CLAIMS

1. An apparatus for facilitating dynamic peg orders in an electronic trading system, the apparatus comprising:

a first communication interface configured to receive a trading order concerning an item of interest from the electronic trading system;

a second communication interface configured to receive price data of said item of interest from at least one other electronic trading system;

a matching engine, operatively coupled to the first and second communication interfaces, configured to vary price discretion of said trading order based on the received price data,

wherein:

the matching engine restricts execution of said trading order to a first pricing range when the received price data indicate an instability in quotes for said item of interest, and

the matching engine permits execution of said trading order in a second pricing range when the received price data indicate a stability in quotes for said item of interest, said second pricing range being more aggressive than said first pricing range; and

an order delay component, operatively coupled to at least the first communication interface, configured to impose an additional latency on transmission of data signals containing incoming trading orders to the matching engine, said additional latency being imposed on the transmission of said data signals by routing said data signals through a physical medium of chosen physical parameters such that said trading order concerning said item of interest is not processed by the matching engine before the matching engine has had sufficient time to receive and process an update of said price data of said item of interest, issued prior to issuance of said trading order, from said at least one other electronic trading system.

2. The apparatus of claim 1, being further configured to:

examine said trading order to determine whether it meets predetermined requirements of a dynamic peg order (DPO).

3. The apparatus of claim 1, being further configured to:

calculate a crumbling quote indicator (CQI) value based on a predetermined algorithm and the received price data.

4. The apparatus of claim 1, being further configured to:

issue a trigger signal to indicate to the matching engine said instability or said stability in the quotes for said item of interest.

5. The apparatus of claim 4, being further configured to:

maintain said trigger signal for predetermined period of time after issuing trigger signal.

6. The apparatus of claim 1, being further configured to book said trading order at:

the greater of a national best offer (NBO) price or said trading order's limit price, if said trading order is a sell order; or

the lesser of a national best bid (NBB) price or said trading order's limit price, if said trading order is a buy order.

7. The apparatus of claim 1, wherein the first pricing range is bound at one end by:

a national best offer (NBO) price, if said trading order is a sell order with a limit price lower than the NBO; or

a national best bid (NBB) price, if said trading order is a buy order with a limit price higher than the NBB.

8. The apparatus of claim 1, wherein the second pricing range is bound at one end by:

the greater of a national best bid and offer (NBBO) midpoint price or said trading order's limit price, if said trading order is a sell order; or

the lesser of a national best bid and offer (NBBO) midpoint price or said trading order's limit price, if said trading order is a buy order.

9. The apparatus of claim 1, wherein the physical medium is a physical cable of dimensions chosen to achieve a desired amount of said additional latency.

10. An apparatus for facilitating dynamic peg orders in an electronic trading system, the apparatus comprising:

a first communication interface configured to receive a trading order concerning an item of interest from the electronic trading system;

a second communication interface configured to receive price data of said item of interest from at least one other electronic trading system;

a matching engine, operatively coupled to the first and second communication interfaces, configured to vary price discretion of said trading order based on the received price data,

wherein:

the matching engine restricts execution of said trading order to a first pricing range when the received price data indicate an instability in quotes for said item of interest, and

the matching engine permits execution of said trading order in a second pricing range when the received price data indicate a stability in quotes for said item of interest, said second pricing range being more aggressive than said first pricing range; and

an order delay component, operatively coupled to at least the first communication interface, configured to impose an additional latency on transmission of data signals containing incoming trading orders such that said trading order concerning said item of interest is not processed by the matching engine before the matching engine has had sufficient time to receive and process an update of said price data of said item of interest, issued prior to issuance of said trading order, from said at least one other electronic trading system.