

TRANSCRIPT

Placing trades and monitoring orders

Presenters: Matt Davison and Nicholas Delisse

Matt Davison: All right, welcome back for session 2. We're here to demonstrate Active Trader Pro in this session. My name is Matt Davison, I'm joined by Nick Delisse. And we're going to be talking about the trade tickets that we have here in Active Trader Pro. So that's going to be the main focus today, talking about some of the general settings that we can use, the different types of trade tickets, whether it be a regular trade ticket, one of our more advanced types such as a conditional or Trade Armor, or potentially even the options trading tickets.

So with that being said, first thing I would like to do here is start off with a general description of the settings and some of the things that we can adjust right here. If we click on the upper right hand corner, we're clicking on Settings and then going down to Trade. Of course, we saw from session 1, we can set a default trading account. We have that listed here.

Of course, if you trade in multiple accounts as I mentioned earlier, you may want to set that as No Default Account, that way you're forced to go in there every time you're placing a trade and make sure that you're setting the correct account. You can also set the default trade ticket that you want to have pop-up whenever you click on some of our shortcuts.

We typically have the standard trade ticket here, you could also make this the direct to trade ticket which we'll talk about here in just a second, as well as the multi-trade ticket. This next section where we're talking about the trade type

dropdown cash or margin. This is really only going to affect people with margin accounts.

Effectively, what this allows you to do is switch between using the cash side of your account or the margin side of your account. So if you're trying to do something specific, such as a cash secured put, for example, and you need to do that in cash, you will want to have that turned on and be able to make sure that you're switching back and forth between cash and margin.

Last two things here that we can set up, Skip Preview and Skip Confirmation. Basically, what this will allow us to do is if we turn both of these on, we can place the trade without having to see the read back of the trade and then hitting a secondary button. So once you click the button, the trade is live. Will caution you if you do turn that on, just be cognizant that it will place live trades with one click only, so you need to be very aware of that.

Once that trade is fired off and executed, it is a valid trade at that point. And skipping the confirmation, may be less important but effectively this is just letting you know that the order is received. In addition to that, we can come over here and put some defaults for our stocks, if we wanted to if the only buy share quantities of 100, or 10, or 50, whatever it may be. We can use that to change our order type. So effectively what this is doing is, every time we pull up a trade ticket, it comes pre-filled with all of this information that's set up here.

Options Defaults, we can do something similar if we're trying to do this on our options trade ticket as well. That being said, without further ado, we'll jump right in to the very first trading ticket that we offer. This is going to be the most

simple one. And the way that you get there, you come up here in the top in the gray bar where it says, Trade in Orders. We're going to left click on that, go down one, select Trade.

And this is going to be our standard trading ticket. And we'll just put in the symbol SPY, as our example. You'll see once you put in that quote information, we'll come up at the bottom, we'll get the quote, we'll get the bid, we'll get the ask, as well as the trades that are going off as well as how much it's down or up for the day in percentage and dollar terms.

We come right over here, we have our regular actions, Buy, Sell, Buy to Cover Sell Short. Let's just throw that in there here, we'll do-- let me just do one share SPY for our quantity. And then we'll have our Order Type. So you have your standard market order, your limit order, if you're trying to specify a price, for Buy it would be typically below the market, though it could be slightly above as well.

Stop Orders, if you're trying to put in some kind of either by entry stop or exit stop, you can do both the stop and stop limit. We have the trailing stop in dollars, trailing stop in percent terms, and then we also have the trailing stop limit in dollar terms and percent terms.

So once you have that selected, let's just say we wanted to do a market order, we do have the time and forces, day, we know that it has to be that. For our market order unless we're doing it on the open or the close. However, if we switch this over to our limit order, and we'll just say let's do 412 as our example, just a little bit beneath where the current market is.

If we have our time in force as day, well, that'll make our order good until 4:00 Eastern. Sure it would be regular standard trading session. However, we have some other choices here as well. So we have a good to cancel, our custom order. These other order types are a little less used, but we do have it here, if you're having a specific need to use a fill or kill, immediate or cancel, or on the open order for a limit, you could do.

So if you do select Custom, what this allows you to do is specify a specific date going on to the future, and time that you want the order to be good for. So once you have that, pretty much that's the main part that you need to consider here. We do have the do not reduce as additional condition that you can add to your trade. And then we have the type. And this is what I was talking about where you can switch it back and forth between cash and margin. There may be sometimes that you're specifically wanting to use one side of the account, you can do so with the type right here.

So that's it. That's the basics of the trading ticket. Of course, you do want to make sure at the top, should have mentioned this at the beginning, we do have the account number. Again, we only have the one test account here for us to display. But if you have multiple, all of your different accounts will show up in this dropdown. New, left click. With that being said, Nick, I will pause there, turn it over to you to take us through the next trade ticket that we have, which is the multi-trade ticket.

Nicholas Delisse: Absolutely, Matt. And one of the things that you need to keep in mind when you are pulling up and utilizing the multi-trade ticket to make things easier is of course, that settings menu that Matt already had pulled up. So from the top right hand-corner settings, Trade, I've currently set things up

so the default trade ticket is the multi-trade ticket versus the standard trade ticket.

Now, the reason why I've done that is for some of the trade shortcuts which I'll show momentarily. But first and foremost, let's say we want to add an order. We can simply click, and we have our order added. We have all the same dropdowns that Matt was talking about, but this time they're left or right versus up and down.

If we've added an order, we still have to put in the symbol. How many shares, want to do the quantity, are we buying, are we selling? So for this, Microsoft, buy 1 share. Of course, market limit, and so on. All this of course, can be done in the settings menu where we're setting the default to be that fewer number of shares.

Also with this, one of the aspects of this tool is the ability to quickly add multiple trades at the same time to the tool. So with this, I have down below our positions page, where we have in our test account a share of Bank of America and a share of Citigroup.

What we can easily do if we want to liquidate these is simply click on the bid, click on the bid, and we notice it automatically added these into the multi-trade tool. And not only that, since we clicked on the bid it added as a cell, and it pre-filled our quantity that we had in the account. Now, since we clicked on the bid, it also did it as a limit order at the price of the bid.

And if we were to go very quickly go into our account and then sell those two particular positions, we could simply check these boxes over here, hit preview,

and place order. Now, let's say we don't have anything in here. We could still click and I'm holding on the Control key, control click, control click, control click, to click these. And we can even right click, and then go to Trade. And it pulls all these up here.

Now, one thing I want to point out is one of these that I clicked on in the test account is an option. And you can trade options with this as well. Though for this demonstration, I'm just going to click this one, and then delete that particular order. Now, with this if I've made this distinction, well, maybe I'm adding them this way because I actually want to buy a little bit more. I can change these dropdowns to Buy. Because I clicked on Trade versus a Bid or an Ask, it didn't pre-fill a lot of those particular fields for us. But we can easily flick them all, delete, and so on.

If we have multiple orders on here. We can use this top left to select everything, and then use this to delete them like I did, or preview in place. And this can let you if you have 10 different positions in your account that you want to close very, very quickly, you can just go click on bid, click on bid, click on bid, click on bid, select all, preview, place. And boom, you've liquidated out of your account with those.

Now, one of the other powerful aspects that I like about this particular tool is let's say you have more than one account. You have your individual account, you have your retirement account, and then maybe you're also managing a spouse's retirement account.

So what you could do if you wanted to add a particular trade, is I do have a filters tool pull up here. Or maybe this is a watch list. And we can click on here,

and we can add something to the watch list where we click on the Ask price of Apple, that is on the watch list. And we can then right click, Duplicate Order. And we see that it's been duplicated with the quantity or the other fields that we have filled out, where we only had Buy and then Limit, or kind of change in the quantities here. We can then change the accounts. This way, we can simultaneously place buy orders across multiple accounts.

Now, one thing you want to be very, very careful of, is you don't want to simultaneously buy in one account and sell in another account. That could create issues of crossing your position, which could create regulatory problems.

Something else that this tool is very powerful of if you're trying to close out a lot of positions is maybe you've come across a research report and you have a position in your account, maybe you cross multiple accounts you want to close everything out. Well, coming up to this top where we can look at and find positions on all accounts.

Go in to Accounts, Find Positions on all Accounts, I'm going to type C for Citigroup, since I know that's in my test account. And it will show you, if you have this in one account, five accounts, however many accounts, you can go close all. And boom, boom, boom, boom, boom, it will load them, all this. You can select all, and then preview and place all the orders at the same time to very, very quickly close out of a stock that maybe had an earnings down. So you're no longer interested in having that in your particular account.

So very, very powerful tool, often overlooked tool to quickly place multiple trades at the same time, whether they're in the same account or across

multiple different accounts. Now, with that, Matt, why don't you kind of take us quickly through our Direct to Trade tool?

Matt Davison: Yeah, absolutely, Nick. And so, similar to how we got both of those two trade tickets, we can get to our Directed Trade tool by clicking right up here on Trade and Orders, and then coming down to the Directed Trade and Extended Hours. Now, in order to be able to use the actual extended hours on this particular trade ticket, that is an agreement that you do have to add to your account. But this is the ticket that we would use to either do one of two things.

And the first thing would be to direct to a specific exchange, if that's where we're looking to place the trade. Or secondly, if we want to route a trade to the extended hours either the pre-market or the post-market, we would use this field right here in Active Trader Pro. So going back to the example that I had, SPY will just do the one share again.

You'll notice that the default here is going to be the route of auto. But if we click on this we'll see a number of different things. So we'll have all these different exchanges, as well as some of those advanced order types. If you're looking to basically get in on a targeted amount of volume or the VWAP, you can do that through this particular directed trade ticket right here. As well as you can route to the extended hours.

So if we go in here and just place in our symbol, one thing that we'll notice, at the very, very beginning, is we have all of these data fields that are starting to light up. And you're seeing a bunch of different things. On the left hand-side here it's moving really, really quickly because this is a live market.

On the left hand-side, this is the order book effectively for all the buyers out there. So it's going to place the highest buyer right here at the top. And then going down the screen is going to give us lower bid amounts, basically until we run out of room here on the left hand-side. In the middle, it's going to give us the Ask. So these are people that are selling. So it's going to give us the lowest seller at the top, and then the price will start to increase as we scroll down.

And you'll note that basically, they're grouping multiple lines by different colors, and all that's trying to do is show you the different exchanges that have the same price. And it's also listing out the shares. If you were to switch this over to something that's maybe moving just a tad bit slower here, we'll use something like this. It's usually a little bit easier to see. You can see all the green over here at 18:04, all the green over here at 18:05. And it's just grouping the different prices together.

So let's say we wanted to go in there and route this for the actual extended hours. But one thing that is a small step that we have to do, if we look at our time in force, we still have our normal options for the Directed Trade, Day, Good until Canceled, Fill or Kill, or Immediate/Cancel. But what we be looking for is actually what we'd be calling a Day Plus order. If we're trying to make that good for the pre-market, right now in the regular session, or the after hours, and what we have to do is actually switch that over.

So you could use one of three different things, you could use the ARCX. Notice that when we switch that it gives us this Day Plus option. We could also use XNMS, gives us the Day Plus option there, or we could use FDLM, which is

Fidelity's Algorithm that'll basically rotate it back and forth between those two different marketplaces that are available in the extended hour recession. So if you wanted to route extended hours order, if you were to place a Day Plus order before the market hours, between 7:00 AM Eastern time 9:28 Eastern time, if you place that let's say 8:00 AM for example, it would be good from that moment in time through 9:28. Starting at 9:30 again, the order would go back in the system, be good until 4 o'clock PM Eastern for the regular trading session. And then also it would be good for 4:00 PM through 8:00 PM Eastern on most regular trading days, or until the order actually executes. So that's what a Day Plus order does.

You can also in the morning time, you can just make it good until the morning session ends, the extended hour session in the morning. Or you could just use again, of course, the regular day session, which would make it good until 4 o'clock. But Day Plus is going to be how you actually prop those orders to the extended session.

Again, we have our conditions, and we have our type. And that's the basics of the directed trade ticket. One other thing that I'll share, so on the right hand-side, some of you may be wondering what it is that we're actually seeing here. This is what some people would refer to as the tape. Effectively these are the trades that are going off and being executed. So it's giving us the price at which it was executed right here in the left hand-column, the amount of shares, the marketplace at which this was occurring, and also the time at which this occurred. So you can see as we sit here and put in the symbol, we're seeing live trades go off in real time.

With that said, that will conclude the directed trade ticket. I know we want to move on, Nick, to the next kind of section here, talking about the options trading ticket and some of the settings that we can use for that.

Nicholas Delisse: Absolutely, Matt. And I pulled back up a blank screen for us to show the Settings menu. So Setting's the top right hand-corner, I'm going to go to Settings, and then Trade. This is where you can set some of those defaults, of course, that I alluded to. If you went to the wrong settings where you can always change that from the dropdown, of course.

You can set your default trading account. But frequently, I might leave this blank. More than once personally I've meant to place a trade in one account and accidentally place a trade in another because it's a default account. And so, many traders like myself will simply leave the default trading account blank to force them to choose to correct the account each time.

Now, the test account though will only have the one account, so this really isn't an issue. Here's where you can also change your default trade ticket. Do you want the multi-trade ticket like I was using? Do you want the directed trade ticket like Matt was using? Or do you want the original standard trade ticket? And this will of course, apply when you click on the bid and the ask from any blue link through a quote box to a filters tool, through any other tool that Fidelity has with an Active Trader Pro.

This is also where you can change some defaults, like the dropdown for cash or a merge. If you are an options trader and you particularly sell cash backed puts in a margin account, you need to have this say yes. Otherwise, the system

will by default have the trade go on marg and you might get an error saying that you don't have the appropriate option level to place that particular trades. So this is a valuable dropdown to have of when you're placing a trade you can then go, oh, that's in type cash, because this is a cash backed put. This is also where Matt was alluding to. You can skip the preview and confirmation if you so desire.

Now, actually diving a little bit further into what you can customize are the stock and option defaults. This is where you can set a default quantity. If you want to pre-fill 100 shares every time you click on the bid of the ask, this will do that to automatically fill 100 shares if that's what you purchase in. Or 10 shares, or 500 shares, and so on.

If you want the default order type to be a market order versus limit order. Whenever you pull up a trade ticket, this will automatically get filled in for you of the 100 shares market order good for the date. Or if there are other small changes you like to make, you can place those particular changes here, including the default for the one cancels the other order within Trade Armor. If you want to have it where it's 2% up, 1% down, by default. This is where you can make those particular changes.

Same type of changes for options on default number of contracts, order types, just applying specifically to options. One other thing, of course, as it comes to trading is directed trade settings. Now, we always get asked, well, why is our direct to trade tool-- why is it green, yellow, red, as opposed to just blues that you might be seeing?

That's because we've come into the Settings tool, we've changed this to be industry versus blues by default. If you want to keep the blues, you can leave it here. If you prefer the industry defaults, you can change it industry right here. And this is also where we can change some of the settings within the directed trade tool itself.

With that, a lot of other powerful things. Please take a look at some of the different shortcuts you can add in here with directed trade tool for stock and of course, for options.

One last thing, of course, if you're an option trader, you do have the options, the multi-trade ticket for options or access through trade in orders down to multi-leg option trade. That can let you do more than one option leg at a time as well. With this, you can still trade single leg tickets for options through the regular single leg ticket that Matt was showing. Just trade in orders trade, you can trade options here, or of course, if you so desire, we can still that on multi-leg ticket and we can simply remove one of the legs. And that will then let you do a single leg but utilizing dropdowns for that as well.

One last easy way to trade options is of course, when you're simply trading on the chain. And in that particular setting, just looking at Settings, Options, come back of course to Trade, we can set some of the other settings for Options. On the Option chain, it does have very top right here, Trade in Chain, turn on or off on whether or not you're going to see that trade ticket on the option chain. With that, Matt, why don't you take us through some of the different orders settings? And that'll wrap us up.

Matt Davison: Yeah, absolutely. So we'll go ahead and go back to my screen here.

So if we want a status or order, so once we place an order, especially if we're using something that maybe is in a market order, such as a limit or a stop, we can always status those orders and see how they're going by going to this page right here. Currently we don't have any open orders in the system. But if you did, this is where they would show up.

And what you'd be looking for here is right underneath where it says, Status. Status will take you down and basically show whether it's open, filled, verified/canceled, or partially filled. Whatever the actual status of the order would be, as well as what the specific order type is. If we come over here and we go to our settings for orders, couple of things that we can do.

So first of all, if we only want to see certain order types, so maybe we don't want to see our filled orders or our verified cancels, we only want to see the ones that are open, or partially filled, or maybe filled. A lot of people don't like to see those verified/canceled because if we're replacing the order many, many times, it can clog up the screen.

So first of all, you can check and uncheck whatever it is that you're actually looking for, as well as add whatever other details that you might need from up here. Typically, most people aren't going to use too much of this, but some people like to add some other things in here. But the default is what you're seeing listed on the screen.

As well as that, you can come right over to the right hand-side. And if you want different types of orders and different colors, maybe you want verified/canceled in red, maybe you want the filled in a different color, maybe

we want that in green. Open orders, maybe we'd leave those in black, as well as the partially filled.

So you can make different colors here so it just helps you especially if you have a lot going on, on this particular screen. It helps you sort it with your eye and take you to the spots that maybe need your attention or to be addressed. So that's really as simple as it is for the order screen here. I'll wrap it up by basically showing two final things.

So first of all, we have the trade in orders and the conditional trade ticket.

What this allows us to do is go in there and we can place some of these more advanced order types such as contingent. So for example, if you wanted to go in there and say, well, when the S&P 500, if that were to ever based on its last tick be less than or equal to, let's say 4,000, then I want to place this order.

It can be for an ETF that tracks the S&P 500, it could be for an individual security that has maybe it's in the S&P 500, but it's not directly the S&P 500 itself. You can do all sorts of different order types here with indices, options, stocks, as well as some of these other order types such as one cancels the other, one triggers the other. So very common thing to do is say, OK, I'm going to place an order to buy my one share of SPY, let's say \$400. We'll move it a ways away from where the current market price is.

But if I buy into that, I immediately want to stop order, that's going to get me out of the trade at a certain amount. Typically, it's going to be beneath the \$400. That way, you're ensuring that you have at least some form of exit system already in place as soon as you enter into that side of the trade. So as soon as you're entering, you have protection to the downside in the event that action occurs in the regular standard market hours.

You could also do this on the winning side of the trade as well. Say, hey, I want to go in there and buy it \$400, and immediately I want to go in there and if we gain \$1, I want to be selling it. I want to take that profit as soon as possible, and I want that in place as soon as the other order executes.

And then we have of course the one triggers, the one cancels the other. This is probably the most advanced. This is where you could say, OK, I'm buying-- and maybe we just do it at market. But I want protection on the losing side of the trade in the form of a stop. Maybe a stop limit or maybe even one of these. But I also want a winning side of the trade to be entered as well.

So I'm buying at market, let's say maybe I want to set my price target at \$415, I want to set up my exit at \$410, and we have all that in the system when I initially place the entry to buy at the market. So on the winning side if it goes up, or on the losing side if it goes down. Which takes me to our final thing that we can use here, which is our trade and orders in the Trade Armor.

So the Trade Armor is going to give us a lot of things that are very similar to what we just saw. The main difference here is it incorporates a little bit more information. So first of all, we have the latest headlines over here, we still have the quote. And then we have this chart to the left hand-side.

First of all, we can set alerts. So if we want to be not actually placing a trade but we want to just be notified if the market goes down to \$400 on SPY, actually placing that there or above, or 15, it'll place these alerts right here and we can drag those in individually, go up by pennies, play some wherever we want on the particular chart, and set an alert. You can have that sent as a text

message or an email, or even to your alerts page here at the bottom of Active Trader Pro.

However, you can also play straights through this. So if we go in here, we have our regular stock trade. Maybe we wanted to place one of those complicated by triggers, one cancels the other order. What you can see now rather than having to go in there and arbitrarily pick prices based on just the number itself, we can go in there and actually look at the chart.

Maybe we want to go and look at a six month chart. And we say, OK, well, it looks like we just had resistance up here. So maybe we're going to go up there, use that resistance. Maybe we want support, most recently probably in this area down here where as it's showing us through Ricardian, all the way here at \$380.

Now, as soon as you do that and you put in a quantity for your shares, notice what it'll do. It'll tell you your estimated gain if on the winning side, estimated loss on the losing side, as well as the percentage. Now, if I'm looking at that. That's not my favorite ratio that I've ever seen. So maybe you want to start adjusting that and saying, OK, well, I want to tighten this up, and then I want to expand this to start making my reward to risk ratio a little bit skewed in the other direction.

And you can play around with that until you get the percentages or the ratio in a spot that you might like. So maybe you want to go all the way back to this and say, OK, this is just over 2 to 1, maybe this is acceptable whereas the initial setup wasn't.

And obviously, there's no perfect way to justify or to rationalize that. It's just a matter of what your risk tolerance is and what you're trying to accomplish, of course. And just to point out, on the left hand-side for the chart gives you a couple of things. So it gives you the 52-week high, right over here. It gives you the 52-week low, right over here.

And then it's giving you support, which is being provided by Ricardian, and then it is also giving you resistance. And that will change depending on whether you're using 40-day, or 250-day, and then we can of course, go back. And this is looking at a weekly chart. If we're going to go into one of these smaller term charts or smaller time frames, I should say, it's going to give us charts in different times.

So this is going to give us a 5 minute, you can see a lot less data here, it also takes away 250-day support and resistance. Because it's not really able to compute that on an intraday chart. But that's how you can use this, if you're looking to maybe make a trade at a particular level, you can see that this takes our order way off the screen here. So if we wanted to bring it back, we'd have to go in there and change some of these orders around.

And once we do so, it'll bring these back and we'll get our ratios back. And it gives it to us a little bit of a shorter term time frame. So this is Trade Armored, basically it's a combination of the abilities that we have through the conditional trading ticket, as well as combining some of the chart work that we may do on a regular full sized chart.

Which takes me to the conclusion for week 2 or session 2, I should say. Session 2 we covered the trading tickets, session 3 we'll be focusing on all things charting. So we'll be back to do that just a little bit later on.

END OF AUDIO FILE

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