

Sharemarket Game

How to use a Falling Sell (Stop loss)



What is a falling sell and why use one?

This order type can only be used in the Game for sell orders; it works by letting you set, in advance, a sale price below the current market price. It is useful if you are not able to monitor the market or you have a pre-set level that you want to sell out at.

How does a falling sell work?

There are two parts to the order, a trigger price and a limit price.

The trigger price is the higher of the two prices and is the price at which you would like your order to be activated. When the share price reaches the trigger price your sell order is placed into the market.

The limit price is the lowest price that your order can be sold at. So if the shares, for whatever reason fall dramatically your shares won't be sold at a price below that minimum or limit price.

A safety net: The range between the trigger price and the limit price acts as a safety net. If the market is falling very quickly the wider the range, the greater the chance your order will be executed. But remember there is always a risk with this order type that the market falls so quickly that it 'gaps' your range and does not get executed.

The example below shows how this works:

1. The current price for ASX is \$64.57
2. You are happy to hold your ASX shares, but want to make sure if the share price falls below \$61.00 that you sell your holding – this will be your Trigger price (1).
3. You set a lowest possible price that you are happy to sell at, in this case \$55.00 – this will be your Limit price (2).

Order type

Market to limit Limit Falling sell (stop loss)

Trigger price \$ ← 1

Limit price \$ ← 2

Order preview

Cash on hand	\$31,184.00
Code	ASX
Order to	SELL
Units	100
Order type	Falling Sell
Trigger price	\$61.00
Limit price	\$55.00
Trade value	\$6,100.00
Brokerage	\$20.00
Orders remaining today	19

- Once you have previewed the order details and pressed submit your order will be held in the Pending orders screen.
- Your sell order will remain in pending orders until the market falls to or below your trigger price, or you amend or delete the order.

Please note: If the market happens to fall very quickly and the price drops below your trigger, your falling sell order may not get processed before it then drops below your limit. However, this does not mean that your falling sell order has been cancelled. The order will stay active unless YOU cancel it. If you do not cancel your falling sell order and the market begins to recover, once it reaches your limit price or up to your trigger price, the order to sell will be processed at the first opportunity between the limit and the trigger price.