

Lecture 7

Orders and Order Types

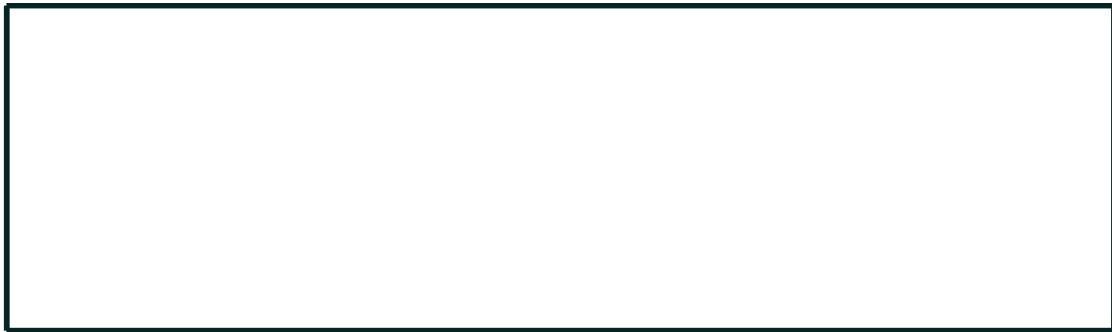
How do you buy a stock?

Stocks are purchased and sold by sending out an order to the stock market.

Information needed on an order:

- Order typer
- Ticker
- Quantity
- Side: Buy/Sell
- Price

Example of an order:



Order: An instruction to buy or sell a securitie on a specific stock exchange. There are many order types that vary in complexity. Orders can be sent through a broker or directly to the exchange if you have direct market access.

Fill: A fill happens when you get executed on your oder. Geting filled means the order you sent out has been satisfied and that you have successfully transacted.

Different order types:

- Market order
- Limit order
- Stop order
- Stop limit order

Market Order: This is a buy/sell order that needs to be executed immediately at any price available. This type of order will always get filled when the stock market is open and the stock in question is trading. Market orders are used when your priority is getting the fill over getting a particular price. This is the simplest order type.

Limit Order: A limit order is an order to buy or sell a stock at a specific price or better. A buy limit order can only be executed at the limit price or lower. A sell limit order can only be executed at the limit price or higher. A limit order is not guaranteed to be executed.
