

# How to Place Orders for Futures Market

## Contents

|                                      |   |
|--------------------------------------|---|
| Introduction                         | 2 |
| How to Place an Order by Phone       | 3 |
| How to Place an Order Online         | 7 |
| Avoiding Common Order Entry Pitfalls | 5 |
| Defining Various Types of Orders     | 6 |
| Cancellations                        | 8 |
| Just Ask. We're Here to Help         | 8 |

## Introduction

Placing an order yourself, either online or over the telephone, really isn't difficult. Becoming comfortable with the process is just a matter of learning the ropes, and that comes with practice. The first step in placing orders accurately is acquiring a working knowledge of the different types of orders that are available. In just a bit we'll describe the various order types, but first let's examine the order placement procedures we suggest you follow, starting with telephone orders.

## How to Place an Order by Phone

Your Futures Broker Representative is dedicated to accommodating your unique futures trading needs. He will make every effort to ensure that your orders are received and transmitted accurately.

### Placing Futures Orders by Phone

Essentially, there are seven steps involved in placing an order by phone.

**STEP 1 *Identify yourself.*** Of course. No matter what type of order you intend to place, we need to know your name (or the name of your account) and your account number. Without this basic information, we won't be able to check your account records. More importantly, we won't know into which account a trade should be processed once it has been made. The order specialist will want to have your account records available before taking your order.

**STEP 2 *Indicate whether you are buying or selling.*** We like to know this right way.

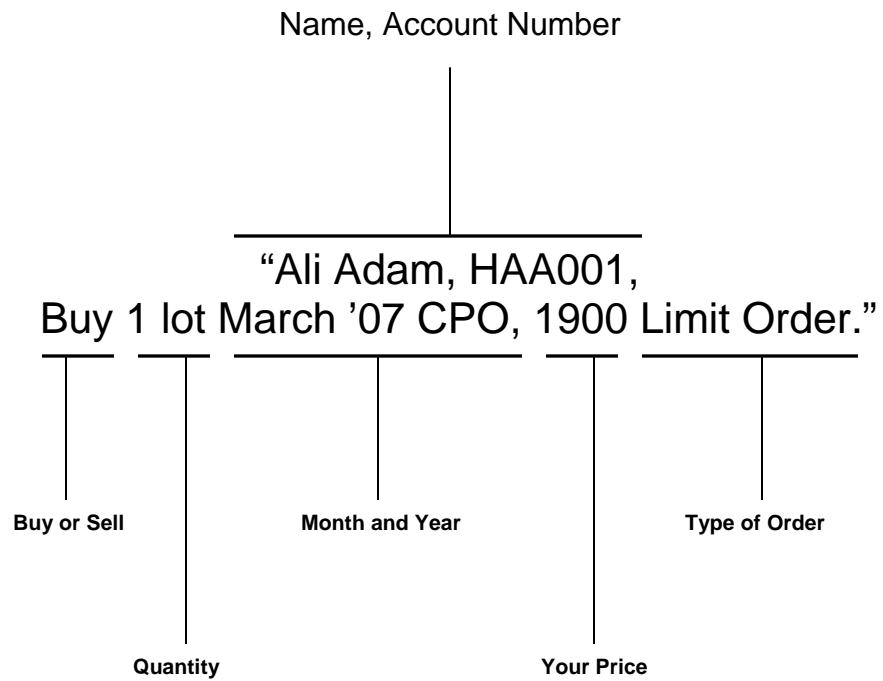
**STEP 3 *Quantity.*** How many contracts will you be trading on this order? Always express quantity in terms of the number of contracts you want traded.

**STEP 4 *Month and Year.*** Always indicate the delivery month and year, as many contracts are available during more than one calendar year. Unless stated otherwise, we will use the current year.

**STEP 5 *Commodity/Index.*** Malaysia futures markets has a few products, i.e. Crude Palm Oil and Index Futures. As such please let us know which market you would like to buy or sell when placing an order.

**STEP 6 *State your price.*** Let us know the price at which you want your order to be executed, if it is not a market order.

**STEP 7 *Type of order.*** At this point, we need to know what type of order you'll be placing —a market order, limit order, a stop, a market-if-touched? It's very important that you state the order type immediately after the price. See "Defining Various Types of Orders" on page 12 for examples. Refer to the Accepted Orders Table on page 17 to see which markets accept which types of orders.



## Avoiding Common Order Entry Pitfalls

There are some common problems with order entry, whether it's done over the phone or online. Here are some suggestions or avoiding them.

|                                       |   |
|---------------------------------------|---|
| <b>Catch Phone Mistakes</b>           | When instructing us to buy or sell by phone, be as succinct as possible. Many of our clients have adopted our practice of repeating this portion of the order, as in "...buy, that's buy..." Often people catch their own buy/sell errors when they repeat the phrase.  |
| <b>Avoid Contract Month Confusion</b> | Some months, especially September and December, sound alike over the phone. Many clients try to prevent confusion by referring to "December Christmas," as in "Buy 10 December Christmas crude palm oil at the market."   |
| <b>Avoid Price Confusion</b>          | When stating your price, remember that certain sounds—such as 50 and 15—are easily confused over the phone. Be clear. If clarification seems advisable, you might say "fifteen, that's one-five," or "fifty, that's five-oh."   |
| <b>Verify the Order</b>               | After you have given your telephone order, the order specialist will repeat it to you. Our best advice is that you listen carefully. It is your job to correct an incorrectly repeated order. Don't be casual about it. If the specialist doesn't repeat the order, he or she may not have gotten it. In this case, you should verify the order was taken, and be certain to get an order number. |

## Defining Various Types of Orders

Now that you understand how to give order instructions, it's time to familiarize yourself with the types of orders you can enter and where they can be placed. We cannot and does not guarantee the execution of any order, but this section can help you determine your order placement strategies. These are the most commonly placed types of orders. They are presented in alphabetical order, not in order of preference. You can always check with your Futures Broker Representative if you have questions about the types of orders.

|                         |   |
|-------------------------|---|
| Market on Opening (MOO) | <p>is an order executed at the Theoretical Opening Price (TOP) when the instrument opens. MOO is an order with no price stipulation. This will ensure that the investor will be given first priority (over Limit orders) at the last generated TOP when the market opens.</p> <ul style="list-style-type: none"> <li>• Can only be entered in Pre Opening Phase or when instrument is in reserved state. (see section 2.3 which describes Instrument States)</li> <li>• The potential matching price will be the TOP</li> <li>• Unmatched portion of MOO is converted into a limit order at the TOP price during the Continuous Trading Phase.</li> </ul>   |
| Market to Limit (MTL)   | <p>is an order executed at the best opposite order price when it is entered into the system. It is an order which is best employed at a time when an instrument is very liquid in a dynamic and brisk market. Price is defined according to the best opposite limit and order is executed at the best opposite limit.</p> <ul style="list-style-type: none"> <li>• MTL orders are entered into the system with no price stipulation</li> <li>• MTL orders can be placed during the Continuous Trading Phase</li> <li>• During the Continuous Trading Phase, an MTL is converted into a Limit Order at the best bid price (for sell orders) or best ask price (for buy orders).</li> <li>• If an order is not completely executed, it is put in the order book for its remaining quantity at the execution limit price. If there is no opposite order, the MTL order is rejected.</li> </ul> |
| Stop Limit Order        | <p>is a buy or sell order that is to be executed at a specified price or better, once the price of the instrument in the market has reached the trigger price that has been specified. Stop Limit is best used when an investor wants to enter or exit market at certain specified prices known as Trigger and Limit prices.</p> <ul style="list-style-type: none"> <li>• A Stop Limit order becomes a Limit order (at the highest price for a Buy order and the lowest price for a Sell order).</li> <li>• A converted Stop Limit order will then be considered for matching in accordance with the principles of matching of orders</li> <li>• A Stop Limit order must therefore contain two prices:</li> </ul>   |

|                      |  |
|----------------------|--|
|                      | <p>a) <b>The trigger price, which is the price at which the order becomes executable.</b> For buy orders, the trigger price must be higher than the last traded price. For sell orders, the trigger price must be lower than the last traded price</p> <p>b) <b>The limit price, which is the price that must not be exceeded when executing the order.</b> For buy orders, it must be either higher than or equivalent to the trigger price. For sell orders, it must be either lower than or equivalent to the trigger price.</p>  |
| FAK_Market Order     | <p>is an order that shall be executed at the best available price, as quickly as possible. Only the order quantity needs to be specified when a FAK_MO is entered into the system. Unmatched quantity shall be cancelled immediately.</p> <ul style="list-style-type: none"> <li>• There is no guaranteed executed trade price for a FAK_MO.</li> <li>• FAK_MO are accepted during Pre-Opening and Continuous Trading phases.</li> <li>• A FAK_MO <b>may not</b> specify the following types of <b>validity/execution conditions</b>:<br/>Day<br/>Good-Till-Cancelled (GTC)<br/>Good-Till-Date (GTD)<br/>Session</li> <li>• A FAK_MO may specify a minimum quantity, only during continuous trading phase.</li> <li>• A FAK_MO not fully crossed upon completion of the Opening/Closing phase will cause the instrument to be reserved.</li> <li>• A FAK_MO may also cause an instrument to be reserved or frozen in the event that it crosses outside the price limit.</li> </ul> |
| Limit Order          | <p>is an order which has a price limit specified at the time of entry.</p> <ul style="list-style-type: none"> <li>• Involves only a single buy or sell order</li> <li>• At a specified quantity and price limit</li> <li>• Matched at price limit or a better price.</li> </ul>  |
| Combination Order    | <ul style="list-style-type: none"> <li>• For options and futures trading</li> <li>• Purchase and/or sale of 2 or more different options series/futures contracts with the same underlying.</li> </ul>  |
| Stop/Stop Loss Order | <ul style="list-style-type: none"> <li>• A Stop Loss order is a buy or sell order with a trigger price. When the trigger price is reached, the Stop Loss order becomes a FAK_MO</li> </ul>   |

For a more detailed information and examples on how to execute the above orders, please download The New Derivatives Trading System brochure from Bursa Malaysia.

## Cancellations

You may attempt to cancel any order that has not been filled. The method you choose will vary depending on how close the order is to the market when you give the cancellation instruction and on whether you want to cancel it out-right or just change it. If you have questions about how your cancellation will be delivered, please call us. You should be aware that although we will make every effort to fulfill your cancellation requests, market orders are usually impossible to cancel when the market is open.

|                    |  |
|--------------------|--|
| Straight Cancel    | Use this if you entered an order you simply don't want anymore. You are saying you do not want the order filled. If the order has not been filled, it will be canceled. If your instruction reaches the market too late, and the order has already been filled, you will receive a "Too Late To Cancel (TLTC)" notification. Depending on market and trading conditions, the notification may not be immediate. To place a straight cancel by phone, tell the order specialist you want to straight cancel an order. Specify day or open order, and tell the specialist exactly how the order reads. For example, "This is Ali Adam, account HAA001. I want to straight cancel a day order to buy one lot March CPO at 1900."  |
| Cancel and Replace | Use this to attempt to change a previously placed order. The order must be for the same contract and delivery month, and the buy/sell instruction must remain the same. You may, however, switch from open to day and vice versa, as well as change the quantity, price and/or type of order. To cancel and replace an order by phone, give us all the pertinent information on the original order. Tell your broker whether it is a day or open order and how it reads. Then give your new instructions, beginning with day or open order. For example: "This is Ali Adam, account HAA001. I want to cancel and replace my day order to buy one lot March CPO at 1900.." When the broker has the original order in hand, continue: "Replace that with an open order to buy one lot March CPO at 1900.." |

## Just Ask. We're Here to Help

Our goal is to fulfill your intentions—whether you want to get into a certain market position or get out of one. If asking questions will help you communicate your wishes, we encourage that. You can consider your Futures Broker Representative your information resources. Even in extreme market conditions, with a brief explanation of what you'd like to do, we can help steer you in the direction you want to take.