**Limit Orders, Depth, and Volatility I**nterest in limit-order trading has grown rapidly in recent years as it plays a vital role in the liquidity provision in the world's stock exchanges of different market architectures. In an order-driven market, such as the Paris Bourse or the Tokyo Stock Exchange, all liquidity is provided by limit orders submitted by natural buyers and sellers. In a specialist market, such as the New York Stock Exchange (NYSE), a substantial amount of the liquidity is supplied by public limit orders. For example, Harris and Hasbrouck (1996) document that 54% of SuperDot orders are limit orders, and Ross, Shapiro, and Smith (1996) report that limit orders account for 65% (75%) of all executed orders (executed shares). Even in a dealership market, such as the NASDAQ or London's SEAQ International, some forms of limit-order trading have been introduced in recent years. **To read more,Please download the book.** Download This Book