Abstract

Price Improvement in Electronic Trading Systems

Price improvement in credit screened trading systems is achieved by entering a maximum price improvement (MPI) amount with a maker quote. The system prepares separate quote queues for each trading floor including only quotes where bilateral credit exists. Quotes are arranged using Price, MPI, time priority. When a quote is dealt, a dealable price improvement is calculated as the amount of the MPI required to improve the dealt quote's position in the queue.

(Figs 1, 2)