

# SIMPLER (S) OPTIONS

## Example Trading Plan:

### Why am I trading:

I have recognized that Trading is one of the most challenging and rewarding professions on earth. I welcome the challenge, and through: education, consistency & persistence, a specific trading plan, proper mindset and the right tools, I will overcome the challenges and succeed and prosper in the financial trading arena. This will allow me to govern my own path and destiny without having to rely on anyone else for my well-being.

### What is my Approach:

My beginning approach is to take advantage of short-term trends in the Equity and options, while using the daily (chart) timeframe to scan for potential “Swing” trades that will be held for one to a few days, possibly weeks or until the trend has ended or my target objective has been reached. Once I find consistency in this less frequent timeframe, I will seek to duplicate my success on the more frequent intraday timeframes.

### What are my Goals:

- \* **Monthly** - To never let a ‘planned’ opportunity pass. To follow my trading plan without reservation. Plan to hit “singles & doubles”, knowing that “home-runs” will come over time. Stay consistent!
- \* **Yearly** - To steadily increase my risk amount when my data tells me it is advisable to do so. To continue learning through my day-to-day activities of being in the market and through continued education. To keep trading business expenses to a minimum. To see a steadily rising equity curve!
- \* **Long Term** - To trade for life! To have multiple accounts – One for Income via Day trading, one for Wealth via Swing trading. This will allow me to eventually build up a retirement account where I can trade within a Roth 401K Plan.

### What are my Objectives:

Being a trend-trader, I will seek to attain no less than a 50% win percent age, with an overall Profit Ratio of no less than 1.5.

### What Markets will I trade:

I will focus only on the Equity markets for now, but will look to duplicate successes in other market arenas when my time allows for greater trade frequency.

### What Time-frames will I trade:

Daily setups (only) during my initial trading phase.

### What Setups will I trade:

I will scan for the following two “trend” setups with a squeeze in place:  
1) Basing/Breakout near 21ema, 2) Pullback to Minor Support or at 21ema.

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**Entry rules:**

All orders will be limit orders at the “mid” price for options, once a trade confirmation has been achieved. If my full share lot was not executed, I will seek to add liquidity by buying the remaining shares at the currently displayed bid price.

**Where will I place my Stops:**

My stop-loss prices will always be determined prior to entry, and will be at logical major-pivot locations on the chart that I’m trading from.

**Exit take profit (and/or) trail-stop rules:**

Half profit will be taken nearing a predetermined point of support/resistance, which must represent a 2:1 reward/risk ratio. Final profits will be taken after a confirmation of the end of the current trend (from chart of entry), unless ultimate target has been achieved first.

**Risk Management rules:**

My trade risk will be 1% of current (daily adjusted) trading capital. I will not have more than 4% on any position.

**Pre-market activities, or routine:**

Log in to trading platform. Review index charts for short-term bias. Use Yahoo Finance to review Earnings reports and log into Trade Ideas scanner for new trade opportunities. Load potential trades into Long and Short watch lists. Set alerts near entry points.

**Post-market activities, or routine:**

Update Trading Journal. Take screenshots of closed trades and hyperlink to its corresponding trade journal entry. Review all open trades for possible next day action. Review any closed trades to determine whether plan was followed (or not). Mark up SPY and Q’s chart for next day bias. Clean-up trading platform.

**What Tools will I use for my trading business:**

- \* Trading computer
- \* TOS/TS charting platform
- \* Yahoo Finance, Trade Ideas - scanning software and opportunities
- \* Trading Journal (snagit)

**Review process:**

Review the notes and screenshots of each trade 5-8 days after closure and after all biases and emotions have subsided. Write notes in my journal as to how future trade executions, management and exits can be improved. Bi-weekly, check my trade results to see what types of trades are producing positive expectancy (with frequency). Modify ‘plan’ according to updated information.

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## **Continuing Education:**

Read one new trading book a month from my selected group of trading mentors/authors. Attend two seminars/conferences a year when/if my chosen trading mentors/authors/educators will be teaching or broadcasting.

## **Discipline & Mindset notes:**

I will abide by the (5) Fundamental Truths & “Trader” Mindset, from author Mark Douglas of “Trading in the Zone”.

1. “Anything” can happen
2. I don’t need to know what is going to happen next in order to make money.
3. There is a random distribution between wins & losses for any given variable that defines an edge.
4. An Edge is nothing more than an indication of a higher probability of one thing happening over another.
5. Every moment in the market is unique.

## **My Golden Rules (and/or) Trading Commandments:**

1. I will be disciplined every day, and in every trade.
2. I will be my own trading “self”, never trading another’s plan.
3. I love taking small losses.
4. I will always earn the right to trade bigger.
5. I am not addicted to trading just to see what happens.
6. I will only trade high reward setups that have the probabilities in their favor.
7. I will be a bricklayer – making the same type of trades over and over again.
8. Once I find a setup, I do not hesitate; once in a trade, I do not over analyze.
9. I will always keep a detailed trading log/journal and will act upon what it tells me.
10. Everything I do will be for the success of my trading business.