

Pegged-to-Midpoint Orders

A pegged-to-midpoint order provides a means for traders to seek a price at the midpoint of the National Best Bid and Offer (NBBO), with the ability to make the order less aggressive by using an offset amount. Price automatically adjusts to peg the midpoint as the markets move, to remain aggressive. For a buy order, your bid is pegged to the NBBO midpoint, or set less aggressively by the amount of the offset, if the offset is used. The order price adjusts automatically to peg the midpoint if the market moves. The price only adjusts to be more aggressive. If the market moves in the opposite direction, the order will execute.

You can also define a price cap using the Limit Price field, to prevent your order from being executed above or below a specified price level.

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"/>

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Example



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

Step 1 Enter a Pegged-to-Midpoint Buy Order

When you use a Pegged to Midpoint order type, the value in the Limit Price field becomes the price cap, and the order price is calculated (but not displayed) using the NBBO plus/minus the positive offset amount. The current NBBO for shares of XYZ stock is \$20.00-20.08. You want to buy 100 shares at 0.01 below the NBO but you don't want to pay more than 20.07. You create a buy order by clicking the Ask price of XYZ, then enter 20.07 as the limit price, which becomes the price cap for the order. You select the order type PEG MID from the Type field, then enter an Offset Amount of 0.01. You transmit the order.

Assumptions	
Action	BUY
Qty	100
Order Type	PEG MID
Market Price (NBBO) Range	\$20.00 - 20.08
Limit Price (Price Cap)	20.07
Offset Amount	0.01



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

Step 2 Order Transmitted

Your pegged-to-midpoint order is initially submitted at a limit price of \$20.03, which is the NBBO midpoint of 20.04 minus the .01 offset.

If the market moves to \$20.04-\$20.10, your bid will move to \$20.06. If the market

Assumptions	
Action	BUY
Qty	100
Order Type	PEG MID

then moves down to \$19.96-20.03, your bid will remain at \$20.06 and will execute. If the market moves up to \$20.06-20.13, your bid will be capped at \$20.07.

Market Price (NBBO) Range	\$20.00 - 20.08
Limit Price (Price Cap)	20.07
Offset Amount	0.01



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

Step 3 Price Rises, Order is Not Executed

The price of XYZ rises, and the NBBO moves to \$20.04-\$20.10. Your bid rises with it to \$20.06 but your order is not executed.

Assumptions	
Action	BUY
Qty	100
Order Type	PEG MID
Market Price (NBBO) Range	\$20.04 - 20.10
Limit Price (Price Cap)	20.07
Offset Amount	0.01



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Step 4 Price Falls, Order is Executed

The price of XYZ now falls and the NBBO is \$19.96-20.03. Your bid for 100 shares stays at \$20.06 and fills at that price. If the market had instead moved up to \$20.06-20.13, your bid would have been capped at \$20.07.

Assumptions	
Action	BUY
Qty	100
Order Type	PEG MID
Market Price (NBBO) Range	\$19.96 - 20.03
Limit Price (Price Cap)	20.07
Offset Amount	0.01
Order filled at 20.06	

Notes:

- Although native pegged orders on Island support negative offsets, IB pegged-to-midpoint orders do NOT support negative offsets.
- IB pegged-to-midpoint 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.