

The Saudi Exchange Introduces Enhancements to Market Order Behavior

Saudi Exchange announces an update to how Market Orders are handled in the Main Market & Nomu – Parallel Market, allowing Market Orders to be able to continue executing against available quantities across multiple price levels within a range of up to five price increments (“ticks”), rather than stopping after execution at the best price.

The update will apply to Main Market & Nomu – Parallel Market instruments and excludes Derivatives instruments.

What is a Market Order?

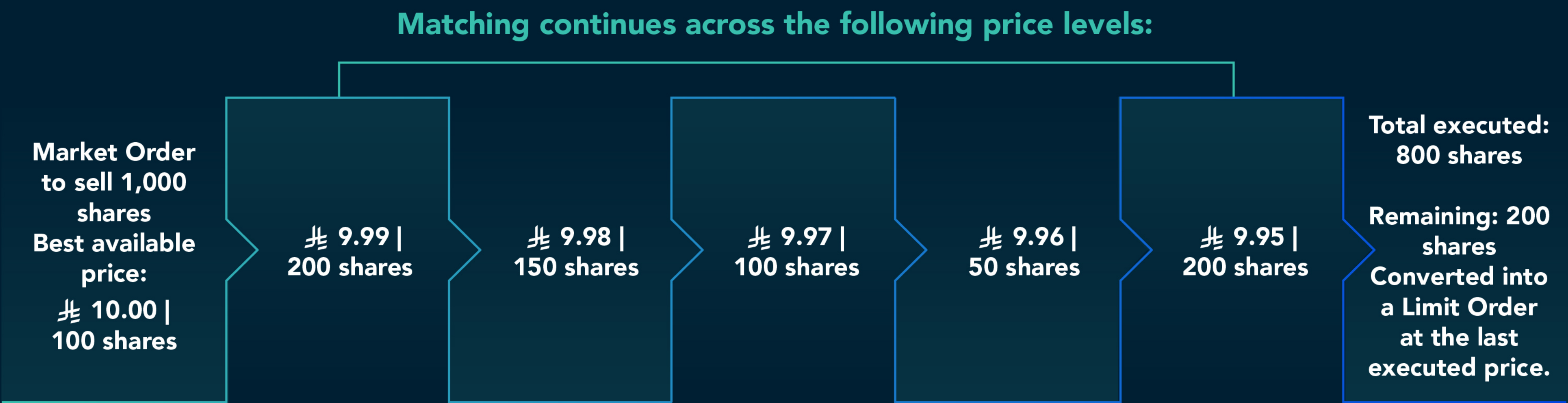
A Market Order is an order submitted without a specified price. It is intended to execute against the best available price in the order book and receives priority in execution.

The update aims to allow greater quantity of a Market Order to be executed immediately by enabling executing to continue across multiple price levels within the defined range, based on available quantities.

Former Behavior:



New Behavior:



What Should Investors Know?



A Market Order may execute across multiple price levels.



Matching is limited to the five-tick boundary.



Full execution is not guaranteed and depends on available quantities.



The change applies to Cash Market instruments only.

For more information, please visit [\[link\]](#).

Market Order FAQ's

1. What is a Market Order?

A Market Order is an order submitted without a specified price. It is intended to execute against the best available price in the order book and receives priority in execution.

2. What is changing in the Market Order mechanism?

Previously, during the continuous trading, a Market Order executes at one price, and any unmatched quantity is converted into a Limit Order at the executed price. Under the updated mechanism, a Market Order can continue matching against available quantities across eligible price levels within a five-tick boundary.

3. What is a tick?

A tick, or Tick Size, is the applicable minimum price increment for a security. Tick Size varies depending on the price of the security. For example, securities priced below SAR 25 have a Tick Size of SAR 0.01.

4. How will a Market Order execute under the updated mechanism?

The order will first match against the quantity available at the best available price. If a quantity remains unexecuted, it can continue matching against available quantities at subsequent eligible price levels, up to the five-tick boundary. The process stops once the order is fully executed, the boundary is reached, or there is no further eligible quantity available within the range.

5. Can a Market Order now execute at more than one price?

Yes. Depending on the prices and quantities available in the order book, a Market Order may execute across multiple price levels within the five-tick boundary. The change is therefore expected to increase the amount of an order that may execute immediately, while also increasing the possibility of execution at additional price levels.

6. What happens to any quantity that remains unexecuted?

If a Market Order is not fully executed within the permitted range, the remaining quantity is converted into a Limit Order at the last executed price.

For example, if the last execution takes place at SAR 9.95, any remaining quantity will be converted into a Limit Order at SAR 9.95.

7. What happens if there is no available quantity at one of the price levels within the five-tick range?

The Trading System will match against available eligible quantities within the permitted range. If there is no further eligible quantity available, the matching process stops and any remaining quantity is converted into a Limit Order at the last executed price.

8. Does the five-tick mechanism guarantee that my Market Order will be fully executed?

No. Execution continues to depend on the quantities available in the order book. A Market Order may be fully executed, partially executed, or leave a remaining quantity that is converted into a Limit Order.

9. Does the update change the priority of Market Orders?

No. Market Orders will continue to receive the highest priority in the Trading System. The update changes how the order is handled when the quantity available at the first price level is not sufficient to execute it fully; it does not change its order priority.

10. Which instruments are affected by the change?

The update will apply to Main Market & Nomu – Parallel Market instruments and excludes Derivatives instruments.