

Midpoint Peg Post-Only Order

The Nasdaq Stock Market (Nasdaq) offers a Midpoint Peg Post-Only (MPPO) order type. MPPO is a non-displayed order type that is priced at the Midpoint between the National Best Bid and Offer (NBBO) and only adds liquidity, except when the economics are in the interest of the investor to remove liquidity.

Functionality

MPPO combines elements of the existing Midpoint Peg and Post-Only order types

A REGULAR MIDPOINT PEG ORDER	A MPPO is a non-displayed order that is priced at the Midpoint between the NBBO.
A POST-ONLY ORDER	The MPPO order does not remove liquidity from the System upon entry if it would lock an order on the book. Rather, the MPPO order will post and lock the pre-existing order, remaining non-displayed.

However, if the MPPO order crosses a hidden or displayed order on the book such that the economics are in the interest of the investor to remove liquidity, the order will execute. For prices above one dollar, that means any cross by \$0.0050 will execute because the realized price improvement of \$0.0050 is greater than the sum of the remove fee and forgone rebate.

A MPPO order that would be assigned a price of \$1 or less per share will be rejected.

Examples

Example 1

Nasdaq has a displayed bid for \$1.10 and an offer of \$1.11, and there is a non-displayed bid for \$1.105.

A firm enters a MPPO order to sell, which is priced at \$1.105.

The incoming MPPO order will post to the book and will not execute.

Example 2

Nasdaq is at the NBBO, with a bid of \$1.10 and an offer of \$1.13, and there is a non-displayed buy order at \$1.12.

A firm enters a MPPO order to sell, which is priced at \$1.115.

The incoming order will execute against the resting order at \$1.12 because the price improvement of \$0.0050 exceeds the sum of the execution fee and the liquidity provider rebate for non-displayed orders.

CONNECTIVITY

The MPPO order type for Nasdaq is supported via the following protocols:

- OUCH
- NET FIX 4.2
- Nasdaq FIX
- RASH 1.0, 1.1

More Information

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