

Cross Trades in Equity Derivatives

Quick Reference Card

Cross Trades

- Market participants wishing to cross matching buy and sell orders can do so in the order book as Cross trades
- The framework enables best possible client execution, by allowing all market participants to take part in the pricing process in the order book

Cross Trades procedures (applicable from Jan 2, 2018):

- Cross Trades to be executed in the order book using two separate buy and sell orders (or quotes)
- A Cross Request must be submitted before the order giving rise to the cross trade (typically the client order) is entered into the order book, and must include the intended volume to be executed
- Not earlier than 1 second but no later than 20 seconds after the Cross Request was initiated, the order giving rise to the cross trade must be entered
- There is no time requirement on the opposing order in relation to the Cross Request
- The Cross Trades procedures must be followed for all order books, including tailor made combinations and futures roll order books

Option strategy trades – Cross Trades in Tailor Made Combinations (TMC):

- TMC is an excellent tool for crossing strategy trades (more than one leg) in an electronic order book
- TMCs are user-defined combination order books, based on the most common option strategies (so called Recognised Strategies)
- The low tick size of TMCs (0.01) allows for precise pricing
- For best possible client execution, Market Makers are able to respond with bid and ask quotes to Cross Requests in a wide range of TMCs

Step 1:

Submit
Cross Request with volume

Step 2:

Wait 1-20 seconds

Step 3:

Enter order giving rise to
the cross trade

The opposing order may be entered at any point in time in relation to the Cross Request

This document is prepared for informational purposes only and the content herein might be subject to change. For complete rules and regulations, please refer to the Exchange Rules of Nasdaq Derivatives Markets. For further information, please refer to the Genium INET Market Model document Nasdaq Derivatives Markets.

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