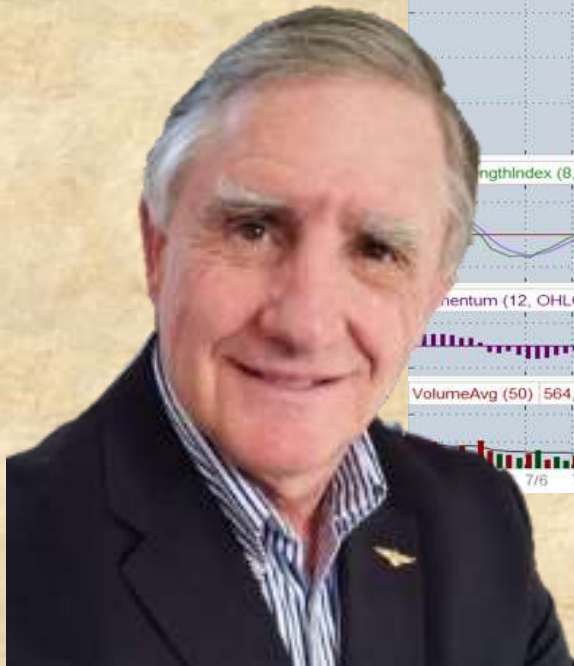


# Conditional Orders Mechanics



*Clarify, Simplify & Multiply*



# Disclaimer

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- U.S. Government Required Disclaimer – Commodity Futures Trading Commission Futures and Options trading has large potential rewards, but also large potential risk. You must be aware of the risks and be willing to accept them in order to invest in the futures and options markets. Don't trade with money you can't afford to lose. This is neither a solicitation nor an offer to Buy/Sell futures or options. No representation is being made that any account will or is likely to achieve profits or losses similar to those discussed in this training. The past performance of any trading system or methodology is not necessarily indicative of future results.
- CFTC RULE 4.41 – HYPOTHETICAL OR SIMULATED PERFORMANCE RESULTS HAVE CERTAIN LIMITATIONS. UNLIKE AN ACTUAL PERFORMANCE RECORD, SIMULATED RESULTS DO NOT REPRESENT ACTUAL TRADING. ALSO, SINCE THE TRADES HAVE NOT BEEN EXECUTED, THE RESULTS MAY HAVE UNDER-OR-OVER COMPENSATED FOR THE IMPACT, IF ANY, OF CERTAIN MARKET FACTORS, SUCH AS LACK OF LIQUIDITY. SIMULATED TRADING PROGRAMS IN GENERAL ARE ALSO SUBJECT TO THE FACT THAT THEY ARE DESIGNED WITH THE BENEFIT OF HINDSIGHT. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFIT OR LOSSES SIMILAR TO THOSE SHOWN.
- No representation is being made that any account will or is likely to achieve profit or losses similar to those shown.
- All Materials presented are for training purposes only . Traders should paper trade any new method prior to risk of personal capital.

## Conditional Orders—Coming & Going

### Designing Trades—Conditional Orders a Must!

It gets back to the 6 Pillars

1. What to Trade
2. When to Get In
3. When to Get Out
4. What Strategy to Use
5. What to Expect
  
6. Find a Mentor

**But its more...Critical Tool for Trader's who want to do more than just watch the market!**

**Its intuitionally based on many observations that help provide an edge as to what to expect and what to do when what actually happens is different from expectations.**

**We only control two points on any trade—where to enter and where to exit. Everything else is out of our control!**

## Conditional Orders—Coming & Going

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### Conditional or Contingency Orders

1. Based off orders you design after doing your technical analysis of a Stock or ETF

- ❖ Defines Where to Enter – Action Value Zones
- ❖ Defines Where to Exit – Action Value Zones
- ❖ Provides Peace of Mind!
  
- ❖ **Not all trading platforms are created equal. Learn the capabilities of your platform**

## Conditional Orders—Coming & Going

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### Nuts & Bolts

1. Identify the Stock or ETF
2. Identify where you want to buy or sell it (Action Value Zones)
3. How Much Do I Fudge?
4. Place your Conditional order to trigger on either strength or weakness
5. Place time stop on entry order (2 weeks max) may need to adjust based on the strength of the trend
6. Automatically set your exit parameters  
GTC Stop Loss & T1, T2 and occasionally T3

## Conditional Orders— Identifying Action Value Zones

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- *Our research has found that learning to trade off a specific moving average or strong Support/Resistance levels can lead to better entry consistency based on objective entry criteria*
- *We also want the chosen moving averages & Support/Resistance levels to be applicable across variable timeframes such as intraday, daily, weekly and monthly charts*
- *For the Active Trend Trading System, the 8/20 period EMAs has performed well in over 10 years of back testing and live trading!*
- *If one uses another Moving Average adjust the rules to that moving average and call it before placing the trade*

*i.e. I'm planning this trade off the 50 day MA*

## Conditional Orders—Coming & Going Build a Trade

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*Identify a Stock or ETF – One Stock or ETF can be traded for multiple strategies simultaneously!*

- 1. Go To the Charts and Define Parameters*
- 2. Go to Trading Platform and Build the Trade*

## **Building – Planning the Trade**

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### **Stock or ETFs**

- ✓ **Identify Pullback support/resistance (Action Value Zone)**
- ✓ **Place Conditional Order at the or slightly above the Level of Support/Resistance (Fudge Factor)**
- ✓ **If filled automatically place Stop Loss & T1 Order**

**Try to make conditional orders transparent to Market Makers! TD Ameritrade's Platform allows us to do this.**



## Conditional Orders Stocks & ETFs



**YETI – Range Bound Trend – Running  
Range  $\geq 7.90\%$**

**Identify Action Value Zone**

**AVZ = 94.15 - 96.51**

**Trigger = 95.40**

**Buy between 95.45 – 95.48**

**PT1 = 102**

**PT2 = ?**

**Stop at 94.09**

**How Many Shares? Go to the Trade Plan Tool**

Position with SL Stop

## Conditional Orders – Stocks & ETFs

Stock/ETF Upside	Invest Amount	Shares	P/L	% Loss/Gain	Planned Gain/Loss
<b>YETI</b>	\$ 4,773				
Entry	95.45	50			
Stop	94.09		-68	-1.42%	-5%
T1	102.00	1/3 Shares	109.16	6.86%	10%
T2	119.19	1/3 Shares	1547.89	25.00%	25%
T3 - Trailing Stop	107.38	1/3 Shares	198.66	12.50%	25% Mod to be 12.5 max

		Shares			
Add 1	2%	97.36	31	\$ 3,000.00	
Add 2	4%	99.27	20	\$ 2,000.00	
			Total	\$ 9,772.50	98% of Full Position

Full Position      **101**  
 PT1 Exit Size      **34**  
 Initial PT2 Exit Size      **16**

**YETI – Range Bound Trend –  
 Running Range ≥ 7.90%**

**Identify Action Value Zone**

**AVZ = 94.15 - 96.51**

**Trigger = 95.40**

**Buy between 95.45 – 95.48**

**PT1 = 102**

**PT2 = With an establish trading range  
 look to use PT1 all the profit exits**

**Stop at 94.09**

**How Many Shares? Depends on the  
 Rules**

# Conditional Orders – Step By Step

Stock/ETF Upside	Invest Amount	Shares	P/L	% Loss/Gain	Planned Gain/Loss
<b>YETI</b>	\$ 4,773				
Entry	95.45	50			
Stop	94.09		-68	-1.42%	-5%
T1	102.00	1/3 Shares	109.16	6.86%	10%
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T3 - Trailing Stop	107.38	1/3 Shares	198.66	12.50%	25% Mod to be 12.5 max

	Shares		
Add 1	2%	97.36	31
Add 2	4%	99.27	20
Total			\$ 9,772.50

98% of Full Position

Full Position	101
PT1 Exit Size	34
Initial PT2 Exit Size	16

Order Entry and Saved Orders Set Up "1 Triggers All Order"

Order Entry | Saved Orders | **PM** This is a simulation, not a real trade

Spread	Side	Qty	Symbol	Exp	Type	Link	Price	Order	TIF	Exchange
STOCK	BUY	+50	YETI		STOCK	MAN	95.48	LMT	GTC	BEST
						MAN	95.45	STP	STD	

Advanced Order: 1st trgs All | Expected Price: Mid 96.97 | Nat 96.97 | Delete Confirm and Send

# Conditional Orders – Step By Step Order Rules

BUY +50 YETI @95.48 STPLMT 95.45 GTC CANCEL AT 9/24/21 16:00:00 WHEN YETI MARK AT OR BELOW 95.40

Side: BUY      Quantity: +50

Price rules: STOPLIMIT

Limit price: 95.48      Stop price: 95.45

Limit linked to: MAN      Stop linked to: MAN      Stop type: STD

Time in force: GTC

Conditions

Submit at: 09/21/2021 14:01:01       Cancel at: 09/24/2021 16:00:00

Submit when at least one of the following conditions is met:

or	Symbol	Method	Trigger	Threshold
	YETI	MARK	<=	95.40

Cancel when at least one of the following conditions is met:

or	Symbol	Method	Trigger	Threshold

Description

1. Submit the following order: **BUY +50 YETI CANCEL AT 9/24/21 16:00:00 STOP LIMIT**. This order contains both a Stop price and a Limit price. When a trade occurs at or above 95.45, the Stop is triggered and the Limit order will be submitted to execute at 95.48 or better. This order will show a **WORKING** status until it is filled or cancelled. Note that order price is at 'locked' mode (closed padlock icon after the Limit price control from the top section). It means that order price is not automatically changed within every new quote on the instrument while the order is being edited. That price mode is available only when order uses absolute price (price link is MAN or undefined). The order is valid until it is either filled or cancelled.

YETI – ORDER RULES

# Conditional Orders – Step By Step

Stock/ETF Upside	Invest Amount	Shares	P/L	% Loss/Gain	Planned Gain/Loss
<b>YETI</b>	\$ 4,773				
Entry	95.45	50			
Stop	94.09		-68	-1.42%	-5%
T1	102.00	1/3 Shares	109.16	6.86%	10%
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T3 - Trailing Stop	107.38	1/3 Shares	198.66	12.50%	25% Mod to be 12.5 max

	Shares		
Add 1	2%	97.36	31
Add 2	4%	99.27	20
Total			

\$ 3,000.00  
 \$ 2,000.00  
 \$ 9,772.50  
 98% of Full Position

Full Position: 101  
 PT1 Exit Size: 34  
 Initial PT2 Exit Size: 16

Set Up "1 Triggers All Order"  
Profit Targets & Stops

▼ Order Entry and Saved Orders

Order Entry | Saved Orders | **PM** This is a simulation, not a real trade

Spread	Side	Qty	Symbol	Exp...	Type	Link	Price	Order	TIF	Exchange
STOCK	B...	+50	YETI		STOCK	MAN	95.48	LMT	GTC	BEST
						MAN	95.45	STP		
STOCK	S...	-34	YETI		STOCK		~ MKT	MARKET	GTC	BEST
STOCK	S...	-16	YETI		STOCK		~ MKT	MARKET	GTC	BEST

Advanced Order: 1st trgs All | Expected Price: Nat 96.00 | Mid 96.97 | Delete Confirm and Send

# Conditional Orders – Step By Step

SELL -34 YETI MKT GTC TRG BY WHEN YETI MARK AT OR ABOVE 102.00 OR YETI MARK AT OR BELOW 94.09

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Side: SELL      Quantity: -34

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Price rules: MARKET

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Time in force: GTC

Set Up "1 Triggers All Order"  
Profit Target 1 & Stops

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Conditions

Submit at: 09/21/2021 14:10:49       Cancel at: 09/24/2021 16:00:00

Submit when at least one of the following conditions is met:

or	Symbol	Method	Trigger	Threshold
	YETI	MARK	>=	102.0
	YETI	MARK	<=	94.09

Cancel when at least one of the following conditions is met:

or	Symbol	Method	Trigger	Threshold

---

Description

1. Submit the following order: **SELL -34 YETI TRG BY** at current market price. The order is valid until it is either filled or cancelled.
2. Wait until the trigger order for this group is filled (current order has **WAIT TRG** status during waiting).
3. Wait until at least the **one** of the following conditions is satisfied (this order will show a **WAIT COND** status during waiting):
  - \*) mark price of the security is greater or equal to 102.00;
  - \*) mark price of the security is less or equal to 94.09.

## Conditional Orders – Step By Step

▼ SELL -16 YETI MKT GTC TRG BY WHEN YETI MARK AT OR ABOVE 102.00 OR YETI MARK AT OR BELOW 94.09

Side:  Quantity:

Price rules:

Time in force:

▼ Conditions

Submit at:    Cancel at:

Submit when at least one of the following conditions is met:

or	Symbol	Method	Trigger	Threshold
	YETI	MARK	>=	102.0
	YETI	MARK	<=	94.09

Cancel when at least one of the following conditions is met:

or	Symbol	Method	Trigger	Threshold

▼ Description

1. Submit the following order: **SELL -16 YETI TRG BY** at current market price. The order is valid until it is either filled or cancelled.
2. Wait until the trigger order for this group is filled (current order has **WAIT TRG** status during waiting).
3. Wait until at least the **one** of the following conditions is satisfied (this order will show a **WAIT COND** status during waiting):
  - \*) mark price of the security is greater or equal to 102.00;
  - \*) mark price of the security is less or equal to 94.09.

Set Up "1 Triggers All Order"  
Profit Target 2 & Stops

## Building – Planning the Option Trade

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**Buying (Debit) & Selling (Credit) directional options for weekly/monthly income and capital appreciations**

**- Spread or Directional Option (Call or Put)**

- ✓ **Identify Pullback support/resistance**
- ✓ **Expected Move**
- ✓ **What is income/profit goal**
- ✓ **Place Conditional Order at the or slightly above the Level of Support/Resistance (Fudge Factor)**
- ✓ **If filled automatically place Stop Loss & T1 Order**

**Try to make conditional orders transparent to Market Makers! If Options are thinly traded use estimate of Option value at Price Level and timeframe**