



Protect Cancel And Protect Reprice Orders

Functionality Overview

FUNCTIONALITY OVERVIEW

Protect Cancel and **Protect Reprice** are optional Alpha order instructions allowing clients to execute orders only on Alpha with protection from trade-throughs or locking/crossing the NBBO.

Protect Cancel and Protect Reprice orders trade as much as possible on Alpha without causing a trade-through (trade outside the NBBO) or a book-through (locking or crossing the NBBO on posting), and without routing to other marketplaces:

- A Protect Cancel order will execute on Alpha to the extent possible before cancelling any residual volume.
- A Protect Reprice order will execute on Alpha to the extent possible before booking any residual volume one tick away from the opposite side of the NBBO. Once the order is booked on Alpha with the adjusted price, this price of the order will not change with subsequent changes to the NBBO.

Trade-through and/or book-through protection continues to apply to any subsequent order price changes, such as user price amendment, or triggering of an on-stop order. Protection does not apply to replenished iceberg quantity but does apply when assigning a price to unfilled market order.

Protect Cancel and Protect Reprice instructions can be used on all orders however the instructions will be ignored on Special Terms and Odd Lot orders.

EXAMPLES

PROTECT CANCEL

ALPHA				Marketplace 1			
Bid Vol	Bid	Offer	Offer Vol	Bid Vol	Bid	Offer	Offer Vol
100	10.01	10.03	100	100	10.01	10.02	100
100	10.00						

NBBO is 10.01-10.02

- ➔ User enters Protect Cancel Sell 100 @ 10.03 on Alpha
- ⬅ The order is booked at 10.03 on Alpha as it cannot trade with any orders on Alpha and it will not lock or cross the NBBO.

- ➔ User enters Protect Cancel Buy 100 @ 10.02 on Alpha
- ⬅ The order is cancelled as booking the order would lock the NBBO at 10.02

- ➔ User enters Protect Cancel Buy 100 @ 10.03 on Alpha
- ⬅ The order is cancelled as trading with the 10.03 offer on Alpha would trade through the 10.02 offer on Marketplace 1.

- ➔ User enters Protect Cancel Sell 200 @ 10.00 on Alpha
- ⬅ 100 @ 10.01 trades on Alpha
- ⬅ Remaining 100 is cancelled as trading with the 10.00 bid on Alpha would trade through the 10.01 offer on Marketplace 1.

PROTECT REPRICE

ALPHA				Marketplace 1			
Bid Vol	Bid	Offer	Offer Vol	Bid Vol	Bid	Offer	Offer Vol
100	10.01	10.03	100	100	10.01	10.02	100
100	10.00			100	9.99	10.03	200

NBBO is 10.01-10.02

- ➔ User enters order #1 Protect Reprice Sell 100 @ 10.03 on Alpha
- ⬅ Order #1 is booked at 10.03 on Alpha as it cannot trade with any orders on Alpha and it will not lock or cross the NBBO.

- ➔ User enters order #2 Protect Reprice Buy 100 @ 10.02 on Alpha
- ⬅ Order #2 is re-priced to 10.01 and booked on Alpha, as booking it at 10.02 would lock the NBBO. (total Alpha bid vol @ 10.01 is now 200)

- ➔ User enters order #3 Protect Reprice Buy 100 @ 10.03 on Alpha
- ⬅ Order #3 is re-priced to 10.01 and booked on Alpha, as trading with the 10.03 offer on Alpha would trade through the 10.02 offer on Marketplace 1. (total Alpha bid vol @ 10.01 is now 300)
 - The offer for 100 @ 10.02 on Marketplace 1 is cancelled and the NBBO becomes 10.01-10.03.
 - No updates to orders #2 and #3.

NBBO is 10.01-10.03

- ➔ User enters order #4 Protect Reprice Sell 400 @ 10.00 on Alpha
- ⬅ 300 @ 10.01 trades on Alpha
- ⬅ Remaining 100 of order #4 is booked at 10.02 as not to trade through or book through the 10.01 bid on Marketplace 1.

STAMP and FIX Protocols

PROTECT CANCEL ORDER MESSAGES

Message	STAMP Protocol	FIX Protocol
Order Entry	5 : (Non-DAO): Alpha will kill any portion of the incoming order that would trade through or lock an away market. 6 : (Non-DAO): Alpha will prevent trade-throughs and locked markets by adjusting the price and booking the order, once booked it remains static at that price	HandlInst (21) 5 : (Non-DAO): Alpha will kill any portion of the incoming order that would trade through or lock an away market. 6 : (Non-DAO): Alpha will prevent trade-throughs and locked markets by adjusting the price and booking the order, once booked it remains static at that price.

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