Stocks and Shares · Managing equity risk · lesson 3 · 6 min read

The stop, sized to the name's range

> **RANGE-BASED EQUITY STOP**
>
> A stop placed from the name's measured movement - its ATR, scaled by a chosen multiplier - rather than round numbers or chart nostalgia. The commodities discipline transfers nearly whole, with two equity edits: every name has its own range, and the range has a scheduled exception the next two lessons own.

The range-stop lesson has been taught once per track, and its logic does not change: a stop inside the instrument's ordinary wander is a donation. What changes here is the word 'instrument' - equities has thousands, each with its own wander.

The per-name range

A placid utility and a small biotech can differ tenfold in daily range as a percentage of price - the same multiplier on the same account produces entirely different stop distances, correctly. The ATR does the measuring per name; the discipline is refusing to transplant a stop distance between names because it 'worked' - the number belongs to the range it was measured from, and moving it is the imported-intuition error from commodities, now available between every pair of names on the exchange.

The equity edits to the discipline

The tier bends the honest multiplier: thin names print outliers through their own spreads - module 2's profiles - so small-cap stops earn extra width or the position earns extra scepticism.The decomposition guards the trigger: a name-based thesis stopped out by a market-layer swoon was mis-stopped - the ratio charts from module 2 say which layer is moving, and stops on the wrong layer's noise are donations with paperwork.Levels can inform, honestly: equity levels carry real memory - module 2's auction prints and volume nodes - and a range-based stop placed just beyond a real traded level is the legitimate marriage; a stop AT the round number remains what it always was.

The exception that owns the next two lessons

All of this prices continuous, ordinary movement - and four times a year, per name, the movement is neither. Earnings gaps do not respect stops, halts suspend them entirely, and no placement inside the week of results changes either fact. The range-stop covers the name between events; the events themselves need the machinery the platform built for scheduled gaps, and lessons 4 and 5 install the equity version.

Check your understanding

1. Why can a stop distance never be transplanted between names?

a. Broker rules differ by share

b. Each name has its own measured range - the same distance is outside one name's noise and deep inside another's

c. Stop distances must be round numbers

Answer: b. The distance belongs to the range it was measured from. Tenfold differences in percentage range between names make transplanting the commodities imported-intuition error, multiplied.

2. A name-based thesis is stopped out during a broad market swoon. What went wrong?

a. The thesis was wrong

b. The stop listened to the wrong layer: market noise triggered an exit from a name-layer position - the decomposition applies to stops too

c. The stop was too wide

Answer: b. Module 1's layers again: a stop guarding a company thesis should be placed and read against name-layer movement. Market-layer wander stopping name-layer positions is structure fighting itself.