THOUSANDS OF ORDER TYPES: The Breakdown

BATS Global Markets says it has 2,000 "unique order type combinations" on its two national exchanges.

Here's how so many permutations get created, according to BATS chief operating officer Chris Isaacson.

Almost all combinations develop from two basic starting points: market orders, which accept the current market price when buying or selling shares' and limit orders, which place a cap on the price in a buy order or a floor on the price in a sell order.

From there come refinements or variables placed on the order, Isaacson noted.

One of the variables is time in force. In a Nasdaq type, known as the Minimum Life order, an order that is displayed cannot be modified for the first 100 milliseconds, or tenth of a second, for instance.

But there are other choices, as Isaacson notes.

Is it a "good-until-canceled" order? This stays on the books until a customer says otherwise.

Is it "an immediate or cancel" order? This asks for an instantaneous result or the unfilled portion gets canceled.

Is it an "intermarket sweep" order? Which, despite the name, indicates that it is an "immediate or cancel" order that stays on a given market center's order book, such as BATS.

Is it a "day" order? That gives it a time frame.

Is it a "displayed" or "non-displayed" order? Here's where "hidden" orders come in.

Is it a "pegged order"? Meaning: Is it somehow tied to another price, such as the best bid on markets at the moment.

Is there a "minimum quantity"? If a certain amount of shares can't be traded, the order does not get executed.

Is there a "reserve"? This kind of limit order only displays a fraction of the total amount of shares involved. But the entire size is available to be executed.

Is it "routable"? Here, customers can designate if they want the order also sent to other exchanges—or even dark pools.

There are a wide variety of routing strategies that can be chosen, Isaacson noted. And they can even specify what kind of fees to pay.

For instance, BATS has both a TRIM and a SLIM set of instructions for routing. TRIM routes an order to predefined "low-cost" trading venues. SLIM routes to all markets, but starts with the lowest-cost venues and moves on.

"You start with: Is it a limit or a market order? Then you have all these attributes, all of which have to be done right," said Isaacson. "Eventually, if you adjust for all of those variables, in all of their natural permutations, you start getting to this large factorial, you get to 2,000 permutations."