

# PHLX COMPLEX ORDER SYSTEM

Complex Orders. Simple Solution.

The NASDAQ OMX PHLX<sup>SM</sup> (PHLX<sup>®</sup>) Complex Order System enhances electronic execution possibilities for complex orders, providing potential for price improvement and spread price protection for vertical and time spreads. On February 1, 2011, PHLX introduced a new system to allow order types up to six legs and stock-option orders on the high-speed INET technology platform.

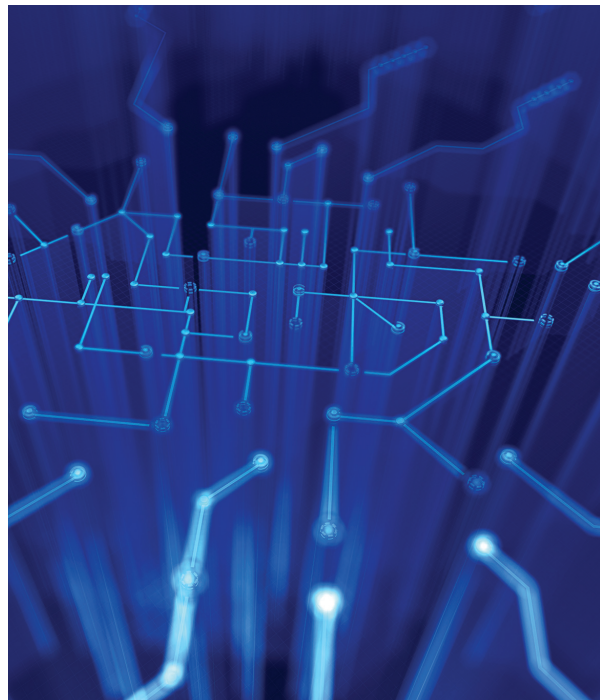
## KEY ATTRIBUTES

- > Flexible spreads: up to five options with a stock component, or six option legs
- > Opportunity for price improvement in the Complex Order Live Auction (COLA)
- > Do Not Auction (DNA) orders bypass auctions for faster execution against resting complex orders or the simple order book.
- > Simultaneous executions of all order components, including stock.

Order types up to six legs and stock-option orders on the high-speed INET technology platform

## FUNCTIONALITY

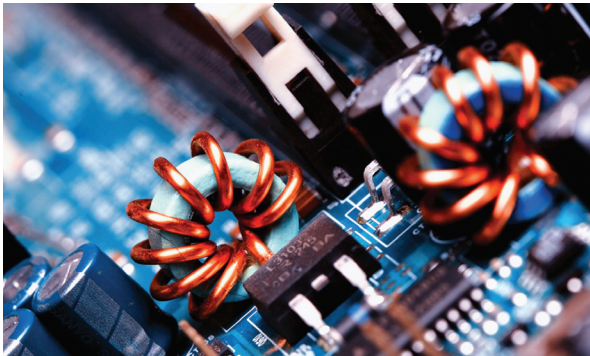
- > Complex order messages will be FIX 4.2 compliant using FIX 4.3 tags .
- > Orders may be entered as market or limit in penny increments.
- > Options-only orders will be accepted for Equity, ETF and HOLDERS<sup>®</sup>, Index and PHLX World Currency Options<sup>®</sup> (all classes and series).
  - Stock-tied complex orders will be accepted for Equity and ETF options; the underlying represents 100 shares per option.
- > Customer and non-Market Maker Broker-Dealer order may be Day, GTC or IOC.
- > SQT, RSQT, Specialist, Non-Streaming ROT and Non-Market Makers orders may be submitted as IOC or DAY and will not initiate an auction.
- > Real-time data is available via the [TOPO Plus Orders](#) data product.
- > Ratio spreads must be  $\geq 1:3$  and  $\leq 3:1$  for option only spreads. Plus, the ratio between options components and the underlying for stock-tied complex trades must be  $\leq 8$  contracts:100 shares.



## ELECTRONIC AUCTION

PHLX XL® will monitor PHLX markets and the NBBO for each complex order. Orders are exposed for a brief period of time to seek more liquidity and improved prices through the COLA.

- > A new eligible complex order that improves the complex PHLX Best Bid or Offer (cPBBO) will initiate an electronic price improvement auction (COLA).
- > DNA order flag may be selected to bypass COLA on all complex orders.
  - DNA Orders received prior to the opening or when the Complex Order Strategy is not available for trading will be cancelled.
  - DNA Orders are cancelled if not immediately executed.
- > A price improvement auction which results in a trade will always be priced at the cPBBO or better.
- > Auction duration for price improvement will be determined by the Exchange and applied floor-wide (zero-five seconds).
- > Price protection will be provided for vertical and time spreads to prevent trading outside standard prices.



## COMPLEX ORDER BOOK (CBOOK)

PHLX XL allows all eligible live complex orders not in an auction to be booked. Once on the CBook, trades may execute *if*:

- > An order becomes marketable at either the end of an auction or while on the CBook, PHLX XL will leg a complex order by simultaneously executing each component of the order.
- > A PHLX XL quoter sends a CBook Sweep that touches the resting order. Sweeps are handled in the order they are received.
- > A contra-side order is received that touches the booked order.
  - Orders on the CBook are maintained in Price/Type/Time Priority at each price level.
  - Complex orders on the book have no standing during opening rotation, the close or in open outcry trading.

## PREPARE FOR TRADING

Review the [technical specifications](#) on the NASDAQ OMX Trader® website and begin testing at your earliest convenience. In order to enter stock-tied orders, ensure your firm has completed the [appropriate paperwork](#).

### More Information

To learn more about the enhanced PHLX Complex Order System, contact Transaction Services U.S. Market Sales

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