

DFS140 - Orders

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Abstract

The purpose of this document is to describe the types of Orders within M7.

Chapter 1 provides an overview of the Orders in M7.

Chapter 2 lists all of the standard Order Types, along with their descriptions.

Chapter 3 describes the different Order Execution Restrictions.

Chapter 4 describes the different Order Validity Restrictions that are available.

Chapter 5 describes Order Status effects and Status transition rules.

Chapter 6 describes Order Groups and the Execution Rules.

Chapter 7 describes the Order Entry, Validation rules, on behalf entry and entry processes.

Chapter 8 describes Order Modification, and its rules and impacts on Orders.

Chapter 9 describes how the Orders are maintained.

Intended Audience

This document is intended for the following user groups:

- Project team members
- Technical team
- Clients

Referenced Documents

This document refers to:

- DFS110 Order Matcher
- DFS150 Trades
- DFS160 Multi Exchange Connection
- DFS170 Risk Management
- DFS180 Public Message Interface
- MFG110 Trader Manual ComTrader

1 Orders

1.1 Introduction

An Order in M7 represents an instruction from a market participant to either acquire, or to sell a commodity in exchange for money. Buy or sell orders can be submitted into the system, both to M7 and SOB by traders, market makers, brokers or by the market operations team, who have the appropriate rights to perform the order entry action on behalf of traders.

Orders for local and global contracts are entered in the Local Trading solution of M7 and the ones which have been entered via a tradeable instrument of a local product, will remain in M7 and be referred to as 'Local Orders'. The ones which have been entered using remote contracts will in turn be sent to XBID, providing that M7 is connected to XBID. M7 supports several order types, (see [Section Order Types](#)) with customised execution and validity restrictions which can be configured according to the rules of the participating exchange. All of these available order types can be submitted into the system by traders, brokers, market makers and market operators who have the appropriate rights to book orders.

When an order is first submitted into M7, it could be executed immediately in M7 or SOB, or it could be booked into an order book, or completely deleted. Although Orders for global contracts are entered in M7, Order matching is performed in the SOB module irrespective of the delivery areas that the orders were entered for, so the matching of the two orders (for a global contract) entered for the same delivery area is also performed in SOB. Local Order actions are performed in the local exchanges. The SOB module maintains a consolidated order book for all global contracts (not local contracts) based on the available transmission capacity between market areas. The course of action depends entirely on the restrictions that the order is instructed with (see [AON, FOK in Order Execution Restrictions](#)). If an order cannot be executed immediately, it is placed into an order book and it will stay there until either a matching order is submitted, or it is deleted/deactivated by the user or by the system. Orders that have been executed fully (with its entire quantity) are removed from the order book and the orders that have been partially matched are stored in the order book with their remaining quantity.

When an Order entry request is submitted, M7 first validates if all of the requirements for the order entry are met before storing the order in the system. If one or more validations fail, the order entry is rejected. The basic validation process when a new order is submitted in M7 is detailed below; (see [Section Validation rules](#) for all of the validation steps carried out in M7 when an order is submitted).

All of the orders sent to XBID via the M7 module are handled on first come first serve principle. When an order entry request is submitted, the system first validates if all of the requirements for the order entry are met before storing the order in the system. If one or more validations fail, the order entry is rejected.

The maximum number of Orders allowed in one Order entry is configurable in M7 and is then available in a systemInfoResp. Should the limit be exceeded, the whole request message will be rejected, and the client will get an error response message in M7.

- **User Setup** - Orders can only be submitted by users with the appropriate role.
- **Trading Limit** - The order owner must have a sufficient cash limit or commodity limit.
- **Contract Status** - The contract of the order must be in the status "Active".
- **Service** - Orders can only be submitted if the trading service is in the status "Trading".
- **Price Range** - Orders can only be submitted with limit prices that range within the price range that was defined for the traded product.
- **Order Attributes** - All order attributes (see [Order Attributes](#)) must comply to the correct format and value ranges for the traded contract which are derived from the product configuration.

- **Basket Execution Instruction** - Acceptance of basket orders depend on the basket execution restrictions (see *Basket Rules and Restrictions* in Section [Validity and Execution Restriction](#)).

Orders in M7 are usually stated with the references below (for all of the Order attributes please refer to Section [Order Attributes](#)):

Side: "Buy" for buy orders, "Sell" for sell orders. The Limit Price which the trader is ready to pay. The final execution price may end up being different.

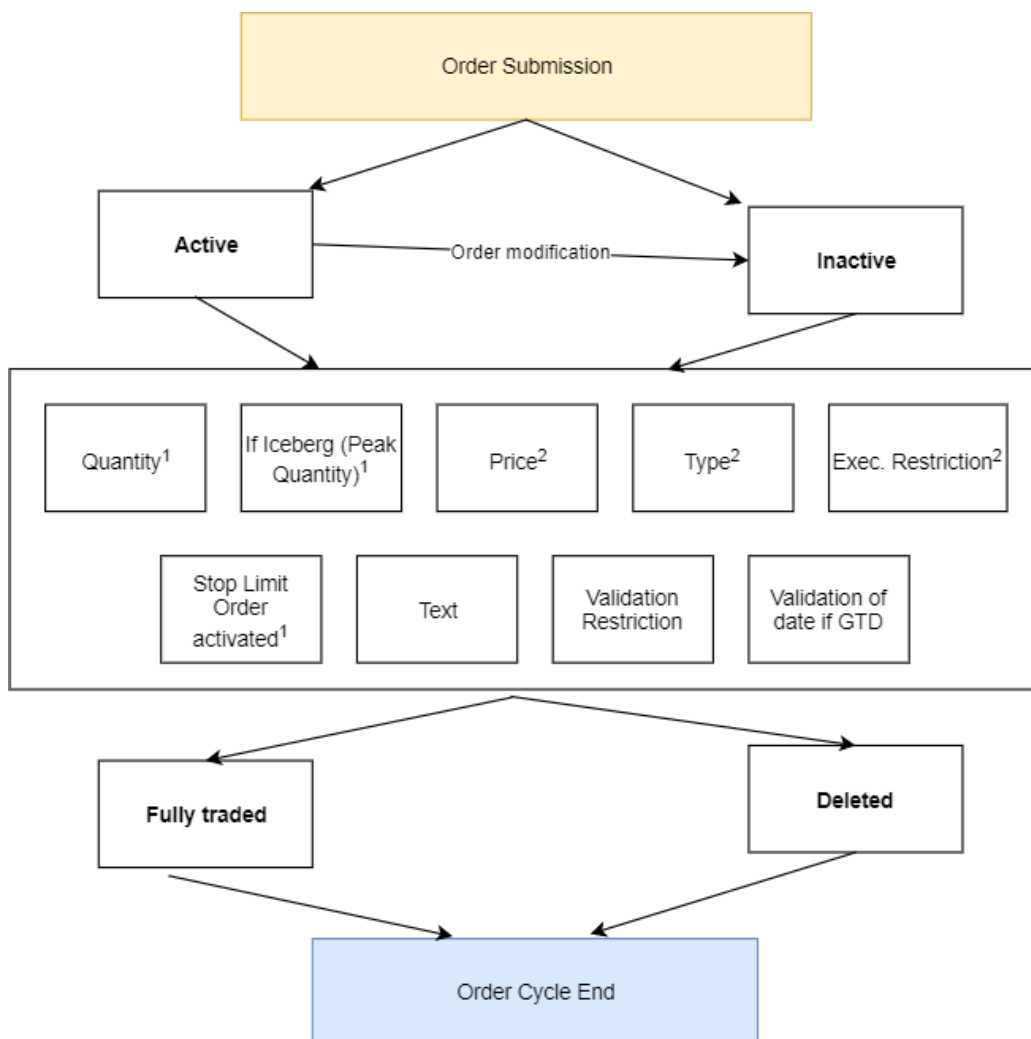
Quantity: The intended quantity to buy or sell.

Price: The buy price / sell price.

ExeRes: The execution restriction of an order, (which is optional), can be NONE, AON, IOC or FOK (see the Execution Restriction of each Order type in their respective section).

Timestamp: The order entry time or the last time that an order was modified. The higher the time period number, the later that an order was entered.

The Order submission and order modification cycle in M7 (simplified) can be depicted as below (for a more detailed Order submission and modification diagram, please see the [Order Lifecycle Diagram](#)).



1] Will result in a priority change (for Quantity only an increase, and for **Iceberg Peak** a quantity increase will result in a

priority change. Decreasing the peak size of an iceberg order to be lower than the current visible quantity will not result in new timestamp).

2] Only REG to ICB, vice versa is possible, which will result in a priority change

If the market reaches the price level that is given by the stop price of the stop order, then the stop order is triggered.

1.2 Order Attributes

This section contains a functional representation of the order parameters. If the attribute is not listed here please refer to *DFS180 - Public Message Interface* and for all the default values of an Order refer to *MFG110 – Trader Manual ComTrader*.

| Attribute | Description | Example | Optional or Mandatory | Order Entry/Modification |
|------------|---|--|-----------------------|--|
| Order ID | A unique identifier of an order in the system. All order ids in the system are assigned incrementally. | "123456" | Mandatory | System generated, can only be modified by the system |
| Order Type | The type of an order as described in <i>Section 2</i> of this document | "Regular" | Mandatory | Defined by the User. Refer to <i>Section 8 Order modification</i> for the available order type amendments. |
| Side | Orders are booked as either buy or sell orders. While a buy order represents an instruction from a market participant to acquire a commodity in exchange for money, a sell order represents an instruction to deliver the commodity in exchange for money | "Buy" | Mandatory | Defined by the user, cannot be modified |
| Contract | A contract which is either bought or sold | "18-19" | Mandatory | User defined, cannot be amended |
| Limit | The max price at which a buy order can be matched, the min price at which a sell order can be matched. The order limit is used to determine the execution priority of an order based on the price-time-principle. Order limits can also have negative values (configurable), which can lead to negative order execution prices. | "€10,00" (currency not configurable by the user) | Optional | User defined and can be modified |

| Attribute | Description | Example | Optional or Mandatory | Order Entry/Modification |
|-----------------------|--|---|--|--------------------------------------|
| Quantity | The maximum commodity quantity that can be acquired or sold. | "5,0 MW" (Unit defined by the market operator in the product level) | Mandatory | User defined, can be modified |
| Timestamp | The timestamp of an order is set by the back end when an order is booked and every time its execution priority is modified. The order timestamp is used to determine the execution priority of an order based on the price-time-principle. | "2012-03-26 11:47:23:000" | Mandatory | System generated, cannot be modified |
| Execution Restriction | The execution restriction of an order. NON, FOK, IOC or AON. | "FOK" | Mandatory | User defined, can be modified |
| Validity Restriction | The validity restriction of an order determines when an order should be deleted by the system. Valid values are GFS or GTD. | "GFS" | Mandatory | User defined, can be modified |
| Validity Date/Time | An order is deleted by the system once its validity date/time is reached. A validity/date time can only be specified if the validity restriction is GTD. | "2012-10-23 15:00:00" | Mandatory | User defined, can be modified |
| Peak Size | The peak size of an iceberg order defines the maximum order quantity that should be displayed in the market. | "25,0 MW" | Mandatory (If the Order type is Iceberg) | User defined, can be modified |
| Delivery Area | The delivery area of an order defines a location inside a grid, to or from where a commodity is being delivered when traded. | "Delivery Area A" | Mandatory | User defined, can be modified |

| Attribute | Description | Example | Optional or Mandatory | Order Entry/Modification |
|------------------|--|---|-----------------------|---|
| Account | The account of an order determines if a commodity is bought for proprietary use, or on behalf of a third party. Valid values are (the values depend on the M7 configuration): A) "P" (proprietary) and "A" (agent). B) "A1", "A2", ..., "A9" (agent accounts) or "P1", "P2", ..., "P9" (proprietary accounts). | "A", "P" "A1", "A2", ... "A9" "P1", "P2", ..., "P9" | Mandatory | User defined, cannot be modified |
| Parent Order ID | Parent Order ID is displayed only if the maintenance step leads to a new Order ID in which case it will contain the Order ID of the previously modified Order. | 100 | Mandatory | System defined if an Order was amended and this amendment results in a new Order ID |
| Initial Order ID | Initial Order ID refers to the first Order ID an Order is assigned to and it never changes. | 99 | Mandatory | System defined, cannot be changed |
| Text | An order text that is only visible to the trader who instructed the order, other traders assigned to same balancing group and Market Operation users with appropriate rights. | "Any Text" | Optional | User defined, can be modified |
| User Code | The user code of the Order owner. This refers to the user code of the trader who booked the order, or the user code of the Order owner for whom an order was booked on behalf of. | "TRD001" | Mandatory | System generated, cannot be modified |
| Balancing Group | The balancing group of the initial order owner for which an order was booked. | "BG-TEST-00000001" | Mandatory | User defined, can be modified |
| Member | The member ID of the order owner | "TM001" | Mandatory | System defined, cannot be modified |

| Attribute | Description | Example | Optional or Mandatory | Order Entry/Modification |
|-----------------------------|--|---|--|--------------------------------------|
| Stop price for Limit Orders | Only relevant for Stop Limit Orders. It defines at which price the stop limit order is triggered. | "€10,00" | Mandatory if the type is a Stop Limit Order | User defined, can be modified |
| Exchange | The market which the order is instructed in. | DEMO | Mandatory | System defined, cannot be modified |
| Peak Price Delta | Peak Price Delta (PPD) is only available when the Order Type is Iceberg Order (ICB). If the peak tick size is defined for the parent product, then the PPD must be a multiple of the tick size. | "+1" (if the tick size is defined as 1 in the product level then Price delta can only be in multiples of 1) | Mandatory if it is an Iceberg Order (but it is possible to submit 0) | User defined, can be modified |
| Order Owners | Order owners are the traders who instructed the order but can also be the user code of the order owner for whom an order was entered (on behalf) by market operations broker or another user of the same member. | "TRD001" | Mandatory, it can be changed by the user if a modification with a priority change is performed | System defined, can be modified |
| Client Order ID | A text field input field which is returned unchanged by the system. | "123456" | Mandatory if the order is instructed by a Broker using on behalf functionality | User defined, cannot be modified |
| AggressorIndicator | This will indicate whether the order acted as a trade aggressor or trade originator. | "Y" (Yes) - the order was a trade aggressor "N" (No) - the order was a trade initiator "U" (Unknown) - the information is unknown because it is calculated on XBID side. The value is also used for data migration. | M7 will indicate this attribute as the fees paid are calculated based on this. | System defined, cannot be undefined. |

1.3 Order Owners

Every order instructed in M7 is owned by one user. All orders and order types can be instructed, viewed and modified by traders, brokers and market operators with the correct rights.

If for example, one of the users who belongs to the same balancing group as the trade originator performs an action on that particular order, and this results in a priority change (see [Order Modification with Priority Change](#)), then the user who belongs to the same balancing group as the trade originator will become the owner of this particular order.

Though the system requires order ownership for every order, it enables shared order management: orders can be viewed and modified by all users of the same balancing group, and as mentioned if that modification leads to a priority change, the user who initiated that change will become the order owner.

If on the other hand, the performed action does not result in a priority change, then the owner of the order will remain the same as in the previous order management step.

Brokers and Market Operation users are able to view, book and perform actions on an order via M7's 'On behalf Trading functionality. However, the owner of the order will always be the Trader on behalf of whom the Order was booked. Market operators, when given the appropriate rights can book and perform order actions on behalf of any trading member, whilst brokers are only able to do that for members which they are assigned to. A maintenance step, such as a modification which leads to a priority change can be traced within the system in M7. However, if the amendment does not result in a priority change and is performed by a user other than owner, this information will be documented in the XML Reports.

1.3.1 Order Aggressor/Initiator

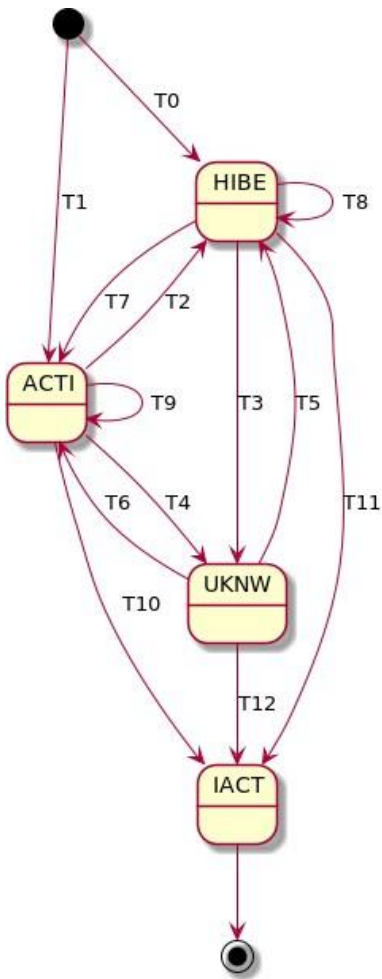
The Order aggressor/initiator which is reported, is stored in the M7 database at a trade record level (for each record) and at order history level (only when an order was partially or fully executed) The Order and Trade history ensures that the originator/aggressor info will appear in various different reports. For data that is related to orders and trades that are executed before migration to M7 6.0, the value will be "U" (Unknown). The aggressor/originator information will only not be available for remote products as XBID does not support this functionality.

When a new order is first instructed, the system validates the limits of all existing orders in the order book. If the incoming, aggressor Order, is immediately executable, meaning it is capable of being matched against at least one existing order, then one or more trades are generated.

1.3.2 Order Life Cycle Diagram

The Order life cycle for Regular, Iceberg, Balancing, Quotes and Stop Limit Orders can be depicted with the below diagram.

States: - **ACTI** - active - **HIBE** - hibernated - **UKNW** - unknown - **IACT** - inactive



| Number | DFS180 (state + action) | DFS190 (actnCod) | Action | Description |
|--------|-------------------------------|---------------------|--|---|
| T0a | HIBE + UADD | A | REG, ICB Order submission (API)(single or list) | An order is instructed with a Hibernated status |
| T0b | HIBE + UADD | A | STOP Order submission (single or list) | Stop Limit order is instructed (Stop Limit order will only be activated once the price is crossed) |
| T1 | ACTI + UADD | A | REG, ICB order submission (single or list) | A new order with an order type of REG, ICB or BAL is submitted in M7. |
| T2a | HIBE + UHIB | H | User HALT | The order is put into a Hibernated status manually by the user |
| T2b | HIBE + SHIB | H | System HALT | The order is put into a Hibernated status by the system (Halt, Cash limit breach) |
| T3 | UKNW + SNAV | n/a | Disconnection from XBID | In case of disconnection from XBID, order is put to UKNW state, as there is no info about current state in M7 |
| T4 | UKNW + SNAV | n/a | Disconnection from XBID | In case of disconnection from XBID, order is put to UKNW state, as there is no info about current state in M7 |
| T5 | HIBE + SHIB | H | XBID re-connection | After re-connection to XBID, orders are synchronized with XBID with HIBE status |

| Number | DFS180 (state + action) | DFS190 (actnCod) | Action | Description |
|--------|--------------------------------------|---------------------|--|--|
| T6 | ACTI + UADD | A | XBID re-connection | After re-connection to XBID, orders are synchronized with XBID with ACTI status (very low probability) |
| T7a | IACT + UDEL ACTI + UADD | D A | Activation by user (single or list) | Order(s) are activated by the user. Note, that order of the actions <i>DFS180 (state + action)</i> is not given. |
| T7b | IACT + UDEL ACTI + UADD | D A | Stop order triggered | A Stop Limit order is activated (providing that the prices cross). Note, that order of the actions <i>DFS180 (state + action)</i> is not given. |
| T8a | IACT + UDEL HIBE + UADD | D A | Order modification with changing order priority | Change of order(s) in HIBE state with priority change in the order queue once the order is activated (see Order Modification for order modification rules). Note, that order of the actions <i>DFS180 (state + action)</i> is not given. |
| T8a | HIBE + UMOD | C | Order modification without changing order priority | Change of order(s) in HIBE state without priority change in the order queue once the order is activated (see Order Modification for order modification rules) |
| T9a | IACT + UDEL ACTI + UADD | D A | Order modification with changing order priority | Order(s) are modified by the user which lead to a priority change in the order queue (see Order Modification for order modification rules). Note, that order of the actions <i>DFS180 (state + action)</i> is not given. |
| T9b | ACTI + UMOD | C | Order modification without changing order priority | Order(s) are modified by the user which does not lead to a priority change in the order queue (see Order Modification for order modification rules). |
| T9c | ACTI + PEXE | P | Partial match if exeRes <> AON (for REG, ICB, BAL if one side only) | The order is partially matched which changes the timestamp of the Order, and the remaining quantity is instructed into the market, unless it is instructed with ExeRes AON which prevents partial matching. |
| T9d | ACTI + IAAD | I | ICB orders only: Potential insertion of new peak after partial execution | When the peak of the ICB order is matched, a new peak of the ICB order may be instructed into the market (if there is some remaining quantity). |
| T10a | IACT + FEFE | M | Full match (REG, ICB, BAL if one side only) | Order is fully matched. |
| T10b | IACT + UDEL | D | Manual deletion (single or list) | The active order(s) are manually deleted by the user. |
| T10c | IACT + SDEL | X | Trading end time reached | The active orders are deleted by the system due to their validity restriction (GFS) |
| T10d | IACT + SDEL | X | GTD date/time reached | The active orders are deleted by the system due to their validity restriction (GTD) |
| T10e | IACT + SDEL | X | IOC order without any matching | The active orders are deleted by the system due to (an IOC order without any match) |

| Number | DFS180 (state + action) | DFS190 (actnCod) | Action | Description |
|--------|-------------------------------|---------------------|-----------------------------------|--|
| T10f | IACT + SDEL | X | FOK order without any matching | The active orders are deleted by the system due to their Execution restriction (a FOK order without a match) |
| T10g | IACT + ADEL | D | User suspension | The active orders are deleted by the system due to user suspension. |
| T11a | IACT + UDEL | D | Manual deletion (single or list) | The active order(s) are manually deleted by the user. |
| T11b | IACT + SDEL | X | Trading end time reached | The hibernate orders are deleted by the system due to their validity restriction (GFS) |
| T11c | IACT + SDEL | X | GTD date/time reached | The hibernate orders are deleted by the system due to their validity restriction (GTD) |
| T11f | IACT + ADEL | D | User suspension | The hibernate orders are deleted by the system due to user suspension. |
| T12a | IACT + SDEL | X | XBID re-connection | After re-connection to XBID, order is synchronized with XBID with IACT status |
| T12b | IACT + FEFE | M | XBID re-connection | After re-connection to XBID, order is synchronized with XBID with IACT status and order was fully matched in XBID |

Assumptions are made for the above Order life cycle diagram:

- The market is in the 'TRADING' status. Manual Order deletion is possible when the market or delivery area is in the 'HALT' status.
- Contract expiry: No Order management action is possible after contract expiry.
- Member, balancing group and user is not suspended. Orders are deleted when the member, balancing group or the trader who has instructed the order or the trade is instructed on behalf of is suspended. However, a trader can belong to different balancing groups and if one of the balancing groups which a trader belongs to gets suspended then the Orders of that trader for that particular balancing group will be deleted. Said trader will still be able to trade in his / her remaining active balancing groups.
- A price change or quantity increase will impact the priority in the order queue.

1.3.3 Order Management

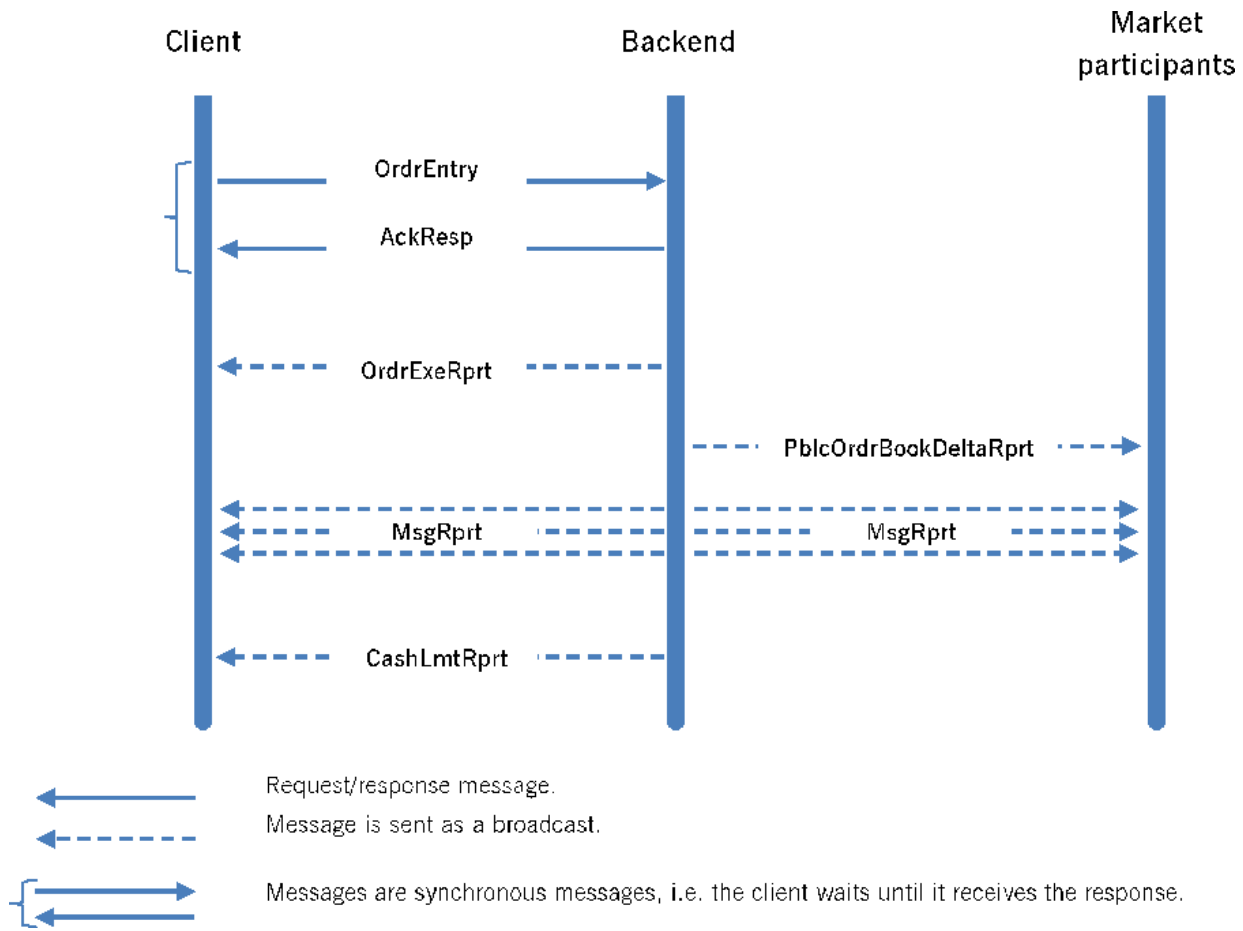
Any order management action potentially leads to:

- Order book recalculations and updates
- An update of an order being managed
- Own Cash limit recalculation and update (REG, ICB, BAL and OTC)
- A private message informing the user that the own order has been managed

In case of a trade(s):

- Same as above for all members owning orders involved in the trade(s)
- Own trade (s)

- A public trade to each of the market participants whose BG is assigned to at least one of the delivery area sides of the trade



2 Order Types

2.1 Introduction

M7 supports several order types with customised Execution and Validity Restrictions, and can be configured according to the requirements of an Exchange. Details and Attributes of all Order types are in the section below. The available Order types in M7 are;

- Regular Orders
- Iceberg Orders
- Balancing Orders
- Stop Limit Orders
- Auction Only
- Quotes
- OTC
- Market Sweep

An overview of the available order types in M7, and the parameters and possible values can be found in the below table:

| Order Type | Execution Restriction | Validity Restriction | AON/Product Partial |
|--------------------------|---------------------------|----------------------|-------------------------|
| Regular Orders | None AON FOK IOC | GTD GFS | AON and Product Partial |
| Iceberg Orders | None | GTD GFS | Product Partial |
| Balancing Orders | AON FOK IOC | GTD GFS | Product Partial and AON |
| Stop Limit Orders | None | GTD GFS | Product Partial |
| Auction Only | AU | GTD GFS | Product Partial |
| Market Sweep | AON | | AON, None |

2.2 Regular Orders

2.2.1 General

Orders with the order type 'Regular' are the basic order type in M7. Regular orders which are submitted with the execution restrictions NONE, FOK, IOC or AON can either be executed against exactly one other order with their full quantity or matched partially. If neither happens they are entered into the order book. The only time that partial executions of regular orders are not

allowed is when an order is instructed with an AON execution restriction.

Regular Orders are limit Orders and have to be executed at their specified price limit or better.

Regular Orders **cannot** be executed against a price which is;

- Higher than the entered price for a buy order
- Lower than the entered price for a sell order.

(See DFS110 Order Matcher for further details in relation to execution prices)

2.2.2 Special Attributes

Depending on the execution restriction with which the Order is instructed with, Regular Orders are either executed immediately at the best price or are booked into the order book if no matching order is available. *(Except Orders with an Execution restriction of IOC or FOK which are never booked into the Order book)*

A Regular Order which is submitted to an order book can be executed as long as the order is not deactivated, (hibernated) or deleted by a trader or the system due to its validation restriction, or any other triggering event. *(Please refer to [Order Validity Restrictions](#)).*

2.2.3 Specific Restrictions

Regular Orders can be booked with the execution restrictions NONE, FOK, IOC or AON.

Regular Orders can be booked with the validity restrictions GFS and GTD.

2.3 Iceberg Orders

2.3.1 General

Iceberg orders are limit orders which only have part of their total quantity visible in the market. Their full quantity does not need to be exposed to the market in order for order matching to take place.

An Iceberg Order gives traders the opportunity to hide part of their real interest at a specific price from the market. An Order with a large quantity may lead to adverse price movements, which is why the Order is sent out to the market in slices.

An Iceberg Order is characterised by the following:

- Its overall quantity.
- The peak quantity: this defines the visible part of the order which must be above a minimum quantity, being a system parameter e.g., 25 MW (configured at the Order entry level), in order to avoid excessive orders splits into small peaks or slices.
- Mandatory limit.
- Peak Price Delta: Determines the range of the price changes when a new slice of an iceberg order is entered.

The quantity visible in the order book is called the *shown quantity*. The shown quantity of an Iceberg Order is always identical to its peak size when it is newly booked and not matched.

When an Iceberg Order is matched in a trade, its total quantity is reduced by the trade quantity. When the first slice of the Iceberg is matched, there are three possibilities with regards to the shown quantity and the release of new slices(s).

1. If the shown quantity before the trade was greater than the subtracted amount, the order remains visible in the market with the remaining shown quantity. The initial time stamp of the iceberg order remains unchanged, and the Order ID of an Iceberg Order remains unchanged.
2. If the shown quantity in the market before the trade was less than or equal to the subtracted amount, then a *new slice* of the order quantity is made available in the market at the end of the price time queue (with the same Order ID but a new timestamp) with either the maximum quantity of the order's peak size or total remaining quantity. The displayed result depends on whether the remaining total Order quantity is equal to or higher than the peak size (*refer to the example below*). When a new slice is entered into the market, a new Order Execution is sent as a private message.
3. When an Iceberg Order gets partially traded, until the final slice is released, the slice quantity can either be equal to the peak quantity (if the total quantity was an exact multiple of the peak quantity) or less (equal to the remaining quantity).

In the example below, the total quantity of 110MW corresponds to 4 peaks of 25MW plus a remaining quantity of 10MW. Once the fourth slice of 25MW is traded, then the last slice of 10MW is released into the market. When the quantity of the last slice has been reduced to zero, the iceberg order is fully executed and removed from the Order book.

Example:

- If an Iceberg is instructed with 25/110 will have total quantity of 110, and the peak and shown quantity is 25.
- If from the peak size of 25, only 10 is matched, then peak size remains 25 (for further slices). The shown quantity in the market however will be reduced to 15, and the total of the Iceberg Order will go down to 100.
- As soon as the remaining quantity of 10 from the first slice is matched with an order, a trade is created and a new peak will be generated by the system.
- When an iceberg order with a total quantity falls below the defined peak quantity, then its type is automatically changed from ICB to REG by M7. Therefore, in this example, as soon as the last peak quantity of 25 is executed the remaining 10 will change to a REG order and be instructed as such.

Iceberg orders can be entered with a peak price delta (PPD). Each new slice will then be entered with a new, better (meaning less aggressive) limit price which is calculated in the following way:

$$\text{New limit price} = \text{previous limit price} + \text{peak price delta}$$

Buy orders can only be entered with a PPD value smaller or equal to zero, while sell orders can only be entered with a PPD higher or equal to zero. Whenever a new slice is inserted at a new price, the order will keep the original order ID but receive a new execution priority timestamp. If iceberg orders are submitted without the PPD field, the system will assume a value of "0,00".

2.3.2 Specific Attributes

For every iceberg order, a peak size, peak price delta (set to '0' when it's not required), and a total quantity has to be defined, (*please refer to the Trade Attributes in Section [Order Attributes](#)*).

When increasing the total quantity or the peak quantity of an iceberg order, the order will be deleted and a new one will be booked with the new parameters and a new timestamp. The first slice of the iceberg order will have the quantity of the peak size, and its priority in the order queue will be lost.

If the peak size of an iceberg order is decreased which causes it to be lower than the current visible quantity, the current visible quantity will be adjusted to the new peak size, and this will not result in a change in the order queue priority. The order number and the initial time stamp of an Iceberg remains unchanged when the slice in the Order book is matched and a new slice is instructed. In this case a new Order Execution report is sent to the user as a private message.

When modifying the limit price of an iceberg order, the order will be deleted and a new one will be instructed with the new

parameters and a new timestamp. The Order ID of the modified order will appear in the 'parent order id' field. If the modified order has no parent order ID, the initial 'Order ID' of the new order is also equal to the order ID of the modified order.

When an Iceberg Order is instructed, the user has the ability to increase or decrease the price for each slice. If for example the first slice of an Iceberg order with a Total quantity 100, is instructed @ 20, then the second slice can be instructed with 21 which is defined by the Peak Price Delta (PPD). In other words, if the user sets the PPD to +1 then the price of each slice will increase by 1. The modification of the price can be completed only using the PPD field. It is not possible to modify the price of a slice without affecting the limit price of the overall iceberg order.

After every execution, (each slice of the iceberg) the next slice of the iceberg is entered into the order book and the conditions for stop limit orders are checked simultaneously. If the last execution of an Iceberg order price leads to a stop limit order activation, then the stop limit order is entered with the start limit price.

Whether the stop limit order or the next slice of the Iceberg Order is executed first again depends entirely on the price-time-priority of the available orders.

In a situation where the next slice of the Iceberg order and stop-limit-order have the same limit price, the next slice of iceberg order will be executed first based on price-time-priority as the next slice was entered before the stop limit order. If, however, the prices are different, then the system executes the order with the better price first.

For example, if we have a sell ICB Order in the market which has the same price as a Stop Limit Order, then an aggressor Order trades the 1st slice, which in turn triggers the stop limit, then the next slice of the ICB can match with the stop limit Order.

2.3.3 Specific Validations

Iceberg orders cannot be booked with execution restrictions (Execution restriction for Iceberg Orders is always 'NONE') but they can however be booked into the system with validity restrictions (GFS and GTD).

As well as the standard order entry validations, (see [Order Entry Validation Rules](#) in *Order Entry* section) Iceberg orders have their own special validations which are performed when booking and amending an existing Iceberg order.

- The total quantity of an Iceberg order must be higher or equal than the peak size.
- The peak size must contain at least the minimum peak size, as defined at a product level.
- Iceberg Orders instructed with a Peak Price Delta (PPD) must have *tick size* (please refer to Section [Order Attributes](#)) defined at the product level, and the PPD must be a multiple(s) of the tick size.

If an Iceberg Order is submitted with a PPD value which is not equal to '0', then the following validations will be performed:

- The PPD of buy orders must be smaller or equal than zero.
- The PPD of sell orders must be greater or equal than zero.
- The system will validate if the price of no current or future peaks violate the price range for the product/bidding area combination, as well as checking whether the cash limit is sufficient enough.

2.4 Balancing Orders

2.4.1 General

Balancing Orders can only be entered in a Balancing Trading Phase (see *DFS120 – Reference Data* for a description of the Trading Phase "BALA"). Balancing Orders are only executed if exactly one of the two orders of a trade are an order with the type "Balancing".

2.4.2 Specific Order Attributes

none

2.4.3 Specific Validations

- Only users with the "Balancing" role are able to enter Balancing Orders. These users can also be configured to enter non-balancing orders.
- Balancing Orders can have the same execution restrictions and validity restrictions as orders with the type "Regular".
- Balancing Orders can only be entered or modified (deleted/deactivated/activated) in the 'Balancing' Trading Phase.
- Balancing Orders **cannot** be executed against other balancing orders.
- Partial execution of Balancing Orders is allowed.
- If a Balancing Order is matched in Cross Product Matching, the Order Type of the synthetic counter-orders is "Regular" and not "Balancing" (see description of Cross Product Matching in the document *DFS110 - Order Matcher*).

2.5 Stop Limit Orders

2.5.1 General

A Stop Limit Order is an order that is initially inactive. It is not able to be matched and it will not be included in the public market data until the Stop Limit Order is triggered. A Stop Limit Order is defined by two price parameters:

- **Stop price:** defines at which price the stop limit order is triggered
- **Limit price:** defines the limit price used to submit the order for execution.

If the market reaches the price level that is given by the stop price of the stop order, then the stop order is triggered. In other words, it is converted to an active regular limit order with an execution priority, and is matched according to the rules for incoming regular limit orders if possible.

Stop orders are often referred to as stop-loss orders in that they are often used to protect a trader's position from deteriorating beyond a certain point and stopping any further loss. Positions can be initiated or closed out using stop orders.

A buy Stop Order is placed at a stop price which is above the current market price, and a sell stop order is usually placed at a stop price that is below the current market price. It is not a given that a triggered Stop Order is matched immediately after it is triggered. It is treated just as per any incoming Regular Order, and it will be placed in the order book if it cannot be matched and executed immediately.

If, however, the price level at the time of the order is higher for a sell or lower for a buy order then the STOP can be converted immediately upon arrival in the system.

The availability of Stop Limit orders is configurable on product level.

Both the **stop price** and the **limit price** can be modified in the order modification process. A modification leads to a loss of the time priority of that Stop Order.

Stop Limit Orders are not triggered during an intraday cross border auction, or by OTC trades, and they will only be validated once the auction is finished. When two stop orders have the same price, the older order is listed first, and when several Buy and Sell stop orders can be triggered, then this will be done based on their time priority. The older orders are triggered first.

2.5.2 Execution Restrictions

Stop Limit Orders cannot be booked with any execution restrictions. Stop Orders which are triggered once the price is 'hit' by an incoming order will only be executed once the ongoing matching process is completed. The time stamp of the stop order will be given at the end of the ongoing matching process. The situation would be the same when an Order is entered into the system and an Order execution is taking place. Even if the price of that Order is 'better' than the current limit price, M7 will first execute the Orders in the queue and then move on to the new Order.

Example:

If we assume that the below Orders are in the system:

1. STP, BUY, 2@29, STP:28
2. ICB, BUY, 10@30, peak: 2, delta. -2
3. REG, SELL, 4@26

The expected result would be:

1. Trade 1), 3vs2, 2@30
2. Trade 2), 3vs2, 2@28
3. Stop order is triggered
4. Final OBK contains:
 - a) ICB, BUY, 6@26, peak: 2, delta -2 (timestamp from trade 2 execution time)
 - b) REG, BUY, 2@28 (timestamp shortly AFTER trade 2 execution)

2.5.3 Validity Restrictions

Stop Limit orders can be booked with validity restrictions GFS and GTD.

2.6 Auction Only

2.6.1 General

Orders received during any of the trading phases with the execution restriction Auction only (AU) are available for matching and execution only during the auction phase only.

2.6.2 Auction only Order Attributes

There are no special attributes, and orders are valid with their respective orders attributes.

2.6.3 Auction only Order Validations

Auction Only Orders are only valid during the auction phase which will be deleted once the Auction phase ends.

2.7 Quotes

Traders, market operators and brokers have the possibility in M7 to enter one- or two-sided quotes (a one-sided quote is a quote

where at quote entry, only a buy quote side or only a sell quote side is specified.

A quote can be instructed either with just one side or two sides. Each side of a quote is called a quote side and the buy side of a quote is called a buy quote side, and the sell side of a quote is a sell quote side.

Quotes can be executed against a REG, BAL or ICB order and they can only be instructed by Traders to which the right "Market Maker" is assigned. They are transformed into a regular order when there is a trade execution possibility and are transformed into a regular order when two orders where they are matched, and execution takes place.

Two quotes can be executed against each other and even if they are not executed all, they will still be reported in M7 reports and stored in the database.

Quotes functionality is not relevant for intraday trading.

2.7.1 Quotes Attributes

Several quotes can be sent to the M7 back-end in one message.

Quotes are associated only with the Price-time matcher.

2.7.2 Quotes Validations

Quotes without a volume are invalid and in the order book they are executed according to price-time priority as per all other order types.

Limit checks and price validations are also performed on a quote.

There can only be one quote per contract and balancing group, and if a new quote is instructed then the existing one is replaced.

2.8 OTC (Over The Counter Orders)

2.8.1 General

Over-the-counter (OTC) transactions are a transaction which are completed directly between two parties, without the direct involvement of an exchange (until the clearing stage). OTC trades are not supported in XBID and can therefore only be done in M7. Two parties agree on a bilateral contract which defines how a particular agreement is to be settled in the future. In an OTC trade, the price is not published for the public and they are not matched in continuous trading as OTC offers are made to a specified counterparty.

OTC orders require a counterparty during the order submission. The counterparty is defined by a receiver balancing group (account). All traders which are assigned to that account have access to the OTC order and are able to accept the order.

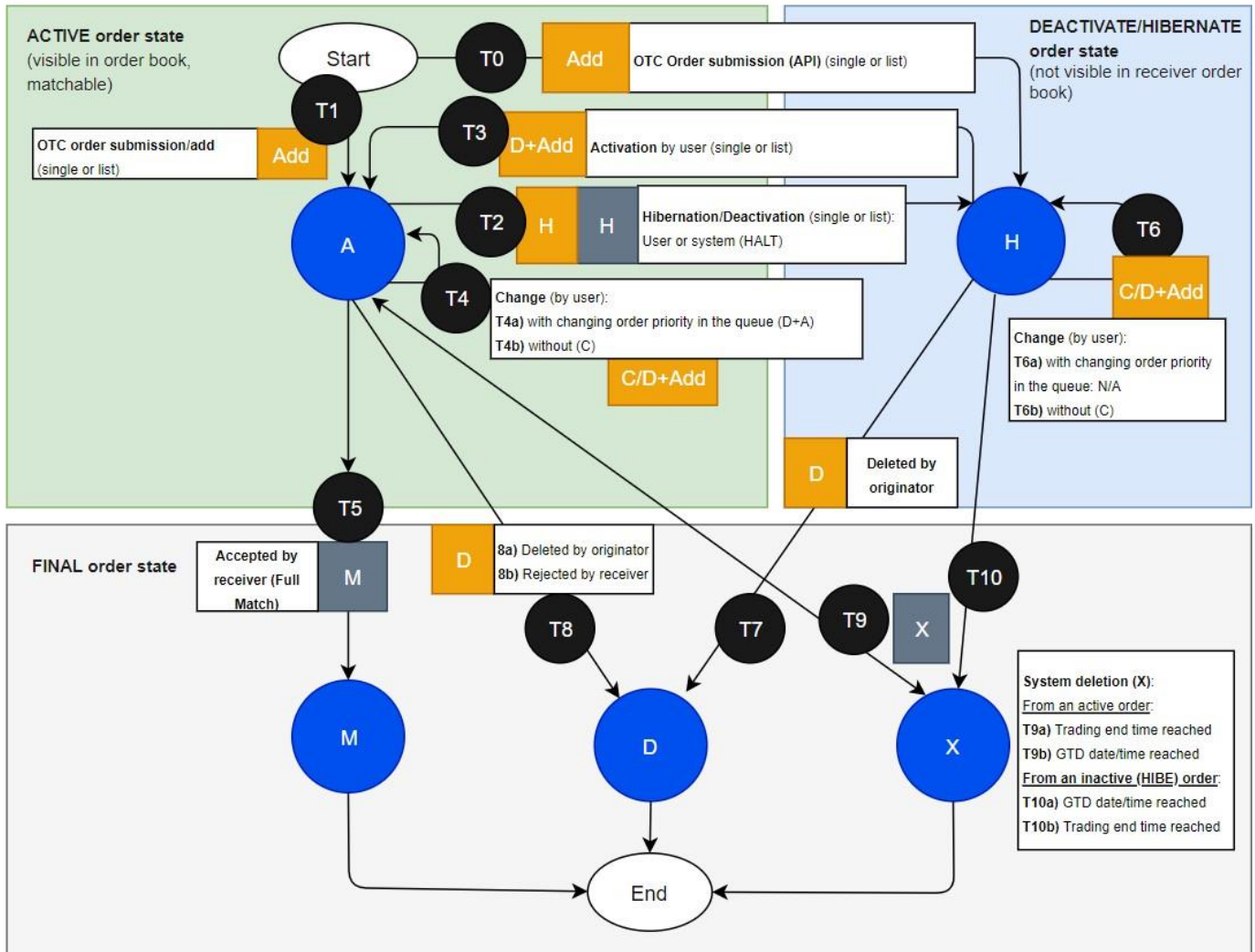
When OTC orders are accepted by the counterparty they are considered as trades in M7, however, they are not represented as a type in the API as it requires a prearranged field to be filled in. From a functional and order entry point of view, OTCs are still an order type until the order is accepted or rejected by the counterparty (see *OTC Trades DFS150*).

2.8.2 OTC Orders Life Cycle Diagram

The life cycle of an OTC order is depicted by the diagram below.

A=Active, D=Deleted/Deleted, C= Changed, H= Hibernate/Hibernated, X = Delete/Deleted by the system, M= Match/Matched.

Order state diagram
Exchange Order (OTC)



0. A single OTC order or a list of OTC orders are submitted in a Hibernated status.
1. A new single OTC order or a list of OTC orders is submitted.
2. Active OTC order(s) are set to the Hibernated status manually by the user or by the system.
3. The Hibernated order(s) are activated.
4. An OTC order is modified by the user. A price or quantity change leads to a priority change whilst other changes will not result in a loss of the order's priority.
5. An OTC order is accepted by the receiver in the Balancing group for which it was instructed.
6. An OTC order which is in a Hibernated status is modified.
7. An OTC order which is in a Hibernated status is deleted by the originator.

8. An active OTC order is deleted by its originator or rejected by its receiver.
9. An active OTC order is deleted by the system due to the trading end time being reached, or because the validity of the order has come to an end.
10. A Hibernated OTC order is deleted by the system due to the trading end time being reached, or because the validity of the order has come to an end.

2.9 Market Sweep Orders

Market sweep orders cannot be submitted into the system by submitting an order with a special-order type, such as regular- or iceberg orders. Instead, a market sweep order is submitted by submitting an order with:

- The order type "Regular".
- A user-defined block contract.
- The execution restriction IOC.

The trading module will then transform the order into multiple regular orders, one for each of the predefined contracts in the user-defined block, and each with the execution restriction IOC (see [Section Order Execution Restrictions](#)).

A market sweep order does not therefore have an order id, nor is it visible in the order book as it only serves as a vehicle for the creation of multiple IOC orders.

2.9.1 Execution Restriction

Generally, block orders for UDDP products can be submitted with the execution restriction IOC or FOK. If the AON matcher is assigned to the selected UDDP product, then the block orders can be submitted with the execution restriction AON, IOC or FOK.

Market sweep orders are user defined block orders with the execution restriction IOC.

2.9.2 Example

A market sweep order for power can be entered by submitting an order for a user-defined contract and the execution restriction IOC. This will generate one regular IOC order for each hour included in the specified block.

A market contains tradable contracts for each hour of a day, such as "00-01", "01-02" etc. Submitting an order with the following attributes:

Type: Regular

Contract: 15-18

Quantity: 50 MW

Limit: 10 €

Execution Restriction: IOC

would result in the creation of the following three individual orders:

Order 1 **Type:** Regular

Contract: 15-16

Quantity: 50 MW

Limit: 10 €

Execution Restriction: IOC

Order 2 Type: Regular

Contract: 16-17

Quantity: 50 MW

Limit: 10 €

Execution Restriction: IOC

Order 3 Type: Regular

Contract: 17-18

Quantity: 50 MW

Limit: 10 €

Execution Restriction: IOC

3 Order Execution Restrictions

3.1 General

Depending on the order type, market model and the product configuration, the market participant has the option to select an execution restriction type when entering an order.

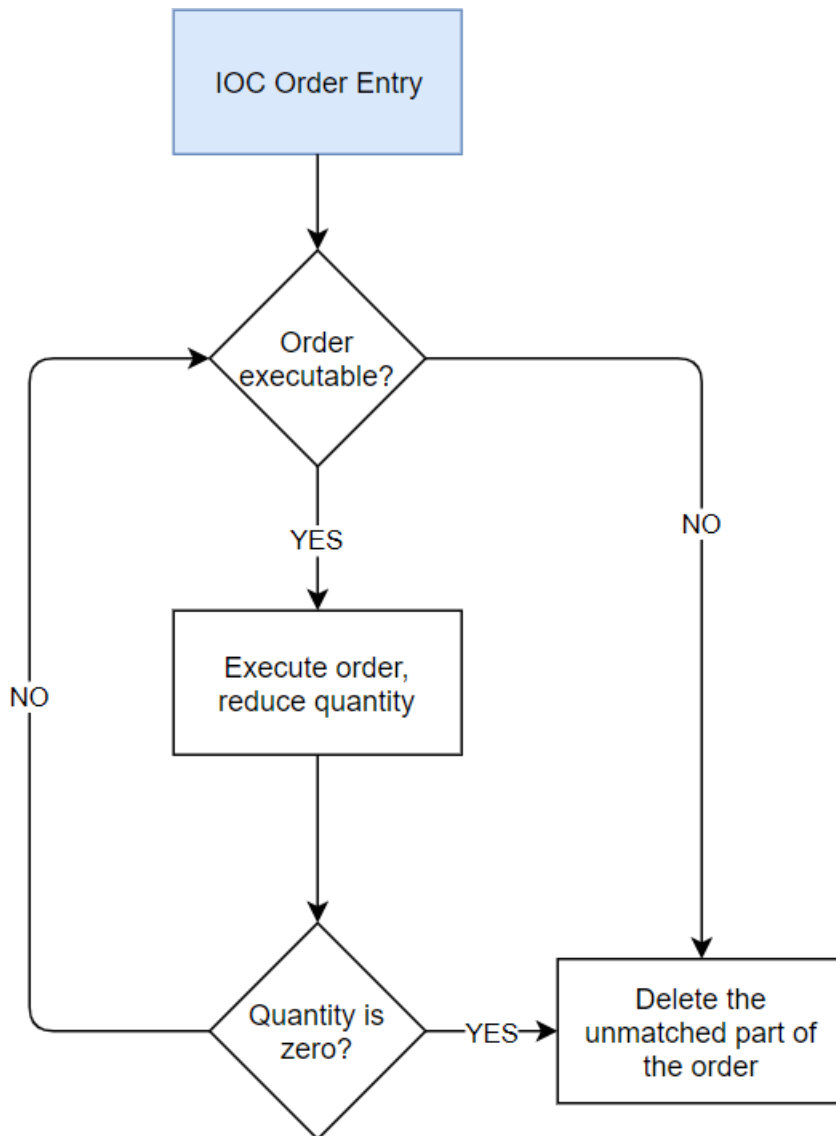
By default, orders which are booked without an execution restriction (*instructed with the execution restriction NON*) are subsequently executed immediately, stored and displayed in the order book, or partially executed with the remaining quantity being displayed in the order book.

3.2 IOC (Immediate-Or-Cancel)

An order submitted with the execution restriction IOC is either executed immediately, or, if the order can't be matched, it is deleted without ever having been entered in the order book. Partial executions are allowed, and IOC orders can be executed against multiple other orders to create multiple trades.

An order with the execution restriction IOC cannot have a validity restriction.

An IOC Order is never displayed in the order book as shown in the following process:



3.3 AON (All-Or-Nothing)

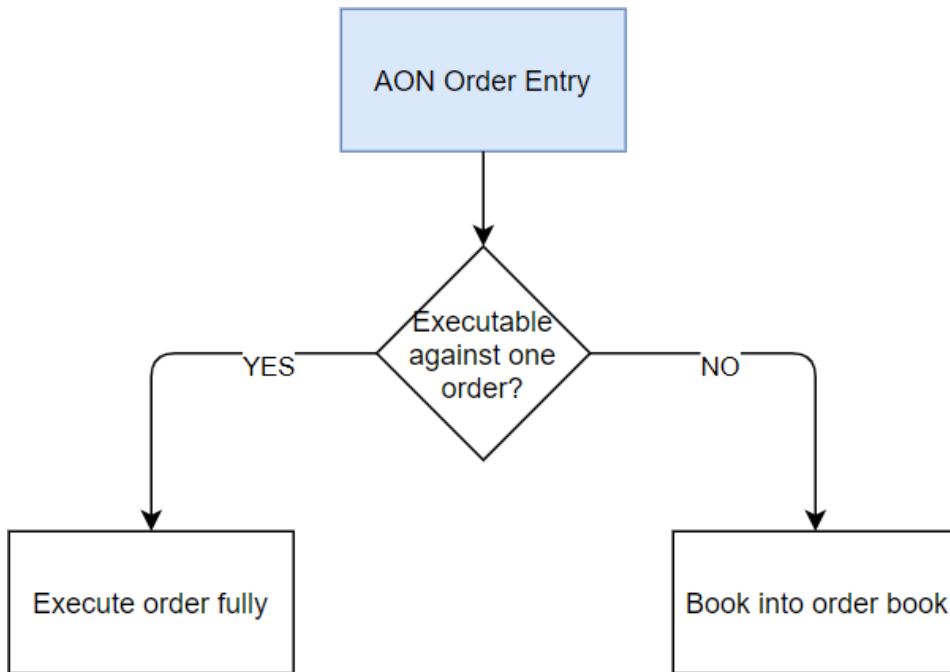
An order which is submitted with the execution restriction AON is either executed by one other order with its full quantity or booked into the order book. Partial executions are not allowed therefore AON orders can only be executed against exactly one other order of the exact same quantity. However, a LIMIT order can be executed via Cross product matching against an AON order in a manner whereby the AON order is executed in its entirety, while the LIMIT order is executed partially.

An AON order must be matched using its full quantity against exactly one other order which is why they can only be displayed with their full quantity locally. In a cross border scenario, the quantity would depend on the Available Transmission Capacity (ATC) and the order execution restriction.

In the case of a cross-product it is possible to execute an AON order against several orders, meaning against more than 1 order for each base delivery period. E.g. hourly AON order for 10 MW can be matched against 8 x 15 min sell orders with q=5MW (2x 5MW sell order for 15:00-15:15, 2x 5MW sell order for 15:15-15:30 etc.).

The Local order Execution Restriction flow, in particular the AON restriction can be seen illustrated with the diagram below

(providing that the Order is not instructed with the execution restriction NONE).



4 Order Validity Restrictions

4.1 General

Orders can be submitted with a validity restriction which defines when an order should be deleted by either the M7 or SOB systems (if it is not fully matched and if the contract expiration time has not been reached).

4.2 GTD (Good-till-Date)

Orders booked with the validity restriction GTD are deleted at an explicitly defined time booked by the user.

For each order that is set with the validity restriction GTD, a validity (expiration) date/time must be defined, at which the order is automatically deleted.

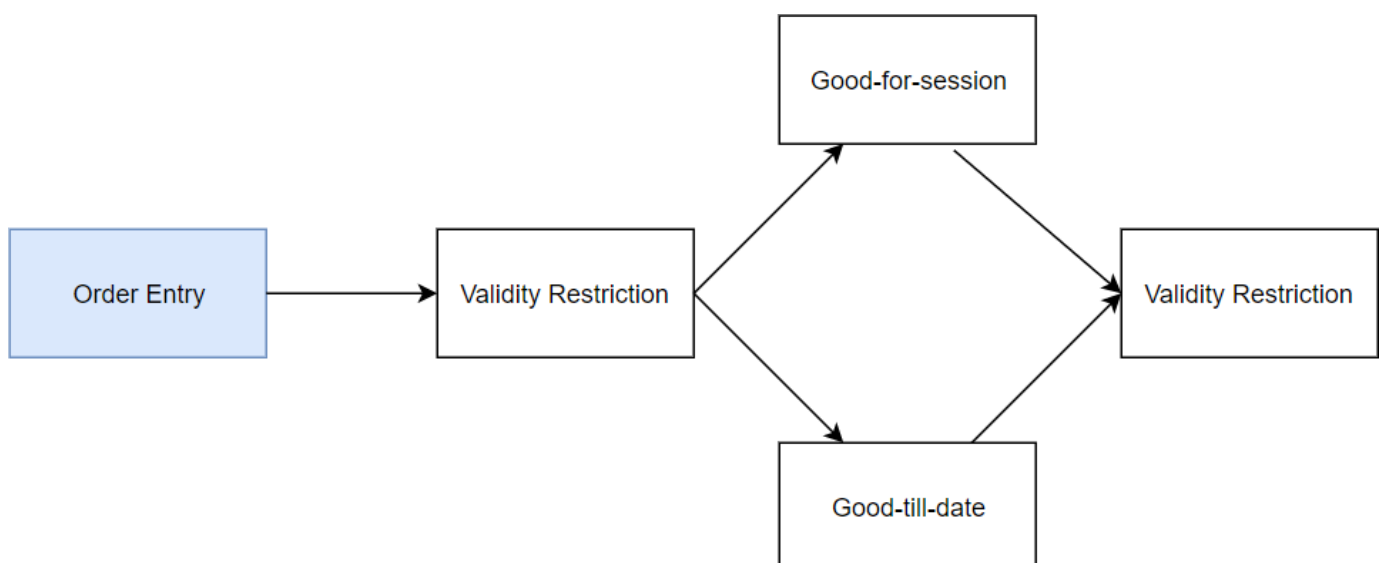
The validity date/time can only be booked in 5-minute intervals. This is configurable and depends on the frequency on which the order maintenance timer is being run, (like XX:05, XX:10 etc.) but it cannot be in the past or later than the expiration time of the contract that an order is booked for.

4.3 GFS (Good-for-Session)

GFS orders are deleted at the end of the trading session (a sequence of trading phases that are not interrupted by a closed phase).

Example: If the same contract is tradable today from 18:00-23:00 and then tomorrow from 9:00 to Delivery Start, then a GFS order entered today will be deleted at 23:00.

4.4 Order Validity Period Diagram



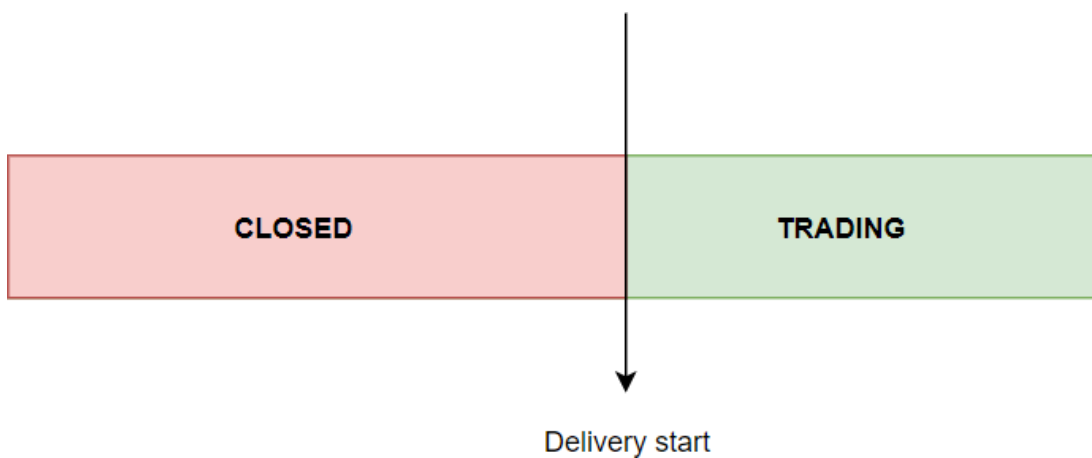
4.5 Trading After Delivery

M7 Trading supports Trading After Delivery, i.e. the setup where orders can be placed after the delivery start due to balancing purposes.

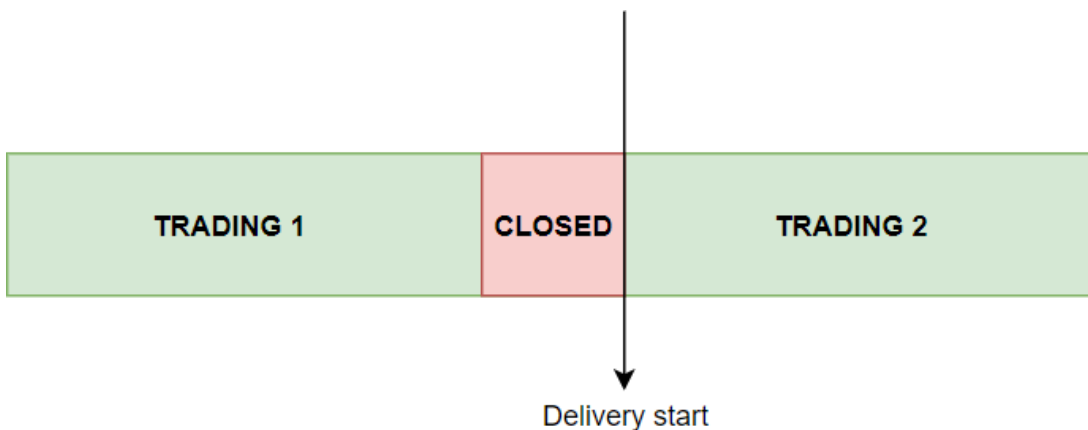
Trading After Delivery is realized in products with a contract expiry point that is set beyond the delivery period start.

The trading schedules assigned to products used for Trading After Delivery can be configured either with one trading phase opening upon delivery start, or with two trading phases. In the latter case, the first trading phase takes place before the delivery period start, while the second trading phase starts upon delivery start. Both trading phases must be separated by a CLOSED phase.

Variant 1: Trading After Delivery with one trading phase



Variant 2: Trading After Delivery with two trading phases



The following validity restriction rules apply for both of the above mentioned configuration variants:

- GFS orders entered in a trading phase get deleted at the end of the current trading session, regardless of the number of trading phases.
- GTD orders can be entered with a validity date up to the contract expiry, regardless of the number of trading phases.

Trades realized in Trading After Delivery can be recalled or cancelled until the contract expiry (see *DFS150 - Trades*).

Trades realized in Trading After Delivery before contract expiry are included in the trade file export (see *DFS220 - M7-MTT*).

5 Order Status

5.1 General

The status of an Order determines its exposure to the market and its general behaviour. An Active Order is live in the market until either it is matched, deleted or hibernated.

Please see [Order Life Cycle Diagram](#) for more details.

Note: In practice, M7 terminology uses *Hibernation* synonymous with *Deactivation*. Therefore Order Deactivation is the same as Order Hibernation. The related status for hibernation/deactivation is "HIBE". This should not be confused with the status "IACT", which is the Status of an Order after *Deletion*.

5.2 Status Effects

5.2.1 Status ACTI (Active)

Active orders are exposed to the market and can be matched by orders in the opposite direction. When orders are visible in the order book they can be modified, deleted and deactivated. The exception to this rule is Stop Limit Orders which are active but are exposed to the market, which will be activated by the system when the limit price or stop price that the order is instructed with is crossed.

Orders cannot automatically be activated by a system event as only users who have the right to modify that order can make an 'Hibernated' order 'Active'. On the other hand, Orders can be automatically deactivated by specific system events, such as contract expiry. If for example there is an order in the order book waiting for a matching instruction from the opposite side, and if that contract expires before the order is matched, then that particular order is deleted from the system and will not be visible to the traders anymore.

An Order can be set to Status "ACTI" if:

- All requirements for the entry of a new active order are fulfilled (see [Section Validation Rules](#))
- The Contract of an Order, as a default, is in status "Active".
- The Delivery Area and Market Area of the order is in status "Trading".
- The Trading Service is not in status "Halt" (on Hold).

5.2.2 Status HIBE (Hibernated)

- A Hibernated order is not displayed in an order book and can't be matched.
- It is still displayed in the 'Own Order' panel of ComTrader (see [MFG110 - M7 - Trader Manual ComTrader](#)).
- When an order is set to status "HIBE", the cash limit and commodity limit of the member are adjusted accordingly.
- When an order with status "HIBE" is switched to the status "ACTI", it is deleted, and a new order is entered instead.
- An order with status "ACTI" can always be set to status "HIBE" by a user with sufficient rights, regardless of the Contract Status, Delivery Area status etc.

5.2.3 Status IACT (Deleted)

An Order with an inactive status "IACT" is not exposed to the market and cannot be matched by other orders in LTS.

An order with the status "IACT" is in a permanent status.

5.2.4 Status UKNW (Unknown)

If LTS is disconnected from XBID (see DFS160a), the order status is set to "UKNW" in LTS. In this case, it is theoretically possible that the order might still be active in XBID and exposed to matching.

After re-connection to XBID, order status in LTS changed based on order status in XBID.

6 Order Groups

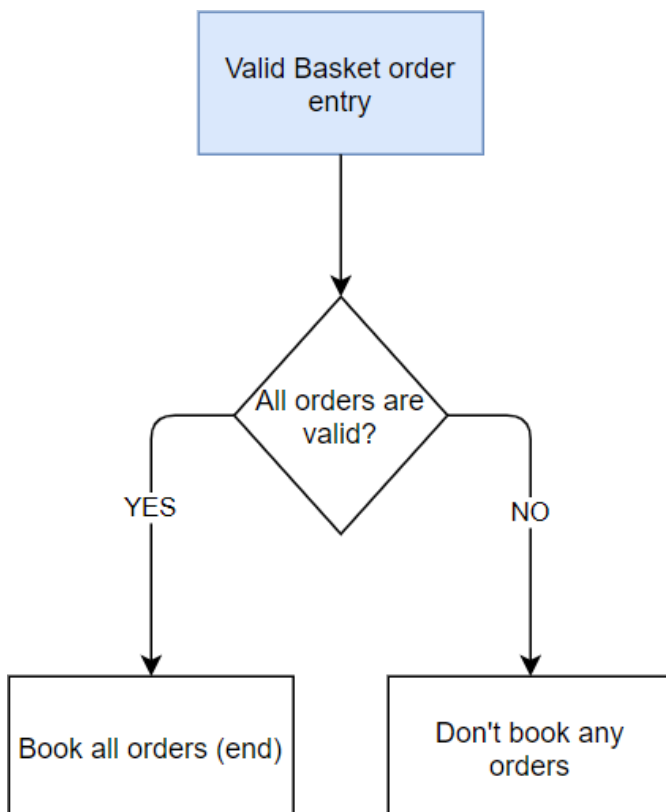
6.1 Group Execution

The group order functionality is a front end functionality which allows users to submit a set of orders all at once. The backend of M7 just sees a list of orders with one execution. In other words, M7 does not know about the “Group Order (basket) functionality”, and all it sees is a list of orders with one Execution restriction, as well as the restrictions on an “order group level”. These are the Linked and VALID restrictions which are added on top of an order group. The execution rules for Basket orders are defined on an order entry level and the available execution rules in M7 currently are;

- **Linked:** Either all orders are fully executed or none at all which enables traders to perform secured arbitrages between contracts. This option requires that all orders in the list have the FOK execution restriction.
- **Valid:** All orders must be valid, or all are rejected
- **None:** Treat orders contained in basket as separate orders.

Group or Basket orders as they are sometimes referred to, can be executed against orders inside the same basket, except if the basket execution instruction is “linked”.

A group of orders with a “linked” execution instruction can only be submitted once there are only “FOK” orders in the list, and if one of the orders in the group is not executed then the whole list of orders will be deleted with its entirety.



6.2 Group Order Execution Rules

If a set of orders which are instructed with a "Linked" execution instruction, then each order is deleted and is not booked into the order book unless it can be matched against one or more existing orders in the order book.

All orders in a basket that have the execution instruction LNKD must be entered either for local products, or all for remote products (a combination of remote and local orders is not allowed). It is possible to submit orders for different products in a basket.

The maximum number of orders which can be submitted at once is currently (basket order entry) limited to 100 orders at a time, but this is configurable by DBAG Market admins cannot change this value. It is possible to use the group Order functionality in conjunction with the 'On behalf Order functionality'.

If a group orders are instructed together (*basket orders*) and have a "Valid" execution restriction, and one of the orders or number of orders can't be booked due to a failed order entry validation, then none of the orders will be processed. Because of this rule, either all orders which are instructed together are accepted, or they are all rejected.

Once the basket is submitted, all orders which have been successfully submitted and are active in the system are treated like separate orders with no dependency to any other orders. The trader has the opportunity to delete the orders all at once, or individually at will, and in the event of a disconnection or the trader logging out then the entire set of orders which are booked with one Order Execution will be deleted.

6.3 Adding Group Orders

A group of orders with the basket execution instruction "linked" can only be submitted if all orders inside the basket have the execution restriction "FOK". Orders can either be instructed individually, uploaded using the File Import functionality in ComTrader or submitted via the API (see *DFS180*).

If all of the orders in a group are accepted, then these orders will be entered into an order book and either fully matched or deleted immediately from the order book.

6.4 Group Order Import Rules

- If one or more Orders have errors, then no Order is imported. M7 only displays if there was no error.
- If there was an error, a message "*Basket Import Error!*" will be generated.
- If all of the Orders were OK, a "*Basket order Import ok, Orders imported to basket*" message will appear in M7.

6.5 Modifying Group Orders

All of the orders using the 'basket' functionality are submitted at the same time, but the processing of all orders is done sequentially. If the orders are being processed, and if one of the orders in the group is modified, then the basket rules order and restrictions will be applied again as if the basket is being submitted.

The entire sets of orders in a basket which are booked with one Order Execution are deleted in the system when the trader logs out or gets disconnected during modification or trade entry.

6.6 Submitting Group Orders

A group of orders which are submitted all at once with a common attribute is called a '*Basket*', whilst orders inside a basket are

called *Basket Orders*. However, from the backend perspective, the orders contained in the Basket are processed as if they would have been booked separately, and the system treats them as individual orders.

The Basket Execution Instruction (BEI) with which the Basket is instructed with is valid for all orders in that basket. Each order in a basket can be for a different or same, contract, product(s), delivery and market areas. However, as mentioned above, if a basket is instructed with execution instruction 'Linked' and then one of the orders in the Basket fails the validation, then the whole basket is deleted or, if a basket is instructed with BEI 'None' then order entry validation failure of one of the order (s) in the basket will have no impact on validity of other orders in that basket.

7 Order Entry

7.1 Validation Rules

All of the validations below are performed by the system when an order is being instructed. M7 will check if the;

- Exchange is in a Trading phase
- Product exists
- Contract is active
- Member, balancing group and the trader are active
- Bidding area is known
- For Products that supports clearing, the Clearing Account exists
- Clearing Account is correct
- Validity date is set only for an Order with GTD restriction
- Validity date is correct
- Price format is in the correct format
- Limit price is set
- Peak quantity for a non ICB order is not entered
- Quantity format is correct
- For an ICB Order, the Peak quantity is correct
- Iceberg order is supported
- Peak Price Delta is not out of the range for the product
- Peak Price Delta is correct
- Text entry is not too long
- For an OTC Order, the receiving OTC or BG trading accounts are correct.
- For a Stop order, that Stop Orders are supported.
- Stop price is submitted
- Stop price is valid
- Open/Close indicator is supported for the product type (for Futures/Cross Product Spreads)
- Open/Close indicator is mandatory for the product type (for Futures/Cross Product Spreads)
- A technical error does not occur during order validation

7.2 Order Entry Process

Order entry in M7 is handled on first come first serve principle.

When an order entry request is submitted, regardless of whether it is for a local or remote contact, the system first validates if all of the requirements for order entry are met before storing the order in M7 or forwarding it to XBID. If one or more validations fail either in M7 or XBID then order entry is rejected.

When an order for a remote contact is first instructed in M7 it gets a unique Order ID. Once it has been forwarded to the Shared Order Book it will get a 'remote ID' which is communicated back to M7.

A remote product Order Entry from M7 will include:

- Member ID
- Trader ID
- Client Order ID

XBID will receive the Order from M7 with the following information and actions:

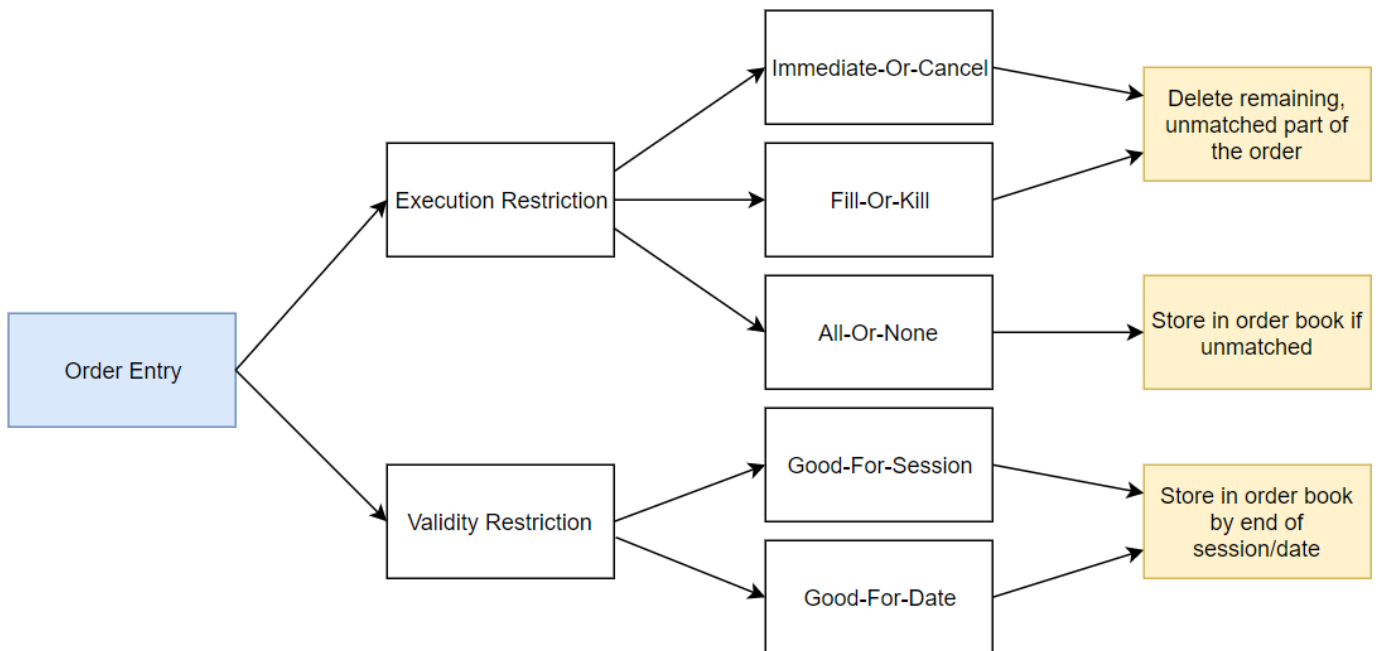
- Perform all of the validation requests (validation and execution restrictions)
- Add the Order ID and send the Order Entry confirmation back to M7
- Client Order ID

M7 receives the confirmation back from XBID and does the following;

- Maps the Order to the local Order ID based on the client Order ID sent to XBID
- Sends the information back to the trader

7.3 Validity and Execution Restrictions

The Order Entry process with Validity and Execution restrictions can be illustrated with the diagram below.



7.4 Order Entry in Multi Exchange Set-up

When a user sends a new Order or an order management request for an existing order, and if this new order is for a contract which is created in XBID, then the request will be forwarded to XBID with a specific client order ID. The response sent by XBID will contain this client order ID, and the Order ID given to that Order by SOB will also be included. It is the responsibility of M7 to map this remote Order ID to a Local Order ID. In other words, once the Order has been confirmed by SOB, it will send a response back with a confirmation of the remote 'Order ID' that has been given to that Order. The response is then forwarded to the end user, mapping the remote Order ID to the Local Order ID.

The maximum number of Orders allowed in one Order entry is configurable in M7 and is then available in the systemInfoResp. Should the limit be exceeded, the whole request message will be rejected, and the client will get an error response message in M7. If the SOB system cannot process the new order or the request because the contract is no longer available for trading or the request is incorrect and cannot be fulfilled, it will still send an Error Response. The response message contains details about why the request could not be processed which will also be forwarded to the traders who entered that order in M7.

7.5 Initiator – Aggressor

M7 applies different fees to trade originators (Orders which increase market liquidity) and trade aggressors (orders that reduce market liquidity) and this information is available to the traders and MO in real time in the trading system. However, this functionality will not be available in XBID and as a result specifically orders for remote products.

7.6 On Behalf Order Entry

- On Behalf Orders can be submitted into the system by traders, brokers or by market operations.
- If an order is submitted on behalf of a trader, both the submitter and the owner of the order must have sufficient rights to enter an order.

- An order which was booked by a broker or a market operation user on behalf a Trader using the 'on behalf functionality' is still owned by the Trader for whom the trade is being booked on behalf of.
- If a member has a "Suspended" status, users of this member cannot login and no orders can be booked or modified on behalf of these users. Brokers and market operators cannot submit an order on behalf of Inactive trading members.

8 Order Modification

8.1 Order Management Action with Priority Change

Changing certain attributes of an **active** order which would result in a different execution priority will also lead to the deletion of the original order by the system, and the entry of a new order with the modified parameters and a new timestamp. The system keeps the reference of the original order in the parent order id field.

This is not the case for **inactive** orders as these will always get a new timestamp only once they are activated and thus be exposed to the market. (When modified, parameters of original order are modified but priority is not changed. When activated, original order is deleted by the system, and the new order with the new timestamp is entered – priority is changed. The only exemption is modification of order type - regular to iceberg and vice versa, which lead to immediate deletion of old order and entry of new order, which stays inactive.)

The execution priority of an order is changed under these circumstances:

- Price is changed
- The order type is modified (Regular orders can be modified to Iceberg and vice versa but they cannot be modified into an OTC order)
- The order quantity is increased
- The peak size of an Iceberg order is increased
- The execution restriction of an order is changed
- Status change: Order is activated

8.2 Order Management Action without a Priority Change

Modification of an order attribute which does not result in a different execution priority will not lead to a new order id and timestamp.

The execution priority of an order is not changed when:

- Order quantity is reduced (except for orders for a product with AON matcher)
- Peak size of an Iceberg order is reduced
- Text field is modified
- Client order ID is modified
- Validation restriction is modified
- Validity Time date/time is modified
- Status change, order is deactivated
- Partial or full match
- AOT flag is modified

8.3 Bulk Modification of Orders

All orders of the trading platform can be deactivated (hibernated) or deleted for all its assigned delivery areas, or a subset of its assigned delivery areas in bulk.

Orders can be modified regardless of their status, but the modification of active orders may result in a new order id and timestamp. This will mean that there is a new execution priority for the orders which have been modified. This however is not the case for an inactive order.

Users can only bulk modify the status of Orders, Activate, De-activate or Delete all Orders belonging to a member, an account or a trader.

8.4 General Validation Rules

Orders can be viewed and modified by all users of the same balancing account.

When an order is modified, all of the parameters are verified again during the modification submission.

When submitting a modification request, the same validations as described for order entry Validation are performed.

Order attributes which can be modified are;

- Order type (REG to ICB)
- Quantity
- Peak size (only Iceberg Orders)
- Limit
- Text
- Execution Restriction (Regular Orders)
- Validity Restriction
- Validity Date/Time
- Client order ID
- Stop price for limit orders
- Receiver BG for OTC Orders
- AOT flag (if enabled for remote product)

Order Attributes which **cannot** be modified are;

- Buy/Sell
- Contract
- Delivery area
- Account (BG)

8.5 Order Modification Process

The following validations are performed for the modification of an order:

- Orders can only be modified by users with appropriate rights.
- Orders can only be modified by and for users with the status Active, active trading account (BG).
- The contract of the order must be in status "Active". Orders for user defined block contracts can only be modified if all underlying predefined contracts are in "Active" status.
- Orders can only be modified if the trading service, market area and delivery area are in status "Trading".
- All order attributes must comply with the correct format and value ranges for the traded contract.
- Orders can only be modified with the limit process that range within the price range that was defined for the traded product.
- Acceptance of order modification for set of orders which are linked with a Execution Restriction (Basket Orders) depends on *Basket Execution Instruction* which these trades are instructed with.
- The order state of a modified order remains inactive.

8.6 On Behalf Order Entry and Modification

Orders can only be instructed and modified by all users with appropriate rights. If an order is modified on behalf of a trader, both the submitter and the trader who perform the modification on behalf of market operation must have sufficient rights to modify an order.

On behalf Order entry and modification can be carried out by three user groups:

- Market Operation on behalf of a member/trader
- Trader on behalf of another trader that belongs to the same member
- Broker on behalf of trader

It is possible to modify an order as trader 1 on behalf of trader 2, the order being owned by trader 3 with all 3 traders belonging to the same BG.

If an order entry or modification is performed by a different user, this will be documented in the XML Reports.

XML reports for Trading members and Brokers will only contain data about their own trading activity. The XML reports created for market operations will contain data for all members, including any action that is committed in 'on behalf mode'. The ownership of an order only changes when a trader modifies an order which belongs to a different trader and this modification leads to a priority change (*Modifications which lead to a priority change are listed in Section [Order Management Action with Priority Change](#)*).