Stop Limit Orders
for ICE Futures U.S. Products

FAQ

September 2009

Stop Limits on ICE

ICE began offering "Stop Limit" functionality on monthly markets in the ICE Futures U.S. Financial product markets and Agricultural markets on trade date January 4, 2008. ICE will only offer Stop Limit Orders, Stop Market Orders will **not** be supported. Stops rest in the market above and below, for bids and offers respectively.   They are not viewable in the public order book, but are revealed to the user(s) with appropriate access permissions for order management purposes.   A Stop Limit order has two components: (1) the stop price and (2) the limit price. When a trade has occurred on ICE platform at or through the stop price, the order becomes executable and enters the market as a Limit order at the limit price. The order will be executed at all price levels from the stop price up to and including the limit price. If the order is not fully executed, the remaining quantity of the order will remain active at the limit price.

A <u>buy Stop-Limit</u> becomes executable when a trade occurs at or higher than the stop price. When entered, the stop price must be above the current best offer or, if no working offer, above the current anchor price.   The limit price must be equal to or greater than the stop price.
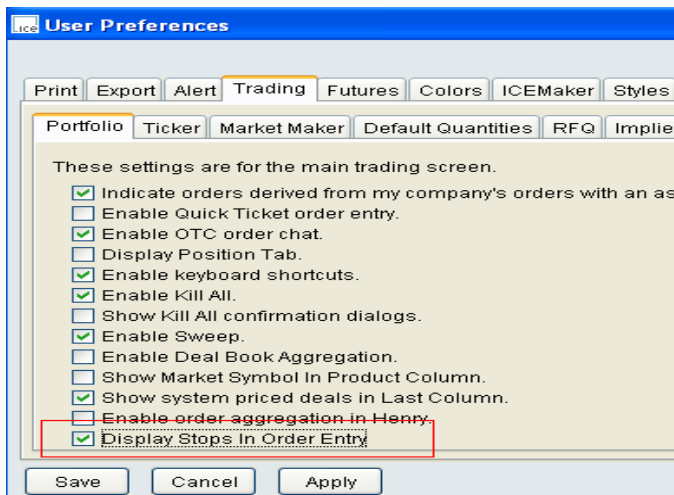
A <u>sell Stop-Limit</u> becomes executable when a trade occurs at or lower than the stop price. When entered, the stop price must be below the current best bid or, if no working bid, then below the current anchor price. The limit price must be equal to or less than the stop price.

In addition, the allowable price range between the stop price and the limit price will be restricted to the "No Cancellation Range" (NCR) for the instrument. Unlike a conventional "Stop" order, where customers are at risk of having their orders filled at extreme prices, Stop Limit Orders allow the order to be filled within a pre-defined range of prices.

NOTE: For any contract that is subject to different NCRs for different delivery months (for example, Sugar No. 11® futures), the widest NCR for the contract will be applied for all months for purposes of determining the allowable price range between the stop price and the limit price.
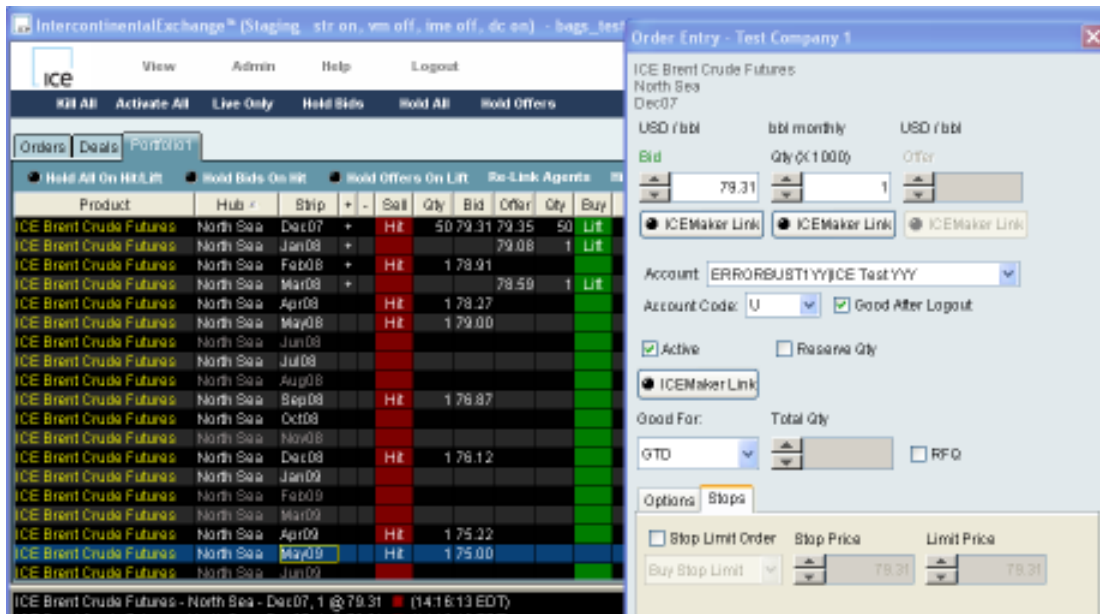
1.1   How to enter a stop limit order on WebICE

To see Stop Limit Order functionality in the WebICE order entry, a user may set the User Preference to "Display Stops in Order Entry". In the main toolbar click on Admin/User Preferences/Trading/Portfolio and select "Display Stops in Order Entry" and click Apply and Save.
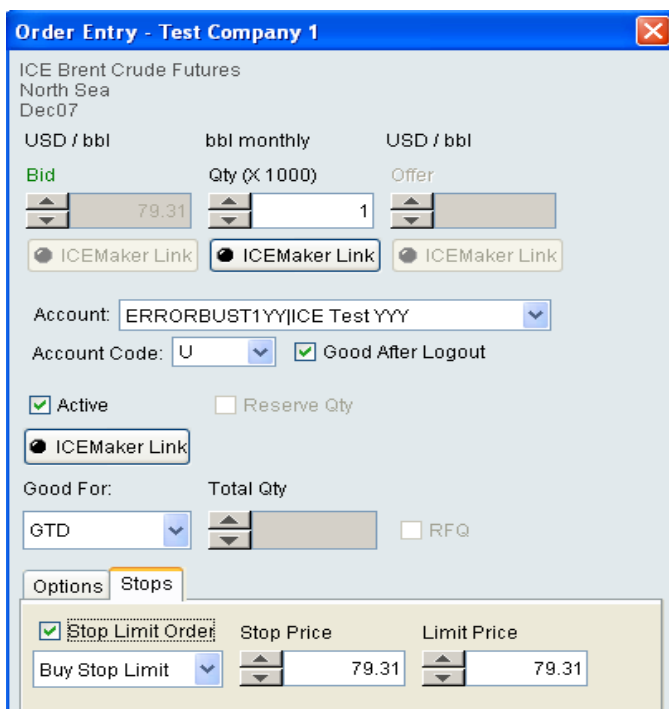
If a market has been enabled for stop limits you will see the tab labeled "Stops" in the order entry window.

When pulling up an order entry window clicking in the Bid column will only allow the user to float a buy stop limit order. Clicking in the Offer column will only allow the entry of a sell stop limit order. Pulling up a Bid/Offer ticket will allow the user to choose either a buy or a sell stop limit (not both).
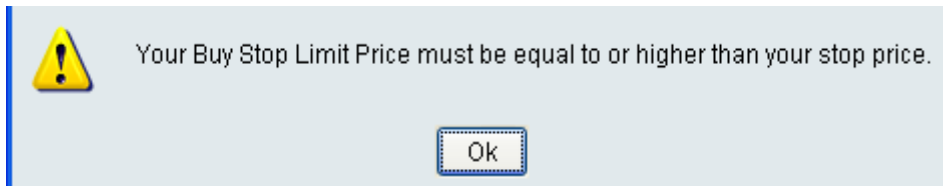

To enter a stop limit order, check the Stop Limit Order box in the Stops tab.
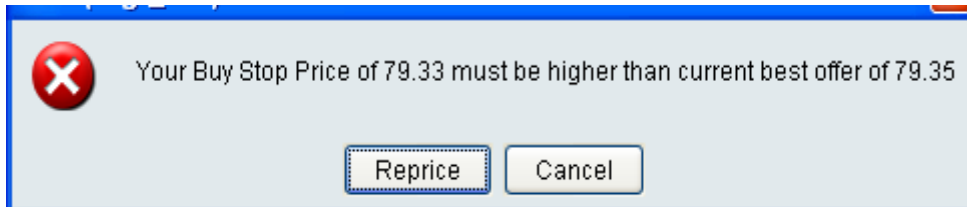
The Bid price or last price will default in the Stop and Limit Price cells.
Trader may use the spinners to move either price level up or down.
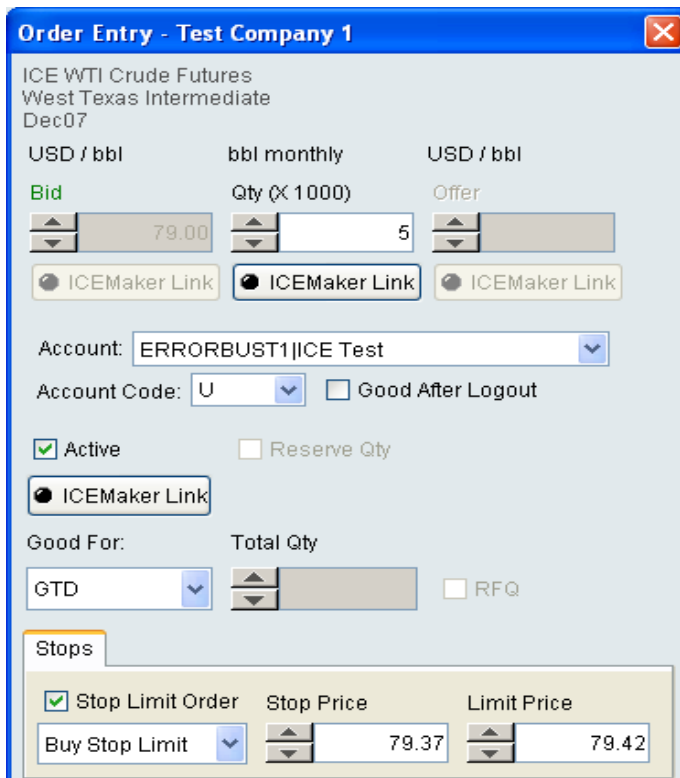
If the user attempts to float a buy stop price higher than the limit price the following error/warning will appear (the opposite for sell stop limits when stop price is lower than limit price).

> ⚠ Your Buy Stop Limit Price must be equal to or higher than your stop price.
>
> [Ok]

If the user attempts to float a buy stop limit price that is lower than the current best offer price the following error/warning will appear (for sell stop limit order when stop price should be lower than best bid price)

> ❌ Your Buy Stop Price of 79.33 must be higher than current best offer of 79.35
>
> [Reprice] [Cancel]

Trader may click re-price to adjust order price and re-enter stop limit order.

In the following example a Buy Stop Limit order for 5 lots @ 79.37 with a limit price of 79.42 has been accepted. The current bid/offer in Dec07 is 79.31 at 79.35.

1.2 Stop Limit Order Management

The Stop limit orders will not appear in the trading area. These order types will only be seen by the user who floated the order and other colleagues depending on security levels and permissions.

The Stop limit order will not appear in the Blue Book on the portfolio like other orders but, will only be shown in the Orders Tab

Two new columns will appear in the Orders Tab.
- Stop Price – This will display the Stop or Trigger price for the stop limit order. The Stop orders limit price will appear in the existing Price column.
- Stop Status – The Stop status will display the stops status. For unelected stops the status will display "Stop Limit" for elected/triggered orders that are unfilled or partially filled the remaining working order will display "Elected"

The Type column will display the Buy Stop Limit or Sell Stop Limit Order Type for working stop limit orders. When a stop has been elected the Type will change to its appropriate side Bid or Offer.

User may hold or kill the order from the Orders Tab.
A user may increase or decrease the quantity with a "live edit" by clicking in the qty field.
To edit the price a Stop Limit Order a user must pull the order out of the market (hold), make the desired price(s) change and activate the stop limit order back to the market.

1.3 Elected Stop Limit Orders

The buy stop limit order in the example at 79.37 will only be elected/triggered by a trade in the Dec07 at a price of 79.37 or higher.

Important System price legs DO NOT trigger stops.
Prices from an outright calendar (spread to spread), crack spread, inter-product spread or Option hedge trade will not trigger a stop limit order. On WebICE these trades appear with an "S", "V" or "C" in the Last price column and Ticker. These prices are generated by the ICE System for synthetic leg pricing.

Once a trade has occurred at or through my stop price the Stop will be elected and float to the market as a limit order at the limit price on the order.

Buy stop for 5 lots @ 79.37 with limit @ 79.42 is elected by a trade at 79.37.
Stop order converts to a limit order at the limit price and floats to the market (Bid 5 @ 79.42)
Trades occur for 1 @ 79.37 and 1 @ 79.40. The remaining unfilled portion (3 lots) rests at the limit price of 79.42

Deals Tab (for the 2 partial fills)

+	Deal ID	Bought...	Price	Qty	Product	Hub	Strip	Ref Order ID	Account
	105078103	Bought	79.37	1	ICE WTI Crude Futures	WTI	Dec07	554110123	ERRORBUST1|ICE Test
	158703400	Bought	79.40	1	ICE WTI Crude Futures	WTI	Dec07	554110123	ERRORBUST1|ICE Test

Orders Tab (for the remaining 3 lots)

Hold All   Activate All

Kill	Active	Type	Price	Qty	Re...	Stop Price	Product	Hub	Stop Status	Order ID
X	✔	Bid	79.42	3			ICE WTI Crude Futures	WTI	Elected	554110123

The stop orders status now shows "Elected" and the type as "Bid".

1.4 Other Stop Limit notables

- Stop Limit Order can be set Good After Logout

- Stop Limit Orders can be accepted in the Pre-Open (but will not be factored into the uncrossing algorithm. If a stop is triggered from the opening match price the limit order will be floated at the open, if not, the stop limit will float instead)
- Stop Limit Orders count against working limits for clearing accounts
- Stop Limits are not permitted to be entered with reserve quantity
- The difference between Stop Price and Limit Price may not be permitted beyond the designated % of the No Bust Range (Sample error below)

IPE (bags_test)

Stop Price and Limit Price difference may not be greater than 50% of the No Bust Range

[Reprice]   [Cancel]