

TABLE 2-continued

preferred stock. Thus, if the price of the common (X - PX1) moves by 25 cents per share and the conversion ratio is 40 shares per bond, the price Y will move up ½ point from the original price of PY1 if the Hedge Ratio as input by the subscriber entering the order is 50%. The factor of 10 is the conversion of \$5.00 ((\$.25/share) * .5 * 40 share/bond) to ½ of 1% of the face amount (face amount = \$1,000). Prices are generally quoted in percent. IOW, a price of 102 would be \$1020.00/bond.

What is claimed is:

1. A conditional order transaction network that matches or compares buy and sell orders for a plurality of items based upon conditions set forth within the order, including a price represented as an algorithm with constraints thereon, the conditional order transaction network comprising:

a variable number of trader terminals for entering an order for an item in the form of an algorithm with constraints thereon that represent a willingness to transact, where the price is the dependent variable of the algorithm within the constraints and dynamically changing price of another item is an independent variable, the price as the dependent variable being continuously changeable responsive to changes in price of the independent variable, the algorithm representing a buy or sell order;

controller computer means coupled to each of the trader terminals over a communications network and receiving as inputs, each algorithm with its corresponding constraints;

means for matching, in accordance with the constraints and conditions, algorithmic buy orders with algorithmic sell orders; one of the conditions being the requirement that two or more securities are tradable contemporaneously as a contingent trade of those respective securities, and

means for matching or comparing, in accordance with the constraints and conditions, algorithmic buy/sell orders with non-algorithmic sell/buy orders; one of the conditions being the requirement that two or more securities are tradable contemporaneously as a contingent trade of those respective securities, and

wherein the order algorithm can be represented as a line in two dimensional space with constraints having the price of one security as one axis and the price of another security as its other axis.

2. The conditional order transaction network of claim 1 further including a plurality of trader workstations for trading and negotiating prospective trades for instruments referenced in buy and sell orders, based upon conditions set forth in the orders including price represented by an algorithm with constraints thereon, each workstation comprising:

a display device for displaying the selected parameters of buy and sell orders in a prioritized sequence in a descending order of favorability across a display field, with the most favorable order at one distal end and the least favorable at the other distal end;

an input device for entering outgoing orders to be traded or negotiated into the trader workstation; and

a computer for receiving the outgoing orders and incoming order information from traders' terminals, and for controlling the display device, said computer including, a comparator for comparing all incoming orders relative to outgoing orders, and

a sorter that sequences the orders in real-time in the display field as each order is received to reflect changes in the relative favorability of the orders responsive to changes in price of said another item is the independent variable.

3. A conditional order transaction network that electronically matches or compares buy and sell orders for a plurality of items from the same or divers equity markets based upon conditions set forth within the order, including a price represented as an algorithm with constraints thereon, the conditional order transaction network comprising:

a variable number of trader terminals for entering an order for an item in the form of an algorithm with constraints thereon that represent a willingness to transact, where the price is the dependent variable of the algorithm within the constraints and dynamically changing price of another item is an independent variable, the price as a dependent variable being continuously changeable responsive to changes in price of the independent variable, the algorithm representing a buy or sell order;

controller computer means coupled to each of the trader terminals over a communications network and receiving as inputs, each algorithm with its corresponding constraints; and

a device for matching or comparing, in accordance with the constraints and conditions, algorithmic buy/sell orders with algorithmic or non-algorithmic sell/buy orders and simultaneously executing a trade of said items in the same or diverse equity markets as a single electronically matched trade.

4. The conditional order transaction network of claim 3 wherein said device for matching and comparing establishes prices at which the buy/sell orders potentially match during a matching cycle; establishes unmatched remainder data at such established prices; searches the external data sources for additional buy and sell data available to match the remainder data; combines the matched remainder data with the potentially matching orders for creating a completed match according to accepted match criteria in order to execute said single electronically matched trade.

5. The conditional order transaction of claim 3 wherein each trader terminal includes:

interface circuitry for transmitting or receiving the algorithmic buy/sell orders including an entire algorithm thereof, or attributes of that algorithm, along said communication link;

a processor for generating orders to be transmitted or analyzing orders received within the terminal independently of algorithm processing within the controller computer means; and

a display for displaying, in selectable formats, information representing the algorithmic buy and sell orders.

6. The conditional order transaction network of claim 3, further including a plurality of trader workstations for trading and negotiating prospective trades for instruments referenced in buy and sell orders, based upon conditions set forth in the orders including price represented by an algorithm with constraints thereon, each workstation comprising:

a display device for displaying the selected parameters of buy and sell orders in a prioritized sequence in a descending order of favorability across a display field, with the most favorable order at one distal end and the least favorable at the other distal end;

an input device for entering outgoing orders to be traded or negotiated into the trader workstation; and