Trading Plan

for

Trader X

| **VERSION** | **DATE** | | **AUTHOR** | **RATIONALE** |
| --- | --- | --- | --- | --- |
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# Vision statement

## Objective and Motivation

My primary objective of being a trader is...

## Business opportunity analysis (*02 Business start-up: Trading)*

* Available financial resources
* Implicit costs…
* Explicit costs…

## Projection with milestones

* Year 1
* Year 2
* Year 3

# Trading resources

## Available human resources *(03 Emotional Reactivity in Trading)*

## Strengths and weaknesses

Compare subjective assessment of experience, skill set, etc. with objective assessment by means of a personality test:

1. My strength/s is/are...
2. My weakness/es is/are…

## Available intellectual capital

Transferable skills, trading-related education

## Technical equipment

My broker of choice is... because…

My trading platform is… because….

My backup in case of computer or Internet failure is...

# Product selection

## Liquidity

## Volatility

## Trading cost

## Capital requirements

# Trading time and place

## Time

Specify main session, overnight session, etc. for each product:

* I will not open trades in the US session until 15:45 to allow the opening range to form.

Contracts traded in the EU morning session (8:00-12:00 GMT+1) and afternoon EU session (14:00-15:30 GMT+1):

* Mini-Dax, WTI Crude oil, EUR/USD, E-mini NASDAQ 100 Index

Contracts traded in the US session (15:45-21:00 ET):

* E-mini S&P 500 Index, E-mini NASDAQ 100 Index, Mini Russell 2000 Index, WTI Crude oil

Economic releases:

* I will close open positions 10 minutes before major economic announcements (specify for each product!) and not open any new positions until the initial volatility of the market’s reaction subsides to levels matching my risk parameters.

I will only trade on days when I am rested and relaxed.

I will not trade on days when I am feeling sick, hung over, particularly tired or when I’m distracted by family, friends or other external events in my life.

## Place

Describe the environment from which you are trading and how you keep yourself from being distracted. State whether you trade from home, a separate home office in your house or a shared office environment and what changes you would make once you progress through your trader development.

“I will only use the mobile trading app for closing open positions in case of...”

# Trading process

## Pre-/ Post-market routine

* + 1. **My daily pre-market routine:**
* Wake up at 7:00…
* …
* …
  + 1. **My daily post-market routine:**
* Review daily trades
* …
* Shut down computer at 18:00…

## General risk management *(04 Risk and Money Management)*

My trading strategy and reasons for opening and closing positions is clearly defined in Section 6.1 of my plan…

### Risk per trade

For every trade I enter, I will not risk more than x%... of my trading account. One risk unit is equivalent to x contracts.

### Overall risk limits

My daily/weekly/monthly risk limit is x%...

## General money management

In case of an extended drawdown, I will...

When my trading equity exceeds the amount I need to trade my strategies, I will withdraw the surplus and/or allocate it to other longer-term strategies/accounts.

### Position sizing

My initial trading size (with the possibility of adding additional contracts up to the total position limit) for each instrument is listed in the table below:

|  |  |  |  |
| --- | --- | --- | --- |
| Equities |  |  |  |
| Mini Dax | EUREX | FDXM | x |
| E-mini S&P 500 Index | CME | ES | x |
| E-mini NASDAQ 100 Index | CME | NQ | x |
| Mini Russell 2000 Index | CME | RTY | x |
|  |  |  |  |
| Energy |  |  |  |
| Crude Oil WTI | NYMEX | CL | x |
|  |  |  |  |
| FX |  |  |  |
| Full EUR/USD | CME | EU6U | x |

The overall position limit within an asset class is X contracts and Y contracts across all asset classes. I will modify position limits up or down according to Section 5.2.1 and update this Trading Plan accordingly.

# Trading strategy and execution

## General strategy *(05 Market Ecosystem Analysis)*

### Competitive analysis

My general trading approach is based on the predictability of autocorrelated order flow from institutional order execution algorithms due to...

Specifically, I believe that…

## Entry and exit criteria *(06 Algo Order Flow Strategies)*

### Entry

I will open positions if…

* Trending price action…
* Range bound price action…

### Exit

Negative trades:

I will exit negative trades at a predefined stop-loss or before that if order flow invalidates the entry.

Positive trades:

I will exit positive trades at the initial target range unless order flow invalidates the reason for holding the position and it is closed subsequently.

## Emotional mindset and discipline

After a positive trade, I will…

After a negative trade, I will...

1. If I break **ONE** of the rules detailed in my trading plan, I will…
2. If I break **TWO** of the rules detailed in my trading plan, I will...
3. If I break **THREE** of the rules detailed in my trading plan, I will…

# APPENDIX

## Glossary

**Example:**

**Aggressive buying/selling:** This signals increased level of urgency to fill an order because orders cross the spread instead of passively waiting for execution. “Aggressive” within the meaning of this Trading Plan is defined as a specific quantity of contracts traded at a given price level by using market/marketable limit orders (i.e. removing liquidity).

I pledge to follow this Trading Plan (and update it, if necessary) and I also assume full responsibility for its implementation.

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Place, Date Signature