

# Types of Trades & Orders

## Types of Trades

**Long Position (Long)** – The buying of a currency pair with the expectation of a rise in value. When buying, a trade is executed at the Ask price.

**Short Position (Short)** – The selling of a currency pair with the anticipation of making a profit as the price drops in value. When selling, a trade is executed at the Bid price.

## Types of Orders

**Market Order\*\*** – An order to buy or sell immediately at the best price currently available in the market. Market orders are popular for traders who want to buy or sell without delay. However, a market order does not guarantee a price; it only assures an immediate execution. The last-traded price is not necessarily the price at which the market order will be filled. In highly volatile market conditions, it is possible a market order will be filled away from the last-traded price.

Example: When placing a buy order on the EUR/USD at the current ask price of 1.2050, a market order is placed for a long position in the EUR/USD at the best price available in the market. A market order does not guarantee a price. It only has immediate execution.\*\*

**Entry Order\*\*** – An order to buy or sell when a specific price is reached and remains in effect until the client cancels the order. There are 4 types of Entry Orders:

- 1 **Buy Stop** – a Buy order set at a price above the current price, and is filled as a market order when reached.
- 2 **Buy Limit** – a Buy order set at a price below the current price, and is filled as a market order when reached. Often referred as a “Bid”.
- 3 **Sell Limit** – a Sell order set at a price above the current price, and is filled as a market order when reached.
- 4 **Sell Stop** – a Sell order set at a price below the current price, and is filled as a market order when reached. Often referred as an

“Offer”.

**Stop-Loss Order\*\*** – A stop order to buy or sell an existing position at specified price for the purpose of stopping the position from accruing additional losses. For instance, a stop-loss order on a Long position is an order to sell (close) that position at a loss. A stop-loss order remains in effect until the position is liquidated or canceled by the client.

Example: If you have an open Long position in the EUR/USD, which you bought at 1.2050 and you want to set a stop order in case the value of the EUR/USD depreciates. A stop order could be set at 1.2030 to sell EUR/USD. When the market hits the stop order, the long position is closed with a 20-pip loss.\*\*

NOTE: It is possible a Stop-Loss order may not be filled and may not be executed at the specified price which could result in a greater loss.\*\*

**Limit Order (Stop-Limit)\*\*** – A stop order to buy or sell an existing position at a specified price for the purpose of closing the position and locking in gains. For example, a limit order on an existing Long position is an order to sell (close) that position. A stop-limit order remains in effect until the position is liquidated or canceled by the client.

Example: Suppose you have an open Long EUR/USD position, which you bought at 1.2050. You decide to set a limit order to take profit if the price reaches 1.2080. When the market reaches 1.2080, the position is automatically closed with a 30-pip gain.\*\*

NOTE: It is possible a Stop-Limit order will not be filled and may not be executed at the specified price which could result in a loss.\*\*

**Trailing Stop Order\*\*** – A stop order to buy or sell an existing position in which the stop loss price is set at either a fixed point or percentage away from the current exchange price. When in a Long position and if the exchange price rises, the trailing stop loss price rises

proportionately; but, if the exchange price falls, the trailing stop loss does not change. This type of order allows a trader to set a limit on the maximum possible loss without setting a limit of the maximum possible gain. A trailing stop order remains in effect until the position is liquidated or canceled by the client.

Example: Suppose you have an open Long EUR/USD position, which you bought at 1.2050. You set a trailing stop order at 15 pips. If the long position rises in value by 15 pips or more depending on the trading platform, the 15-pip trailing stop rises accordingly below the maximum exchange price reached. Suppose the maximum exchange price is 1.2075, then the trailing stop is 1.2060. If the current exchange price retraces to 1.2060, then the long position is closed at 1.2060 for a 10-pip profit.\*\*

NOTE: It is possible a Trailing Stop order will not be filled and may not be executed at the specified price which could result in a loss.\*\*

\* The Forex market is an “[off-exchange](#)” market which may affect your trading outcome.

\*\* With consideration of [slippage](#), actual transaction costs may differ from attempted execution.