# Surveillance Rule

## Momentum Ignition

### Version 1

## Definition.

Exploratory trading to identify when demand is inelastic by increasing the volatility in the pricing of a security. A main trade or series of trades are then executed which will then be traded out profitably due to momentum carrying the price.

## Red Deer Rule Implementation.

Required data.

Orders from the corporate trading system.

Price data from the exchange.

Rule parameters.

Exploratory trade to main trade/s time threshold in minutes.

Trade in to trade out time duration in minutes for the main trade.

Position value threshold for main trading position.

Rule.

If exploratory trading pattern precedes a series of orders to take a main position within the time threshold then raise alert with low confidence.

If exploratory trading pattern precedes a series of orders to take a main position within the time threshold and the main trading position was traded in and out within the time threshold then raise alert with medium confidence.

If exploratory trading pattern precedes a series of orders to take a main position within the time threshold and the main trading position was traded in and out within the time threshold and the position value exceeded the threshold then raise alert with high confidence.

If momentum ignition alerts have been raised in the last 15 days evaluate rule with high confidence.

## Future editions.