

CHOOSING YOUR ORDER ROUTER AND ORDER TYPE

There are many **order routers** available to buy and sell US stocks & options. Not all of them are relevant to the retail investor. The order routers preferred by active traders are indicated with a star (*).

Your choice of a router is a function of:

1. The exchange on which your stock trades;
2. The order routers available on this exchange;
3. The order types offered by the order router.

Order Router	Information/ Order Types Available
NYSE, AMEX, NASDAQ	
ISLD*	<ul style="list-style-type: none"> ▪ ISLD = Island ECN. Not expensive, popular and frequently used (attention though to market orders that are surcharged of 0.0016\$ per stock) ▪ Very good for limit and good for market orders. Very liquid for QQQ, DIA and SPY orders ▪ Each order is displayed individually in the order book, so you can see your own order ▪ ISLD executes LMT and MKT orders. If you forget to enter a limit price, Island will use as limit the last market price. For illiquid stocks and NYSE stocks, it is better to use ARCA; otherwise your order could be executed at a bad rate
	MKT, LMT, Stop-LMT and 1, 2, 3, 4, 8, 9, 11, 12 (see page 3 for description of these orders)
ARCA*	<ul style="list-style-type: none"> ▪ ARCA = Archipelago ECN ▪ Fast and very good for market orders ▪ ARCA is electronically connected to all other ECNs and will execute where necessary to get the best execution price
	MKT, LMT, Stop-MKT, Stop-LMT, Trail-Stop and 1, 3, 4, 8, 9, 10, 11, 12
CITX*	<ul style="list-style-type: none"> ▪ Merger between Autotradedesk(ATD) and Citigroup. ▪ uses price prevision systems in order to route the orders optimally to all ECNs, market makers and specialists. ▪ Only available during the official trading session (no pre- and aftermarket)
	MKT, LMT, Stop-MKT, Stop-LMT
EDGE	<ul style="list-style-type: none"> ▪ Property of Knight Capital Group ▪ Limited liquidity
	MKT, LMT
NYSE, AMEX only	
NYSE	<ul style="list-style-type: none"> ▪ Uses Super Dot (designated order turnaround system) which is the system of the NYSE ▪ Watch out for a billable charge: all market orders and limit orders not executed within 5 minutes after posting are charged more (see WHS website for tariffs). Cancel/replace your order before the time limit is reached or use the ECNs to avoid billable charge ▪ Sometimes better priced than ECNs but not often ▪ Orders of over 2000 shares are NOT executed automatically on this exchange, they go via the specialist ▪ Only the specialist sees the order book, decides who gets through, who does not, at which price, when and how
	MKT, LMT, Stop-MKT, Stop-LMT, Trail-Stop and 8, 9, 11, 12
MLX	<ul style="list-style-type: none"> ▪ Developed by Merrill Lynch, the router replaces ISI using a more stable and reliable connection technology ▪ Slower and more expensive, use only as a backup only when NYSE is offline
	MKT, LMT, Stop-MKT, Stop-LMT, Trail-Stop and 3, 7

NASDAQ only	
BATS	<ul style="list-style-type: none"> BATS = BATS ECN
	<ul style="list-style-type: none"> MKT, LMT
OTCBB and some PS only	
CITX*	<ul style="list-style-type: none"> Fixed fee per order Very good choice for less traded OTCBB and Pink Sheet
	<ul style="list-style-type: none"> MKT, LMT, Stop-MKT, Stop-LMT
ARCA*	<ul style="list-style-type: none"> Same as GNET which was bought by ARCA Fee per value of the entire transaction Fast router for the more commonly traded stocks
	<ul style="list-style-type: none"> MKT, LMT, Stop-MKT, Stop-LMT, Trail-Stop
<p>Note on Pink Sheets (PS) shares:</p> <ul style="list-style-type: none"> About half of the PS is electronically tradable. Go to http://www.pinksheets.com/quote/ps_list.jsp and check the <i>venue</i> column. If it says 'PS/OTCBB', then the stock IS tradable via direct access. If a PS is NOT electronically tradable, you need to send your order via email to the WHS support desk. 	

OPTION MARKETS	
IBO	<ul style="list-style-type: none"> Will route on the option market where the order will most likely be executed
	<ul style="list-style-type: none"> MKT, LMT
ITS*	<ul style="list-style-type: none"> New router developed from Penson Financial Dedicated communication lines towards the 6 option markets The best choice for routing options orders
	<ul style="list-style-type: none"> MKT, LMT
MLO	<ul style="list-style-type: none"> Developed by Merrill Lynch, the router replaces SAGE using a more stable and reliable connection technology
	<ul style="list-style-type: none"> MKT, LMT

*Order routers preferred by active traders

See next page for explanation on some exotic **order types**.

ORDER TYPES GLOSSARY:

(Glossary of orders other than MKT, LMT & Stop)

ORDER TYPE	DESCRIPTION
(1) LMT-Book:	LMT-Book is an order which is visible on the Island / ARCA / BRUT ECN book but not reflected in the CINN quote on NASDAQ.
(2) Limit-Invisible (LMT-INV):	LMT-INV is an order which is sent to the Island book but not reflected on either the Island book or the CINN quote on NASDAQ. LMT-INV is invisible to all participants.
(3) Peg-MKT:	An order whose limit price floats with the opposite side of the NBBO*. To avoid locking or crossing the market, the order is displayed the smallest increment away from the contra side of the NBBO. Peg-MKT order will float with the market up to your limit price and will trade at any price between your displayed price and the then current contra side of the NBBO. Order is displayed on NASDAQ Level II as CINN.
(4) Peg-Best:	Peg-Best is displayed at the same side of the NBBO at the time of order entry. INCA: The display price remains the same and does not float. Your order will trade with any matching order between your display price and your discretionary limit price. ISLD: Peg-Best order will float with the market up to your limit price. Order is displayed on NASDAQ Level II as CINN.
(5) Peg-Last:	Peg-Last is displayed at the last executed trade price. Your order will float with the last executed order.
(6) Peg-Middle (Peg-Mid):	Peg-Middle's limit price is pegged to the middle of the NBBO and gets rounded aggressively to the nearest penny. These orders only trade at their displayed price and float to your limit price. Your order is pegged to the non-INCA NBBO, so if INCA is at the best bid or offer, it is ignored, and the order is pegged to the second best bid or offer.
(7) Peg-Primary (Peg-Prime):	Peg-Primary is displayed at the same side of the NBBO at the time of order entry. Your order will float with the market up to your limit price and only trade with other orders at your then displayed price.
(8) Market-on-Open Order (MOO):	MOO is a type of order that instructs the broker to execute the order at the opening price (opening Bid-Ask spread) for the day. If not executed at the opening price (during the first 30 seconds of the market session), the order is automatically canceled. MOO is handled on the Best Effort Basis only.
(9) Market-on-Close Order (MOC):	MOC is an order that instructs the broker to execute the order at the closing price for the day (placed automatically 30 seconds prior to closing of the market session). Under current NYSE and AMEX rules, a market on close order is assured of execution at the closing price if it is entered by a certain time (15 minutes prior to closing). MOC is handled on the Best Effort Basis only.
(10) Discretionary Limit (Disc-LMT):	Disc-LMT order is displayed at your specified price not your discretionary price. When a bid or offer appears at or above your share quantity minimum, your order will be matched in ARCA / BRUT or routed to a NASDAQ Market Maker at their quoted price using Smart Book logic (7:30 a.m. – 8:00 p.m. ET).
(11) Limit-on-Open Order (LOO):	A limit-on-open order is a limit order executed at the market's open if the opening price is equal to or better than the limit price.
(12) Limit-on-Close Order (LOC):	A limit-on-close order is an order submitted at least 15 minutes prior to the close of the market, that will execute at the closing price if the closing price is at or better than the submitted limit price, according to the rules of the specific exchange. Otherwise the order will be cancelled. Currently LOC orders are only supported for NYSE and AMEX-traded equities, and must be submitted directly to the exchange.

* NBBO – National Best Bid or Offer; the highest bid or lowest offer price available on any market participating in the Inter-market Trading System (ITS), which links national securities exchanges in the U.S.

** NYSE LiquidityQuote is a firm quote that can be accessed electronically through the SuperDot system and by agents at the point-of-sale. By definition, NYSE LiquidityQuote is representative of cumulative interest and is inclusive of the interest at the Best (Inside) Quote. Therefore, orders placed at LiquidityQuote prices interact with all available liquidity and are executed in accordance with NYSE auction rules. A variety of order types and strategies to access the NYSE LiquidityQuote are available and may be used at the discretion of the party entering the orders.