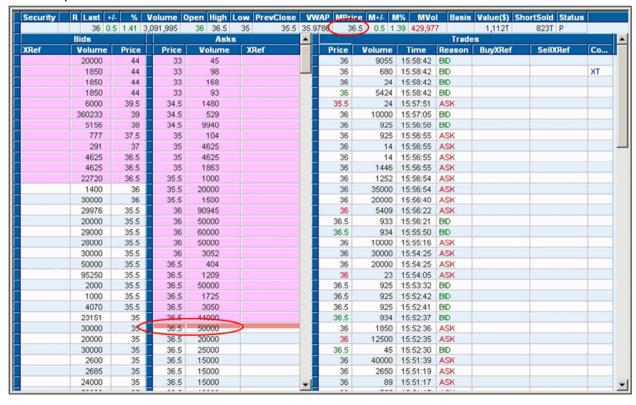


## TRADING IN THE MATCHING PHASE

Prior to the ASX opening (Opening Single Price Auction, which determines the opening price of a stock), and immediately prior to closing (Closing Single Price Auction, which determines the closing price), stocks enter a 'matching phase', during which ordinary price/time priority trading ceases, but orders can still be placed on any terms, such that the price on buy orders can exceed the price on sell orders, and an overlap occurs. During 'the match', the ASX utilises sophisticated algorithms to determine a single price at which all overlapping orders will trade.

## For example:



- During Pre-Closing Single Price Auction ("the closing match"), orders may be placed on any terms (in this example, the stock last traded at 36.5c, but many buy orders are placed above this price, and many sell orders below).
- A 'match price' is quoted, whereby all buys above the match price, and all sales below, will be traded at this single (variable) price: i.e., all buys at 37c and above will trade at 36.5c; all sells at 36c and below will trade at 36.5c. The match price changes dynamically during the Pre-CSPA
- Dependant on the volumes of buy & sell orders at the match price, some orders queued to sell at 36.5c may not be traded. In this instance, the circled sell order will only be partially traded, whilst all orders below will be executed.
- It is possible to 'jump the queue', by entering a lower sale price (e.g., 36c), but still realise 36.5c.
- This type of trading can be risky, as there is the possibility that other orders (placed potentially up to the last second) may alter the match price, and cause a lower price to be realised. This is particularly a risk when automated/high frequency trading systems ("bots") are active.

To see additional information on ASX phases & times, see https://www.amscot.com.au/research/