.

### b. Processing at the Auction

During the opening allotment of shares, Market orders are executed with buy orders with limits above the theoretical opening price, or with sell orders with limits below the theoretical opening price.

When orders on the orderbook are not sufficient to allow full execution of Pure Market orders, the quantity of Market orders not fully executed remains in the orderbook with no price limit. They can thus participate to the trading session on continuous classes of securities, or to the next auction on auction classes of securities.

**c. Processing in Continuous Trading**

**i. Rule1**

If a Pure Market order is entered in an orderbook that contains only Limit orders on the opposite side, it is executed at the best matching limit (i.e. bid for ask or ask for bid) and then, if the quantity at the best limit does not allow full execution, at the next most favourable limits. Execution may thus occur at several different prices, with any unexecuted portion of the Pure Market order remaining in the orderbook without a price limit.

**ii. Rule2**

If a Pure Market order is entered into the orderbook when the only order present is another market order on the opposite side of the book, then the transaction occurs at the reference price.

**iii. Rule3**

If an order of any kind, except the Peg order, is entered in the order book when there is already a Market Order on the opposite side, the order entered is executed at the most favourable of the following prices:

- the best limit on Limited orders on the same side as the Market Order
- the limit on the order entered
- the reference price

**d. Processing in Trading At Last Phase**

Market orders are not eligible in Trading At Last phase, but some may remain in the orderbook throughout processes leading up to Trading At Last and thus remain valid during the phase. In such cases they would be executed only at the closing price.

## Examples

Legend: MTL=Market To Limit; MO=Pure Market Order

### a) Call Phase

Example 1 - the Market order is totally filled

Reference price 10

			IMP 10,08				
Broker	OrderId n°	Quantity	Price	Price	Quantity	OrderId n°	Broker
A	1	50	MTL	MTL	40	4	D
B	2	90	10,1	10,08	100	5	E
C	3	10	9,9	10,15	60	6	F

Broker G enters a Market Order for the purchase of 20 shares

			IMP 10,1				
Broker	OrderId n°	Quantity	Price	Price	Quantity	OrderId n°	Broker
A	1	50	MTL	MTL	40	4	D
G	7	20	MO	10,08	100	5	E
B	2	90	10,1	10,15	60	6	F
C	3	10	9,9				

After class auction, trades and orderbook are:

Buying broker	Selling broker	Quantity	Price
A	D	40	10,1
A	E	10	10,1
G	E	20	10,1
B	E	70	10,1

			IMP - -				
Broker	OrderId n°	Quantity	Price	Price	Quantity	OrderId n°	Broker
B	2	20	10,1	10,15	60	6	F
C	3	10	9,9				

Example 2 - The market order is partially filled

Reference price 10

				IMP	10			
Broker	Orderld n°	Quantity	Price	Price	Quantity	Orderld n°	Broker	
A	1	40	MTL	MO	45	2	D	

Broker G enters a Market Order for the purchase of 20 shares

				IMP	10			
Broker	Orderld n°	Quantity	Price	Price	Quantity	Orderld n°	Broker	
A	1	40	MTL	MO	45	2	D	
G	3	20	MO					

After class auction, trades and orderbook are:

Buying broker	Selling broker	Quantity	Price
A	D	40	10
G	D	5	10

				IMP	--			
Broker	Orderld n°	Quantity	Price	Price	Quantity	Orderld n°	Broker	
G	3	15	MO					

Example 3 - the Indicative Matching Price is higher than the best limit & equal to the reference price

Reference price 10

				IMP	--			
Broker	Orderld n°	Quantity	Price	Price	Quantity	Orderld n°	Broker	
A	1	40	MO					

Broker G enters a sell Limit order at 9,98€ for the sale of 40 shares

				IMP	10			
Broker	Orderld n°	Quantity	Price	Price	Quantity	Orderld n°	Broker	
A	1	40	MO	9,98	40	2	G	

Since the number of shares on the bid side fully covers the number on offer, the Indicative Matching Price is 10€, this being the closest to the closing price on the previous day.

Example 4- the Indicative Matching Price is equal to the best limit & lower to the reference price  
Reference price 10

				IMP --			
Broker	Orderld n°	Quantity	Price	Price	Quantity	Orderld n°	Broker
A	1	40	MO				

Broker G enters a sell Limit order at 9,98€ for the purchase of 41 shares

				IMP 9,98			
Broker	Orderld n°	Quantity	Price	Price	Quantity	Orderld n°	Broker
A	1	40	MO	9,98	41	2	G

Since the number of shares on the bid side partly covers the number on the ask side, the Indicative Matching Price adopted is 9.98€.

Example 5 - the Indicative Matching Price is equal to the best limit & higher to the reference price  
Reference price 10

				IMP --			
Broker	Orderld n°	Quantity	Price	Price	Quantity	Orderld n°	Broker
A	1	80	MO				

Broker G enters a sell Limit order at 10,02€ for the purchase of 40 shares

				IMP 10,02			
Broker	Orderld n°	Quantity	Price	Price	Quantity	Orderld n°	Broker
A	1	40	MO	10,02	40	2	G

The Indicative Matching Price adopted within the range  $[10,02; +\infty)$  is 10.02€, since this is the closest to the reference price of 10€ and the only price allowing 80 shares to be traded.

## b) Trading session Phase

Example 1- the Market order is totally executed upon entry

Last Traded  
price 10

Broker	OrderId n°	Quantity	Price	Price	Quantity	OrderId n°	Broker
				10,2	100	1	A
				10,3	60	2	B

Broker C enters a Market order for the purchase of 110 shares

The order is executed with 100 shares at 10,2€ and 10 shares at 10.3€ (in compliance with the collars).

After the trade, the tradebook and the orderbook are:

Buying broker	Selling broker	Quantity	Price
C	A	100	10,2
C	B	10	10,3

Broker	OrderId n°	Quantity	Price	Price	Quantity	OrderId n°	Broker
				10,3	50	2	B

Example 2- the Market order is partially executed upon entry

Last Traded  
price 10

Broker	OrderId n°	Quantity	Price	Price	Quantity	OrderId n°	Broker
				10,2	100	1	A
				10,3	60	2	B

Broker C enters a Market order for the purchase of 200 shares

The order is partly executed with 100 shares at 10.2€ and 60 at 10.3€ (in compliance with the collars)

After the trade the trade book and order book are:

Buying broker	Selling broker	Quantity	Price
C	A	100	10,2
C	B	60	10,3

Broker	OrderId n°	Quantity	Price	Price	Quantity	OrderId n°	Broker
C	3	40	MO				

Example 3- there are only Market orders in the order book, trade price is the last traded price  
**Last Traded price 10**

Broker	Orderld n°	Quantity	Price	Price	Quantity	Orderld n°	Broker
A	1	90	MO				
B	2	10	MO				

Broker C enters a Market order for the sale of 170 shares  
 The order is partly executed, with 100 shares at 10€ each, representing the reference price with is the last price.

Priority of execution for market orders on the bid side is based on the rule of “First Come, first served”. The unexecuted portion of the ask market order, representing 70 shares, remains on the orderbook.

After the trade the tradebook and orderbook are:

Buying broker	Selling broker	Quantity	Price
A	C	90	10
B	C	10	10

Broker	Orderld n°	Quantity	Price	Price	Quantity	Orderld n°	Broker
				MO	70	3	C

Example 4 - the best limit is higher that the last traded price

Last Traded price 10

Broker	Orderld n°	Quantity	Price	Price	Quantity	Orderld n°	Broker
A	1	90	MO				
B	2	10	10,1				
C	3	20	10,08				

Broker D enters a limit order at 10€ for the sale of 120 shares  
 The order is executed, with 100 shares at 10.1€ (90 representing the Market Order and 10 the limit order at 10.1€) and 20 at 10.08€.

After the trade, tradebook and orderbook are:

Buying broker	Selling broker	Quantity	Price
A	D	90	10,1
B	D	10	10,1
C	D	20	10,08

Broker	Orderld n°	Quantity	Price	Price	Quantity	Orderld n°	Broker

Example 5 - the best limit is lower than the last traded price

Last Traded price 10,3

Broker	Orderld n°	Quantity	Price	Price	Quantity	Orderld n°	Broker
A	1	90	MO				
B	2	10	10,1				
C	3	20	10,08				

**Broker D enters a limit order at 10€ for the sale of 120 shares**

The order is executed, with 90 shares at 10.3€, 10 shares at 10.1€ and 20 at 10.08€.

After the trade, tradebook and orderbook are:

Buying broker	Selling broker	Quantity	Price
A	D	90	10,3
B	D	10	10,1
C	D	20	10,08

Broker	Orderld n°	Quantity	Price	Price	Quantity	Orderld n°	Broker