

## Market Notice

**Number:** A1800  
**Date** 19 April 2013

---

### Technical issue rectified with the open order period functionality

Market participants are referred to notice A1004 which clarified in detail the intent, purpose and matching criteria for the open order period functionality.

A summary of the functionality is described below:

*Originally intended to assist those dealers who service a multitude of clients and who found it difficult to load multiple orders at the start of the market, the exchange provided an order period where orders could be entered at any level and that would only appear on the active orders view of the specific member firm. The rest of the market would therefore not be able to view any of the orders loaded during this open order period. The exchange at all times has full access to all orders entered and can view all activity performed by the dealers. The orders entered during this period may be suspended and/or deleted provided this is done before the period closes, currently set to one minute before market open. Once the period closes, no further orders can be added.*

*It is also important to note that on days when there is a possible price limit move, either up or down, those orders entered at the start of the open order period will be loaded onto the top of the order stack as the market moves out of the open order period. These orders are sorted based on order entry time. With the open order period currently set to close at 8h59, the system then rebuilds the order stack in the same fashion as it would during the continuous trading period to ensure the best bids and offers are on top.*

*Should there be multiple orders at the same price, these are then sorted based on the time the order was entered. So orders entered first will be loaded above those entered later on during the order period. This rebuilding of the order stack is processed by the exchange and any orders that cannot be matched based on price will be published to the market ready for trading at the market open, which is currently 9h00.*

Although the functionality was extensively tested internally and with market participants prior to the introduction of the new functionality, the JSE was alerted to a potential technical issue on the 2<sup>nd</sup> April around the sorting of multiple orders entered and acknowledged by the trading engine at the exact same price at the same second. The technical issue was limited to these circumscribed circumstances and apart from this issue, there were no other issues impacting on the proper functioning of the sort criteria. The technical issue was confirmed and rectified before the start of the open order period on 3 April. This technical issue was limited to the order period prior to the opening of the market and therefore did not impact on any functionality of the trading system after the opening of the market in the continuous trading period.

The JSE continues with a detailed investigation into this technical issue to understand the impact and consequences thereof. Initial results of the investigation have confirmed that a very small percentage of opening sessions were affected since the issue requires a unique and exceptional set of events, namely orders received by the trading engine at the same price at the same second.



The JSE was not aware of this issue prior to the 2<sup>nd</sup> of April 2013 and immediately rectified the problem when it was alerted to the issue. For any further questions please contact me directly on 011 520 7299 or Louis Cockeran on 011 520 7012.



**Chris Sturgess**

Designation        Director  
Division            Commodity Derivatives  
Tel                    +27 11 520-7299  
Fax                    +27 11 520-7558  
E-mail address:    chriss@jse.co.za

**Distributed by the Company Secretariat +27 11 520 7346**