

— MOST COMMON ORDER TYPES —

Following are the most commonly placed order types for your reference only. While we do not guarantee the accuracy of the content or execution of any order, this section will help you determine your order placement strategies.

-
1. **MARKET ORDER** – Use this type of order when you want to make your trade at the best available price upon receipt by the broker. Do not specify a price; rather, say “At the market.”

If your market order is to buy, it will be filled at the first available offer (to sell). Sell orders are executed at the first available bid (to buy). A market order can be the fastest and surest way to get your fill. In fact, you’ll often be able to place your order and receive a fill report in the same phone call. Ask your desk supervisor for details.

To place such an order, a trader might call their trading desk and say, “This is John Smith, account #12345. Day order to buy, three December, “99 COMEX Gold at the market.”

-
2. **LIMIT ORDER** – Use this type of order when you want to be filled only at a specified price or better. A limit buy order is placed at or below the current market price, while a limit sell order is placed at or above the current price.

For example, assume the gold market is trading at 322.50. To place this order, one might say, “Jane Jones calling. Account #12345, I want to place a day order to sell, one December “99 COMEX Gold at 322.7 or higher.” If Ms. Jones is buying, she might say “322.30 or better.”

-
3. **STOP ORDER** – An order which becomes a market order when trading occurs at or through your specified price.

An acceptable buy stop is placed above the current price, and is elected when the market traders or is bid at or above your stop price.

A sell stop is appropriately placed below the current market and becomes a market order when the market traders or is offered at or below your price.

You may have heard the stop order referred to as a “stop loss”, referring to an acknowledgement that you are wrong and want to get out of the market before it moves any further against you. While this analogy can help you remember to place buy stops above and sell stops below the current price, the term “stop loss” is actually something of a misnomer. Although stops have historically been used to exit a position when it has reached a certain point against you, the stop is also commonly used to protect profits or even to enter new positions.

With the gold market at 322.50, Jane Jones may place a stop order something like this, “Account #12345, Jane Jones calling. **OPEN ORDER**— Please sell one December “99 COMEX Gold at 322.20 stop.”

-
4. **STOP WITH LIMIT ORDER** – Use this order when you want to give the broker a limit as to how far through your stop he may fill your order. When you place this order, two prices must be stipulated; the stop price and the limit price. When your stop is elected, the broker will fill your order if it is possible to do so without exceeding your limit. If the broker is unable to do so, the limit portion of your order goes into effect. Now, the market must turn around and surpass your limit price in order to be filled, just like a regular limit order.

Given the same circumstances of December “99 Japanese Yen trading at 9410.0, one example of how to place this type of order would be to say “ Buy one December “99 Japanese Yen at 9415.0 Stop, 9425.0 Limit.”

-
5. **STOP LIMIT ORDER** – use this type of order when you don’t want to be filled any worse than your stop price. Here, your stop and limit prices are the same. Again, your order will become a straight limit order if, once your stop is elected, the broker is unable to execute your order at your price or better.

You would tell the order specialist to “Buy one December “99 Japanese Yen at 9425.0 Stop Limit.”

-
6. **MARKET ON CLOSE (MOC) ORDER** – Use this order if you want to be filled at any time during the closing range (usually, the last 30 seconds of trading, or the last 60 seconds in the foreign currency markets.)

To place this type of order, just say “MOC” or “Market on close” instead of a price.

-
7. **ORDER CANCELS ORDER (O-C-O)** – This order actually gives two alternative instructions on the same order in which the execution of either one automatically cancels the others. Buy and/or sell instructions cannot be combined.

For example, suppose you are long one December ‘99 Japanese Yen at 9425.0, you want to get out of the market if it declines to 9415.0, but what you’d really like is to take profits at 9450.0

Therefore, you might place your order to “Sell one Japanese Yen at 9450.0 or higher or 9415.0 on a stop.”

The broker will fill whichever portion of your order he is able to first, simultaneously canceling the other portion. Thus, if the market rises and the 9450.0 limit portion of your order is filled first, the stop is automatically cancelled. If your stop is elected before your limit can be executed, the broker will fill your stop and cancel your limit. This order does not grant the broker the discretion to hold off on executing your order if he feels a more favorable fill may be obtained by waiting of your alternate instruction.

Please bear in mind that every exchange has its own rules and that any type of order which given exchange chooses to accept will be executed in accordance with the rules of that exchange. Further, not every type of order is accepted at every exchange. Also consider the liquidity of the market. A certain amount of discretion is inherent in various order types, and you may be filled unfavorably if you’re in a thin (illiquid) market. Likewise, if you have an order in the pit before the opening, realize that the market may open through your price by a significant amount and a fill (usually within the opening range) will result.

8. **SPREAD ORDER**

Spread – The simultaneous purchase and sale of the same or related commodities.

Premium – The difference of prices in points between the months or commodities being spread (this excludes special ratio spreads).

EXAMPLE:

Sep. E-mini S&P 500	1310.00
Dec E-mini S&P 500	1330.00
Premium	20.00

The premium always goes on the higher priced month or commodity of the spread.

Example:

BUY	SELL
5 Dec E-mini	5 Sep E-mini
S&P 500	S&P 500
20.00 OB	

You are telling the broker to buy the spread at no higher of a premium than 20.00

To place the above order, for example, you might say, “On a day order spread, I want to buy 5 December E-mini S&P 500 and sell 5 September E-mini S&P 500 at a premium of 20.00 or lower on the buy side.” (Of course, you could always “buy 5 December E-mini S&P 500 and sell 5 September E-mini S&P 500 at the market.”)

— CANCELLATIONS —

You may, of course, cancel any order which has not yet been filled. The method you choose to cancel your order will vary, depending on how close your order is to the market at the time you give the cancellation instruction and on whether you want to cancel it outright or merely change it.

-
1. **STRAIGHT CANCEL** – If you previously entered a working order you simply don’t want anymore, you would choose this method. You are telling the broker not to work this order anymore; you do not want it filled.

If your order has not been filled by the time the runner delivers your cancel to the broker, the broker will pull your order from his deck and return it to the staff as cancelled. If your instruction reaches the broker too late. However, and your order has already been filled, the broker will issue “TLTC,” or “Too Late To Cancel.” Not all TLTC are relayed immediately. Depending on the market and trading conditions, there may be a delay in receiving a TLTC.

To place a straight cancel, give your name and account number, as usual. Tell the order specialist you want to straight cancel an order, specify day or open order, and tell him/her exactly how the order reads. For example, “This is John Smith, Account #12345. I want to straight cancel a day order to sell three December ‘99 COMEX gold at 322.00 MIT.”

-
2. **CANCEL REPLACE** – This is the way to go if you merely want to change an order. The order must be for the same commodity and delivery month, and the buy/sell instruction must remain the same. You may, however, change from open to day and vice-versa, as well as the quantity, price and/or type of order.

Remember that excessive use of cancel replaces, especially in busy markets, affects the brokers' ability to execute, endorse, and return filled orders promptly.

Please limit cancel replaces to necessary changes only.

To **CANCEL REPLACE AN ORDER**, call your order desk and tell them you wish to Cancel Replace an Order. Give all the pertinent information on the original order – tell them if they're looking for a day or an open order, and how the order reads. Once the order specialist has located your original order, give him the new instructions, starting with day or open order, and how the order reads. Once the order specialist has located your original order, give him the new instructions, starting with day or open order. For example, "This is John Smith, Account # 12345, I want to Cancel Replace my day order to sell three December '99 COMEX Gold at 322.20 MIT." At the order specialist's indication that they have the order in hand, Mr. Smith continues, "Replace that with an open order to sell two, that's two, December '99 COMEX gold at 322.20 or higher."

— AVOIDING COMMON PITFALLS —

Following is a list of some of the most common problems and how to avoid them:

1. Since some months (most notably September and December) sound alike over the phone, many customers try to prevent errors by referring to "September Labor Day" and "December Christmas," as in "buy 10 December Christmas gold at the market."
2. In stating your price, remember that certain sounds, such as fifteen, sixteen, fifty and sixty are easily mistaken. Be clear. Whenever clarification seems necessary, you might express your price, "fifteen, that's one-five" or "sixty, that's six-oh."
3. After you have stated your order, our dealer will repeat it to you. Our best advice on this subject is, listen carefully. It is your job to correct an incorrectly repeated order, don't be casual about it.