Sizing per name: from risk to shares

> **SHARE SIZING**
>
> Cash at risk divided by the stop distance: with one share as the unit, the division IS the share count. The platform's sizing arithmetic at its simplest - and with fractional shares removing the rounding step, the computed size and the held size can match exactly, which strips sizing of its last excuse.

Three tracks divided a budget by a per-contract risk. Equities does the same division, and the answer arrives already denominated in shares.

The chain, one unit long

Each share loses exactly the stop distance across the stop - no multiplier, no lookup, no currency leg on a domestic name. Cash at risk divided by stop distance is the share count, full stop. Work the example: the whole machine that took three lessons of commodity plumbing runs here in one line - which is exactly why it gets skipped, and why this lesson exists to make skipping it feel as wrong as it is.

What equities changes about the mechanics

The floor rarely bites: fractional shares mean the computed size is usually the held size - the whole-contract compromises of other tracks mostly vanish, and with them the under-budget slack.Position value falls out free: shares times price - and it feeds the per-name cap lesson 6 adds, the second constraint equity sizing carries.Expensive shares change nothing: a four-figure share price just means fewer shares for the same risk - the division does not care, and neither should the trader.

The two-constraint preview

Equity sizing answers to two masters: the risk budget against the stop - this lesson - and the concentration cap against the name, lesson 6's subject, because a stop cannot price the overnight halving. The final size is the smaller of the two answers. That second constraint is new to this track, it exists because ownership concentrates in a way derivative baskets did not, and it is where equity sizing stops being merely the easiest version of the platform's arithmetic.

Worked example - figures in USD

A $100,000 account risking 1% on a domestic name, stop $0.50 away. One share is one unit.

1. The account risks 1% of $100,000: $1,000, fixed before the chart is opened - three tracks of the same first step.
2. The stop sits $0.50 away, and one share loses exactly that across it - so the budget buys 2,000 shares at $1,000 of risk.
3. No multiplier, no conversion, and with fractional shares available the floor rarely bites: equity sizing is the platform's arithmetic at its purest, which leaves no excuse for skipping it.

Check your understanding

1. Why does equity sizing reduce to a single division?

a. Brokers compute it automatically

b. One share is one unit: each share loses the stop distance across the stop, so budget over distance is already the share count

c. Equity stops are always round numbers

Answer: b. The units=1 case of the platform's arithmetic - no multiplier, no spec lookup. The simplicity is the trap: it makes the pre-trade computation feel optional, and it is not.

2. Why does the final equity size answer to two constraints rather than one?

a. Regulators cap retail position sizes

b. The stop prices ordinary adversity, but only a per-name cap prices the overnight halving a stop cannot reach - the size is the smaller of the two answers

c. Fractional shares require a second check

Answer: b. Risk-per-trade handles the expected case; concentration handles the catastrophic one. Lesson 6 builds the second constraint - new to this track because ownership concentrates.