

Pegged-to-Market Orders

A pegged-to-market order is designed to maintain a purchase price relative to the national best offer (NBO) or a sale price relative to the national best bid (NBB). Depending on the width of the quote, this order may be passive or aggressive. The trader creates the order by entering a limit price which defines the worst limit price that they are willing to accept. Next, the trader enters an offset amount which computes the active limit price as follows:

Sell order price = Bid price + offset amount

Buy order price = Ask price - offset amount

Products	Availability	Routing	TWS
Stocks <input checked="" type="checkbox"/>	US Products <input checked="" type="checkbox"/>	Smart <input type="checkbox"/>	Attribute <input type="checkbox"/>
	Non-US Products <input type="checkbox"/>	Directed <input checked="" type="checkbox"/>	Order Type <input checked="" type="checkbox"/>
		Island Only <input checked="" type="checkbox"/>	Time in Force <input type="checkbox"/>
View Supported Exchanges		Open Users' Guide	

Example



Order Type In Depth - Pegged-to-Market Buy Order

Step 1 Enter a Pegged-to-Market Buy Order

The current NBBO for shares of XYZ stock is \$17.87 - 17.89. You want to buy 100 shares at 0.01 below the Ask Price of \$17.88 so you create a Pegged-to-Market order. You create a buy order by clicking the Ask price of XYZ, then select Island in the Destination field. Next you select the order type PEG MKT, enter 17.88 as the limit price and enter an Offset Amount of 0.01. You transmit the order.

Assumptions	
Action	BUY
Qty	100
Order Type	PEG MKT
Market Price (NBBO) Range	17.87 - 17.89
Ask Price	17.89
Offset Amount	0.01
Lmt Price (Ask Price - Offset Amount)	17.88



Order Type In Depth - Pegged-to-Market Buy Order

Step 2 Order Transmitted

Your pegged-to-market buy order is initially submitted at a limit price of \$17.88 (which is the Ask Price of \$17.89 minus the .01 offset amount).

Assumptions	
Action	BUY
Qty	100
Order Type	PEG MKT
Market Price (NBBO) Range	17.87 - 17.89
Ask Price	17.89

Offset Amount	0.01
Lmt Price (Ask Price Offset Amount)	17.88



Order Type In Depth - Pegged-to-Market Buy Order

Step 3 Another Trader Submits a Sell Order, Order Executes

Another trader submits a sell order at 17.88, which is the limit price for your buy order. Your order is filled.

Assumptions	
Action	BUY
Qty	100
Order Type	PEG MKT
Market Price (NBBO) Range	17.87 - 17.89
Ask Price	17.89
Offset Amount	0.01
Lmt Price (Ask Price Offset Amount)	17.88
Order filled at 17.88	



Order Type In Depth - Pegged-to-Market Buy Order

Step 4 NBO Price Rises, You Cancel the Order

In this alternate scenario, the NBBO rises to 17.90 - 17.91. Your limit price rises to 17.90, which is the Ask Price minus the offset of 0.01. You do not want your order filled at that price, so you cancel the order.

Assumptions	
Action	BUY
Qty	100
Order Type	PEG MKT
Market Price (NBBO) Range	17.90 - 17.91
Ask Price	17.91
Offset Amount	0.01
Lmt Price (Ask Price Offset Amount)	17.90

Notes:

- Although native pegged orders on Island support negative offsets, IB pegged-to-market orders do NOT support negative offsets.
- IB pegged-to-market orders with an offset greater than zero will follow the market price up and down.

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.