

The Peg Orders

Peg order allows investors to have their order continuously tracking the best bid or best offer of the order book. The order follows the trend of the market in real time.

Definition

A peg order is a limit order to buy or sell a stated amount of a security at a displayed price set to track the current bid or ask of the Euronext central order book. The order may be assigned a limit price which if reached, will cause the pegging to temporarily stop as long as the benchmark is higher for a buy order or lower for a sell order than this price. The pegging of the order to current best bid or ask will resume if the bid/ask becomes less aggressive than the limit price.

The associated price of each peg order that is updated will be assigned a new entry time with priority.

Admissibility

Peg orders are valid only in Continuous phase and forbidden in Call phase. At the end of the trading session, the peg order is cancelled: as peg orders are not available in Call phase, they are automatically eliminated by the system as soon as the class returns in call phase or if the instrument is halted.

Features

A Peg order is compatible with the following validity:

- Day
- Good Till Date
- Good Till Cancelled
- Good Till Time

Quantity combination of the Peg orders

Qty conditions \ Trading Phase	Call Phase	Continuous Trading phase
	Minimum Quantity	N/A
Disclosed Quantity	N/A	No

a. Processing during Call phase

Peg order entry are rejected in Call phase

b. Processing in Continuous Trading

Peg orders are accepted in continuous trading phase if there is in the orderbook a best bid or offer on its side. This means that in case of empty order book the peg order is automatically rejected.

On a non empty book, the peg order is displayed at the best limit price in the market sheet.

In case of an executable incoming order, the Peg order can be updated only if the new best limit is displayed in the order book (after the transaction)

In case of a priced Peg order (set with a limit price), the order continues pegging until the display price meets the limit price specified.

If the best limit of the orderbook disappears (following a cancellation or an execution), and the orderbook is suddenly empty, peg orders are automatically eliminated.

c. Processing in Trading At Last

A peg order entry is rejected in Trading At Last phase.

Examples

Example 1

Reference price 10

			IMP				
Broker	OrderId n°	Quantity	Price	Price	Quantity	OrderId n°	Broker
A	1	200	10,5	10,9	130	5	C
B	2	150	PEG (10,5)	10,9	350	6	C
B	3	70	PEG (10,5)	11	275	7	D
B	4	125	10,5				

Broker E enters a limit order to purchase 200 shares at 10,80€

As the best limit is changing, Peg order's price is updated. The orderbook is then:

			IMP				
Broker	OrderId n°	Quantity	Price	Price	Quantity	OrderId n°	Broker
E	8	200	10,8	10,9	130	5	C
B	2	150	PEG (10,8)	10,9	350	6	C
B	3	70	PEG (10,8)	11	275	7	D
A	1	200	10,5				
B	4	125	10,5				

Broker G enters a limit order to purchase 100 shares at 10,90€

The entering buy order matches with the order n°5. The tradebook and orderbook are then:

Buying broker	Selling broker	Quantity	Price
G	C	100	10,9

			IMP				
Broker	OrderId n°	Quantity	Price	Price	Quantity	OrderId n°	Broker
E	8	200	10,8	10,9	30	5	C
B	2	150	PEG (10,8)	10,9	350	6	C
B	3	70	PEG (10,8)	11	275	7	D
A	1	200	10,5				
B	4	125	10,5				

Broker G enters a limit order to sell 250 shares at 10,80€

The entering buy order matches with the order n°8 and part of order n° 2. The tradebook and orderbook are then:

Price of remaining PEG order quantity is updated

PEG orders lose their time priority

Buying broker	Selling broker	Quantity	Price
E	G	200	10,8
B	G	50	10,8

			IMP				
Broker	OrderId n°	Quantity	Price	Price	Quantity	OrderId n°	Broker
A	1	200	10,5	10,9	30	5	C
B	4	125	10,5	10,9	350	6	C
B	2	100	PEG (10,5)	11	275	7	D
B	3	70	PEG (10,5)				

Example 2

Reference price **10**

Order n°2 is a peg order with a limit price at 11,6€ (indicated in square brackets)

			IMP				
Broker	OrderId n°	Quantity	Price	Price	Quantity	OrderId n°	Broker
A	1	200	11,5	11,8	130	5	C
B	2	150	PEG (11,5) [11,6]	11,9	350	6	C
B	3	70	PEG (11,5)	12	275	7	D
B	4	125	10,5				

Broker E enters a limit order to purchase 200 shares at 11,70€

As the best limit is changing, Peg order's price is updated. The orderbook is then:

			IMP				
Broker	OrderId n°	Quantity	Price	Price	Quantity	OrderId n°	Broker
E	8	200	11,7	11,8	130	5	C
B	3	70	PEG (11,7)	11,9	350	6	C
B	2	150	PEG (11,6) [11,6]	12	275	7	D
A	1	200	11,5				
B	4	125	10,5				

Broker A enters a limit order to sell 270 shares at 11,7€. It trades with the orders n° 8 and 3

The tradebook and orderbook are then:

Buying broker	Selling broker	Quantity	Price
E	A	200	11,7
B	A	70	11,7

			IMP				
Broker	OrderId n°	Quantity	Price	Price	Quantity	OrderId n°	Broker
A	1	200	11,5	11,8	130	5	C
B	2	150	PEG (11,5) [11,6]	11,9	350	6	C
B	4	125	10,5	12	275	7	D

Example 3

Reference price 10

Order n°2 is a peg order with a limit price at 11,6€ (indicated in square brackets)

			IMP				
Broker	OrderId n°	Quantity	Price	Price	Quantity	OrderId n°	Broker
A	1	200	11,5				
B	2	150	PEG (11,5)[11,6]				

Broker C enters a limit order to sell 200 shares at 11,5€

The order trades with the order n° 1 and the order n° 2 is automatically eliminated.

The tradebook and orderbook are then:

Buying broker	Selling broker	Quantity	Price
A	C	200	11,5

			IMP				
Broker	OrderId n°	Quantity	Price	Price	Quantity	OrderId n°	Broker