

Passive Relative Orders

Passive Relative orders provide a means for traders to seek a less aggressive price than the National Best Bid and Offer (NBBO) while keeping the order pegged to the best bid (for a buy) or ask (for a sell). The order price is automatically adjusted as the markets move to keep the order less aggressive. For a buy order, your order price is pegged to the NBB by a less aggressive offset, and if the NBB moves up, your bid will also move up. If the NBB moves down, there will be no adjustment because your bid will become aggressive and execute. For a sell order, your price is pegged to the NBO by a less aggressive offset, and if the NBO moves down, your offer will also move down. If the NBO moves up, there will be no adjustment because your offer will become aggressive and execute. In addition to the offset, you can define an absolute cap, which works like a limit price, and will prevent your order from being executed above or below a specified level. The Passive Relative order is similar to the Relative/Pegged-to-Primary order, except that the Passive relative subtracts the offset from the bid and the Relative adds the offset to the bid.

Products	Availability	Routing	TWS
Stocks <input checked="" type="checkbox"/>	US Products <input checked="" type="checkbox"/>	Smart <input type="checkbox"/>	Attribute <input type="checkbox"/>
Warrants <input checked="" type="checkbox"/>	Non-US Products <input type="checkbox"/>	Directed* <input checked="" type="checkbox"/>	Order Type <input checked="" type="checkbox"/>
		Time in Force <input type="checkbox"/>	

*Only for orders direct-routed to Island

An order with a "0" offset is submitted as a limit order at the best bid/ask and will move up and down with the market to continue to match the inside quote.

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Example



Order Type In Depth - Passive Relative Buy Order

Step 1 - Enter a Passive Relative Buy Order

When you use a Passive Relative order, the value in the Limit Price field becomes the price cap, and the order price is calculated (but not displayed) using the NBB minus the offset amount (the relative amount) for a buy order, and the NBO plus the offset amount for a sell order. You want to buy 100 shares of XYZ, and you want to place a less aggressive bid than the current best bids to increase your chance of filling at a better price.

The current NBBO for shares of XYZ stock is \$24.01 - 24.06. You create a buy order for 100 shares and select PASSV REL as the order type. You enter 24.03 as the limit price, which is the price cap for your order; this is the most you are willing to pay. You enter an offset amount of 0.02, then transmit the order.



Assumptions	
Action	BUY
Qty	100
Order Type	PASSV REL
Market Price (NBBO) Range	\$24.01 - 24.06
Limit Price (Price Cap)	24.03
Offset (Relative) Amount	0.02

Order Type In Depth - Passive Relative Buy Order

Step 2 - Order Transmitted

Your order is initially submitted with a bid of \$23.99 (NBB of 24.01 - 0.02 offset amount), which is less aggressive than the NBB of \$24.01.

Assumptions	
Action	BUY
Qty	100
Order Type	PASSV REL
Market Price (NBBO) Range	\$24.01 - 24.06
Limit Price (Price Cap)	24.03
Offset (Relative) Amount	0.02
Bid	23.99



Order Type In Depth - Passive Relative Buy Order

Step 3 - Price Rises, Order is Not Executed

The market rises and the NBBO for shares of XYZ rises to \$24.03-\$24.08. Your bid moves with it to \$24.01. The order does not execute. If the market continued to rise to \$24.03-24.07, your bid would be capped at \$24.03.

Assumptions	
Action	BUY
Qty	100
Order Type	PASSV REL
Market Price (NBBO) Range	\$24.03 - 24.08
Limit Price (Price Cap)	24.03
Offset (Relative) Amount	0.02
Bid	24.01



Order Type In Depth - Passive Relative Buy Order

Step 4 - Price Falls, Order is Executed

The market now falls and the NBBO for XYZ shares falls to \$23.98-24.03. Your bid stays at \$24.01 and executes at that price.

Assumptions	
Action	BUY
Qty	100
Order Type	REL
Market Price (NBBO) Range	\$23.98 - 24.03
Limit Price (Price Cap)	24.03
Offset (Relative) Amount	0.02
Bid	24.01

Any stock or option symbols displayed are for illustrative purposes only and are not intended to portray a recommendation.

The Reference Table at the top of the page provides a general summary of the order type characteristics. The checked features are applicable in some combination, but do not necessarily work in conjunction with all other checked features. For example, if Options and Stocks, US and Non-US, and Smart and Directed are all checked, it does not follow that all US and Non-US Smart and direct-routed stocks support the order type. It may be the case that only Smart-routed US Stocks, direct-routed Non-US stocks and Smart-routed US Options are supported.