Dynamic M-ELO FAQs

What is Dynamic Midpoint Extended Life Order (M-ELO)?

Dynamic M-ELO is an innovative order type from Nasdaq that integrates artificial intelligence for determining the holding period for M-ELO. The artificial intelligence optimizes the holding period eligibility based on real-time market conditions, enhancing liquidity and execution quality.

Who can access the Dynamic M-ELO order type?

All Nasdaq member firms have the ability to send a Dynamic M-ELO order.

How does Dynamic M-ELO enhance market efficiency?

Dynamic M-ELO learns from market behaviors and adjusts execution holding periods every 30 seconds. This self-adjusting mechanism is designed to improve fill rates and reduce market impact.

Can I use my existing exchange connectivity when trading with Dynamic M-ELO?

Yes, when trading with Dynamic M-ELO, market participants can use their existing exchange connectivity, avoiding the need for expensive technology upgrades.

What are some benefits of using Dynamic M-ELO?

Dynamic M-ELO is a non-displayed order type that matches like-minded investors on a broker-neutral exchange, utilizing a member firms existing connectivity. The dynamic capabilities are designed to increase fill rates and steady mark-outs.

How is the Dynamic M-ELO holding period determined?

The Dynamic M-ELO holding period uses machine learning techniques to simultaneously improve liquidity and execution quality outcomes by optimizing the holding period of each symbol. Dynamic M-ELO analyzes 140+ data points every 30 seconds to detect market conditions. Holding periods under normal market conditions will range from .25-2.5ms.

How does Dynamic M-ELO handle market volatility?

If market instability occurs, then market instability detectors will default symbol timer updates to a static 12ms until market conditions improve.

When does the Dynamic M-ELO holding period begin?

The Dynamic M-ELO holding period begins upon entry if the order is marketable at the midpoint of the NBBO. If the order is not eligible to trade at the midpoint upon entry, the M-ELO holding period will begin once the limit price of the order is priced at or better than the midpoint of the NBBO.

How is the initial timer for a symbol determined?

The first timer for all symbols will be 1.25ms at the beginning of the day.

What happens if a symbol timer changes when an order is still in the waiting period?

Orders will be updated with the new timer, lower or higher. If the order's waiting period is updated lower than the original, and the lower timer has already been surpassed, the order will be eligible to trade.

At what increments can my order's timer be updated?

Timers can be updated in .25ms or .5ms increments. Timers cannot change more than .5ms within a 30 second period.

How is priority determined for a Dynamic M-ELO order?

A Dynamic M-ELO order is ranked in time priority among other Dynamic M-ELO orders at the time it becomes eligible to execute.

How do I enter a Dynamic M-ELO order?

Entering a Dynamic M-ELO order requires a Cross Type of "E" and a Display Instruction of "M."

Are Dynamic M-ELO orders available to trade outside of regular market hours?

No. Dynamic M-ELO orders are only available to trade from 9:30 AM – 4:00 PM ET. Dynamic M-ELO orders may be entered, however, prior to 9:30 AM ET, but will not be eligible for execution until the market opens.

Are extended-hours TIFs accepted for Dynamic M-ELO?

No. At this time orders sent with a TIF of "EXT'" or "System Hours" will be rejected.

Can I send a Dynamic M-ELO order with an IOC Time in Force?

Yes. Dynamic M-ELO orders may be sent with a Time in Force of IOC.

Is Minimum Quantity supported by The Dynamic M-ELO order type?

Yes.

Does the Minimum Quantity constraint apply to every execution, or is it dropped after the first execution?

The minimum Quantity constraint is applied on every potential crossing opportunity, not just the first execution.

Does Dynamic M-ELO aggregate multiple contra-side orders to meet a Minimum Quantity?

Dynamic M-ELO does not aggregate multiple contra-side orders to satisfy a minimum fill quantity.

In the scenario where an order executes against multiple resting orders, Nasdaq will send back multiple executions to the client submitting the incoming order.

Does Nasdaq execute the Leaves Quantity below the Minimum Quantity or reject it back?

The Leaves Quantity will be available to trade on an all-or-none basis.

Can I send a Dynamic M-ELO order for less than 100 shares?

Yes, we do accept odd lot Dynamic M-ELO Orders.

Do Dynamic M-ELO orders execute in a locked market?

Yes. Dynamic M-ELO orders may execute in a locked market.

Do Dynamic M-ELO orders execute in a crossed market?

No. The Dynamic M-ELO order type does not execute in a crossed market.

How are Dynamic M-ELO executions displayed on data feeds?

Dynamic M-ELO executions will be reported to the Securities Information Processors and provided in Nasdaq's proprietary data feed in the same manner as all other transactions occurring on Nasdaq (i.e., without any new or special indication that a transaction is a Dynamic M-ELO execution).

Do Dynamic M-ELO orders ever route to other destinations?

Currently, the Dynamic M-ELO order type will never route out.

Does Dynamic M-ELO support a Post-Only order type?

No. We do not offer a Post-Only attribute for the Dynamic M-ELO order type.

What securities are available for trading in the Dynamic M-ELO order type?

All NMS symbols are available for execution.

When will a Dynamic M-ELO order not execute?

A Dynamic M-ELO order will not execute if:

- There is a single-stock or market-wide halt.
- The NBBO is crossed.
- The midpoint of the NBBO is through the Limit Up/Limit Down bands.

When would modifying an order result in losing queue position?

Any modification of a resting Dynamic M-ELO order will result in a restart of the countdown holding period, except in the case of reducing the order quantity and the marking of a sell order as long, short, or short-exempt.

What order and execution statistics does Nasdaq provide regarding the Dynamic M-ELO order type?

Weekly aggregated statistics, as well as delayed monthly aggregated block-sized trading statistics are provided for Dynamic M-ELO executions. These statistics are published on nasdaqtrader.com.

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