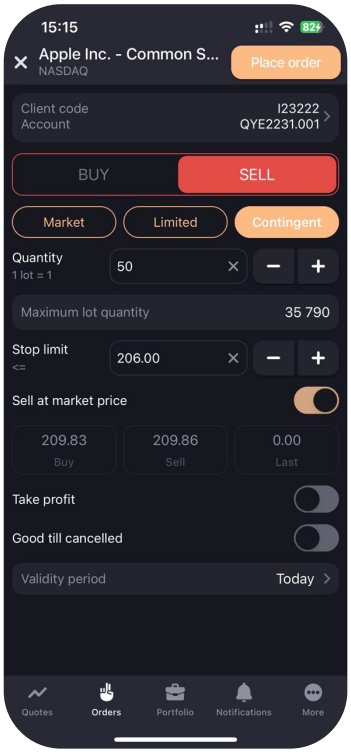
Types of contingent orders in Apricot Capital Mobile App

Contingent order is a pre-set limit order entered into the exchange trading system as soon as the specified conditions (stop price conditions) are met. Contingent orders are used to limit potential losses or take profit when trade prices move in the opposite direction of the anticipated trend.

Stop price is the order execution condition specified as the price limit of the last trade with the given instrument.

The Apricot Capital trading system provides the following types of contingent orders:

1. Stop-limit ("Contingent" Tab)



Stop-limit is a contingent order that generates a limit order when executed. It can be executed at market price or pre-defined stock price.

Purpose: This order is used to limit potential losses in case of market fluctuations.

Example of Stop-limit order:

Let's say you bought an Apple* share for $180. The current market price is $209, but the market has started showing signs of a potential downturn. To secure profit and limit potential losses, you set up a stop limit order with the following conditions:

- If the share price falls to and below $206, then sell the share at market price (or at specified price if the "Sell at market price" toggle is off).

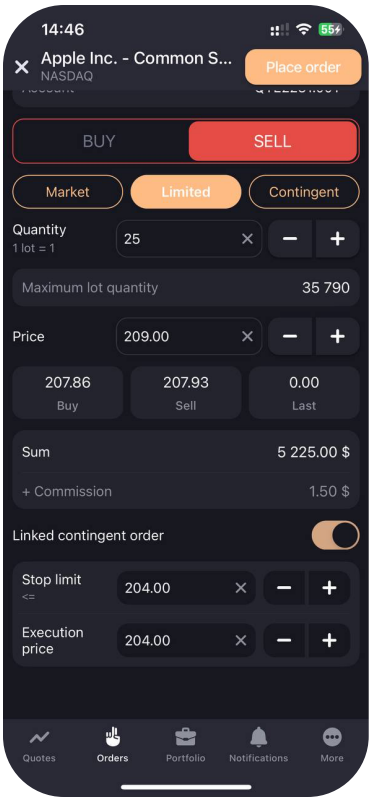
Image 1: Example of Stop-limit order

2. Linked Contingent Order ("Limited" Tab)

In the linked contingent order, there are two orders for the same instrument that have the same direction and volume. One order is a stop-limit order, the

other is a limit order. When one of these orders is executed, the other is cancelled. Orders of this type are also called OCO (one cancels other) orders.

Purpose: Orders of this type are designed for positions closing. The stop order is used to fix the losses, and the limit order is used to fix the profit. When a position is closed in one direction, the relevant linked order is automatically cancelled.



When a stop order is executed, the linked limit order is completely cancelled.

Example of Linked limit order:

Let's say you bought an Apple* share for $180. The current market price is $207, but the market has started showing signs of a potential downturn.

To secure profit and limit potential losses, you set up a linked sell order with the following conditions:

- If the price rises, then sell the stock and make a profit at $209
- In case the market starts to fall, limit losses (linked contingent order). If the price is ≤ $204, then sell at $204.

Image 2: Example of Linked limit order

3. Take-profit order ("Contingent" Tab)

Take-profit is an order with condition "execute when the price becomes worse than the reached maximum (for sell orders) or minimum (for buy orders) by the specified amount". In this order once the last trade price reaches the stop price level, the process of determining the last trade price maximum (minimum) begins. In case of a sell order, if the last trade price drops below the maximum by the value that exceeds the established offset, a limit order with the price lower than the last traded price by the protective spread value is created. The values of the offset and the protective spread are specified both in price terms.

Purpose: To close the instrument position with the maximum profit.

Take-Profit Order Example

Let's say you purchased an Apple* share at $208 and want to lock in profit if the price reaches $270.

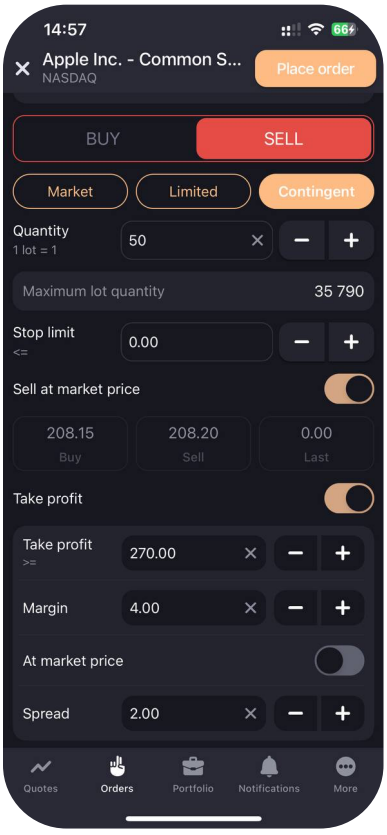
To do this, you place a take-profit order with the following conditions:

- Trigger condition: Sell if the price is ≥ $270.

Additionally, two important parameters are specified:

- Offset from the maximum (Margin) | This defines how much the current market price must fall below the local maximum for the take-profit order to activate. It helps avoid premature execution during short-term price fluctuations.
- Protective spread (if the "At market price" toggle is off) | This sets how much below the trigger price the actual limit sell order will be placed. It provides a buffer to increase the chance of the order being filled during fast-moving market conditions.

If the "Margin" and "Spread" fields are not specified when submitting a conditional order, the system will consider zero values by default.



Let's assume the following settings for a take-profit sell order on Apple* - Margin: $4, Spread: $2.

Now, suppose the stock is trending upward. Once the price reaches $270, the take-profit order is activated, and the system begins tracking. As the price rises above $270, each new high becomes the new local maximum and any drop from this maximum is treated as a potential reversal.

The system continuously checks whether the last traded price falls below "Local maximum - Offset from Max".

Image 3: Example of Take-Profit Order

Scenarios:

- If the price reaches $273, then drops to 270 and rebounds, no limit order is triggered, because the price only fell by $3 (less than the $4 offset).
- But if the price falls from $273 to $169 (a $4 drop), the execution condition is met and at that point, the system places a limit sell order with a price calculated as “Last traded price – Protective Spread: 169 – 2 = $167”.

There is an additional feature for contingent orders, specifically take-profit order, called “Validity Period”, which allows users to define how long an order remains active. Users can set a specific expiration date, after which the order will automatically expire if not executed.

4. Take-profit + stop-limit order

Take-profit + stop-limit is an order that has two conditions:

- Take-profit: if the last trade price that reached the maximum becomes worse by the value exceeding the established offset.
- Stop-limit: if the last trade price becomes worse to the specified level.

If one condition of the stop order is met, checking of the other condition will be stopped. If both conditions of the order are met at the same time, the order will be executed on the “take-profit” condition.

Purpose: To fix the maximum profit and to limit the potential losses at the same time.

Take-Profit + Stop-Limit order Example

Let’s say you bought an Apple* share at $209. The goal is to lock in profit if the price rises to $215 and limit losses if it drops to $201 or below.

For that you place a take-profit + a stop-limit order with the following activation conditions:

- Take-profit: Sell if the price ≥ $215
- Stop-limit: Sell if the price ≤ $201

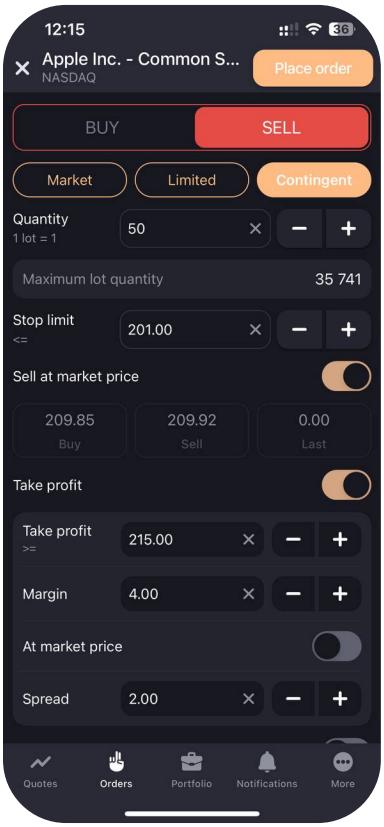
Additionally, you can specify two parameters:

- Offset from the maximum (Margin) | How much the current price must fall from the local maximum for the take-profit to trigger.

- Protective Spread (if the “At market price” toggle is off) | How much lower than the trigger price the resulting limit sell order should be, to protect against slippage.

Let’s assume Offset from Max = $4 and Protective Spread = $2.

Scenarios



- Apple’s* price begins to rise. As soon as it hits $215, the take-profit condition is activated, and the system stops monitoring the stop-limit. From this point, it starts tracking whether the price continues to rise. Any new price above $215 is considered a new local maximum. Any drop from this local maximum is seen as a potential reversal (for more details see “Take profit” order example).
- If instead of rising, Apple* starts to fall. If the price drops to $198, the take-profit condition is no longer monitored. A stop-limit sell order is placed which will be executed either by market price or pre-defined stock price.

Image 4: Example of Take-Profit + Stop-Limit

Duration of Contingent Orders

There are additional features available for managing the duration of contingent orders - specifically for Stop-limit, Take-profit, and Take-profit + Stop-limit orders. These include:

1. **Good Till Canceled** | This option keeps the order active until it is manually canceled by the user during trading hours or successfully filled.
2. **Validity Period** | This option allows users to set a custom expiration date for the order. If the order is not executed by the specified date, it automatically expires.

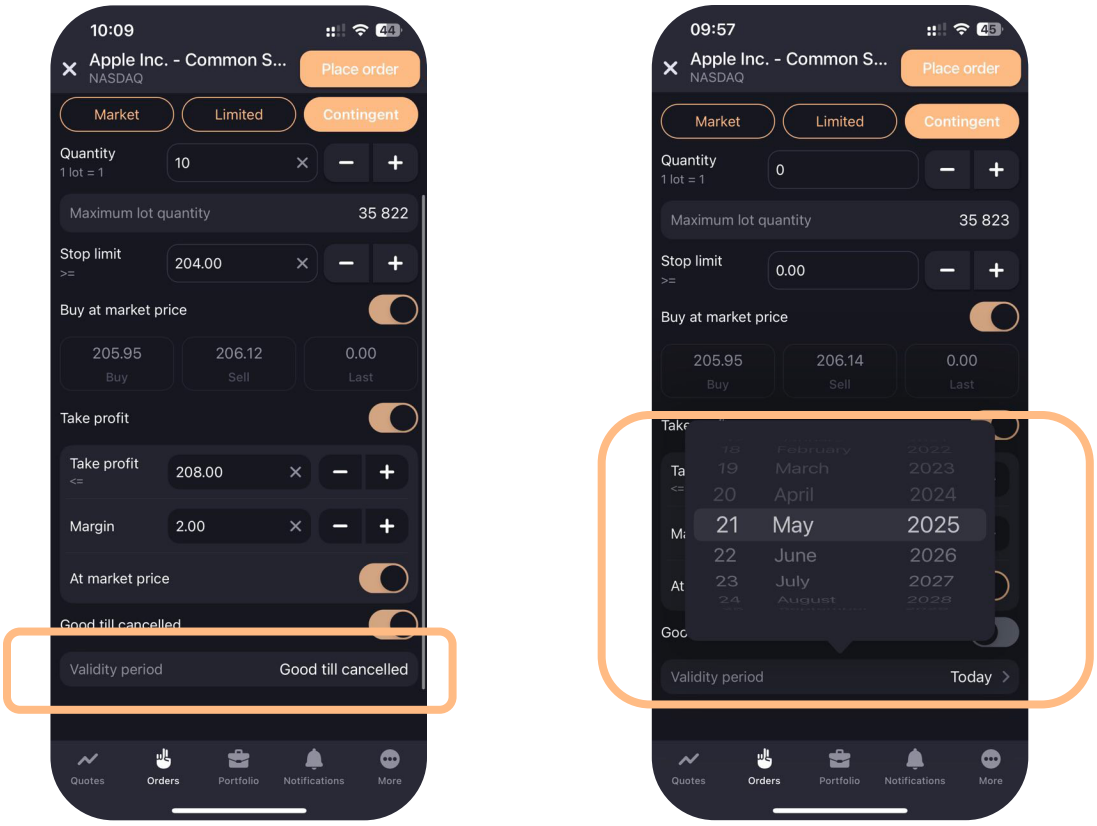


Image 5: Duration of Contingent Orders Settings

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