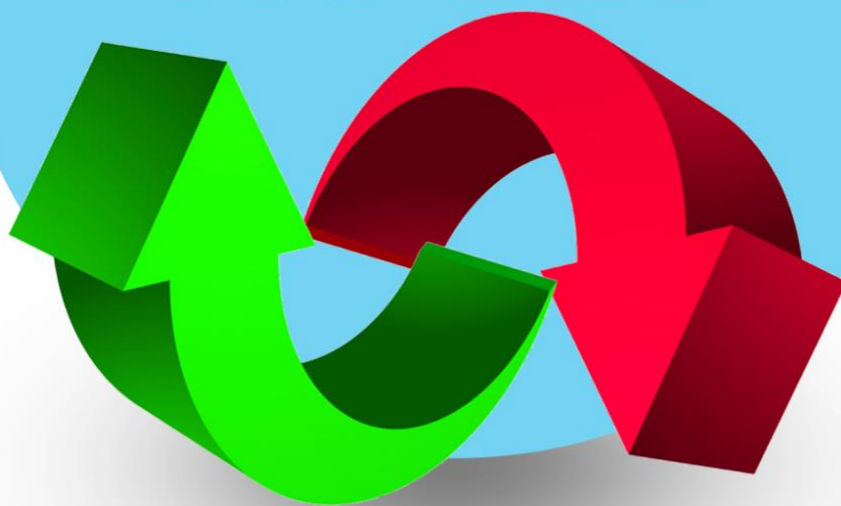


NICK'S TRADING RULES



*The exclusive options trading
guideposts I swear by.*

US vs HERD  ACADEMY



US vs HERD ACADEMY

What are trading rules and why should you have them?

Trading stock options can be fun. It has the potential to be profitable. It can be an exciting past time, a reliable career, and/or a productive extra stream of income.

It can also be stressful, risky, complex, and confusing. It depends on your approach.

One sure-fire way to increase your chances of success, reduce stress, and get the most out of options training is to have a personal set of Trading Rules to use as guideposts throughout your trading journey.

Every game, every business, every sport, every side hustle, and every hobby, has its own set of playing rules that help the participants enjoy the game, compete more effectively, and increase their chances of winning.

The same is true for options trading. Maybe even MORE so for options trading.

It's next to impossible to jump into options trading without any pre-determined set of behavioral rules and do very well. Trading rules guide you through the trading action helping you to make productive and profitable decisions.

Where do these rules come from? If you've been trading for any length of time, you've experienced enough situations, enough "if I do that, this will happen" moments, enough cause-and-effect relationships, and plenty of consequences for your actions. From all this a set of Trading Rules emerges that good traders tend to develop.

The most effective Trading Rules are not just abstract thoughts and lessons to learn and implement.

They are literally a written down list of do's and don'ts kept in a Trading Journal, pinned on your bulletin board, taped to your computer monitor, or framed and hung on the wall. Wherever and however they exist, the point is they are a real, tangible tool used by every successful trader.

Below are the rules that I've developed for myself that I use every day, every trade. The funny thing is, pretty much every time I examine my trades and my trading performance, when I'm happy with a trade and it turns out well, I've been faithful to my Trading Rules. When I'm not happy or frustrated with my trading performance, more often than not I've broken one or more of my rules.

A lot of Trading Rules I've seen from other traders I think are frankly over a lot of people's heads. They delve into advanced level trading practices involving expiration density, Delta level adjustments, sector diversity ratios, and so on.

The Trading Rules that I've developed below are core to options trading, no matter your experience level. They're fundamental to any and every trade in any situation and not tied up in the best mathematical formulations to follow.

Keep in mind, the best list of Trading Rules should be personalized and customized by you for you. But consider this as a starter set. They work for me. They'll work for you.

NICK'S TRADING RULES

- 1. Take profits, redeploy capital.*
- 2. Don't enter into a trade within the first 15 minutes of market open.*
- 3. Keep it simple.*
- 4. Always have an entry and exit strategy.*
- 5. Never adjust a stop loss.*
- 6. Be slow.*
- 7. Never chase.*
- 8. Spend time in the charts.*

The rules explained.

Rule 1 – Take profits and redeploy capital

Take your profits when you make them, because they can slip away easier than you may realize. You may think that if you wait your position could get a little better...and a little better...and a little better. Then suddenly it reverses and the gains you had ten minutes ago are now losses. If you're not sure, take the profits and redeploy the capital. Use the gains to make more gains instead of wishing and willing your current position to get better. To make it easier for you, set a percentage target. Tell yourself you'll take your profits when they hit, for example, 50%. Set a target that's reasonable for you. Sure, the trade may go to 75%, but it could also go to minus 50%. Add up those 50% trades and accumulate gains instead of going for the big score. Always get out while the getting is good.

Rule 2 – Don't enter into a trade within the first 15 minutes of market open

The market is at its most volatile, violent, and unpredictable right at open. The bots and algos are suddenly turned on, traders are piling in, and the action can be crazy. Give things 15 minutes or so to kind of settle into things. It's kind of like when they open the doors at Walmart or Target or Best Buy on Black Friday. You really don't want to be in the front row.

Rule 3 – Keep it simple

I've found the most effective trades are the cleanest. The simplest. The most straight-forward. It's human nature to want to complicate everything, to add a bunch of bells and whistles, and fancy maneuvers. Tricky doesn't get you far in options trading. Simplicity, however, usually does.

Rule 4 – Always have an entry and exit strategy

Don't ever just jump into the market cold and start looking for something to do. That rarely works and is often a recipe for disaster. Plan your trades and work your plan. Consciously decide when you want to get in and have a definite plan for getting out. Tell yourself what the bookends of your trade need to be and stick to them. Sure, you may not call it right everything and you'll wish you decided differently, but this will keep you out of trouble and prevent you from wandering aimlessly in your trade. No entry or exit strategy makes you easy prey for a market that wants to take your money.

Rule 5 – Never adjust a stop loss

Using stop losses is a great way to protect your trade from unpredictable turns and trade safely without sudden huge losses. A stop loss basically says when the trade gets to this number, turn it off, and I'm going home. If you keep adjusting the stop loss you're setting, you're going back on your earlier thinking and trying to play hunches and expectations. You set it for a reason. Stick to it. If it doesn't work out, do a new trade. Don't keep tinkering with it trying to make the one you've got play out. If you do that, there's not much reason for setting a stop loss in the first place.

Rule 6 – Be slow

Trading the stock market can be a fast-paced game, so it seems counter-intuitive to tell you to Go Slow. But slow works. When you get caught up in the pace and the stress and the changing moves, you can easily lose your way. Take a step back. Take a deep breath. Go slow. I've found over the years that the less you work the better everything works. Take it easy. Stay relaxed. Take your time.

Rule 7 – Never chase

If a trade's not working, let it go. If you're waiting for a turnaround, let it go. Never run after a trade trying to catch it on its way down or on its way up. The perfect moment to jump in is almost impossible to define and even harder to execute. Get out and enter into a new trade that makes more sense. They call it "catching a falling knife" for a reason.

Rule 8 – Spend time in the charts

An informed trader is a successful trader. The best options trading doesn't always take place during the heat of the trading day. It happens after hours, at night, in the morning, on your lunch break. It happens in the studying, fact-finding, and planning you do before and after the actual trades. Research your idea, perform your due diligence on companies you're interested in. Study the chart patterns. The smarter and more prepared you are for trading, the better you'll do.

*Want to learn more about options and futures trading?
Ready to take your trading journey to the next level?*

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