

The Causal Effect of Stop-Loss and Take-Gain Orders on the Disposition Effect

[Get access >](#)

,,

The Review of Financial Studies, Volume 30, Issue 6, June 2017, Pages 2110–2129,
<https://doi.org/10.1093/rfs/hhx016>

Published: 16 February 2017

A correction has been published: *The Review of Financial Studies*, Volume 31, Issue 9, September 2018, Pages 3687–3688,
<https://doi.org/10.1093/rfs/hhy056>

Abstract

We investigate whether automatic selling devices causally reduce investors' disposition effect (DE) in a laboratory experiment. Investors can actively buy and sell assets. Investors in the treatment group use stop-loss and take-gain options to automatically sell assets. In addition, we introduce a reminder condition that reminds investors about their selling plan if a limit is hit. Results show that the automatic selling device treatment significantly reduces the DEs, but the reminder treatment does not. Thus, the opportunity to ex ante commit to automatically selling at a loss causally reduces the disposition effect.

Received August 13, 2015; editorial decision October 12, 2016 by Editor Stefan Nagel.

© The Author 2017. Published by Oxford University Press on behalf of The Society for Financial Studies. All rights reserved. For Permissions, please e-mail: journals.permissions@oup.com.

This article is published and distributed under the terms of the Oxford University Press, Standard Journals Publication Model (https://academic.oup.com/journals/pages/about_us/legal/notices)

JEL: C91 - Laboratory, Individual Behavior, G02 - Behavioral Finance: Underlying Principles, G11 - Portfolio Choice; Investment Decisions

You do not currently have access to this article.

Sign in

 [Get help with access](#)


Personal account

- Sign in with email/username & password
- Get email alerts
- Save searches
- Purchase content
- Activate your purchase/trial code
- Add your ORCID iD

[Sign in >](#)

[Register](#)

Institutional access

 [Sign in through your institution](#)

[Sign in through your institution](#)

[Sign in with a library card](#)

[Sign in with username/password](#)

[Recommend to your librarian](#)

Institutional account management

[Sign in as administrator](#)

Purchase

[Subscription prices and ordering for this journal](#)

[Purchasing options for books and journals across Oxford Academic](#)

Short-term Access

To purchase short-term access, please sign in to your personal account above.

Don't already have a personal account? [Register](#)

The Causal Effect of Stop-Loss and Take-Gain Orders on the Disposition Effect - 24 Hours access

EUR €51.00

GBP £44.00

USD \$55.00

Rental



This article is also available for rental through DeepDyve.