ASSET MATCH

Order Book
Help Guide

Experts in Private Capital Markets

Fundamental principles of the market model

The order book is a collated view of the orders (or expressions of interest) received from interested buyers and sellers.

◆ Orders are entered as "limit orders" to buy or sell shares at a specified price or better.
  Buy orders are filled at the specified limit price or below. Sell orders are filled at the specified limit price or above.

◆ All orders are "fixed orders" where an order is to buy or sell a set number of shares at the limit price or better For example, a fixed order to "sell 10,500 shares at 200 pence per share" is an explicit order to sell 10,500 shares at 200 pence per share, and an implicit order to sell the same 10,500 shares at 210 pence per share and any other price above the limit price.

◆ Participants can enter, cancel and amend orders up to the specified closing date and time of the auction.

◆ All Asset Match auctions use a matching engine to determine a single auction price.

◆ Throughout the auction, the order book will display an "indicative price" where available, being the price at which shares would trade should the auction close at that moment.

◆ Allocation to successful participants is conducted on a "price and time" basis.

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Matching engine and allocation

Asset Match uses specifically designed algorithms to match orders, determine the price for matched orders and allocate shares to successful auction participants.

Matching Engine

- ◆ Price determination in auctions is effected by identifying the prices either side of where the supply and demand curves in the order book cross and then selecting the price which maximises executable volume.

  In most auctions this is simply the price at which most shares would trade.

- ◆ If two or more prices can maximise executable volume, then the indicative price is whichever of those prices has the lowest undealt excess.

- ◆ If a unique price is still not found, then further tie-break conditions are used.

Allocation

- ◆ Price and time – Priority is given to the most price-aggressive buy and sell orders, with any orders at the same price being prioritised on a time basis, earliest first.

The order book

Shares Bid
Shows the volume of shares bid for at each price level.

Total Bid
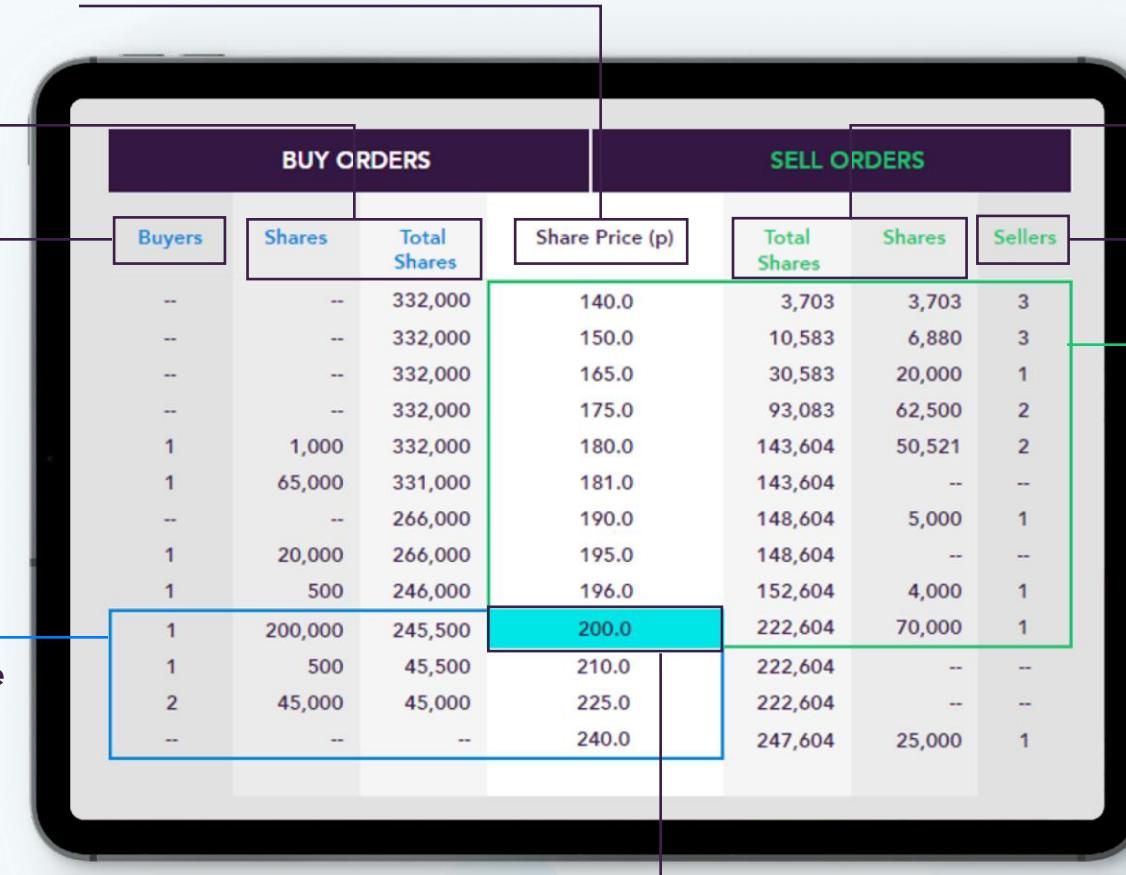Shows the cumulative volume of shares bid for at each price level.

Share Price
Shows the prices at which orders have been received and the indicative price.

Shares Offered
Shows the volume of shares offered at each price level.

Total Offered
Shows the cumulative volume of shares offered at each price level.

Buyers
Shows the number of buy orders received at each price level.

Sellers
Shows the number of sell orders received at each price level.

Sell Orders that would likely trade
The green box shows the sell orders received with a limit price less than or equal to the indicative price.

Buy Orders that would likely trade
The blue box shows the buy orders received with a limit price greater than or equal to the indicative price.

BUY ORDERS				SELL ORDERS		
Buyers	Shares	Total Shares	Share Price (p)	Total Shares	Shares	Sellers
--	--	332,000	140.0	3,703	3,703	3
--	--	332,000	150.0	10,583	6,880	3
--	--	332,000	165.0	30,583	20,000	1
--	--	332,000	175.0	93,083	62,500	2
1	1,000	332,000	180.0	143,604	50,521	2
1	65,000	331,000	181.0	143,604	--	--
--	--	266,000	190.0	148,604	5,000	1
1	20,000	266,000	195.0	148,604	--	--
1	500	246,000	196.0	152,604	4,000	1
1	200,000	245,500	200.0	222,604	70,000	1
1	500	45,500	210.0	222,604	--	--
2	45,000	45,000	225.0	222,604	--	--
--	--	--	240.0	247,604	25,000	1

Indicative price
The price, as calculated by the matching engine, at which the auction would close if it ended at that moment. In this example, 222,604 shares would trade at 200 pence per share.

Allocation Priority
When there is a greater level of supply or demand at the indicative price orders will be filled on a time and price basis. The highest priced buy order and the lowest price sell order are filled first.