Forex Order Types & OTC Execution Cheat Sheet

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Golden quote rule: Retail FX charts normally plot **Bid** prices, yet buys fill at **Ask** (Bid + Spread). Short positions open at Bid and **close / stop out at Ask** — spread widening triggers a short Stop-Loss without the Bid chart candle touching the level.

1. CORE INSTRUCTION MATRIX (SPOT FX & CFD)

Order Type	Entry / Purpose	Trigger Side	Price Guarantee?	Fill Mechanism & Primary Hazard
Market Order	Immediate Buy or Sell now	`Buy: Ask` `Sell: Bid`	No (price can move)	Fills at best available liquidity (Market Execution) or requotes (Instant Execution).
Buy Limit	Buy *below* current price	`Ask ≤ Limit`	Yes (at limit or better)	Waits for lower Ask. Risk: may remain unfilled if price reverses one tick above limit.
Sell Limit	Sell *above* current price	`Bid ≥ Limit`	Yes (at limit or better)	Waits for higher Bid. Protects entry price; no fill guarantee if liquidity is thin.
Buy Stop	Buy breakout *above* market	`Ask ≥ Stop`	No — becomes Market	Triggers Market Buy when Ask reaches level; slips upside across news/weekend gaps.
Sell Stop	Sell breakdown *below* market	`Bid ≤ Stop`	No — becomes Market	Triggers Market Sell when Bid hits level; adverse slippage common in fast sell-offs.
Stop-Loss (SL)	Exit losing Long or Short	`Long SL: Bid` `Short SL: Ask`	No (unless paid GSLO)	Standard SL becomes a Market close when triggered. Gaps jump past SL to next tick.
Take-Profit (TP)	Exit winning Long or Short	`Long TP: Bid` `Short TP: Ask`	Limit-like (or better)	Long TP waits for Bid ≥ TP; Short TP requires Ask ≤ TP (must clear spread!).
Stop-Limit	Breakout entry capped at ceiling	`Stop triggers Limit`	Yes (capped at Limit)	Prevents bad breakout fills, **never use as your sole exit** (can leave trade unclosed).

2. ORDER POLICIES & FILL MODES

- **FOK (Fill or Kill):** fill full requested volume immediately at valid liquidity or cancel all (can still fill across multiple depth levels).
- **IOC (Immediate or Cancel):** fill whatever volume is available immediately and cancel the unfilled remainder.
- **GTC (Good Till Cancelled):** pending order stays active on broker server until filled or manually deleted.
- **Trailing Stop note:** desktop MT4/MT5 trailing stops move only while the terminal is powered on and connected; once moved, the last server-side SL stays active.

3. FOUR-POINT EXECUTION AUDIT CHECKLIST

1. **Chart vs Trigger verification:** inspect historical *Ask* ticks before blaming a broker for a short SL hit.
2. **Weekend & Rollover widenings:** at 21:00/22:00 UTC rollover and major news, spreads jump — widen stops structurally or flatten beforehand.
3. **Guaranteed Stop-Loss (GSLO):** only contractual GSLOs (for an extra premium & min distance) eliminate gap slippage.
4. **Log slippage systematically:** compare `requested price` vs `confirmed fill` across 50+ trades to measure real cost drag.

Source: https://forexmechanics.com/forex-basics/forex-order-types/ · Open Educational Resource (CC BY 4.0)

Educational & quantitative reference only — not investment advice.