



PERSONAL TRADING PLAN

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Contents

1. Self Assessment

- 1.1 Why do I want to be a trader?
- 1.2 What is my style?
- 1.3 What are my strengths and weaknesses?
 - 1.3.1 What are my psychological strengths and weaknesses, especially in terms of trading system development?
 - 1.3.2 What are my strengths and weaknesses in terms of personal discipline?
- 1.4 Do I tend to get compulsive? (i.e., get caught up in the excitement of trading), have personal conflicts? (i.e., have a history of conflicts with my family, at my job, or during past trading experience), or have any emotional issues that constantly crop up, such as fear or anger?
- 1.5 Am I in the right frame of mind?
- 1.6 How much time during the day, week, month do I have to devote to trading?
- 1.7 When I'm trading, how many distractions can I expect to have? How will I deal with those distractions?
- 1.8 How much time do I expect to devote to developing my trading system? And to doing my personal psychological work, and to working on my business plan for trading?
- 1.9 What are my computer skills? What skills do I need before I begin this trading venture?
- 1.10 What do I know about statistics?
- 1.11 How would I rate my market knowledge?

2. Defining My Objectives

- 2.1 What are my annual trading goals?
 - 2.1 What are my monthly trading goals?
- 2.2 What are my weekly trading goals?
- 2.3 What are my daily target goals?
- 2.6 How much money do I have personally? How much of that money could I afford to lose? For example, most funds stop trading at 50 percent. How much risk can I afford to take on a given trade?
- 2.7 How much money do I need to make each year? Do I need to live off that money? What if I don't make enough to live off? Can I make more than I need to live off so that my trading capital can grow? Can I stand regular withdrawals from my trading capital to pay my monthly bills?
- 2.10 How will I know my plan is working, and how will you know when it's not working? What do I expect from my system in various kinds of markets? Trending? Consolidating? Highly volatile?

3. Markets, Instruments & Time-frames

- 3.1 Which markets will I trade?
- 3.2 Which Instruments will I trade?
 - 3.2.1 What kind of markets do I want to trade? Is it appropriate to specialize? Do I want to trade only liquid markets, or are there some illiquid markets I'd like to trade?
- 3.3 What beliefs do you have about entering the markets? How important do you believe entry to be?
- 3.4 Which time-frames will I trade?

4. Tools of the Trade

- 4.1 Which financial vehicle will I use to trade?
- 4.2 Which broker and trading platform will I use to trade?
- 4.3 Which software & data-feeds will I use to trade?

5. Before the Market Opens . . .

- 5.1 What is my daily pre-market routine?
- 5.2 Have I analyzed my last trades?
- 5.3 Have I any open positions?
- 5.4 What are the general market conditions?
- 5.5 What will I do each day, hour by hour?

6. Risk & Money Management

GENERAL RISK MANAGEMENT

- 6.1 What is my attitude towards risk?
- 6.2 What is my overall market risk?
- 6.3 What about broker and hardware risk?

6.4 What is my strategy risk?

SPECIFIC RISK MANAGEMENT

6.5 What is the probability of a successful trade?

6.6 What is the risk/reward ratio

6.7 What is my risk per trade?

6.8 Given my goals in terms of returns and draw-downs, what kind of initial risk stop do I want? If it's close, will I be able to get right back into the market so that I won't miss a move?

6.9 Where will I place my stop loss orders?

6.10 When will I stop trading?

GENERAL MONEY MANAGEMENT

6.10 Large draw-downs and profits – what will I do?

6.11 Which money management approaches will I use?

SPECIFIC MONEY MANAGEMENT

6.12 How will I lock in profits?

6.13 How will I determine my position size?

6.15 What will I do in terms of money management (or “position sizing”)?

7. Exit Strategy

7.1 Losing trades - Will I exit before my stop is hit?

7.2 Losing trades – Which signals will see me scaling out of the trade?

7.3 Winning Trades – Which signals will see me exit completely?

7.4 Winning Trades – Which signals will see me scaling out of the trade?

8. Trade Strategies, Set-ups & Entries

8.1 Which strategies will I trade?

8.2 What are my set-ups?

8.3 How will I find my set-ups?

8.4 Which signals will trigger my entry?

9. After the Market Closes . . .

9.1 Have I recorded today's trades?

9.2 Did I execute today's trades according to my plan?

9.3 Have I completed my trading journal?

10. Discipline

10.2 What are my promises to myself?

10.3 What questions will I ask after a winning trade?

10.4 What questions will I ask after a losing trade?

10.5 What steps will I take to improve my trading career?

Appendix A: Entry Conditions or Signals

Primary Set-ups

Secondary Set-ups

Appendix B: Exit Conditions or Signals

Primary Set-ups

Secondary Set-ups

Appendix C: Complete examples

Appendix D: Back-tested and/or Forward tested results

Appendix E: Trading Room Set-up

Appendix F: Disaster Recovery Planning

Appendix G: Personal Development

1. Self Assessment

1. Why do I want to be a trader?

- I want to be a trader because _____
- My primary objective in wanting to be a trader is _____ (be my own boss, etc.)
- My secondary objective is to _____ (spend more time with my family and enjoy the freedom of being able to trade from anywhere in the world).
- These objectives are important to me because _____ (they provide purpose and direction to my life and enable me to lead a more balanced one).
- I believe I can achieve my objectives because _____ (say no more!)

1.2 What is my style?

- I am a _____ trader and my style is very _____ aggressive, conservative, daily news trades etc.) Sample - which makes me suited to scalping intraday or, alternatively, conservative – which makes me suited to swing trading end of day (E.O.D.).
- I understand that I cannot predict the future and I accept that I cannot control the markets.
- However I can control myself, which I will do by _____ (adhering strictly to my trading plan that is detailed, specific, tested and profitable).

1.3 What are my strengths and weaknesses?

- My primary strength is _____ (allowing my profits to run and closing trades in accordance with my exit strategy. This contributes to 'my edge' and helps me towards my goal of being consistently profitable in the markets).
- My secondary strength is _____
- My primary weakness is _____ (wanting to recoup a loss quickly which, almost inevitably, results in increased losses). The following aspect of my trading plan will help to control this weakness and prevent losses from spiraling out of control . . . (I have a pre-defined daily stop. If it is hit, I stop trading for the day).
- My secondary weakness is _____

1.3.1 What are my psychological strengths and weaknesses, especially in terms of trading system development?

I am very strategic and patient, which I believe is useful in developing long-term strategies for trading. I'm self-confident, which gives me a lot of psychological strength in trusting the systems we develop. In terms of weaknesses, I guess I'm always trying to get a lot done - perhaps too much. Sometimes that can distract me from my primary mission as a trader.

1.3.2 What are my strengths and weaknesses in terms of personal discipline?

I am fairly good at discipline. I have no problems following a system.

1.4 Do I tend to get compulsive? (i.e. get caught up in the excitement of trading), have personal conflicts? (i.e. have a history of conflicts with my family, at my job, or during past trading experience), or have any emotional issues that constantly crop up, such as fear or anger?

- I certainly don't think of myself as compulsive. I don't find trading exciting at all. It's just a business to me. I look at trading as an interesting brain tease.
- I don't think I have any conflicts.
- My family life is reasonably stable. In addition, I rarely get angry or frustrated.
- I used to get tense from time to time. But I learned something in one of your seminars about what happens first when I get tense. In my case, my fingers got tense first. As soon as I became conscious of it, I automatically went into a relaxation state as soon as I noticed it. And now it's so automatic for me that I don't even notice it.

1.5 Am I in the right frame of mind?

- **I will only trade on days when _____** (I am rested, relaxed and not distracted by work or family etc. I will be guided by my trading plan and I will adhere to it rigidly. It will help to prevent me from making trades that are poorly conceived and executed; i.e. trades that are based on gut feeling and motivated by fear and/or greed).
- **I will not trade on days when _____** (I am feeling off color, particularly tired or when I am mentally distracted by other events in my life).

1.6 How much time during the day, week, month do I have to devote to trading?

- I've got about 6 hours each day, but that time is mostly involved in managing our trading business.

1.7 When I'm trading, how many distractions can I expect to have? How will I deal with those distractions?

- _____ Family, Pets, part time or full time job....

1.8 How much time do I expect to devote to developing my trading system? And to doing my personal psychological work, and to working on my business plan for trading?

- _____
- In my case, I've already put in a lot of time over the last 20 years. However, we are always planning and doing research. I put in however much time it takes.

1.9 What are my computer skills? What skills do I need before I begin this trading venture?

- _____

1.10 What do I know about statistics?

- _____
I understand and can use simple statistics. In addition, I'm familiar with some multivariate statistics.

1.11 How would I rate my market knowledge?

- _____
I have extensive experience in options, futures, stocks, bonds, mutual funds, cash currencies. I am very familiar with trade mechanics and low cost execution. I also have my own perception of how the markets work.

2. Defining My Objectives

2.1 What are my annual trading goals?

- **My annual trading goal is to** _____ (develop my trading 'edge' in order to tip the balance of probabilities in my favor. At the moment, this comprises three separate elements, namely:
 - 1.I receive coaching from _____, who is one of the best practitioners of the strategies that I employ.
 - 2.I model the best trading practices, including having a written, clearly laid out trading plan.
 - 3.My strategies are well developed, tested and monitored comprehensively to ensure that they remain tradable, market sensitive and profitable).
- **I expect to achieve these goals because** _____ (in addition to the coaching, I read xyz magazine and study the words of wisdom from the more experienced members of _____).
- **When I achieve my goal, my reward will be** _____ (buy the car I've always wanted, a two week family holiday with an infinity swimming pool which magically spills over into the Straights of Gibraltar, set against the stunning backdrop of the Atlas mountains of Morocco).

2.1 What are my monthly trading goals?

- **My monthly trading goal is to** _____ (achieve consistent profitability every month).
- **I expect to achieve these goals because** _____ (I review my performance on a daily / weekly / monthly basis and quickly spot any problems, should they occur).
- **When I achieve this, my rewards will be** _____ (a celebratory meal out with my partner / family at).

2.2 What are my weekly trading goals?

- **My weekly trading goal is to** _____ (trade every day of the week in accordance with my trading plan. This will entail taking my stops instantly; sticking to my risk and money management strategies; following my exit criteria and devoting most of my time to searching for new trades and choosing only the very best set-ups).
- **When I achieve this goal I will reward myself by** _____ (buying, holiday, etc.).

2.3 What are my daily target goals?

- **My daily trading goal is to _____** (trade according to my plan. Today I will stick to my plan because it is detailed, specific, tested and profitable. I am confident that I have the self discipline to adhere to it which, in turn, will ensure that my weekly, monthly and annual goals are met).
- **Assuming that I stick to my plan, I will reward myself by _____** (having a little 'night cap' at bedtime. Nothing blended - single malt, obviously!)

2.4 What are my income targets?

- **My financial targets are _____** (to achieve a return of X% per year, which equates to an annual income of _____ without the draw-down on my account exceeding a maximum of Y%).
- This equates to an average monthly income of _____, an average weekly income of _____ and an average daily income of _____.
- Therefore, I have a daily target of Z% of my total equity).

2.5 What is my advantage or edge in trading? What is the particular concept that I'm trading that gives me an advantage?

- Strategic thinking is our edge, because so many people don't do that. We also have an edge in terms of patience and detachment. Most people are neither patient nor detached.
- Computer programming is also an edge. Most people don't take it to the level that we do. Long-term automated trend following is the outflow of the edge.

2.6 How much money do I have personally? How much of that money could I afford to lose? For example, most funds stop trading at 50 percent. How much risk can I afford to take on a given trade?

- I have several million dollars and I could afford to lose 25 percent of that comfortably. All of my money is in our trading program, and we're only risking between 0.8 to 1.0 percent per trade.
- However, if I were trading on my own, I'd go to 1 percent to 1.5 percent. I think 2-3 percent risk would push the envelope for me, partially because I could be in up to 20 markets at a time.

2.7 How much money do I need to make each year? Do I need to live off that money? What if I don't make enough to live off? Can I make more than I need to live off so that my trading capital can grow? Can I stand regular withdrawals from my trading capital to pay my monthly bills?

- My income comes from my salary at _____ so I don't need anything from my trading income. Trading income is simply a second income for me.

2.8 How much social contact do I need?

- I don't need much, but I do enjoy it.

2.9 Can I work by myself day after day? Do I need one or two other people around, or do I need a lot of other people around? How much do those other people influence me?

- I can easily work by myself because _____

2.10 How will I know my plan is working, and how will you know' when it's not working? What do I expect from my system in various kinds of markets? Trending? Consolidating? Highly volatile?

- I plan everything. I set up worst-case scenarios, and we run through them just as an exercise. I have specifications on the best case and the worst case for each scenario. Thus, when something comes along, I have usually planned for it and have a range of expectancy. If the results fall within that range, then I know everything is as planned. If the results fall outside that range, then I know that something needs to be fixed. We'll then step in and study what went wrong.
- Generally, I expect a 40 percent return at the best and a 10 percent return at worst, with average returns of 15 to 25 percent. We also expect worst-case draw-downs of 25 percent.
- I remember one year I had a return greater than 40 percent. I'm glad that happened because I was outside the extremes of our parameters. What it told me is that our risk was too great and that we could also be outside the range on the downside. As a result, we went in and cut down our risk so that the worst case on the downside couldn't happen.

3. Markets, Instruments & Time-frames

3.1 Which markets will I trade?

- The secondary markets that I will trade are _____ . (energies, metals, indices, etc).

3.2 Which Instruments will I trade?

- The currency pairs that I will trade will _____ (not exceed X and be determined according to their liquidity, i.e. a minimum daily volume of xxx).

3.2.1 What kind of markets do I want to trade? Is it appropriate to specialize? Do I want to trade only liquid markets, or are there some illiquid markets I'd like to trade?

- I'm a generalist, not a specialist. I only concentrate on liquid markets. If I didn't concentrate on these liquid markets, then we'd have a very small capacity-not the several billion dollars we're shooting toward.

3.3 What beliefs do you have about entering the markets? How important do you believe entry to be?

- Entry is probably the least important component of my trading. I want to enter the market when there is a change of trend. At that very instant-when the trend changes - the reward-to-risk ratio is the best it will be for the rest of the trade.

3.4 Which time-frames will I trade?

As a day trader/swing trader/long term trader, I will use _____ (daily charts to determine the trend; 60 minute charts to monitor my open positions; 5 minute charts for tight entry; 1 minute charts for major news events).

4. Tools of the Trade

- My choice of broker is _____ (they have won numerous industry awards for their lightning fast trading platform and their customer service is second to none).

4.1 Which financial vehicle will I use to trade?

- My choice of financial vehicle is _____ (forex trading, affiliate marketing, combination,).

4.2 Which broker and trading platform will I use to trade?

- _____

4.3 Which software & data-feeds will I use to trade?

- My choice of data feed is _____.

5. Before the Market Opens . . .

5.1 What is my daily pre-market routine?

- **My daily pre-market routine comprises five key areas, namely _____**
 - (1. To analyse and log yesterday's trades.
 2. To review any open positions and update targets and stops.
 3. To assess today's market conditions and plan accordingly.
 4. To plan the day ahead, hour by hour.
 5. To make an initial selection of possible instruments to trade).
-

5.2 Have I analyzed my last trades?

- **Each day, I will ensure that yesterday's trades are _____** (analyzed and logged and that my trading journal is up to date. Additionally, I will check to ensure that I adhered to all aspects of my trading plan).
- **In the event that I fail to adhere to my trading plan _____** (I will amend the new day's trading activity in accordance with the discipline procedures detailed in section xxx of my plan).

5.3 Have I any open positions?

- **If I have positions open in the market _____** (I will update targets and stop losses and confirm that the reasons for entering the trade in the first place are still valid).

5.4 What are the general market conditions?

- **Before trading, I will check _____**
 - (1. index futures to see if they are flat, trending up/down or mixed. This is a positive/negative sign because . . .
 2. to see if any key economic reports are due to be released and at what time – i.e. Michigan Sentiment.
 3. to see if any key personnel are due to make announcements / speeches and at what time – i.e. company C.E.Os. or Alan Greenspan addressing Congress etc).
-

- 4. Analyze over night activity for high/lows, takeouts, higher highs/lower lows, set indicators for modifications based on my trading parameters.

● I aim to trade the market setup BEFORE these reports and speeches. Therefore, I will not trade for _____. (the first 15 minutes following the speech / announcement and observe the reaction to it by the market. This will help to ensure that I 'trade what I see and not what I think').

5.5 What will I do each day, hour by hour?

- **As a U.S. day trader, I have a daily diary which _____** (covers the market hour by hour. Before 12.00 noon GMT is free time for relaxing.
 - 7 AM – have breakfast,
 - 7:30 – undertake the tasks outlined in parts 9.2 to 9.5 of my plan.
 - 7:45 – prepare for the open; search for opening gap plays and load alerts.
 - 8 – trade the open.
 - 11 – stop and search for potential
- 12-2 o'clock reversal plays.
- on and so forth throughout the rest of the day).

6. Risk & Money Management

GENERAL RISK MANAGEMENT

6.1 What is my attitude towards risk?

- **My attitude can be summed up as being _____** (risk averse and always seeking to minimize risk wherever possible. I will achieve this via diversification and adhering strictly to the risk management regime contained in this section of my trading plan).

6.2 What is my overall market risk?

My maximum exposure in the market will _____ (not exceed a combined total of 5% of my capital at any one time).

6.3 What about broker and hardware risk?

- **My main broker is _____** (In extreme circumstances when my main broker is down, I have the option of hedging my positions with my other broker).

- **In the event that my PC crashes** _____ (I have a back up PC with internet, wireless connection and all my data is backed up daily onto cloud, or removable disc. Additionally, I always have my mobile on and fully charged while trading, with numbers of the key departments of both brokers stored in the memory).

6.4 What is my strategy risk?

I will monitor the draw-down on all my trading strategies. In the event that this figure _____ (exceeds X%, I will stop trading that strategy immediately and review the whole approach).

SPECIFIC RISK MANAGEMENT

6.5 What is the probability of a successful trade?

My set-up(s) is (are) _____ (clearly defined in section xxx of my plan and I am so familiar with it that I can spot it in real time instantly. Extensive back testing and forward testing by paper trading provides consistent data that indicates the set-up has a probability (i.e. Success ratio) of X%).

6.6 What is the risk/reward ratio

- **I have forward tested my strategy initially by paper trading** it and subsequently by using very small sums of money in live trading.
- **The results enable me to determine** _____ (a 'Success' ratio of 2:1 or better and a 'Sharpe' ratio of 1.5:1 or better. Therefore, I have calculated my risk-reward ratio to be in the order of 2:1 or better).

6.7 What is my risk per trade?

- **For every trade I enter, I will not risk more than** _____ (2% of my total equity. For each trade I will identify the ideal stop loss point and vary the number of contracts/shares _____ to ensure that I do not risk more than 2%).

6.8 Given my goals in terms of returns and draw-downs, what kind of initial risk stop do I want? If it's close, will I be able to get right back into the market so that I won't miss a move?

- Stops, in my opinion, should be a violation of the reason why I wanted to get into the trade in the first place. And, yes, I always have a way to get back into the trade.
- My stop is a function of the market and what it's doing. It's only indirectly related to risk - unless the risk is too big for me to even take a position. I control risk as part of my _____ money management, which I suspect you'll ask about later on in this interview.

6.9 Where will I place my stop loss orders?

- **For every trade I enter**, I will decide in advance where to place my stop loss in the event that the trade goes against me. Its placement will be governed by. . . (the type of trade; i.e. tight for a scalping strategy and wide for a swing trade strategy).

6.10 When will I stop trading?

1. **Upon reaching my daily target I will stop trading** _____. (after the first losing trade).
2. **Before reaching my daily target I will stop trading** _____ (after two losing trades).
3. **To ensure further that my losses** are kept to a minimum, I will _____ (have a maximum daily stop of 3% of my equity).
4. **I will not trade at all on days where** _____ (I do not see the set-ups and entry triggers, exactly as specified in my plan).

GENERAL MONEY MANAGEMENT

6.10 Large draw-downs and profits – what will I do?

- **In the event of a large draw-down, I will** _____ (only credit additional funds to my account with 'spare' money that I can afford to lose. I will not commence trading again until I have identified the cause of the draw-down and have re-tested the strategy to ensure that it meets my profit objectives).
- **When my trading equity exceeds the amount I need to trade my strategies, I will** _____ (withdraw the surplus and _____)

6.11 Which money management approaches will I use?

As my trading account grows, I will _____ (increase my position size to a maximum of X contracts / shares whilst remaining within the parameters of my risk management strategy).

SPECIFIC MONEY MANAGEMENT

6.12 How will I lock in profits?

- **I will utilize a trailing stop which I will position** _____ (x points below the lower high in an uptrend or y points above a higher low in a down trend).

6.13 How will I determine my position size?

- I am a scalper so this approach does not apply to me!
- I am a swing trader and I will build my position by _____ (adding x contracts / No. of shares at the next ABC continuation pattern.
- After that I will add _____)

6.14 How do I plan to take profits? Reversal stops? Trailing stops? Technical stops? Price objectives?

- Contrary to popular opinion, much of your emphasis should be in the area of stops and exits.
- I don't limit the amount I can make in a trade. My philosophy is to let my profits run. If I ever find a trade that keeps going in my direction so that I never have to get out, great!
- I use trailing or technical stops. Once those are hit, I'm out of the position.

6.15 What will I do in terms of money management (or "position sizing")?

- I set up a portfolio of instruments to be traded at set risk and volatility limits as a _____ percentage of equity. I monitor the amount of initial risk and volatility and keep them at _____ set limits. In addition, I keep the ongoing risk and volatility at fixed percentages of my equity. As a result, I always know how much fluctuation can occur in my portfolio overnight and it's well within my sleeping limits.

7. Exit Strategy

7.1 Losing trades - Will I exit before my stop is hit?

- If the trade goes against me, my exit strategy permits me to _____ (close the trade early if the conditions in _____ below are met).

7.2 Losing trades – Which signals will see me scaling out of the trade?

-
- If the trade goes against me, I will exit before the stop loss order is filled _____. (if the price does not move X points in my favour by the close of the next price bar following entry).
- I will close half my position _____ (upon a X% increase/decrease in volume compared with the previous price bar).

- **I will close out the second half of my position _____** (at the very end of the day, based on my research which indicates that on trending days, my instruments close within X% of the high of the day (H.O.D.)).

7.3 Winning Trades – Which signals will see me exit completely?

- **I will close my whole position immediately _____** (upon the price crossing the XYZ moving average).
-

7.4 Winning Trades – Which signals will see me scaling out of the trade?

- **I will close half my position _____** (upon a X% increase/decrease in volume compared with the previous price bar).
- **I will close out the second half of my position _____** (at the very end of the day, based on my research which indicates that on trending days, my instruments close within X% of the high of the day (H.O.D.)).

8. Trade Strategies, Set-ups & Entries

8.1 Which strategies will I trade?

- **My primary trading strategy is** Conservative on a 15 min chart with a minimum 3 HFS in order with 2 higher highs and higher lows (the HFS 2 and 3) for buys and 2 lower lows and lower highs for sells (the HFS 2 and 3). I will reset the chart starting with 4 hr, 1 hr, then 15 minute to ensure HFS are truly in order. AT some point during the setup the IW should fire AFTER the HFS have been in order but not necessarily after the HH's or LL's. It is a . . . (retracement strategy, the premise is that the market tends to over react to news, be it good or bad, causing the price to become over extended. Subsequently, it then reverts to a more equitable level and the gap is often filled).
- **My secondary trading strategy is** designed for a trending market. It is a _____ (breakout strategy, which aims to jump on the bandwagon upon the continuation of a strong trend).

8.2 What are my set-ups?

- **The set-up for my primary strategy comprises the following elements . . .**
 - (HFS5 and 4 have already been in direction BUT opposite 5 has not yet fired.
 - Preferred higher high or lower low from previous 5 or 4 fire
 - Best option is with HFS6 but not required

4. 3 HFS in order in direction with HFS5,4, Institutional Wave fire AFTER.

- **The set-up for my secondary strategy comprises the following elements . . .**
 1. 4 and 3 in direction and same setup as above except on 5 minute chart with a 321 instead of 432.
 2. Triple takeouts or minor takeouts after all in direction and order as mentioned in primary strategy.
 3. in direction with Institutional Waves firing for directional trade BEFORE major news event.

8.3 How will I find my set-ups?

I will find the set-ups that I require by _____ (DKNR PrecisionFX system).

8.4 Which signals will trigger my entry?

- **The entry trigger for my primary strategy is _____** (X factor fire after entry signal with entry at close of factor candle).
- **The entry trigger for my secondary strategy is _____** (X factor fire after entry signal with entry at close of factor candle).

9. After the Market Closes . . .

9.1 Have I recorded today's trades?

- **After the market closes, I will _____**.
 - (1. examine each trade and write down the following details XYZ.
 2. Annotate a chart and back up same in trading log for future reference).

9.2 Did I execute today's trades according to my plan?

- **In addition to recording all my trades, I check to _____**
(confirm that all trades are _____ executed in accordance with my plan. If they are not, I will assess if the reason is a fault with the plan itself or a discipline issue and take action accordingly).

9.3 Have I completed my trading journal?

- **I regularly update my trading journal with _____** (my thoughts

and feelings about each trade and my conclusions about the day as a whole).

10. Discipline

10.1 Back Test or Forward Test?

- **Before I commence 'live' trading with real money, I will _____**
(back test and/or forward test my strategies to ensure that they are tradable and meet my profit objectives without exceeding my risk and money management parameters).

10.2 What are my promises to myself?

- **If I break one of the rules detailed in my trading plan I will _____** (stop trading for a full day and focus on the reasons why there was a breach of discipline).
- **If I break two of the rules detailed in my trading plan I will _____** (stop trading for two full days and focus on the reasons why there was a breach of discipline).
- **If I break three of the rules detailed in my trading plan I will _____** (stop trading indefinitely until I address the reason for my poor discipline and, if necessary, amend the trading plan).

10.3 What questions will I ask after a winning trade?

After a winning trade I will _____ (1. guard against over confidence and ensure that my attitude remains consistent.

2. check to see that I did everything as well as I could.

3. remind myself that executing the trade in accordance with my plan is more important than the outcome of the trade).

10.4 What questions will I ask after a losing trade?

- **After a losing trade I will _____**
(1. examine the trade and learn what I can from it.
2.. check to ensure that I executed all aspects of the trade in accordance with my plan.
3. evaluate my state of mind to ensure that I am calm, relaxed and ready to enter the market again with an unemotional and professional attitude).

10.5 What steps will I take to improve my trading career?

I will ensure that of the X hours per week devoted to trading _____ (X hours are spent studying the charts. I will devote XX hours to reviewing DKNR webinars and training, XX hours on live webinar and X hours on talking to others about DKNR for affiliate program).

Appendix A: Entry Conditions or Signals

- Give examples of the following along with descriptions, screenshots of charts (as you would see the set-ups and not after the fact). Follow up each set-up with the next check point that validates the signal.

Also give examples where the set-ups don't work to indicate the boundaries or limitations of the set-up.

Primary Set-ups

- _____

Secondary Set-ups

- _____

Appendix B: Exit Conditions or Signals

- Give examples of the following along with descriptions, screenshots of charts (as you would see the set-ups and not after the fact). Follow up each set-up with the next check point that validates the signal.

Also give examples where the set-ups don't work to indicate the boundaries or limitations of the set-up.

Primary Set-ups

-

Secondary Set-ups

-

Appendix C: Complete examples

- Show complete examples of entry, continuation and exits of trades. Include charts, orders, trailing stops, money management for the given trades. Show how your system works on a representative number of samples to illustrate your trading system.

Appendix D: Back-tested and/or Forward tested results

- Include details of how your system performed over a historical back test and also your forward (or demo) testing.
- Link to other external data sources if required (e.g. in Excel or other programs). Review your performance with a trading partner or mentor.

Appendix E: Trading Room Set-up

-
- List in detail your requirements for physically trading. These should include:
 - Room apparatus – tables, chairs, lamps. Whatever set up will make you feel comfortable trading. You could also list perhaps room size, ventilation, air-conditioning, color co-ordination, carpeting, large window – nice scenery etc.
 - Computer hardware & software – take a detailed inventory of what you need to trade effectively. Get specialist advice on the best equipment if necessary. Look to include your operating system, broker software, whatever else might be running at the time you trade. You might also need a maintenance schedule for backups for instance.
 - Telephone and network connections – how fast? how reliable? how secure?
 - What back-up or emergency items do you have for the above list?
e.g. Your computer hard drive crashes during a trade, do you have spare stock? or will you have to go out and buy?

Appendix F: Disaster Recovery Planning

- What will you do when the inevitable happens? Consider the following:
-
- Scenarios – What is most likely to go wrong? What happened during these events if you were trading at the time?
- Solutions – How will you react to those scenarios if they happen again? What will you do if you're in a trade? What are your recovery policies? What are your recovery procedures?
- Resources – What will you need to resolve those problems? Think of everything that might go wrong in your trading room in the last section. You should already have an asset list of replacements at least. What about broker telephone numbers? Support specialist numbers? Support personnel etc.

Appendix G: Personal Development



Write down your roadmap for improving your trading career. Look to include training, reading, teaching or writing etc. Would you like to possibly be a trader with DKNR in the future? Would you like to run a specialty trading room for day trading, news event trading, etc., with DKNR? Do you want to recruit others to trade? Do you want to have others trade with you live in a small group? What will you need to do? How will you do it? What are your long term personal goals?