

London Investment Markets – Education Hub



London Investment Markets

LIM is the exclusive, institutional-grade trading platform providing a definitive edge for CFD traders in Forex, Crypto, Equities, Indices, and Commodities.



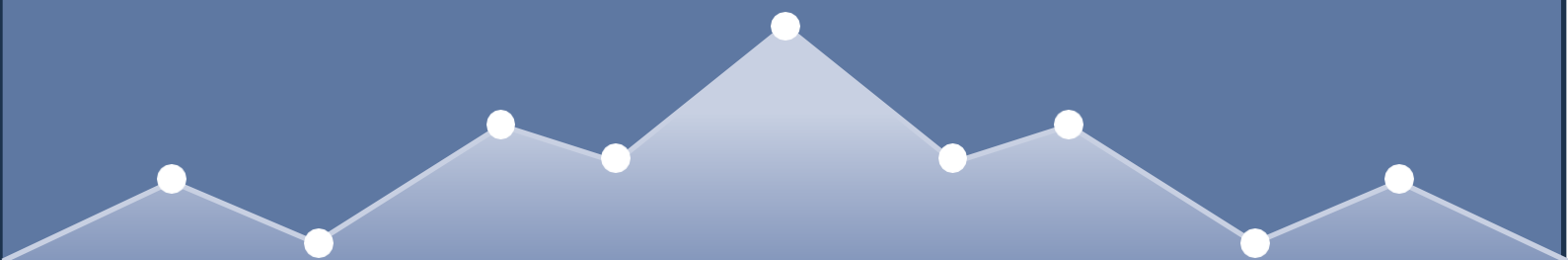
London Investment Markets – News & Markets

LIM keeps you informed with the latest financial news, market analysis, and economic events that move global markets.

Explained: One-Cancels-the-Other

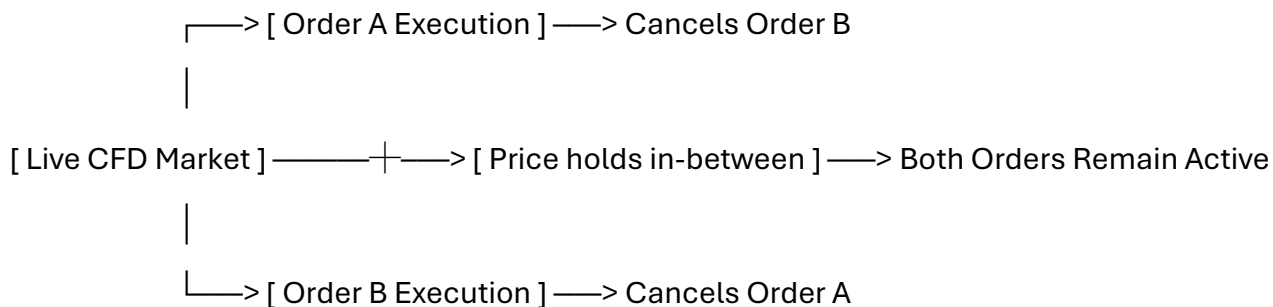
An **OCO (One-Cancels-the-Other)** order is a pair of conditional orders linked together by a broker's trading platform. It ensures that **as soon as one of the orders executes (in full or in part), the other order is automatically and instantly cancelled.**

In **CFD (Contract for Difference)** trading, OCO orders are among the most essential risk-management and execution tools available. Because CFDs are leveraged financial products traded over-the-counter (OTC) across volatile markets—such as foreign exchange (Forex), stock indices, commodities, and crypto—OCO orders allow traders to set up automated scenarios without exposing themselves to double risk.



1. How OCO Orders Work in CFD Trading

An OCO order combines two distinct pending orders: **Order A** and **Order B**.



- **If the CFD price moves to trigger Order A**, Order A executes, and the broker's platform instantly sends a cancel request for Order B.
- **If the CFD price moves to trigger Order B**, Order B executes, and Order A is cancelled.
- **If the market stays between both price boundaries**, both orders remain active (or "working") until hit or manually cancelled.

2. The Two Primary CFD Trading Scenarios for OCO Orders

CFD traders rely on OCO orders primarily for two opposite market conditions: **range trading (taking profit / cutting loss simultaneously)** and **breakout trading (preparing for sudden volatility)**.

Scenario A: Managing an Active Position (Bracket / Take-Profit & Stop-Loss)

This is the most common usage. Once you enter a open CFD trade, an OCO order pair "brackets" your open position to automate your exit strategy.

- **Context:** You buy 10 contracts of the **US 500 CFD** at **\$5,000**.
- **Order A (Take Profit):** A **Sell Limit Order** set at **\$5,100** (locking in profit if the market rises).
- **Order B (Stop Loss):** A **Sell Stop Order** set at **\$4,950** (limiting loss if the market drops).
- **The OCO Advantage:** If the US 500 reaches \$5,100, your trade closes for a profit, and the \$4,950 Stop Loss is automatically wiped off the platform. Without an OCO link, if the market later reverses down to \$4,950, an un-cancelled Stop Loss would inadvertently open an unwanted *short position*.

Scenario B: Straddling Volatile Market Breakouts (News & Events)

CFD markets move violently during macroeconomic releases (such as U.S. Non-Farm Payrolls or inflation data). When traders do not know which direction a news event will move the market, but know it will move fast, they use an OCO order to trade the breakout.

- **Context:** Gold (XAU/USD CFD) is consolidating tightly at **\$2,300** right before an interest rate announcement.
- **Order A (Upside Breakout):** A **Buy Stop Order** set at **\$2,315** (buying if momentum breaks upward).
- **Order B (Downside Breakout):** A **Sell Stop Order** set at **\$2,285** (shorting if momentum breaks downward).

- **The OCO Advantage:** Whichever way the price explodes first, that trade gets executed immediately to ride the momentum, while the opposite pending order is instantly erased so you aren't left holding two conflicting positions.

3. Key Differences Between CFD Broker OCO Mechanics vs. Traditional Exchanges

Because CFDs are traded as derivative contracts with a CFD broker (rather than directly on a centralized stock exchange), several structural mechanics govern how OCO orders behave:

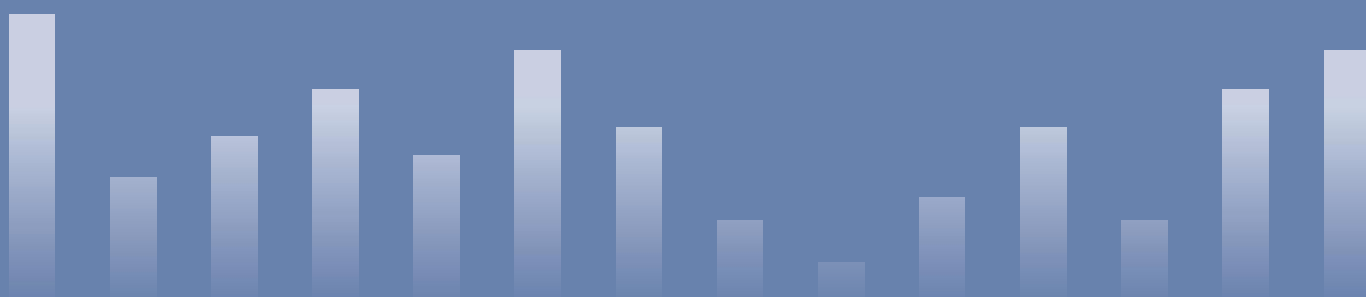
Feature	CFD Brokerage OCO	Traditional Exchange OCO (e.g., Equities)
Execution Speed	Processed via broker's internal engine or liquidity aggregation system (virtually instantaneous cancellation).	Sent to exchange matching engines; slight microsecond delays can exist across venues.
Leverage & Margin	Free Margin Check: Brokers typically do not require margin for <i>both</i> orders in an OCO pair simultaneously—only enough margin for one leg, since both cannot trigger together.	Requires sufficient cash or equity balances depending on margin settings.
Slippage Risk	Stop legs inside an OCO turn into Market Orders , meaning slippage can occur during extreme news gap events unless the broker offers "Guaranteed Stop Loss Orders" (GSLOs).	Subject to market depth and exchange order book gaps.
Overnight Rollover	If the OCO remains unfilled overnight, it persists across sessions unless set as Day Order vs Good 'Til Canceled (GTC) .	Subject to market open/close trading session resets.

4. Risks and Considerations for CFD Traders

1. **Gapping and Slippage:** During major market shocks, a CFD price can gap over your entry/exit levels. If Order A triggers, the cancel command for Order B is sent in milliseconds, but in ultra-fast market conditions, high latency could theoretically lead to execution friction.
2. **Spread Widening:** CFD brokers widen spreads during low-liquidity hours (e.g., market rollover or news events). A temporary spread expansion can trigger an OCO order prematurely even if the underlying asset price hasn't truly broken out.
3. **Execution Expiry:** Always check whether your CFD platform sets pending OCO orders to expire at the end of the trading day (Day) or remain active indefinitely (GTC).



***Past performance does not reflect future results. The above is for marketing and general informational purposes only and are only projections and should not be taken as investment research, investment advice or a personal recommendation.**



Why Choose LIM

Institutional-Grade Trading

Access the same trading tools and conditions previously available only to large financial institutions.



Regulation

London Investment Markets Limited is registered in the Marshall islands, Registered Number: 134064. Senior management is comprised of UK qualified Head of Compliance as well as English qualified lawyers who manage the firm to the highest standards of regulatory compliance.



Client Money Protection

Client money is segregated into a dedicated client money account.



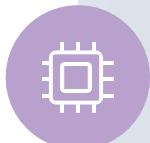
Corporate Governance

The firm is managed by a UK qualified Head of Compliance as well as English qualified lawyers. All procedures at LIM are drafted by market leading professionals.



Liquidity from Large Financial Institutions

Sophisticated technology allows us to provide wholesale interbank prices, historically available only to large financial institutions and corporations.



No Dealing Desk execution

All trades are executed by systems without human interventions.



Secure

Your data is protected by enterprise-grade encryption.