

MATCHNow's Conditional Book is a non-displayed, electronic, sell side to sell side order book, whereby a MATCHNow Subscriber can submit an uncommitted order they are willing to trade if there is a natural counterparty.

### Behavior

A Conditional Order involves two steps:

#### ➤ **Submit indication into the Conditional Book**

- The MATCHNow Subscriber will submit a Conditional Order into the book, indicating they are willing to trade for size if there is contra liquidity

#### ➤ **The Firm up Process**

- Once contra liquidity is found, a firm up process will take place
- The MATCHNow Subscriber will receive an unsolicited cancel message that references the original Conditional Order
- This message serves as indication that there is potential contra liquidity in the book that is willing to trade, for size, at midpoint of the protected NBBO
- Upon receiving this cancel message, the Subscribers also has one second to send in a firm order
- If both sides send in marketable firm orders, a midpoint execution for size will occur

### Benefits and Distinguishing Characteristics

- Purely electronic, algo to algo Conditional Book
- All trades occur at midpoint of the protected NBBO
- All trades will be for size, defined as 5000 shares or \$100,000 notional
- Matching logic is broker, size; attributed on a pro-rata basis
- MinQty is supported, Minimum Execution Fill (MEF) size is not supported
- Upon receiving an invite to trade, a firm order must be submitted within one second or a fall-down will be attributed to the Subscriber
- Subscribers must maintain a 70% firm up rate on the first 20 invites daily to continue to access the Conditional Book
- Invitations to firm up will contain no counterparty, potential trade size or trade price information. Only that there is potential contra available
- Intraday reporting tracking firm ups and fall-downs are available for Subscribers
- The MATCHNow Conditional Book is separate from the regular book and is designed purely for algo to algo interaction
- All Conditional Orders expire at 16:00

### Technical Details

Please reference the Conditional FIX specification which can be found here: [http://matchnow.ca/assets/Conditionals\\_FIX\\_Specification.pdf](http://matchnow.ca/assets/Conditionals_FIX_Specification.pdf)

### How It Works

#### Example 1: Fall-down and change in quantity

Order	Quantity	Side	Time	Broker
Order 1, Conditional	50,000	SELL	10:00 AM	Broker A
Order 2, Conditional	100,000	SELL	11:00 AM	Broker B
Order 3, Conditional	75,000	BUY	11:15 AM	Broker C

#### Step One:

Orders 1 and 2 obtains invitations/firm-up messages to sell  
Order 3 obtains an invitation/firm-up message to buy

#### Step Two:

Order 1 sends a committed order back to sell 20,000 shares  
Order 2 does not send back an order  
Order 3 sends a committed order back to buy 45,000 shares

#### Result:

Orders 1 and 3 go to MATCHNow and follow our regular matching logic as follows:

- Order 1 gets fully filled for 20,000 shares at midpoint
- Order 3 gets a partial fill for 20,000 shares at midpoint
- Order 3 receives “Done For Day” message for untraded residuals

#### Example 2: Multi-party Match

Order	Quantity	Side	Time	Broker
Order 1, Conditional	50,000	SELL	10:00 AM	Broker A
Order 2, Conditional	100,000	SELL	11:00 AM	Broker B
Order 3, Conditional	45,000	BUY	11:15 AM	Broker C

#### Step One:

Orders 1 and 2 obtains invitations/firm-up messages to sell  
Order 3 obtains an invitation/firm up message to buy

#### Step Two:

Order 1 sends in a firm order to sell 50,000 shares  
Order 2 sends in a firm order to sell 100,000 shares  
Order 3 sends in a firm order to buy 45,000 shares

#### Result:

Orders 1, 2, and 3 are sent to MATCHNow and follow our regular pro rata match as follows:

- Order 1 gets a partial fill for 15,000 shares at midpoint
- Order 2 gets a partial fill for 30,000 shares at midpoint
- Order 3 gets fully filled for 45,000 shares at midpoint
- Orders 1 and 2 receive “Done for Day” messages for untraded residuals

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