TRADE EXECUTION IN THE HCMC SECURITIES TRADING CENTER

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To buy or sell securities on the stock exchange, a customer can put in an order to brokers or dealers. There are various securities orders: market order, stop order, limit order, time order, stop-limit order, etc. For the time being, only limit order is accepted in the HCMC Securities Trading Center (STC). Under an order to sell a security at a specific price (VND19,000 for example), the trade will be executed when the stock price hits, or exceeds, this asked price, while an order to buy means that the customer is ready to pay when the price is equal to, or lower than, the bid.

In the HCMC STC, comparison of orders is carried out periodically (at 11:00 on Mondays, Wednesdays and Sundays), that is, all orders are gathered at a specific time, and the price at which the biggest amount of securities could be traded will be selected as a basis for executing orders.

Let's study the Example 1, the following is information about orders relating to the SAM securities at the time of orders comparison.

executed, namely customers F (2,000 securities), E (1,000) and D (5,000) become sellers. As for buying parties, orders to buy SAM at VND19,200 or higher will be executed. However, because there are only 8,000 securities are sold at this price while buying parties need 10,000 securities, priority will be given to customers who put in orders to buy at the highest prices and at earliest time. In this

session's closing price will be selected.

It's worth noting that when a price is selected (VND19,200 in this example) all orders will be executed at this price. In this example, although the customer F put in an order to sell 2,000 SAM at 19,000, he will receive 19,200 for each security sold because the selected price is VND19,200, while the customer L

Table 2: Data about orders to buy and sell REE securities at the time of orders comparison (VND/security)

Order to sell	Asked price for REE	Total of orders to sell	Order to buy	Bid for REE	Total of orders to buy	Securities to be traded
A3,000	18,500	19,000	L2,000	18,500	2,000	2,000
B5,000	18,400	16,000	K3,000	18,400	5,000	5,000
C5,000	18,300	11,000	J5,000	18,300	10,000	10,000
D2,000	18,200	6,000	I4,000	18,200	14,000	6,000
E3,000	18,100	4,000	H2,000	18,100	16,000	4,000
F1,000	18,000	1,000	G4,000	18,000	20,000	1,000

Table 1: Data about orders to buy and sell SAM securities at the time of orders comparison (VND/security)

Order to sell	Asked price for SAM	Total of orders to sell	Order to buy	Bid for SAM	Total of orders to buy	Securities to be traded
A4,000	19,500	17,000	L1,000	19,500	1,000	1,000
B3,000	19,400	13,000	K2,000	19,400	3,000	3,000
C2,000	19,300	10,000	J3,000	19,300	6,000	6,000
D5,000	19,200	8,000	I4,000	19,200	10,000	8,000
E1,000	19,100	3,000	H2,000	19,100	12,000	3,000
F2,000	19,000	2,000	G3,000	19,000	15,000	2,000

Those data allow stock exchange authorities to decide the price applied is 19,200 per security, because at this price, the biggest amount of securities (8,000) will be traded. At this price, who are buyers and who are sellers? According to the above —mentioned principle, orders to sell SAM at VND19,200 or lower will be

example, the following orders will be executed: L (1,000 securities), K (2,000 securities), J (3,000 securities) and I is allowed to buy only 1,000 securities. As for cases in which two different prices lead to the same amount of securities to be traded, the price that is nearest to the previous

will buy 1,000 SAM at 19,200 although his bid is 19,500. This is an interesting feature of the stock exchange in which orders to sell at low price and to buy at high price will be executed.

Example 2: We will examine the selection of price for REE securities at a time during a trading session in the HCMC STC.

When executing orders, the selected price will be VND18,300 per security because at this price, the biggest amount of securities (10,000) will be traded. According to those data, orders to sell REE at 18,300 or lower will be executed, that is, orders from customers F (1,000 securities), E (3,000 securities), D (2,000 securities) and C (only 4,000 out of 5,000 securities offered for sale) will be executed. As for buying parties, orders to buy REE at 18,300 or higher will be executed. They are orders from L (2,000 securities), K (3,000 securities) and J (5,000 securities). ∎