# Surveillance Rule

## Cancelled Orders

### Version 1

## Definition.

The intent to influence the prevailing market price for a security through placing orders without intent to execute. These transitory orders are used to build price pressure against a security in order to secure more favourable trading conditions for another order.

## Red Deer Rule Implementation.

Required data.

History of orders placed against securities.

Price history of markets orders were placed to trade in.

Rule parameters.

Cancelled order absolute threshold value or cancelled order relative to trading volume value.

Time window to aggregate cancelled orders in minutes.

Rule.

Aggregate cancelled orders by value within each window time frame.

If aggregate value of cancelled orders exceed limit by either absolute value or by relative to market trading value then evaluate the rule.

If a trade is executed in a different direction to the cancelled orders then increase the confidence value of the evaluated rule.

If a price movement in the security is detected in the expected direction of the cancelled orders price pressure then increase the confidence of the evaluated rule.

## Future editions.

A more sophisticated implementation would have a function to evaluate the window time frame by volatility and liquidity in the traded security market.