

Risk Management Rules

Print and tape to your monitor.

The 10 Rules

1. Never risk more than 1% of account on a single trade.
2. Maximum three open positions at any time.
3. Maximum daily loss = 3R. Hit it and close the platform for the day.
4. Maximum weekly drawdown = 6%. Hit it and take 48 hours off - no exceptions.
5. No trade without a written invalidation BEFORE entry.
6. Minimum reward-to-risk ratio = 1.5:1. Below that, skip.
7. After two consecutive losers, walk away for one hour.
8. Journal every trade within 30 minutes of closing it.
9. No trading during major news (FOMC, CPI, NFP) unless it was specifically planned.
10. If you can't sleep because of a position, it is too big.

Why 1%

At 1% risk per trade with a 50% win rate and 2R reward, you make money. At 5% risk you go broke from a normal losing streak (8-10 losers in a row happens to everyone - survive it).

Math: 10 losses in a row at 1% = 9.6% drawdown. At 5% = 40% drawdown. Recovering from 40% requires +67% returns.

The 3R Daily Cap

Statistically, after losing 3R in a day, traders enter 'revenge mode' and decisions deteriorate sharply. Forcing yourself to stop preserves both capital and judgment.

Sign and Commit

I agree to follow these rules.

Signature: _____ Date: _____

Review weekly. If you break a rule, write down WHY in your journal before your next trade.