

Trailing Stop Limit Orders

A trailing stop limit order is designed to allow an investor to specify a limit on the maximum possible loss, without setting a limit on the maximum possible gain. A SELL trailing stop limit moves with the market price, and continually recalculates the stop trigger price at a fixed amount below the market price, based on the user-defined "trailing" amount. The limit order price is also continually recalculated based on the limit offset. As the market price rises, both the stop price and the limit price rise by the trail amount and limit offset respectively, but if the stock price falls, the stop price remains unchanged, and when the stop price is hit a limit order is submitted at the last calculated limit price. A "Buy" trailing stop limit order is the mirror image of a sell trailing stop limit, and is generally used in falling markets.

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

Notes:

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

[Open Users' Guide](#)

Example



Order Type In Depth - Trailing Stop Limit Sell Order

Step 1 Enter a Trailing Stop Limit Sell Order

You have purchased 100 shares of XYZ for \$66.34 per share (your Average Price) and want to limit your loss. You set a trailing stop limit order with the trailing amount 20 cents below the current market price of 61.90. 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.

To do this, first create a SELL order, then click select TRAIL LIMIT in the Type field and enter 0.20 in the Trailing Amt field. In a trailing stop limit order, you specify a stop price and either a limit price or a limit offset. In this example, we are going to set the limit offset; the limit price is then calculated as Stop Price Limit Offset. You enter a stop price of 61.70 and a limit offset of 0.10. You submit the order.



Assumptions	
Avg Price	66.34
Action	SELL
Qty	100
Order Type	TRAIL
Market Price	61.90
Trailing Amount	0.20
Stop Price	61.70
Limit Offset	0.10
Limit Price (Calculated as Stop Price Limit Offset)	61.60

Order Type In Depth - Trailing Stop Limit Sell Order

Step 2 Order Transmitted

You transmit your order. The current market price of XYZ is \$61.90, the initial stop price is \$61.70 and the limit price is calculated as \$61.60 or \$61.70 the 0.10 limit offset.



Assumptions	
Avg Price	66.34
Action	SELL
Qty	100
Order Type	TRAIL
Market Price	61.90
Trailing Amount	0.20
Stop Price	61.70
Limit Offset	0.10
Limit Price (Calculated as Stop Price Limit Offset)	61.60

Order Type In Depth - Trailing Stop Limit Sell Order

Step 3 Market Rises

As soon as you submit your order, the price of XYZ starts to rise and hits \$62.00. The stop price has adjusted accordingly and is at \$61.80, or \$62.00 the \$0.20 trailing amount. Your limit price has also adjusted accordingly and is calculated as \$61.70, or 61.80 the 0.10 limit offset.

Assumptions	
Avg Price	66.34
Action	SELL
Qty	100
Order Type	TRAIL
Market Price	62.00
Trailing Amount	0.20

Stop Price	61.80
Limit Offset	0.10
Limit Price (Calculated as Stop Price Limit Offset)	61.70



Order Type In Depth - Trailing Stop Limit Sell Order

Step 4 Market Price Falls

Suddenly the market price of XYZ drops to \$61.90. Your stop price remains at \$61.80 and your limit price remains at \$61.70, or \$61.80 the 0.10 limit offset. If the market price continues to drop and touches your stop price, a limit order to sell 100 shares of XYZ at the last calculated limit price will be submitted.

Assumptions	
Avg Price	66.34
Action	SELL
Qty	100
Order Type	TRAIL
Market Price	61.90
Trailing Amount	0.20
Stop Price	61.80
Limit Offset	0.10
Limit Price (Calculated as Stop Price Limit Offset)	61.70



Order Type In Depth - Trailing Stop Limit Sell Order

Step 5 Market Price Touches Stop Price, Limit Order Submitted

The market price of XYZ continues to drop and touches your stop price of 61.80. A limit order to sell 100 shares of XYZ at 61.70 is submitted. If the market prices continues to drop and touches the limit price of 61.70, the order to sell 100 shares will be filled and you will have limited your loss to \$464.00.

Assumptions	
Avg Price	66.34
Action	SELL
Qty	100
Order Type	TRAIL
Market Price	61.80
Trailing Amount	0.20
Stop Price	61.80
Limit Offset	0.10
Limit Price (Calculated as Stop Price Limit Offset)	61.70
Limit Order submitted	

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