

How CQG Processes Synthetic Orders

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Synthetic Orders in CQG

Each exchange offers a particular set of order types for trading. These types are native to that exchange. When you enter native orders in CQG, they are sent to the exchange in their original form, are monitored by the exchange, and are executed when the order conditions are met. Synthetic orders or algorithms allow you to trade order types that are not supported by an exchange. These orders are monitored by CQG and are sent to the exchange in a form that it supports when the order conditions are met.

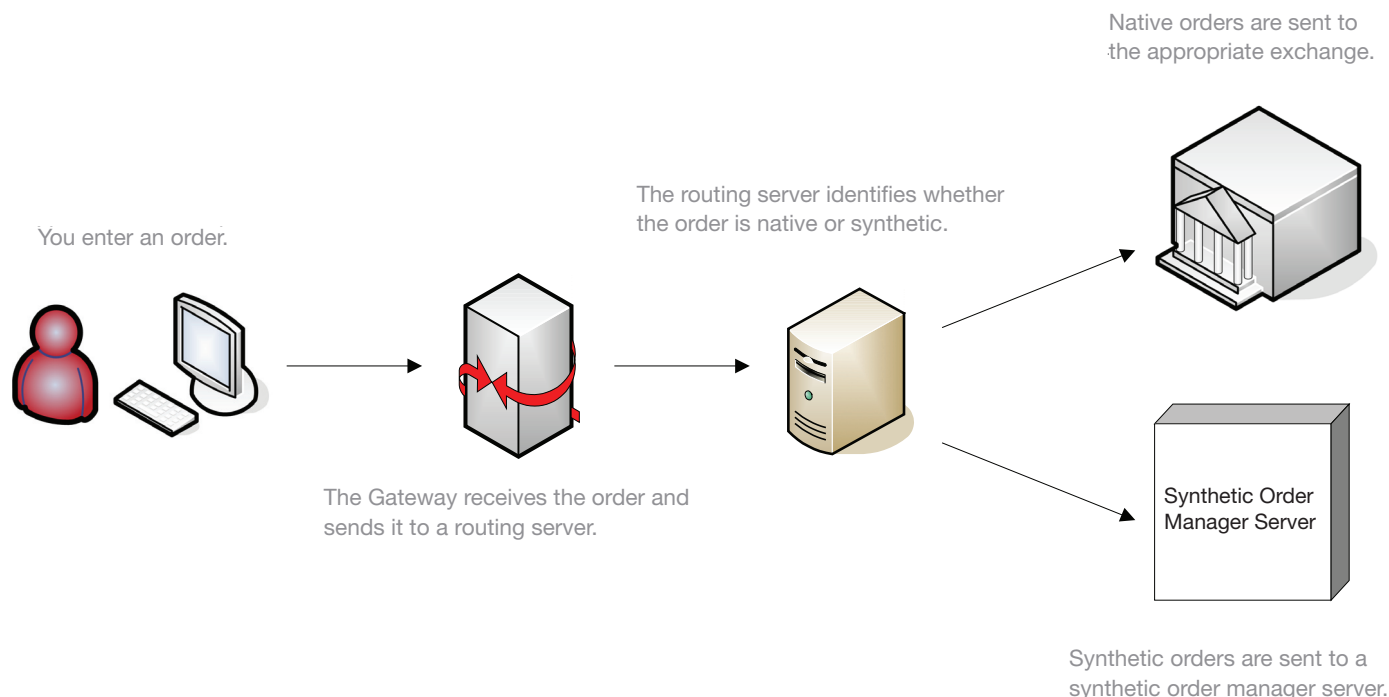
In CQG, these order types can be synthetic:

- Bracket
- DOM-Triggered Stop
- DOM-Triggered Stop Limit
- Market
- OCO
- Stop
- Stop Limit
- Trailing Limit
- Trailing Stop
- Trailing Stop Limit

For a complete list of native and synthetic order types for each exchange, please see [CQG Order Types Supported by Exchange](#) on CQG's Customer Education Web page.

CQG Gateway Processing

After your order is received by the CQG Gateway, it is sent to a routing server. If the order is native, then it is sent directly to the exchange. If the order is synthetic, then it is sent to a synthetic order manager server.

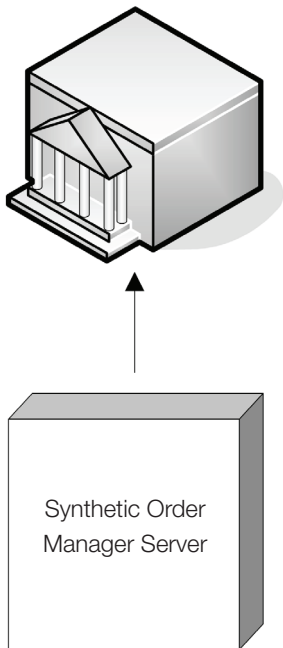


Synthetic Order Manager Server Processing

The synthetic order manager server monitors market conditions in much the same way as an exchange does. When those conditions meet the order requirements, the synthetic order manager sends an order to the exchange.

The synthetic order manager server connects directly to the exchange. Because the link between the server and the exchange is independent from distance, it's a low-latency connection.

With the exception of bracket orders, this server works to execute your order whether you are logged on or not.



For example:

- **Market bid:** The market bid is at 181200. CQG sends a limit order at 181200 plus ten ticks to the exchange.
- **Stop bid at 181200:** When the stop price of 181200 is hit, CQG sends a market order to the exchange.
- **Stop limit bid at 181200 stp/181325 lmt:** When the stop price of 181200 is hit, CQG sends a limit order at the best offer not exceeding 181325 to the exchange.
- **Trailing limit bid at 181200 with trailing offset of 100:** The market bid is at 181300. The market bid moves up to 181450. CQG sends an order to the exchange at the market bid minus the offset; your order moves to 181350, keeping a trailing offset of 100. When the market comes down again, CQG holds your order at the bid prior to the turn. The bid comes down to 181400, and your order stays at 181350. When the market bid matches your order, your order is executed.

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