

## Trailing Stop Orders

A sell trailing stop order sets the stop price at a fixed amount below the market price with an attached "trailing" amount. As the market price rises, the stop price rises by the trail amount, but if the stock price falls, the stop loss price doesn't change, and a market order is submitted when the stop price is hit. This technique is designed to allow an investor to specify a limit on the maximum possible loss, without setting a limit on the maximum possible gain. "Buy" trailing stop orders are the mirror image of sell trailing stop orders, and are most appropriate for use in falling markets.

IB may simulate stop orders on exchanges. For details on how IB manages stop orders, [click here](#).

### Notes:

IB may simulate market orders on exchanges. For details on market order handling using simulated orders, [click here](#).

The Reference Table to the right 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.

Products	Availability	Routing	TWS
CFDs <input checked="" type="checkbox"/>	US Products <input checked="" type="checkbox"/>	Smart <input checked="" type="checkbox"/>	Attribute <input type="checkbox"/>
EFPs <input checked="" type="checkbox"/>	Non-US Products <input checked="" type="checkbox"/>	Directed <input checked="" type="checkbox"/>	Order Type <input checked="" type="checkbox"/>
Forex <input checked="" type="checkbox"/>			Time in Force <input type="checkbox"/>
FOPs <input checked="" type="checkbox"/>			
Futures <input checked="" type="checkbox"/>			
Options <input checked="" type="checkbox"/>			
Stocks <input checked="" type="checkbox"/>			
Warrants <input checked="" type="checkbox"/>			

View Supported Exchanges

Open Users' Guide

## Example



## Order Type In Depth - Trailing Stop Sell Order

### Step 1 Enter a Trailing Stop Sell Order

You have purchased 100 shares of XYZ for \$66.34 per share (your Average Price) and want to lock in a profit and limit your loss. You set a trailing stop order with the trailing amount 20 cents below the current market price. To do this, first create a SELL order, then select TRAIL in the Type field and enter 0.20 in the Trailing Amt field. The trailing amount is the amount used to calculate the initial Stop Price, by which you want the limit price to trail the stop price. You submit the order.

Assumptions	
Avg Price	66.34
Action	SELL
Qty	100
Order Type	TRAIL
Market Price	62.46
Trailing Amount	0.20
Stop Price (Calculated as Market Price Trailing Amount)	62.26



## Order Type In Depth - Trailing Stop Sell Order

### Step 2 Order Transmitted

You transmit your order. The current market price of XYZ is \$62.46 and the initial stop price is calculated as \$62.26, or \$62.46 the trailing amount of 0.20.

Assumptions	
Avg Price	66.34
Action	SELL
Qty	100
Order Type	TRAIL
Market Price	62.46
Trailing Amount	0.20
Stop Price (Calculated as Market Price Trailing Amount)	62.26



## Order Type In Depth - Trailing Stop Sell Order

### Step 3 Market Price Rises

As soon as you submit your order, the price of XYZ starts to rise and hits \$62.66. The trailing stop price has adjusted accordingly and is at \$62.46, or \$62.66 the \$0.20 trailing amount.

Assumptions	
Avg Price	66.34
Action	SELL
Qty	100
Order Type	TRAIL
Market Price	62.66
Trailing Amount	0.20
Stop Price (Calculated as Market Price Trailing Amount)	62.46



## Order Type In Depth - Trailing Stop Sell Order

### Step 4 Market Price Falls

Suddenly the market price of XYZ drops to 62.56. Your stop price remains at 62.46. If the market price continues to drop and touches your stop price, the trailing stop order will be triggered, and a market order to sell 100 shares of XYZ will be submitted.

Assumptions	
Avg Price	66.34
Action	SELL
Qty	100
Order Type	TRAIL
Market Price	62.56
Stop Price (Calculated as Market Price Trailing Amount)	62.46



## Order Type In Depth - Trailing Stop Sell Order

### Step 5 Market Price Touches Stop Price, Market Order Submitted

The market price of XYZ continues to drop and touches your stop price or 62.46. A market order to sell 100 shares of XYZ at 62.46 is submitted and filled. You have limited your loss to \$388.00.

Assumptions	
Avg Price	66.34
Action	SELL
Qty	100
Order Type	TRAIL
Market Price	62.46
Stop Price (Calculated as Market Price Trailing Amount)	62.46
Order Filled at 62.46	

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