# Interactive Brokers

## **Spread Orders**

A spread order is a combination of individual orders (legs) that work together to create a single trading strategy. Spread types include futures spreads, and combinations of option/option, option/stock and stock/stock on the same or multiple underlyings.

When your spread order is transmitted, IB SmartRouting will compare native spread prices when available (i.e. ISE) with implied spread prices from all available option and stock exchanges and route each leg independently to the best priced location(s). If your order is marketable, IB will route the spread order or each leg of the spread independently to the best possible venue(s). Non-marketable spread orders native to the ISE on a single underlying will be temporarily routed to the ISE book, while non-marketable orders that are not native to the ISE will remain at IB. From that moment on, IB SmartRouting will continuously evaluate changing market conditions and will dynamically route and re-route based on this evaluation to achieve optimal execution.

When using the ComboTrader *Generic* tab, only two-legged spreads will be considered valid unless the spread is natively traded on at least one exchange. To ensure that your multi-leg spread is valid, use the **Strategy** templates on the *Single* or *Multiple* tabs.

You can create many different kinds of combination spread orders, and there are several ways you can create them in TWS, including via the ComboTrader, the SpreadTrader and the OptionTrader.

| Products  | Availability                | Routing    | TWS                        |  |  |  |  |
|-----------|-----------------------------|------------|----------------------------|--|--|--|--|
| Futures 🥳 | US<br>Products <sup>₫</sup> | Smart 🥑    | Attribute                  |  |  |  |  |
| Options 🥳 | Non-US<br>Products          | Directed 🥑 | Order<br>Type <sup>₫</sup> |  |  |  |  |
| Stocks 🥳  |                             |            | Time in<br>Force □         |  |  |  |  |
|           | Open Users' Guide           |            |                            |  |  |  |  |

#### Note:

The Reference Table above provides a general summary of the order type characteristics. The checked features are applicable in some combination, but do not necessarily work in conjunction with all other checked features. For example, if Options and Stocks, US and Non-US, and Smart and Directed are all checked, it does not follow that all US and Non-US Smart and direct-routed stocks support the order type. It may be the case that only Smart-routed US Stocks, direct-routed Non-US stocks and Smart-routed US Options are supported.

#### Example

| Eile Page                                                                                  | 8 8                                                                                                            | r Trading Information                                                                                                                                            | Analytics View Chart                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Co <u>n</u> figure <u>H</u> elp                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>N</b> 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Search TWS  |                                |
|--------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------------------------|
| Order ISW<br>Portfolio<br>Rapid Or<br>Symbol                                               | der Entry (S<br>Guanti                                                                                         | Muttiple Single C<br>Leg type: Option<br>Strategy<br>Calendar Spread                                                                                             | Contracts<br>Strategy Front<br>Calendar S 20081121<br>Calendar S 20081121                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 20090116 CA                                                                                                                                                                                                                                                                | LL 02 Months                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 25.0 BA<br>25.0 BA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | ding Cla    | Charts 🖉 🎯<br>Routing<br>SMART |
| Order Ma<br>Undriyng<br>BA<br>ES<br>DELL<br>YHOO<br>IBM<br>IBM<br>IBM<br>IBM<br>IBM<br>IBM | Exchange<br>SMART ( I<br>SMART ( I<br>GLOBEX<br>ONE<br>ISE<br>SMART ( S<br>SMART ( S<br>SMART ( S<br>SMART ( S | Box<br>Butterfly<br>Buy Write<br>Calendar Spread<br>Conversion<br>Diagonal Spread<br>Reversal<br>Risk Reversal<br>20090010<br>P/C 1/2<br>CALL<br>PUT<br>Duration | Calendar S. 20081121<br>Calendar S. 20081121 | 20090515 CA<br>20081219 CA<br>20090116 CA<br>20090220 CA<br>20090515 CA<br>20100115 CA<br>20100115 CA<br>20081219 CA<br>20090116 CA<br>20090515 CA<br>20100115 CA<br>20090120 CA<br>20090515 CA<br>20090515 CA<br>20090515 CA<br>20090515 CA<br>20090515 CA<br>20090515 CA | LL         06 Months           LL         01 Month           LL         02 Months           LL         03 Months           LL         06 Months           LL         14 Months           LL         26 Months           LL         01 Month           LL         02 Months           LL         01 Month           LL         02 Months           LL         03 Months           LL         04 Months           LL         01 Months           LL         01 Months           LL         02 Months           LL         03 Months           LL         03 Months           LL         03 Months           LL         03 Months           LL         04 Months | 25.0 BA<br>25.0 BA<br>30.0 BA<br>30.0 BA<br>30.0 BA<br>30.0 BA<br>30.0 BA<br>30.0 BA<br>30.0 BA<br>30.0 BA<br>35.0 BA<br>35.0 BA<br>35.0 BA<br>35.0 BA<br>35.0 BA<br>35.0 BA<br>35.0 BA<br>35.0 BA<br>40.0 BA<br>40. | Des         | R B &                          |
| OButtons -<br>CXL                                                                          |                                                                                                                | Input<br>Front Ratio 1<br>Request market da<br>Clear<br>p 0.01<br>Up 0.02                                                                                        | Back Ratio 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Add Down 0.02                                                                                                                                                                                                                                                              | Select All Cl<br>Ask CXL All                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | DSE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Market data | ® ⊚<br>09:54:25 €              |

#### ComboTrader

This example shows you how to set up a calendar spread using the ComboTrader . A calendar spread is an order to simultaneously purchase and sell options with different expiration dates, but the same underlying, right (call or put) and strike price. The option you want to buy is a January 2009 call with a strike of 70 and a multiplier of 100. The option you want to sell is a December 2008 call with a strike of 70 and a multiplier of 100. First, click Combo in the TWS toolbar to display the Combo Selection box, then select a strategy and use the Filter fields to add the two options to the spread order. Make sure the Action is set to Buy for the Jan09 option and Sell for the Dec08 option, then click OK. The spread appears as a market data line on your trading screen. Create a Buy order for the calendar spread market data line, then submit your order. To buy this particular calendar spread means:

1:Sell 1 XYZ OPT DEC 17 '08 70.0 CALL (100) 2:Buy 1 XYZ OPT JAN 16 '09 70.0 CALL (100)

| File Ordere                                                                 | 0                                                                                | Link.                                      |                 |            |                             |           |                            |            | ? 🗄 🛀 ,   |                     |
|-----------------------------------------------------------------------------|----------------------------------------------------------------------------------|--------------------------------------------|-----------------|------------|-----------------------------|-----------|----------------------------|------------|-----------|---------------------|
| <u>F</u> ile <u>O</u> rders                                                 | <u>C</u> onfigure                                                                | Help                                       |                 |            |                             |           |                            |            |           |                     |
| 🛏 Create Nev                                                                | v Tab 🛛 👪 C                                                                      | ancel All 🛛 🗋 Cl                           | lear Log  🦠     | Configure  |                             |           |                            |            |           |                     |
| DELL XI                                                                     |                                                                                  |                                            |                 |            |                             |           |                            |            |           |                     |
|                                                                             | 1 A 18 A                                                                         |                                            |                 |            |                             |           |                            |            |           |                     |
| Quote Pane<br>Underlying                                                    | Exchange                                                                         | Descrip                                    | tion            | Position   | Bid Size                    | Bid       | Ask                        | Ask Size   | Last      | Change              |
| IBM                                                                         | 0                                                                                | NOV08 Future                               |                 |            | 10                          | 79.73     | 79.98                      |            | C80.09    | Change              |
| IBM                                                                         | 1.00000000                                                                       | DEC08 Future                               |                 |            |                             |           | 80.09                      |            | C80.03    |                     |
| IBM                                                                         |                                                                                  | MAR09 Future                               |                 |            | 20                          | 79.62     | 79.97                      | 1          | C80.05    |                     |
|                                                                             |                                                                                  | JUN09 Futures                              |                 |            | 20                          | 79.41     | 79.76                      |            | C79.80    |                     |
| <b>Buttons</b><br>Preview Orde                                              |                                                                                  | gin) Close F                               | osition         | Reverse Po | sition View                 | / Account | 6                          |            |           |                     |
| Buttons —<br>Preview Orde                                                   | er/Check Mar                                                                     |                                            | osition         | Reverse Po | sition View                 | Account   | 6                          |            |           |                     |
| Buttons<br>Preview Orde<br>Orders Log                                       | er/Check Mar                                                                     | Portfolio                                  | Position        |            |                             | / Account |                            | . Rate De: | st Status |                     |
| Deuttons —<br>Preview Orde<br>Orders Log<br>Inderlying E                    | er/Check Mar                                                                     | Portfolio                                  | TIF             | Acti       | on Quantity                 | Type Lm   |                            | . Rate De: | st Status |                     |
| D Buttons —<br>Preview Orde<br>Orders Log<br>Inderlying E                   | er/Check Mar<br>Trades<br>Exch                                                   | Portfolio<br>Description                   | TIF             | Acti       |                             | Type Lm   |                            | . Rate De: | st Status | — ঔ @<br>ঔ<br>Cntns |
| Orders Log<br>Underlying E                                                  | rr/Check Mar<br>Trades<br>Exch<br>Futures Spr                                    | Portfolio                                  | TIF             | Acti       | on Quantity                 | Type Lm   | t Price Int.               | . Rate De  | st Status |                     |
| Deuttons —<br>Preview Orde<br>Orders Log<br>Underlying E<br>outures - IBM - | er/Check Mar<br>Trades<br>Exch<br>Futures Spr<br>ONE                             | Portfolio<br>Description                   | TIF             | Acti       | on Quantity<br>NOVOE        | Type Lm   | t Price Int.               |            |           |                     |
| Deuttons —<br>Preview Orde<br>Orders Log<br>Underlying E<br>Outures - IBM - | er/Check Mar<br>Trades<br>Exch<br>Futures Spr<br>ONE<br>escription               | Portfolio<br>Description<br>ead (Realtime) | TIF<br>Bid Size | Acti       | on Quantity<br>NOV08<br>Bid | Type Lm   | t Price Int.<br>CX8<br>Ask | As         | sk Size   | Cntns               |
| Deuttons —<br>Preview Orde<br>Orders Log<br>Underlying E<br>outures - IBM - | er/Check Mar<br>Trades<br>Exch<br>Futures Spr<br>ONE<br>escription<br>res IBM1C2 | Portfolio<br>Description<br>ead (Realtime) | TIF<br>Bid Size | Acti       | on Quantity<br>NOVOR<br>Bid | Type Lm   | t Price Int.<br>CX8<br>Ask |            |           | Cntns               |

### SpreadTrader

You can also use the SpreadTrader to create futures spreads, EFP futures spreads and option spreads. Just click SpreadTrader on the TWS toolbar to display the SpreadTrader.

| Portfolio Rapid Ord Symbol Sym | De Cage / Op                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | order Trading Information Analytics View Chart Configure Heln<br>ionTrader - BA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Search TAR  |           |
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| Rapid Order       Outletely       Multiple       Single       Generic       generic         Symbol       Underly       BA       Strategy       Front       Back       P/C       Duration       Front Strike Back Strike Trading Cl       Interest         Undriving       E       Diagonal                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             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                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | aate New Tab 🔏 Cancel All 🗋 Clear Log 🛱 Show volatility 🛞 Show Penny Options 🔛 Option Spreads 🔍 Analy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | rtics O ⊽   |           |
| Order Man       • Statisti<br>Opt.       • Option                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Symbol Und                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | te l                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Change      | ම ම<br>ng |
| 4.30         Front Ratio 1         Back Ratio 1         -0           0.90         0.05         ✓ Request market data for legs         -0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Order Man<br>Undrlyng E<br>BA S<br>BA S<br>BA S<br>BA S<br>BA S<br>ES G<br>DELL O<br>YHOO IS<br>BM S<br>BM S | Strategy       Front       Back       P/C       Duration       Front Strike       Back Strike Trading         Diagonal Spread       Diagonal       20090220       20090515       C03       Months       55.0       80.0       BA         Filter       Diagonal       20090220       20090515       C03       Months       55.0       22.5       BA         Diagonal       20090220       20090515       C03       Months       55.0       30.0       BA         Diagonal       20090220       20090515       C03       Months       55.0       30.0       BA         Diagonal       20090220       20100115       C11       Months       55.0       10.0       BA         Diagonal       20090220       20100115       C11       Months       55.0       10.0       BA         Diagonal       20 | Cl Interest | R B @     |
| D Buttons @ (                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 0<br>0      |           |

## OptionTrader

You can also create option spread orders using the OptionTrader . Simply click OptionTrader on the TWS toolbar, then click Option Spreads in the OptionTrader to display the Combo Selection box, where you set up your spread order.

Any stock or option symbols displayed are for illustrative purposes only and are not intended to portray a recommendation.