

Market Order

How is a Market Order being executed?

- A Market Order can only be placed during **Continuous Trading Session**.
- A market order will be executed for the largest quantity possible until **reaching the highest/lowest limit price(See next slide)**.
- **Any unfilled quantity** of the Market Order **will be automatically cancelled immediately**.

Upper/Lowest limit price of a Market Order

The **Highest price** for a **Buy order**(取更高者):

- Nominal Price + 5 spreads or
- Nominal + 5%

Nominal Price	+5 Spread	+5%
\$8.00	\$8.05	\$8.40 (Maximum Buy Price)

The **Lowest Limit Price** for a **Sell Order**(取更低者):

- Nominal Price - 5 spreads or
- Nominal - 5%

Nominal Price	-5 Spread	-5%
\$8.00	\$7.95	\$7.6 (Maximum Sell Price)



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Case 1: Full execution of Market Order

The nominal price of that stock is HKD8.00 with a price spread of HKD0.01.

Maximum Buy price: $\$8 * 1.05 = \8.4 (**Nominal + 5%**)

Client has placed a Market Order to buy 5,000 shares of a stock.

Ask Price	Ask Quantity	Filled Quantity(Buy)
\$8.00	1,000	<u>1,000 shares @\$8.00</u>
\$8.01	2,000	<u>2,000 shares @\$8.01</u>
\$8.02	2,500	<u>2,000 shares @\$8.02</u>
Filled Quantity: 5000 shares		

Result:

The Market Order of buying 5,000 shares is **fully executed**.

Case 2: Partial execution of Market Order

The nominal price of that stock is HKD0.25 with a price spread of HKD0.005

Maximum Buy Price: $\$0.25 * +5 \text{ spreads} = \0.27 **(Nominal Price + 5 spreads)**

Client has placed a Market Order to buy 10,000 shares of a stock.

Ask Price	Ask Quantity	Filled Quantity(Buy)
\$0.25	1,000	<u>1,000 shares @\$0.25</u>
\$0.255	1,000	<u>1,000 shares @\$0.255</u>
\$0.26	1,000	<u>1,000 shares @\$0.26</u>
\$0.265	1,000	<u>1,000 shares @\$0.265</u>
\$0.27	1,000	<u>1,000 shares @\$0.27</u>
Filled Quantity: 5000 shares		
Unfilled Quantity: 5000 shares		

Result:

The Market Order is **partially executed** by buying **5,000 shares**.

Remaining **5,000 shares** will be **automatically cancelled**.

What is the Funds on Hold when placing Market Order?

Stock Category	Funds on Hold	Example
Marginable stock (Cat SA, A, B) e.g. 700	$105\% * \text{Nominal Price} * \text{Quantity}$	Buy Order: Buy 100 shares of 700.HK Nominal Price: <u>\$600</u> Margin Requirement: $\$600 * 105\% * 100 \text{ shares}$ <u>= \$63,000</u>
Marginable stock (Cat C, D, E, F) e.g. 8	$120\% * \text{Nominal Price} * \text{Quantity}$	Buy Order: Buy 1000 shares of 8.HK Nominal Price: <u>\$5.2</u> Margin Requirement: $\$5.2 * 120\% * 1000 \text{ shares}$ <u>= \$6,240</u>
Non-Marginable Stock e.g. 2617	$150\% * \text{Nominal Price} * \text{Quantity}$	Buy Order: Buy 500 shares of 2617.HK Nominal Price: <u>\$156</u> Margin Requirement: $\$156 * 150\% * 500 \text{ shares}$ <u>= \$117,000</u>



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