

**Market Order (MO)**

Market Order is an order which customers do not specify the price. A Market Order that is entered into the trading system during the Continuous Trading Session will be executed at the current bid/ask price at the time when the order is processed. Upon customers' confirmation of any Market Order placement, the Bank will submit the buy/sell order to the market by matching it once up to five best price queues in the prevailing market and up to a maximum of 10 spreads above/below the nominal price at the time when the order is processed, provided that the order price is not lower than \$0.01. Any unfilled quantity of the Market Order resulting from completion of the above procedure will be automatically cancelled at once. After placement of a Market Order, customers are advised to check the order status and execution result. Customers should also be aware that the final execution price may deviate considerably from the nominal price at order placement, especially for illiquid stocks and/or at the beginning of Morning and Afternoon Trading Sessions due to handling of the orders that have been accumulated before the market opens.

**Example 1 (for illustration only):**

Customer has placed a Market Order to buy 100,000 shares of a stock.

Assume that the prevailing nominal price of that stock is HKD8.00 with a price spread of HKD0.01.

The Bank will calculate the required transaction amount and trading related charges based on the 10 spreads above the nominal price of the stock (i.e. HKD8.10) and the sum will be withheld from the customer's available investment amount. The Bank will submit the order to the market for matching once up to the five best price queues at prices equal to or lower than the nominal price plus 10 spreads (i.e. HKD8.10).

### Scenario A

The price queues in the market:

Ask Price (HKD)	Quantity
<b>8.00</b>	<b>30,000</b>
<b>8.01</b>	<b>20,000</b>
<b>8.02</b>	<b>10,000</b>
<b>8.03</b>	<b>10,000</b>
<b>8.04</b>	<b>40,000</b>
8.05	50,000

**Filled Quantity (Buy)**  
30,000 shares @HKD8.00  
20,000 shares @HKD8.01  
10,000 shares @HKD8.02  
10,000 shares @HKD8.03  
30,000 shares @HKD8.04  
Total: 100,000 shares

Transaction Result: The Market Order is fully executed by buying all 100,000 shares after matching with the five best price queues in the prevailing market.

### Scenario B

The price queues in the market:

Ask Price (HKD)	Quantity
<b>8.00</b>	<b>30,000</b>
<b>8.01</b>	<b>0</b>
<b>8.02</b>	<b>0</b>
<b>8.03</b>	<b>0</b>
<b>8.04</b>	<b>40,000</b>
8.05	50,000

**Filled Quantity (Buy)**  
30,000 shares @HKD8.00  
40,000 shares @HKD8.04  
Total: 70,000 shares

**Unfilled Quantity (Buy)**  
30,000 shares

Transaction Result: The Market Order is only partially executed by buying a total of 70,000 shares after matching with the five best price queues in the prevailing market. The unfilled quantity of the order (i.e. 30,000 shares) will be automatically cancelled. Customer may place a new order if he/she wants to buy the unfilled quantity.

### **Example 2 (for illustration only):**

Customer has placed a Market Order to sell 100,000 shares of a stock.

Assume that the prevailing nominal price of that stock is HKD6.00 with a price spread of HKD0.01.

The Bank will submit the order to the market for matching once up to the five best price queues at prices equal to or higher than the nominal price minus 10 spreads (i.e. HKD5.90).

Scenario A

The price queues in the market:

<b>Bid Price (HKD)</b>	<b>Quantity</b>
<b>5.92</b>	<b>10,000</b>
<b>5.91</b>	<b>10,000</b>
<b>5.90</b>	<b>20,000</b>
5.89	10,000
5.88	20,000
5.87	30,000

**Filled quantity (Sell)**

10,000 shares @HKD5.92

10,000 shares @HKD5.91

20,000 shares @HKD5.90

Total: 40,000 shares

**Unfilled quantity (Sell)**

60,000 shares

Transaction Result: The Market Order is only partially executed by selling a total of 40,000 shares after matching with the three price queues at the prices equal to or higher than the nominal price of the stock minus 10 spreads (i.e. HKD5.90). The unfilled quantity of the order (i.e. 60,000 shares) will be automatically cancelled. Customer may place a new order if he/she wants to sell the unfilled quantity.

Scenario B

The price queues in the market:

<b>Bid Price (HKD)</b>	<b>Quantity</b>
5.89	10,000
5.88	10,000
5.87	0
5.86	10,000
5.85	0
5.84	30,000

**Filled quantity (Sell)**

0 share

**Unfilled quantity (Sell)**

100,000 shares

Transaction Result: Since the nominal price deviates from the market bid price by more than 10 spreads, the Market Order is not executed and no quantity is filled. The unfilled quantity of the order (i.e. 100,000 shares) will be cancelled. Customer may

place a new order if he/she wants to sell the unfilled quantity.

**Example 3 (for illustration only):**

Customer has placed a Market Order to sell 100,000 shares of a stock.

Assume that the prevailing nominal price of that stock is HKD0.012 with a price spread of HKD0.001.

Under the condition that the order price must not be lower than \$0.01 (while the prices will fall below \$0.01 based on the 10 spreads below the nominal price in this case), the Bank will submit the order to the market for matching once up to the five best price queues at prices equal to or higher than HKD0.01.

The price queues in the market:

<b>Bid Price (HKD)</b>	<b>Quantity</b>
<b>0.012</b>	<b>10,000</b>
<b>0.011</b>	<b>0</b>
<b>0.010</b>	<b>20,000</b>

**Filled quantity (Sell)**

10,000 shares @HKD0.012

20,000 shares @HKD0.010

Total: 30,000 shares

**Unfilled quantity (Sell)**

70,000 shares

Transaction Result: The Market Order is only partially executed by selling a total of 30,000 shares after matching with the three price queues at the prices equal to or higher than HKD0.01. The unfilled quantity of the order (i.e. 70,000 shares) will be automatically cancelled. Customer may place a new order if he/she wants to sell the unfilled quantity.