Interactive Brokers

Relative/Pegged-to-Primary Orders

Relative (a.k.a. Pegged-to-Primary) orders provide a means for traders to seek a more aggressive price than the National Best Bid and Offer (NBBO). By acting as liquidity providers, and placing more aggressive bids and offers than the current best bids and offers, traders increase their odds of filling their order. Quotes are automatically adjusted as the markets move, to remain aggressive. For a buy order, your bid is pegged to the NBB by a more 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 even more aggressive and execute. For sales, your offer is pegged to the NBO by a more 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 more 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.

If you submit a relative order with a percentage offset, you are instructing us to calculate an order price that is consistent with the offset, but that also complies with applicable tick increments. Therefore we will calculate the order price rounded to the appropriate tick increment (e.g., pennies for a U.S. stock trading at a price over $1.00). Buy orders will be rounded down to the nearest acceptable tick increment and sell orders will be rounded up.

Products		Availability		Routing		TWS	
CFDs	☑	US Products	☑	Smart	☑	Attribute	☐
Stocks	☑	Non-US Products	☑	Directed**	☑	Order Type	☑
Options*	☑					Time in Force	☐
Futures	☐						

* Supported only for orders directed to BOX and ASX.

** Orders with a positive offset that are directed to Island will move up and down with the market.

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

View Supported Exchanges	Open Users' Guide

Example

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Order Type In Depth - Relative/Pegged-to-Primary Buy Order

Step 1 Enter a Relative/Pegged-to-Primary Buy Order

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

The current NBBO for shares of of XYZ stock is $24.01 - 24.06. You create a buy order for 100 shares and select REL as the order type. You enter 24.07 as the limit

Assumptions	
Action	BUY
Qty	100
Order Type	REL
Market Price (NBBO) Range	$24.01 - 24.06
Limit Price (Price Cap)	24.07
Offset (Relative) Amount	0.02

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.

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Order Type In Depth - Relative/Pegged-to-Primary Buy Order

Step 2 Order Transmitted

Your relative/pegged-to-primary order is initially submitted with a bid of $24.03 (NBB of 24.01 + 0.02 offset amount), which is more aggressive than the NBB of $24.01 and better than the $24.06 you would have to pay as a liquidity taker.

Assumptions	
Action	BUY
Qty	100
Order Type	REL
Market Price (NBBO) Range	$24.01 - 24.06
Limit Price (Price Cap)	24.07
Offset (Relative) Amount	0.02
Bid	24.03

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Order Type In Depth - Relative/Pegged-to-Primary 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 $24.05. The order does not execute. If the market continued to rise to $24.07-24.10, your bid would be capped at $24.07.

Assumptions	
Action	BUY
Qty	100
Order Type	REL
Market Price (NBBO) Range	$24.03 - 24.08
Limit Price (Price Cap)	24.07
Offset (Relative) Amount	0.02
Bid	24.05

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Order Type In Depth - Relative/Pegged-to-Primary 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 $24.05 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)	24.07
Offset (Relative) Amount	0.02
Bid	24.05

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.