ABSTRACT

LIMITED MOVEMENT COLLAR ON MARKETABLE ORDER EXECUTION PRICE

An electronic trading system implements collar protection for received marketable orders. A collar price is determined based on best bid and offers prices or the price of a recently executed trade. Orders matched at prices worse than the collar price (from the perspective of the marketable order) are not allowed to execute. When execution of orders is halted, a collar timer runs. When the collar timer exceeds a time threshold, the collar price is modified based on a collar move parameter. The collar move parameter may be modified when the reset collar timer subsequently exceeds the time threshold.

Figure 1