

Table 18.1 Checklist for Trading Business Handbook**Section 1: Personal Psychology****Check**

- | | |
|--|--------------------------|
| Top 10 values | <input type="checkbox"/> |
| Strengths and resources you bring to trading | <input type="checkbox"/> |
| Your trading edges | <input type="checkbox"/> |
| Your personality type and how it impacts you as a trader (take the
Tharp Trader Test to find out) | <input type="checkbox"/> |
| Major challenges for trading well (top five) | <input type="checkbox"/> |
| Your plan to deal with each challenge when it arises | <input type="checkbox"/> |
| Dream life | <input type="checkbox"/> |
| Your whys, purpose, mission, feelings behind dream life | <input type="checkbox"/> |
| Five-year goals | <input type="checkbox"/> |
| Annual goals | <input type="checkbox"/> |
| Monthly goals—next three months | <input type="checkbox"/> |
| Implementation plan | <input type="checkbox"/> |
| Financial Freedom Plan | <input type="checkbox"/> |
| Health assessment/plan for improvement | <input type="checkbox"/> |
| Exercise assessment/plan for improvement | <input type="checkbox"/> |
| The aspects of your plan you are most resistant to | <input type="checkbox"/> |
| Belief assessment for what you've put in Section 1. Anything
not useful? | <input type="checkbox"/> |
| Are you serious about continuing to work on yourself? | <input type="checkbox"/> |

Section 2: Your Trading Business**Check**

- | | |
|--|--------------------------|
| Beliefs about your trading business | <input type="checkbox"/> |
| Other systems | <input type="checkbox"/> |
| • Cash flow and accounting | <input type="checkbox"/> |
| • Data analysis | <input type="checkbox"/> |
| • Collecting and using R-multiples | <input type="checkbox"/> |
| • Other data needed including statistics | <input type="checkbox"/> |
| • How will you collect and organize that data/statistics? | <input type="checkbox"/> |
| • Collection of data for trading and dealing with errors in data | <input type="checkbox"/> |
| • Research and development plan | <input type="checkbox"/> |
| • Model for system design | <input type="checkbox"/> |
| • Trading automation | <input type="checkbox"/> |
| • Other business systems planned and needed? | <input type="checkbox"/> |
| • Education plan | <input type="checkbox"/> |
| • Plan for working on yourself and new issues that pop up? | <input type="checkbox"/> |
| • Operations; running the business | <input type="checkbox"/> |

(continued)

Table 18.1 Checklist for Trading Business Handbook (Continued)

**Section 3: Worst-Case Contingency Planning
(In the eight major areas)**

Check

1. Self and family
 2. Environment
 3. Broker
 4. Equipment
 5. Laws and regulatory disasters
 6. Market disasters
 7. System disasters
 8. Psychology issues
- Plans for rehearsal of what you will do in each contingency

Section 4: Your Entity Structure

Check

- Why? New tax rules make it very hard to trade without an entity, so what sort of entity structure do you want for your business?
- Works in your country? Why?

Section 5: Your Daily Checklists

Check

- Tasks of trading
- Daily procedures checklist for trading business
- Anything else that's important

Section 6: Big Picture Planning

Check

- My beliefs about the big picture
- How I plan to keep track of the big picture
- How will you know if you are wrong?
- How it will shape my trading
- What kind of strategies?
 - Lucrative areas, markets to focus upon

Section 7: Your Trading Plan

Check

- Beliefs about the markets
- Beliefs about trading systems
- Beliefs about various types of systems
- Trend following

Table 18.1 (Continued)

Section 7: Your Trading Plan	Check
• Band trading	<input type="checkbox"/>
• Chart pattern reading	<input type="checkbox"/>
• Value trading	<input type="checkbox"/>
• Sector rotation	<input type="checkbox"/>
• Arbitrage	<input type="checkbox"/>
• Option strategies	<input type="checkbox"/>
Which of these strategies best fits you and why?	<input type="checkbox"/>
What types of time frames fit you?	<input type="checkbox"/>
For the above two questions, why?	<input type="checkbox"/>
Financial freedom number	<input type="checkbox"/>
Trading objectives	<input type="checkbox"/>
• Position sizing strategy to meet objectives for each system under each market type	<input type="checkbox"/>
• How will you know how to change your strategy?	<input type="checkbox"/>

Section 8: Understanding Your Decision-Making Strategy	Check
• Success/failure differences	<input type="checkbox"/>
• What is your decision-making strategy?	<input type="checkbox"/>
• What is your convincer strategy?	<input type="checkbox"/>
How will you decide when to use a system and when not to use it?	<input type="checkbox"/>
How will you decide when a system is broken?	<input type="checkbox"/>
When you have more entry signals than positions you can hold, how will you decide what positions to hold?	<input type="checkbox"/>
What criteria does a system have to meet in order for you to be able to trade it, and are those criteria useful?	<input type="checkbox"/>
How will you look at market type?	<input type="checkbox"/>
What's your time frame for market type?	<input type="checkbox"/>
What is your plan for eliminating mistakes?	<input type="checkbox"/>
Assessment: Are you serious about trading, given what you've done with the first four sections?	<input type="checkbox"/>

Section 9: Key Aspects of Your First Trading Strategy	Check
Beliefs about your trading strategy—why do you think it will work?	<input type="checkbox"/>
Logically, how do you think it will perform in different market types?	<input type="checkbox"/>
What edges does this system give you?	<input type="checkbox"/>
Filters for entry	<input type="checkbox"/>

(continued)

Table 18.1 Checklist for Trading Business Handbook (Continued)

Section 9: Key Aspects of Your First Trading Strategy **Check**

- Entry signal beliefs
- Initial stop beliefs
- Profit-taking exit beliefs
- Getting your R-multiple distribution
- Performance in the six market types, expectancy and SQN rating for each market type
- When will you trade the system, and when will you avoid trading it?
- How often does the system trade, and how often will you trade it?
- How much correlation is there between this system and the others?
- With this system, how well have you covered the six market types?
- What specific objectives do you have for this system?**
- Given its R-multiple distribution, what position sizing strategy will you use for this system?**
- Checklist for Trading System 1

Section 10: Key Aspects of Your Second Trading Strategy **Check**

- Beliefs about your trading strategy—why do you think it will work?
- Logically, how do you think it will perform in different market types?
- What edges does this system give you?
- Filters for entry
- Entry signal beliefs
- Initial stop beliefs
- Profit-taking exit beliefs
- Getting your R-multiple distribution
- Performance in the six market types, expectancy and SQN rating for each market type
- When will you trade the system, and when will you avoid trading it?
- How much correlation is there between this system and the others?
- With this system, how well have you covered the six market types?
- What specific objectives do you have for this system?**
- Given its R-multiple distribution, what position sizing strategy will you use for this system?**
- Checklist for Trading System 2

Table 18.1 (Continued)

Section 11: Key Aspects of Your Third Trading Strategy	Check
Beliefs about your trading strategy—why do you think it will work?	<input type="checkbox"/>
Logically, how do you think it will perform in different market types	<input type="checkbox"/>
What edges does this system give you?	<input type="checkbox"/>
Filters for entry	<input type="checkbox"/>
Entry signal beliefs	<input type="checkbox"/>
Initial stop beliefs	<input type="checkbox"/>
Profit-taking exit beliefs	<input type="checkbox"/>
Getting your R-multiple distribution	<input type="checkbox"/>
Performance in the six market types, expectancy and SQN rating for each market type	<input type="checkbox"/>
When will you trade the system, and when will you avoid trading it?	<input type="checkbox"/>
How much correlation is there between this system and the others?	<input type="checkbox"/>
With this system, how well have you covered the six market types?	<input type="checkbox"/>
What specific objectives do you have for this system?	<input type="checkbox"/>
Given its R-multiple distribution, what position sizing strategy will you use for this system?	<input type="checkbox"/>
Checklist for Trading System 3	<input type="checkbox"/>