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TO: LIGHTSPEED TRADING CUSTOMERS/TRADERS
FROM: OPERATIONS GROUP
SUBJECT: SUPERSMART ORDERS
DATE: 4/29/2013

Supersmart orders are designed to fill orders aggressively at your desired price. Unlike the Smart order, Supersmart will send orders simultaneously to all participants within a selected through price amount rather than to one participant at a time. Supersmart also gives users the ability to select “Preferred Market(s)” which the order will route to first whenever there is a choice of venues at the same price.

1. **Target:** Indicates how you want orders priced. Both Buy and Sell orders can be tagged to either the bid or offer price.
2. **Preferred Markets:** The Supersmart order executes with EVERY participant. The Preferred Market option simply allows you to specify a routing preference when there is a choice of venues which could fill your order at the same price. You can custom add other markets or select from the list that will pop-up by clicking in the Edit Box. See next page for Example 1.

Example 1

AT&T INC.									
LAST 37.95		CHG -0.52		SIZE 200					
HI 38.50		OPEN 38.50		VOL 20,559.1					
LO 37.89		CLOSE 38.47		TIER NY1					
190	ARCA	37.94	85	ISLD	37.95	N	37.95	2	
140	BATS	37.94	52	ARCA	37.95	N	37.95	5	
131	ISLD	37.94	23	EDGX	37.95	Q	37.94	2	
						Q	37.94	5	
89	NYSE*	37.94	23	NYSE	37.95	Q	37.94	7	

Order Size: 500 Shares
Preferred Market: NYSE

In this example your preferred Market is on the Inside Market and is displaying more than your order size. Supersmart will try to execute your entire order with NYSE.

3. **Remainder:** Users can select a Market to post the remainder of their order on in the event that all prices up to and including the marketable limit have expired and your order was not completely filled.

Remember: If you use a Remainder, your Total TIF can not be IOC.

4. **Through:** Supersmart will simultaneously send orders to all participants within your Through Amount.

Remember: Your Through amount can NOT be more than your Marketable Limit.

Example 2

-0.18		SIZE 100							
36.75		VOL 14,524.0							
36.83		TIER AM1							
7	ARCA	36.68	Q	36.65	1				
4	ISLD	36.68	Z	36.68	1				
4	ISLD	36.67	Z	36.67	4				
4	ISLD	36.69	Z	36.67	5				
5	ISLD	36.70	Z	36.68	1				

Side: Buy
Order Size: 5,000 shares
Through Amount: .01
Individual Order TIF: 1 second
Overspray Shares: 0

In this example Supersmart will immediately send a 700 share order to ARCA @ 36.68, a 400 share order to ISLD @ 36.68 and a 400 share order to ISLD @ 36.69 simultaneously.

Due to RegNMS, the order to ISLD @ 36.69 is subject to reject because it is not the inside price, however, because the order has a TIF of 1 second, ISLD may execute the order, acknowledging that 36.68 is no longer the Inside Market 1 second later.

- Marketable Limit:** The marketable limit is the amount you are willing to let the price of the stock trail up (when buying) or down (when selling) while still continuing to execute your Supersmart order.

When the inside market price moves beyond your Marketable Limit the Supersmart will post your order on the “Remainder” market. If you have not chosen a “Remainder” market, the order will remain live on Lightspeed Trader and execute if the inside market returns to a price within your original marketable limit. The order stays live until it is filled to entirety, until you cancel it manually, or until your TIF expires.

Example 3

+0.14		SIZE 100	
193.59	VOL 25,755.2		
194.30	TIER N1		
1	<u>ISLD*</u>	194.44	Q 194.44 1
1	<u>ISLD</u>	194.45	Q 194.35 1
2	<u>ISLD</u>	194.47	Q 194.36 1
2	<u>ARCA</u>	194.50	Q 194.36 3

Side: Buy
 Order Size: 1000 shares
 Marketable Limit: .05
 Through: .00
 Total Order TIF: DAY
 Remainder: None

In this example Supersmart will try to execute 1000 shares up to 194.49. It will always try to execute at the inside market until the market trails up to 194.50. When the inside offer is 194.50 the Supersmart order will wait until another participant comes down to 194.49 or lower for the remainder of the trading day until your order is filled, unless you cancel it manually.

Example 4

+4.86		SIZE 200	
103.64	VOL 4,101.4		
103.64	TIER NY1		
1	<u>ARCA</u>	108.49	Q 108.50 2
1	<u>NYSE</u>	108.54	N 108.46 1
1	<u>BATS</u>	108.56	Q 108.49 1
5	<u>TMBR</u>	108.58	N 108.48 2

Side: Buy
 Order Size: 500 Shares
 Mktable Limit: .05
 Remainder: ARCA

In this example Supersmart will execute up to 108.54. If the offer moves to 108.55 or higher and your order is still pending with more shares, the Supersmart will send an ARCA bid at 108.54 with the TIF of your Smart Order

6. **Overspray Shares:** This will determine how much more size than a participant is displaying you are willing to send on each order.

Remember, if you overspray a participant and your Individual TIF is not zero, there is a possibility that market may display your order.

Example 5

+2.22		SIZE 475		
N	193.44	VOL 25,050.8		
SE	188.54	TIER N1		
4	ISLD*	190.77	Q 190.76	4
1	ARCA	190.77	Q 190.76	1
1	BTRD	190.77	Q 190.92	1
6	BATS	190.78	Q 190.77	2
			Q 190.74	1

Side: Buy
 Order Size: 2500 Shares
 Through Amount: .00
 Overspray Shares: 500
 Preferred Market: ARCA

In this example, the order will immediately send an order to ISLD for 900 shares (ISLD is displaying 400), an order to BTRD for 600 shares (BTRD is displaying 100 shares), and an order to ARCA for 600 shares (ARCA is displaying 100). You oversprayed each participant for 500 shares. The rest of the order will wait for a new update or the next price level (depending on the Marketable Limit).

7. **Pop-Up Confirm:** This determines whether you would like the Supersmart Order to Pop-Up or go in without a confirmation.
8. **Individual Order Time in Force:** This configures the Time in Force (TIF) of the orders sent to each participant by the Supersmart order. Previously, all orders were sent with an Immediate or Cancel (IOC) Time in Force, now the user can configure this. Users may want to set this at 1 or 2 seconds so that the order can be “Routable” and is not immediately rejected when placed through the market. Reg NMS does not allow orders to be executed through the inside, however, with a 1 or 2 second TIF orders have a chance to be executed when the inside market moves.

Remember: If the Individual Order TIF is set at any higher than a second or two, there is a possibility that unfilled shares will be displayed by the participant you intended to execute with.

Example 6

-0.73		SIZE 100		
	190.19	VOL 3,969.7		
E	190.86	TIER N1		
1	ISLD	190.13	Q 190.13	1
1	EDGX	190.14	Q 190.13	1
3	BATS*	190.15	Q 190.13	1
3	UBSS	190.15	Q 190.13	1
1	ISLD	190.17	Q 190.13	1
2	ISLD	190.18	Q 190.13	1
			Q 190.13	1

Side: Buy
 Order Size: 800 shares
 Through: .02
 Individual Order TIF: 2 seconds
 Overspray: None

In this example, the Through Amount of .02 tells the Supersmart Order to immediately send orders to ISLD, EDGX, BATS, and UBSS for their displayed size. Because EDGX, BATS, and UBSS are not at the inside, the orders would be immediately rejected if they were IOC. The 2 second TIF on each order allows EDGX, BATS, and UBSS to attempt to route your order to the best price or execute if they now represent the new inside market.

9. **Total Time in Force:** This will dictate how long you want your Supersmart Order to stay live. If you have surpassed your Marketable Limit and the order has not been entirely filled, the Supersmart order will stay live until a new participant comes back within your desired price. If you have a Remainder Market set, when your marketable limit expires the order will post on this Market with the Time in Force that you have selected as your Total TIF.
Remember: If you want to use a Remainder, your Individual and Total TIF can not be IOC.

Things to Remember about the Supersmart Order

- The Supersmart Order will NEVER overfill.
- There are 2 Supersmart Orders so the user can set different settings for each order. The default setting for both will do exactly the same thing. If you would like to create even more Supersmart Orders, you can use the Custom Order Tab.
- Supersmart Orders will execute with every participant that is viewed in your Level 2. The “Preferred Market” only refers to a situation where 2 participants are at the same price, both displaying enough size to complete your order. In this case, the “Preferred Market” takes priority over the other markets.
- The difference between Through and Marketable limit is Through will simultaneously spray all participants up to your Through amount immediately. Marketable Limit is the amount you are willing to let the Inside Market trail up (when buying) or down (when selling) and continue to execute your order. The Through amount can not be higher than your Marketable Limit.
- Marketable limit is the same as the “Allowance” on the previous Smart Orders.
- If overspray is set to a number and individual order TIF is not IOC, the individual order may end up bidding or offering your unexecuted shares on the ECN your order was originally routed to.