

Models of continuous double auctions

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Abstract:

We describe the main features of a Continuous Double Auction (CDA). This market protocol is used extensively in financial markets, with variations and rules that depends on the specific exchange. We survey some of the empirical stylized facts that are reported in the literature. We then present some (dynamic) equilibrium models of behaviour in a CDA, emphasizing time-related issues and effects of the impatience of the traders on their submission strategies.