

I would like to summarize the most important elements of the FDAX-TRADING- STRATEGY. The protection of profit has been incorporated as a new rule.

#### TRADING HOURS AND TRADING FRAMEWORK:

The trading day is divided into two periods of action and thus also provides convenient opportunities for Part Time Traders

Main Trading Hours: 8:00 - 14:30 h and 14:30h to 22:00 h. The U.S. market has a great influence on the FDAX and usually begins with economic news published at 14:30 (Continental Europe)

Opening positions from 8 - 14:30h

1. During the first trading period only one Contract long / short will be opened at the first zones of action. At present these areas are established at a distance of 40 points to the close of yesterday and the opening price at 8h. Depending on major variation of the VDAX-NEW these distances will be recalculated. Orders are opened either with limit or discretionary orders. Profit target: 30-40 points for each position opened.

2. The second action zone is at a distance of 40 points to the first zone. In the second action zone positions long / short will be opened with two contracts. That means that sometimes positions taken at the first area of action can run into a loss. If position opened at the second action zone reaches the profit target of 30-40 points then all three contracts are closed out. That translates to roughly break even for the entry at the first action zone.

The following positions can be opened until 14:30h:

- One contract at the first zone Long
- One contract at the first zone Short
- Two contracts at the second zone Long
- Two contracts at the second zone Short

3. If there is still a position open taken at the first action zone no further position will be opened at the same zone after 14.30h.

4. There will be days when due to sudden news the first action zones will be crossed with one single wide range bar. We will then not open a

position and the normal second action zone will become the first zone. Entries will only be made after a reversal candlestick.

Opening positions after 14:30 - 22 h

1. After 14:30 h positions are opened when the price crosses the action zones from bottom to mean (for long) or from the top to mean (for short) Crossing includes a candle that has been negotiated from inside to outside the zones and then reverses back and closes within the zones towards the mean. Chart technically this move should be significant and can be monitored with a 5M Candlestick or 3M Heikin Ashi Chart.

2. If after an range extension a position with 2 contracts was taken a 3rd zone with the same distances as above will be activated however with 4 contracts applying the time stop principle as explained below.

The following positions can be opened after 14:30h until 22h

- One contract at the first zone Long
- One contract at the first zone Short
- Two contracts at the second zone Long
- Two contracts at the second zone Short
  
- four contracts at the third zone Long
- four contracts at the third zone Short

Risk Management / Profit Protection

Novices of the strategy should always be satisfied with a daily gain of 30-40 points and thereafter continue with demo trading.

As a safety precaution everyone should activate within his comfort zone a protective stop of capital. This applies specially for long positions in case of a Black Swan.

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### Time to Stop 14:30

Positions opened at the second zones of action will be subject to a stop loss as follows. If after entry the third of the following 15 Minutes Candlesticks is negotiated with a loss of 10+ points all positions will be closed. The latest at 14:30h if at a loss. This situation usually occurs during trend days with a range extension after 14:30h.

### Time Stop after 14:30h

If after a position opened at the first zone this will run into a loss and thereafter will be a further position opened at the second zone a time stop will be applied as mentioned above.

If the first position was opened at the second zone and thereafter runs into a loss a third zone will be established. If another order is triggered at the third zone the time stop will be applied as above.

All position will be closed at the latest at 22h.

### Profit protection stop

In addition to the time stops profits previously attained will be protected as follows:

There will be no entry for new positions at the second zone of action if at the time the DJIA FUT are negotiated below 80 for Longs and above 80 for Shorts.

If a new position is opened according to the rules and it runs into a profit of up to 20 points a profit protection stop will be activated at the price of entry.

If a new position is opened according to the rules and it runs into a loss a stop loss will be activated 20 points below for Longs and above for Shorts of the entry price.

## Micro Trading

The purpose of this technique is to perform a number of operations with smaller gains. It is a great tool to maximize profits. The timing can be monitored very efficiently using 3 Minutes Heikin Ashi candles. If opened and closed with 10 points profit the price returns at or above the previous entry another position is opened. It is possible that this procedure continues until the zone above or below. If at a loss only one contract will be opened at the second action zone.

The number of contracts may be increased according the capital available. This way you can practice a Scale in / out quite profitable.