

# New Order Types

**ASX.**  
*The Australian Sharemarket*

Centre Point Order  
Centre Point Crossing  
Undisclosed Order  
Iceberg Order.



**ASX**

AUSTRALIAN SECURITIES EXCHANGE

#### **Disclaimer**

This is not intended to be financial product advice. To the extent permitted by law, ASX Limited ABN 98 008 624 691 and its related bodies corporate excludes all liability for any loss or damage arising in any way including by way of negligence. This document is not a substitute for the Operating Rules of the relevant ASX entity and in the case of any inconsistency, the Operating Rules prevail.

© Copyright 2013 ASX Limited ABN 98 008 624 691. All rights reserved 2013.

**Domestic Information Line: 131 279**

**International Information Line: +61 2 9338 0000**

**[www.asx.com.au](http://www.asx.com.au)**

For the products traded on these systems the market is operated by ASX Limited ABN 98 008 624 691

# New Order Types

---

## Overview

ASX launched a range of new order types in June 2010. These equity market enhancements have been designed to expand the range of equity execution options and ensure that ASX stays at the forefront of contemporary trade execution service offerings.

This document provides a high-level overview for Buy Side and Sell Side Dealers of the following new order types:

- Centre Point Order<sup>®</sup> (Market and Limit)
- Centre Point Crossing
- Undisclosed Order
- Iceberg Order.

A more detailed technical description of these order types can be found in the ASX Trade Open Interface Manual: [www.asx.com.au/asxtrade](http://www.asx.com.au/asxtrade)

## Centre Point Order

Centre Point Order (Market) and Centre Point Order (Limit)

A Centre Point Order enables execution at the prevailing midpoint of the best bid and offer of the ASX Central Limit Order Book (CLOB). These anonymous orders transact independently of the CLOB and will only transact with another Centre Point Order.

### Features of the Centre Point Order:

- Pre-trade anonymity – orders are hidden
- Day-only orders
- No minimum size requirements
- Two different order types; limit and market
- Orders are pegged to the main ASX CLOB and will trade at the prevailing CLOB midpoint
- A Centre Point Order will only trade with another Centre Point Order
- Available for all ASX Cash Equities
- Off-tick execution up to four decimal places
- Trades are immediately reported in the ASX CLOB Course of Sales under the code CX
- Centre Point trades will be included in daily ASX Open, High, Low, Last, Volume, Value and VWAP\* statistics
- Centre Point trades clear and settle in the same way as all other ASX Equity trades.

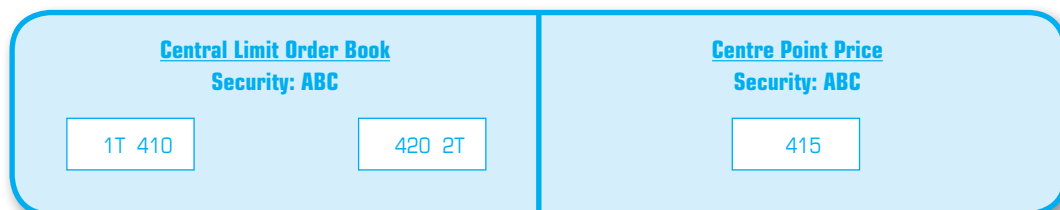
\* ASX calculates historical VWAP as a subscription service. ASX includes CP trades, Centre Point crossing trades, Undisclosed trades and Iceberg trades as part of its historical VWAP subscription service. ASX recommends that data providers include these trades as part of their VWAP calculations. However data providers may calculate VWAP statistics with different criteria to ASX recommendations.

# Centre Point Orders

## About Centre Point Orders

### Example:

For example, in a security that is quoted with a best bid of 410 and best offer of 420. Matching Centre Point Orders will transact at the midpoint of this spread, i.e., 415.



If the security's quote changed in the CLOB to a best bid of 414 and best offer of 422 then any matching Centre Point Orders would transact at 418.



There are two different Centre Point Order types; Market and Limit.

**A Centre Point Order (Market)** is an unpriced order and will always have the potential to transact at the prevailing midpoint of the best bid and offer in the CLOB.

**A Centre Point Order (Limit)** gives the customer the ability to place an upper execution boundary for buying orders and a lower execution boundary for selling orders beyond which their order will not transact.

For example, a security was quoted at a best bid of 420 and a best offer of 430.



The Centre Point Order (Limit) would allow a buy order to be entered with an upper limit of say 435 or above. In this example, the buy order could execute at Centre Point prices up to 435.

A Centre Point Order does not transact with the ASX CLOB.

A Centre Point Order will only transact against another Centre Point Order. A Centre Point Order (Market) and a Centre Point Order (Limit) can transact against each other when circumstances permit.

### Centre Point Order Advantages:

- Potential price improvement when trading stocks at the midpoint
- Potential price improvement when trading low dollar stocks on a mid-tick
- Complete pre trade anonymity.

# Centre Point Crossings

---

## About Centre Point Crossings

The Centre Point Crossing enables an ASX Participant to cross at the midpoint of the prevailing best bid and offer in the ASX CLOB. Centre Point Crossings provide greater flexibility to the liquidity search process by removing the so-called ACE requirement to Appear, Create before Executing.

The functionality will provide for a 30 second opportunity between initiating a crossing and executing it at the price that existed at initiation (i.e. the crossing execution price remains available to the Participant irrespective of any movement in the ASX CLOB for that Cash Equity during the 30 second period).

### Features of Centre Point Crossings:

- Pre-trade anonymity – orders are hidden
- Day-only orders
- No minimum size requirements
- Crossing Price is the midpoint of the prevailing CLOB spread
- Off-tick execution up to four decimal places
- Option to confirm/reject crossing up to 30 seconds after initiation
- Available for all ASX Cash Equities
- Trades are immediately reported in the ASX CLOB Course of Sales under the code CXXT
- Centre Point Crossing trades will be included in daily ASX Open, High, Low, Volume, Value and VWAP statistics
- Centre Point trades clear and settle in the same way as all other ASX Equity trades.

# Centre Point Crossings

## Completing a Centre Point Crossing

### Example:

Orders in the CLOB are as follows

**Order Depth**

CODE: ABC

Type	BQty	Bid	Ask	AQty	Type
LMT	1,000	299	301	1,000	LMT

### Step 1:

Initiate

**Centre Point Priority Crossing**

Clear

CODE	Qty	Price
ABC	15,000	

Abort

Send

### Step 2:

Confirm – A price is calculated from the CLOB returned to the initiator and the count down begins, no order can be seen in the CLOB.

**Centre Point Priority Crossing**

Clear

CODE	Qty	Price
ABC	15,000	300

Abort

Send

### Step 3:

Execute

**Trade History**

CODE: ABC

Code	Qty	Prc	Time	Cond	DealSrc
ABC	15,000	300	3:42:24PM	CXXT	Priority Crossing

### Centre Point Crossing Advantages:

- More efficient crossing mechanism for brokers
- Lower impact costs meaning lower fees for broker's customers
- Guaranteed crossing price option for 30 seconds regardless of any movement in the prevailing CLOB.

# Undisclosed Orders

## About Undisclosed Orders

The Undisclosed Order is a CLOB order type. It is fully disclosed in terms of execution price but undisclosed regarding execution volume.

### Features of the Undisclosed Order:

- The Undisclosed Order is a CLOB order type that will trade against all other CLOB orders in price/time priority
- Undisclosed Orders can be entered with all order validities e.g. day only, good till cancel, fill and kill etc
- A\$500,000 minimum order size
- When an Undisclosed Order is partially traded and the remaining order value is less than the minimum undisclosed value, the system will automatically disclose the remaining quantity without affecting the order's priority
- For all users outside the ASX Participant, Undisclosed Orders are displayed with '/u' in the quantity field\*
- For users within the ASX Participant, Undisclosed Orders are displayed with the actual quantity and a trailing '/u' to indicate it is an Undisclosed Order\*
- Transactions that occur from Undisclosed Orders are immediately reported into the CLOB Course of Sales without an undisclosed condition code
- Trades resulting from Undisclosed Orders will be included in daily ASX Open, High, Low, Last, Volume, Value and VWAP statistics
- Trades resulting from Undisclosed Orders clear and settle in the same way as all other ASX Equity trades.

### Undisclosed Order visibility in the ASX CLOB; example LGL Orderbook

Qty	Bid	Ask	Qty
29550	270	271	4239
/u	270	271	538

When viewing an order book all Undisclosed Orders will be indicated by the symbol /u.

### Undisclosed Order Advantages:

- The Undisclosed Order is a mechanism that can be used by ASX Participants and their customers to indicate their 'size' dealing commitment to the market in an attempt to attract opposing order flow
- Assists efficient queue management in liquid securities.

\* ASX displays '/u' on its system. Data vendors may use different signifiers for Undisclosed Orders on their system.

# Iceberg Orders

---

## About Iceberg Orders

Iceberg Orders will provide for large limit orders where only a portion (the displayed volume) of the total order volume will be shown and immediately executable. The displayed volume acts as a limit order in terms of price-time priority execution. Once the displayed volume has been executed, the Iceberg Order will drop to the bottom of the time queue at its specified price, and the displayed volume will be replenished from the hidden portion of the order. The order cycles through until the total volume is executed.

### Features of the Iceberg Order:

- The Iceberg Order is a CLOB order type that will trade against all other CLOB orders in price/time priority
- There are two components to an Iceberg Order; the shown quantity and the total order quantity
- The minimum limit on the shown quantity is 5,000 shares
- There is no maximum limit on the total quantity; however there is a maximum allowable ratio of 100:1 between total and shown quantity
- When the entire shown quantity of an Iceberg Order is traded, the order is immediately replenished in the order book as the last order at its price
- Total order quantity (shown and hidden order quantities) will be included in any calculations of Equilibrium Prices (Indicative Auction Prices) and Surplus Volume
- For all users outside the ASX Participant, Iceberg Orders are not flagged as such; they will simply appear as normal CLOB orders
- Transactions that occur from Iceberg Orders are immediately reported into the CLOB Course of Sales without any condition code
- Iceberg Orders are available for all ASX Cash Equities
- Iceberg trades will be included in daily ASX Open, High, Low, Last, Volume, Value and VWAP statistics
- Iceberg trades clear and settle in the same way as all other ASX Equity trades.

### Iceberg Order Advantages:

- Although Iceberg Orders are essentially very simple algorithms, their advantage is that latency is as close to zero as is possible given the functionality resides in the ASX trading engine.



## About ASX Trade

---

In December 2010 ASX launched ASX Trade™ a NASDAQ OMX ultra-low latency trading platform based on NASDAQ OMX's Genium INET system. ASX Trade takes ASX's latency down to 300 microseconds (ASX was previously the South East Asia region's leading market at 2-3 milliseconds). The ultra-low latency platform includes a multi-functional, multi-asset class trade facility called TradeMatch™. A parallel trade facility, PureMatch™, aimed at High Frequency Trading, providing arbitrage opportunities for the top 200 equities and ETFs listed on ASX, was launched in the second half of 2011.

ASX Trade supports a range of new market services including TradeMatch, Centre Point Orders, Centre Point Crossings, Undisclosed orders, and ASX co-location services.

ASX Trade will allow for the introduction of other new market services including Iceberg Orders, PureMatch, sponsored Access and ASX Best™.

To find out more about the range of new market services covered by ASX Trade, visit [www.asx.com.au/asxtrade](http://www.asx.com.au/asxtrade) and watch the ASX Trade video.



## Contacts

---

### Asia

#### Andrew Musgrave

Regional Manager, Asia  
+61 2 9227 0211  
[andrew.musgrave@asx.com.au](mailto:andrew.musgrave@asx.com.au)

### Europe

#### James Keeley

Regional Manager, Europe  
+44 203 009 3375  
[james.keeley@asx.com.au](mailto:james.keeley@asx.com.au)

### North America

#### David Ritchie

VP, Regional Manager,  
North America  
+1 312 803 5840  
[david.ritchie@asx.com.au](mailto:david.ritchie@asx.com.au)

### Trade Marks

The trade marks listed below are trade marks of ASX. Where a mark is indicated as a registered mark it is registered in Australia and may also be registered in other countries. Nothing contained in this document should be construed as being any licence or right of use of any trade mark contained within the document.

ASX Trade™, Centre Point Order®, PureMatch™, ASX Best™, TradeMatch™

Notes

---



ASX

AUSTRALIAN SECURITIES EXCHANGE

Exchange Centre, 20 Bridge Street, Sydney NSW 2000.

Telephone: 131 279 [www.asx.com.au](http://www.asx.com.au) 13-02