

EBS Price Discretion Scenarios

This page provides examples of EBS Price Discretion order type behavior.

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Price Discretion Order

A Price Discretion (PD) order allows an order to match up to (bid) or down to (ask) a discreet Limit price while showing a given Limit price to the market.

- The discreet price for a bid must be greater than the shown Limit price, else the order will be rejected (e.g. Bid limit 50 with PD 55).
- The discreet price for an ask must be less than the shown Limit price, else the order will be rejected (e.g. Ask limit 50 with PD 40).

 The discretion price is not published on market data.

Price Discretion is available for Limit orders having the following order qualifiers:

- Good for Session (GFS)
- Display Quantity (DQ)


 PD is not available for FAK/FOK orders.


Price Discretion Order Matching Process

When an aggressing order arrives to the order book, CME Globex will attempt to match orders as follows:

First Pass - match resting orders according to Limit price-time priority.

Second Pass - booked PD orders aggress incoming quantity according to time priority.

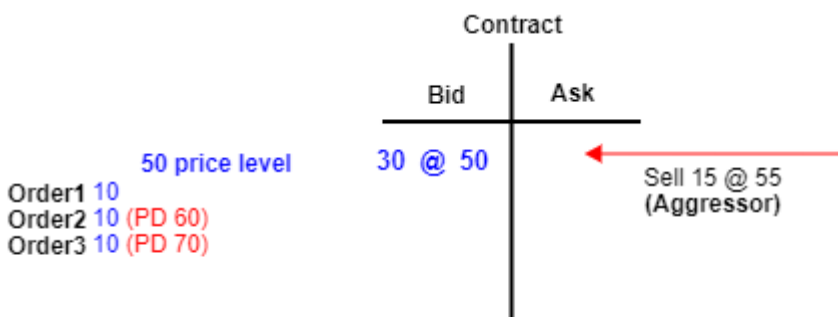
 A booked order having a discreet order price, if encompassing the incoming order price, will match at the incoming order price.

 The following examples show market price levels in PIPs, i.e., a price of 1.22150 is shown as '50'.

Example 1: Price Discretion Orders on Book

First Pass

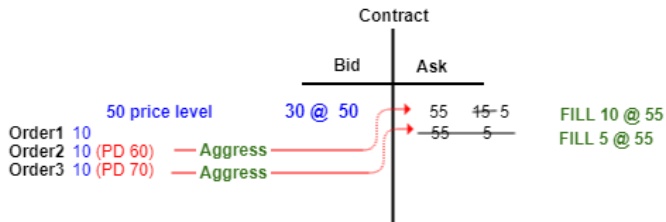
Incoming ask at limit price 55 does not match resting bid at limit price 50 – No Match



Second Pass

- Resting bid at PD 60 from Order 2 aggresses incoming ask at limit price 55 – Match 10 @ 55
- Resting bid at PD 70 from Order 3 aggresses incoming ask at limit price 55 – Match 5 @ 55

 Opposite side Limit prices did not match, so resting order PD aggresses the incoming order's Limit price.



Incoming Order: Fill Report 15@1.22155, tag 1622-FillYieldType=Price Discretion, tag 1057-AggressorIndicator=0

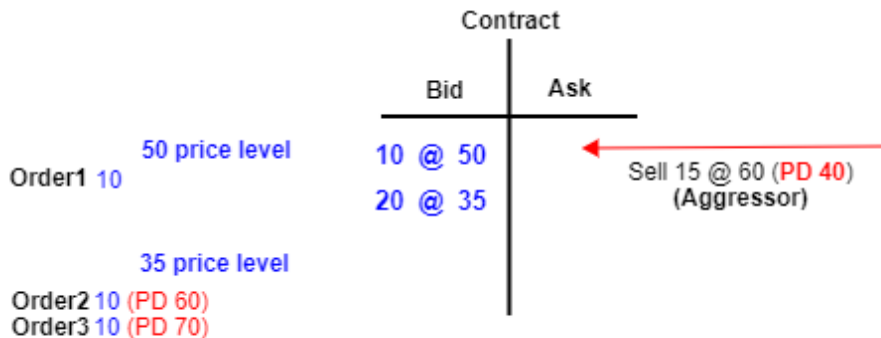
Order 2: Fill Report 10@1.22155, tag 1622-FillYieldType=Aggressor, tag 1057-AggressorIndicator=1

Order 3: Fill Report 5@1.22155, tag 1622-FillYieldType=Aggressor, tag 1057-AggressorIndicator=1

Market following match event:

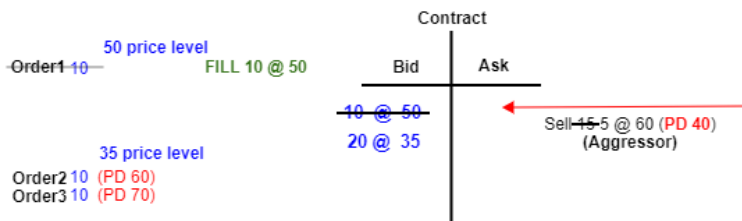
Example 2: Incoming Price Discretion Order

Starting market with incoming Sell Price Discretion order.




First Pass

Incoming ask at PD 40 matches resting bid at limit price 50 – Match 10 @ 50.



Incoming Order: Fill Report 10@1.22150, tag 1622-FillYieldType=Aggressor, tag 1057-AggressorIndicator=1

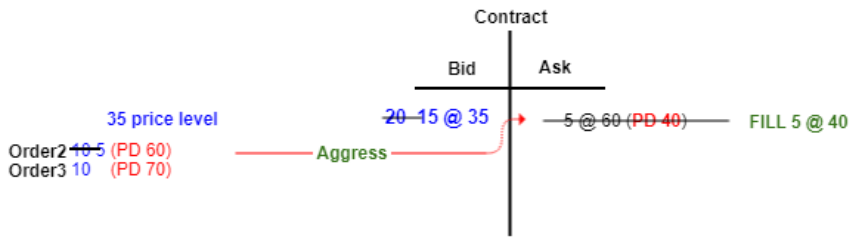
Order 1: Fill Report 10@1.22150, tag 1622-FillYieldType=FIFO, tag 1057-AggressorIndicator=0

 In the example above, even though Order 2 and Order 3 have better PD prices than Order 1, Order 1 has time priority and matches.

Second Pass

Resting bid at PD 60 from Order 2 aggresses incoming ask at PD 40 – Match 5 @ 40.

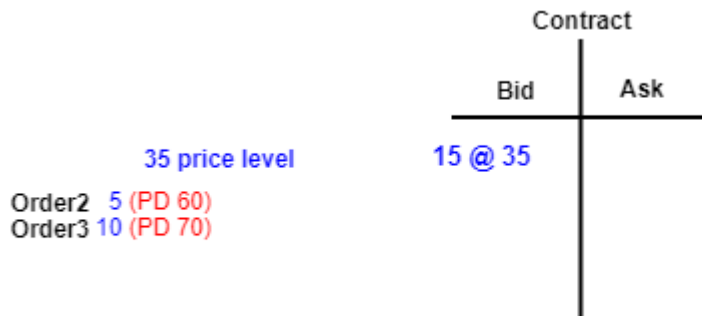
i An incoming Limit-PD order is designated the Aggressor, even though the PD resting bid is aggressing.



Incoming Order: Fill Report 5@1.22140, tag 1622-FillYieldType=Aggressor, tag 1057-AggressorIndicator=1

Order 2: Fill Report 5@1.22140, tag 1622-FillYieldType=FIFO, tag 1057-AggressorIndicator=0

Market following match event:



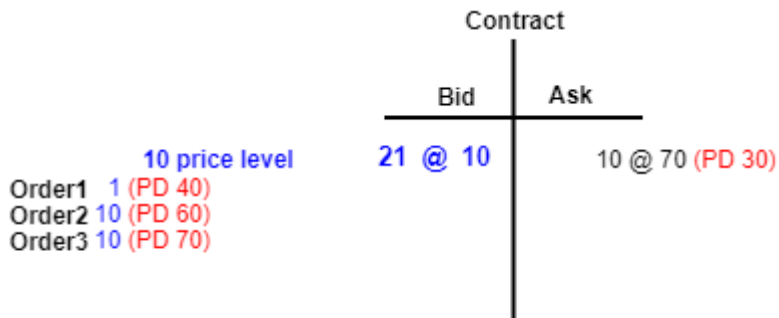
Example 3: Incoming Price Discretion Order with Booked Price Discretion Orders

Starting market with incoming Sell Price Discretion order.



First Pass

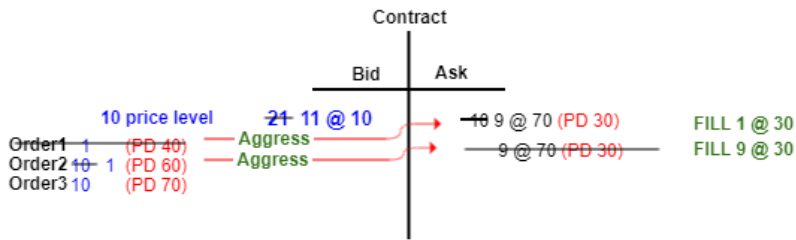
Incoming ask at PD 30 does not match resting bid at limit price 10 – No Match.



Second Pass

- Resting bid at PD 40 from Order 1 aggresses incoming ask at PD 30 -- Match 1 @ 30
- Resting bid at PD 60 from Order 2 aggresses incoming ask at PD 30 -- Match 9 @ 30

i In the example above, even though Order 2 and Order 3 have better PD prices than Order 1, Order 1 has time priority and matches.



Incoming Order: Fill Report 10@1.22130, tag 1622-FillYieldType=Aggressor, tag 1057-AggressorIndicator=1

Order 1: Fill Report 1@1.22130, tag 1622-FillYieldType=FIFO, tag 1057-AggressorIndicator=0

Order 2: Fill Report 9@1.22130, tag 1622-FillYieldType=FIFO, tag 1057-AggressorIndicator=0

i An incoming Limit-PD order is designated the Aggressor, even though the PD resting bid is *aggressing*.