



[Knowledgebase](#) > [Trading](#) > [Basics of Trading](#) > [What is a Stop Loss?](#)

## What is a Stop Loss?

Vi Viphawee - 2026-04-22 - [Comments \(0\)](#) - [Basics of Trading](#)

### □ What is a Stop Loss?

A **Stop Loss (SL)** is an order placed to automatically close a trade when the market moves against you, helping to limit potential losses.

---

### □ How does a Stop Loss work?

When you open a trade, you can set a price level where:

- If the market reaches that level,
- Your position will be closed automatically.

This helps control risk and prevents losses from increasing beyond your chosen limit.

---

### □ Example

If you buy EUR/USD at **1.1000** and set a Stop Loss at **1.0950**:

- If the price drops to **1.0950**,
  - The trade will close automatically,
  - Limiting your loss to that level (subject to market conditions).
- 

### □ Important Notes

- Stop Loss does not guarantee exact execution price during high volatility (slippage may occur).
- It is a key tool in risk management.
- You can modify or remove your Stop Loss while the trade is open.

---

*□ This content is provided for informational purposes only and does not constitute investment advice. Trading involves risk.*