



## Dynamic Options Trader Settings & Rules

- We only enter trades Mondays - Thursdays in the Final Hour of the Trading Session
- All trades are based on Daily charts
- We use a 20 Bar setting for Donchian Channels (Price Channels)

- We use a 10 Bar Simple Moving Average for long trades
- Bullish Signal – We look for a pullback after a recent test of the upper band Donchian channel. The test needs to have happened three days prior to the entry bar. We then look for two consecutive lower closes on the daily chart and a close below the simple moving average.
- Bearish Signal – We look for a failed breakout of the upper band Donchian channel. We need to see a test of the upper band three days prior to the entry bar, an inverted hammer (close is near open with 2/3rds of the day's range built within the upper wick – Picture of inverted hammer at the bottom) on the signal day and a close less than the open – red bar.
- After a trade is entered, we use a dynamic target. The target is dependent on entry price and contracts purchased
- The first target is built to close a portion of the position to get risk capital back
- Remaining contracts will be held for 5 trading sessions after original entry date and closed at 1:30 PM ET on Day 5
- We select the options of the next-week expiration, and we choose the option priced most closely to the daily 20 Period Average True Range x 0.5

