



## QQQ Options Playbook Settings and Rules

- We use a 30 bar PercentR
- We use a 20 bar Average True Range

### Bullish Signals:

- **Signal 1:** We look for a PercentR close to be greater than 60 and a close greater than the open (Green Bar)
- **Signal 2:** We look for a PercentR close less than 40 but above 10 and a close less than the open (Red Bar)
  - Before taking a Signal 2 trade, we monitor VIX price action
    - **We will issue the trade if:** VIX closed at least 0.8 points below its intraday high AND the VIX 3-day moving average is below 25
    - **We will take the trade regardless if:** VIX closed 4 or more points below its intraday high

(extreme panic that resolved — always a valid setup regardless of the 3-day MA)

- **Skip the trade if:** VIX closed less than 0.8 points below its high (fear did not resolve) OR the VIX 3-day moving average is 25 or above (elevated fear regime)

### **Bearish Signal:**

- We look for a prior day's PercentR to close below 10 and the current bar's PercentR to close above 10 (PercentR to cross 10), for the close to be greater than the open (Green Bar), and for the PercentR to remain below 35
- Before taking a Bearish Signal trade, two additional conditions must both be met
  - **VIX Regime Filter:** The VIX 3-day moving average must be at or above 25 — confirming a sustained elevated fear environment. This uses the same MA period and threshold as Bullish Signal #2 and ensures the bearish signal only fires when the broader market is under genuine stress
  - **Trend Filter:** QQQ must be down at least 2.5% from its close 20 trading sessions ago — confirming the directional bias is down. This prevents the signal from firing during bull market dips where PercentR bounces off oversold tend to recover and continue higher

- **Signal Conflict Rule:** If a Bearish Signal trade is currently open, Bullish Signal #2 will not be issued until the put position is fully closed. Bearish takes priority
- All trades will be issued at 3:40 PM ET
- After the open of the following trading day, we use a +100% target and a -50% stop on the full position
- If neither stop or target are hit, we will close the open trade after two full trading sessions at 3:40 PM ET

We select the options priced most closely to the daily 20 bar Average True Range x 0.5

We will trade the option expiration three trading sessions from the entry candle