

## Unique Risks of Stop Limit Orders

Stop limit orders face unique risks when used as loss control orders and depending upon market movement may result in no closing transaction.

Stop limit orders become limit orders when the stop price is triggered in the marketplace. Once triggered, the stop limit order may not be eligible for execution because the limit may be exceeded by current market pricing. In other words, a stop limit becomes a "live order" when the market touches your stop price, but you do not get a fill when, and if the market ever reaches your limit or better.

As an example, if the "stop" price is \$1.75 and the limit price is \$1.75, then the market must price or fill at \$1.75 **twice** in order for you to be eligible for an execution. If it trades once, and triggers but never reaches the price again on that day you are not eligible for an execution and will not be filled no matter how far the market trades against you.

Other issues can also lead to unexecuted stop limit orders including fast markets in a security which may lead to the limit being "skipped". Also, a stop limit order can be skipped due to the bid/ask spread exceeding a triggered stop limit.

For more information on the drawbacks or uses of stop limit orders please contact optionsXpress Australia's trading support at 1300 781 132, 9am-5:30pm EST, Mon-Fri. During U.S. business hours, you may use [Live Help](#) or call 1-888-280-8020.

optionsXpress Australia Pty Limited (ACN 085 258 822 AFS Licence No: 246743) and Charles Schwab & Co., Inc. (Member SIPC) are separate but affiliated companies and subsidiaries of The Charles Schwab Corporation. Nothing here is an offer or solicitation of securities, products and services by Charles Schwab & Co., Inc. in any jurisdiction where their offer or sale is not qualified or exempt from registration.