Tailor-made Combination

Genium INET
## Benefits With The Functionality

| **Safety** | When you trade strategies via user- and pre-defined combinations all included instruments according to the specified strategy are simultaneously executed at the same time on a net price without execution risk. |
| **Flexibility** | The flexibility of the TMC functionality supports intraday creation of user-defined combination order books suitable to your specific strategy. |
| **Visibility** | Once created the TMC is visible to the entire market and lives throughout the trading day and it enables for market participants to place working good-for-day combination orders. |
| **Effectivity** | As with pre-defined combination order books like the OMXS30 futures roll, matching of a TMC order can be performed within the combination order book and also against outright orders and quotes. In order to maximize the probability of execution, the central system generates implied-out orders (a.k.a. derived orders) for the component legs of a TMC. Market makers also have the obligation to reply to request-for-quote (which are sent out automatically at creation) in TMC order books. |
| **Simplicity** | Easy to use functionality and only a few clicks away from having your own strategy electronically traded. |
## The Functionality

### Overview

#### INSTRUMENTS
A TMC can consist of up to four instruments within the same underlying. The instruments in a TMC must to have the same contract size (multiplier). Index futures are not valid instruments in a TMC.

#### RATIO
It is possible to have a relative ratio of up to 2:1 between the included instruments.

#### PRICE
The Price for the Order shall be stated as a common positive net price with a tick-size of 0.01.

#### COMBINATION ORDER BOOK
When the TMC is defined a combination order book is instantly created and visible to the entire market.
The Functionality
Overview Continued

**IMPLIED-OUT ORDERS**
Implied-out orders are orders automatically generated by the system.

**DEFINITION OF A COMBINATION**

The system defines the TMC according to the below ranking rule regardless of in which order you add instruments or which instruments you buy/sell and they are presented accordingly.

Independent of which instrument you buy and sell, buying the combination will always mean that you buy the one with higher ranking and correspondingly you sell the one with higher ranking when selling the combination.

1. Forward / future / call / put (Forward is higher ranked than future etc)
2. Expiration date for series of the same type (Longer lifetime higher ranked)
3. Strike price (Calls, lowest strike price higher ranked and puts
4. Binary series ID (Lower Binary ID higher ranked)

For more information about the functionality please visit: BUSINESS.NASDAQ.COM/TMC
Creating a Tailor-made Combination With Genium Inet Trading Work Station

CREATION OF A COMBINATION

1. Enter an instrument and state the ratio and if you want to buy or sell it
2. Repeat 1 until all your instruments have been added
3. Enter the net price
4. Enter the number of contracts
5. * Use Send Pay or Send Receive to create the combination and to send in the order. Whether you use Send Pay or Send Receive depends on if you are willing to pay or if you want to be paid.

The system have now automatically created the combination according to the logic in definition of a combination and placed your order on the correct side (Bid/Ask) to achieve what you defined with the Buy/Sell definition, with a price according to your instructions (paying or receiving).

* This is how the Genium INET Trading Workstation is configured. We encourage ISVs and own developing members to use the same logic since it minimizes the risk of errors.
TMC example

- Buy the March 85
- Sell the March 90 PUT
- Receive a Net of 3.25 SEK Per Combination Unit
TMC example continued

• Since the TMC order cannot be directly matched against any existing orders for that combination or against the implied-in prices from the outright order books, implied-out orders are automatically generated by the system.

• The Mar 85 put have an Ask-price of 5 so the central system creates an implied-out ask order at 8.25 in the Mar 90 put and the Mar 90 put have a bid-price of 8 so an implied-out bid order at 4.75 is created in the Mar 85 put.

• If your 8.25 implied-out ask order in the Mar 90 put is traded against the system automatically buys at 5 in the Mar 85 put and correspondingly if your 4.75 implied-out bid order in the Mar 85 put is traded against, the system automatically sells at 8 in the Mar 90 put. This is done without execution risk at your net price.