

**TTRE TradePlan Trainer – Path to Successful Trading
Skill Building Module 1 - A Simple Set of Rules
For Educational Purposes ONLY – see disclaimer
TradeTheRightEdge LLC, Revised August 18,2011**

Trading is a business with 90-95% failures. How do we join the 5% winners?

Why engage in a Trading Training Program?

We start with the premise that trading is a “craft”.

A craft requires specific skilled work. Traditionally to learn a craft, a person joins an apprenticeship or mentorship program, a training of practitioners. Training is done while engaged in the workplace to learn and master their craft until becoming skilled (Master of the Trade) to set up their own shop and make a living.

How do we as traders get skilled to set up our own trading business?

Viewing trading as a skill, we design a learning process to develop these skills step-by-step by a repetitive process. We take the FOCUS AWAY from making PROFITS and making money now, to FOCUS on the TRADING PROCES by creating new habits. Imagine performing trading activities without thinking about it - routine, second nature, emotion-free. The difference between a newer, developing trader and a seasoned trader is the ability to maintain the proper mental discipline and emotional control

Maintain Your Discipline, Stick to YOUR Set of Rules

Mental and Emotional aspects are as important as a Robust Trading Methodology

To acquire trading skills, one must first Build Habits of successful traders.

IMPORTANT NOTE and DISCLOSURE:

The TTRE Trainer is a “trader training tool” to learn, build basic trading skills and discipline with Live Market or in Replay Mode in a NO RISK environment using a Simulator that removes the attention from monetary aspect. It is NOT intended to be traded in a real account as there is no basis to assume that this or any TradePlan would be profitable. There is a high degree of risk for financial loss.

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Creating New Enduring Habits:

Enduring habits are created over time. The more repetitions taken every day, the quicker the new behavioral habits are permanently formed. It costs you to commit to the action for whatever and how long it takes to get it right. Changing behavior is hard. We Build New Habits and break undesired habits by rigorous and disciplined repetition of specific activities in a structured training routine.

Training is a process to alter and create new attitude, knowledge, skills and behavior to acquire competency in specific tasks. High degree of competency in trading is exactly what all traders need to achieve. Competence, proficiency and improving performance are achieved by acquiring knowledge, skills and specific behavior. Skills, Competency and Proficiency grow through experience.

This is NOT EASY but the long term REWARDS are worth it.

DO WHATEVER IT TAKES TO DO THE TASK – Get Started Today

What to Expect to Learn from your Training?

1. Discipline to strictly follow a simple, well defined Set of Rules without deviation.
2. Commit to the trading process and not to the monetary outcome.
3. The mechanics to timely and accurately place, adjust and move orders regardless of feelings, expectations and previous trade results.
4. Execute the Set of Rules precisely without hesitation or confusion and with confidence, effortlessly know how to react to changing market conditions.
5. Inability to carry out set of rules is a sign of a lack of confidence and discipline in sticking to the trade plan. The **TTRE TradePlan Trainer** is a way to build that confidence, proficiency and discipline.

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6. Apply practical trading principles and techniques to Live markets and experience their performance. These techniques are the foundation to learn Dynamic Market Structure, Patterns and Price Action Trading. Draw observations on improving them.
7. Remove all emotions as much as possible, including greed and fear.
8. Accept losses and periods of drawdowns. Trading is a business of probabilities and statistical expectancy. Losses are expected and occur “X” percent or “Y” number of trades. No Trade Plan is 100% profitable. None!
9. Develop “Mental Toughness”. A Trading Mindset.
10. NOT to deviate from Rules when a current trade or account shows a Gain or Loss, especially during training. Any exceptions to primary Rules must be specifically written in your personal Trade Plan.
11. Repetitive success builds confidence. Confidence creates success.
12. Evaluate YOUR performance as the “operator” in charge of carrying out the Set of Rules.
13. Keep a **“Trading Journal”** of your performance and self-evaluation.
14. A “Trading Journal” is NOT the same as a **“TradingLog”** where the trade results are recorded for analyzing and evaluating the methodology and its implementation.
15. Keeping a **“Trading Journal”** and **“TradingLog”** is addressed in a separate TTRE training document.
16. Do NOT go from “Training Mode” to “Live Mode” prematurely, until YOU are ready with documented evaluation of YOUR trader performance in conjunction with a documented robust methodology that YOU are able to trade.

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Trader Performance Evaluation – The Trading Journal, a brief discussion

1. Identify your shortcomings and take positive steps to correct them.
2. Identify what you did right – reinforce your actions
3. Begin to see behavior patterns
4. Take steps to correct your behavior, greed and fear.
5. Face trading reality. It is a continuous learning process about yourself and the changing markets

Self-Evaluation – Some Questions to Answer

1. Did I follow all my rules?
2. What did I do right? – Acknowledge good habits and reinforce
3. Where did I stumble? – identify and take corrective steps
4. Did you place Entry Stop Orders timely and accurately (MSD values) when the “Blue or Red Arrow” Printed at bar close?
5. Were you ready to place order BEFORE bar closed and Arrow printed?
6. Adjust Initial Stop, Targets #1 and Targets #2 per MarketStrengthDisplay?
7. When prices adversely moved against your position, did you follow Set of Rules? Did not bail out, felt overly concerned of “giving up unearned gains”
8. Did you frequently look at running Profit/Loss to see “How you were doing” instead of focusing on how well you adhering to the “Trading Process”?
9. Did you place eXit#3 Stop Orders on bar close and accurately?
10. Were you ready to place eXit#3 order BEFORE bar closed?
11. If eXit#3 triggered, were you ready to place next entry order? Was the new eXit#3 order placed accurately, at the correct price?
12. If eXit#3 order was not triggered, did you keep it active until next eXit#3?
13. What lessons did you learn today?
- 14.** Specifically, what were your difficulties, hesitations and mistakes?
- 15.** Steps are you taking to correct and improve your behavior as a trader?
16. Profit & Loss performance is NOT what we seek during this training phase.

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Getting Started: Creating New Habits, Breaking Undesired Habits

1. **Commit to FOCUS on the Trading Process** and NOT on the monetary outcome of the trades.
2. **Commit to executing the Set of Rules** of the TTRE TradePlan Trainer in a “Risk-free Environment” in **Simulator Mode ONLY. DO NOT trade in a real account with the TTRE Trainer.**
3. Select the eXit#3 technique described herein.
4. **Commit NOT to deviate or change any of the rules.**
5. Start creating **Habits of Successful Traders** to record, analyze and evaluate Trader Performance and Methodology/Strategy results.
6. Keep accurate **“TradingLog”** to create new habit recording trading data.
7. Keep an honest **“TradingJournal”** to accurately record YOUR “operator/trader” performance to acknowledge
8. **Commit to Habit Building** and “whatever it takes” to achieve enduring trading habits of successful traders.
9. Start with one market.
10. Add a second market when your trader performance reflects ability to execute the Set of Rules with positive trader/operator evaluation.
11. Add a third market after similar results as per #10 above.
12. You will then be ready for Phase 2 Trainer that adds Entry and Exit conditions.

Practice these trading techniques and executions ONLY in a Simulator Trading Account. DO NOT trade in a real account.

The purpose of using a Simulator in **Real time, Live Market** or **Replay Mode** in a **NO RISK environment** is to practice trading discipline and execution without fear or hesitation with "TTRE TradePlan Trainer" - Basic. ***It is NOT intended to show profitability, but is the foundation to learn Dynamic Market Structure, Pattern and Price Action Trading.***

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“Know Before You Go”

MarketStrengthDisplay (MSD):

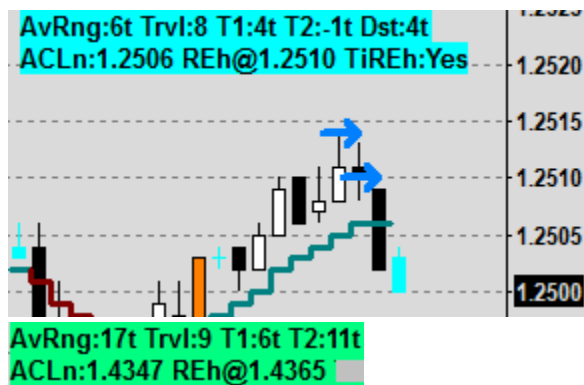
1. Shows the relevant trading information on bar close on the **TradingTimeFrame(TTF)**
2. Color coded to quickly recognize the Direction of the **NextTimeFrame (NTF)**.

```
AC Retrace Long -----
AC Dn TC Up DC Dn
Rng Chart: 6EU1 5 min #6
AvRng:8t Trvl:4 T1:3t T2:5t Dst:12t
ACLn:1.4318 REh@1.4315 TiREh:Yes
```

Training Exercise TradeSize: 4 contracts

Single Entry Rule: All entry orders are Buy Stop at Reh Market

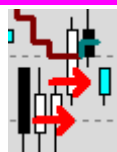
1. When "**Blue Arrows Prints**" on bar close (TTF-5min Bar), **TradableCycle Up** place a **Buy Stop** 1 or 2 tick above the High of the Bar, **REh@1.2510 (MSD)**.



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- When a **"Red Arrow Prints"** on bar Close (TTF-5min Bar), **TradableCycle Down**
 Place a **Sell Stop** 1or 2 tick Below Bar Low. **REh@1.0913 (MSD)**.

AvRng:7t Trvl:2 T1:2t T2:4t
 ACLn:1.0916 REh@1.0913



AvRng:11t Trvl:7 T1:4t T2:7t
 ACLn:1289.50 REh@1286.50

Entry Stop prices are displayed upper left of each chart,
 "TTRE_MarketStrengthDisplay".

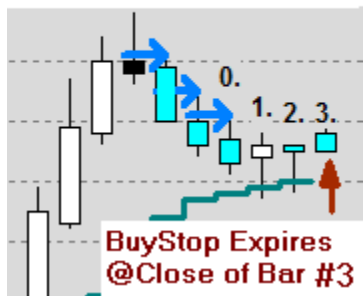
Watch the Display background colors for anticipated trade placement direction..

- Hold the Entry Stop Order Active of 3rd Arrow for 3 Bars, Close of Bar #3.**

Entry Stop Order Expires at Close of Bar #3

Long Entry Example:

AvRng:14t ACLn:1.4350
 Hold BuyStop for 3Bars



Initial Stop:

- Place Initial Stop based on a multiplier of the 7 period AverageRange, **AvRng**.
 For this exercise, **use a 2.0 multiplier**. **InitialStop = EntryPrice +/- 2.0xAvRng**.
 You may want to use a 2.0 or higher multiplier to have more opportunities to practice eXit#3.

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Targets #1(T1) and Target #2 (T2):

1. Targets are computed based on a percent of Average Range 7 periods on the TTF.
For this Trainer Module, percent used for **Target #1 is 40%** and **Target #2 is 70%** of **AvRng7**.
2. **Place Target Limit Orders** as shown in the **MarketStrengthDisplay(MSD)**
3. **Exit 2 contracts at T1** and
4. **Exit 1 Contract at T2**

AvRng:11t Trvl:7 T1:4t T2:7t
ACLn:1289.50 REh@1286.50

AvRng:6t Trvl:1 T1:2t T2:4t
ACLn:1285.00 REh@1284.00

5. AvRng:18t Trvl:5 T1:7t T2:12t
ACLn:1.4307 REh@1.4329

AvRng:19t Trvl:9 T1:7t T2:13t
ACLn:1.4274 REh@1.4297

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Exit Rule: for 1 contract (“Runner”)

eXit #3:

1. Exit on FIRST REh, RightEdgeHook **or**
2. Exit on Equal High Bar(Longs) and Equal Low Bar(Shorts)
3. **REh – RightEdgeHook** definition
 - (1). **REh: Long Position:** is formed by a **LowerHigh Bar**
 - (2). **REh: Short Position** is formed by a **HigherLow Bar.**

eXit#3 - Technique

1. **Place eXit #3 Stop Orders** as follows:

* Offset the Stop Order from the Extreme point of the eXit #3 Bar

** From the High of the EqualHighBar or LowerHighBar for Long Positions

** From The Low of the EqualLowBar or HigherLowBar for Short Positions

Long Position:

1. If Long, place a SellStop 2 to 3 ticks BELOW the Low of the LowerHigh Bar, that formed the REh or
2. place a SellStop 2 to 3 ticks BELOW the Low of the Equal High Bar

Short Position:

3. If Short, place a BuyStop 2 to 3 ticks ABOVE the High of the HigherLow Bar that formed the REh or
4. place a BuyStop 2 to 3 ticks ABOVE the HIGH of the Equal Low Bar

If NOT filled, HOLD eXit #3 Stop until Stopped out or another REh print to move to the next eXit #3 Stop.

Note: Use a wider Stop offset of 5 to 7 ticks on the YM (Dollar Equivalent)

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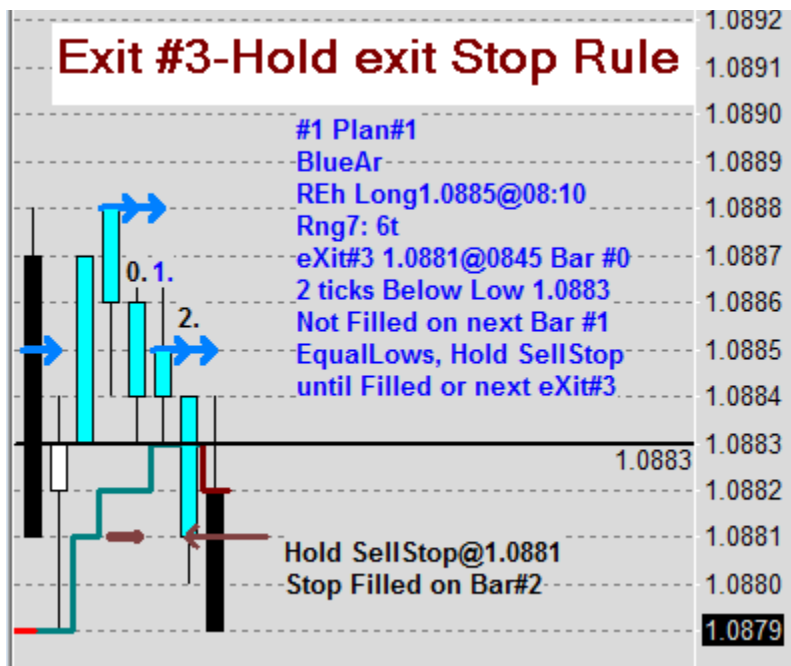
Hold eXit #3 Stop Order Active until:

- (1). Filled
- (2). the next eXit#3 Pattern prints, move exit Stop Order
- (3). always hold or tighten eXit#3 Stop Order, never loosen Stops.

eXit#3 is Filled:

If a corresponding Retracement Arrow is active, place a Re-Entry Stop Order

Long Position: Example



Additional trade management examples are included in other TTRE Educational and Training material.

TradeTheRightEdge.com

TradeTheRightEdge LLC is registered with the State of Georgia and is the owner of the website and the Trading Room.

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Statement of Disclaimer

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