



TRADE TO EARN WHILE YOU LEARN

VALUE ZONE TRADING AND TRAINING ROOM GUIDELINES

"GREAT TRADING RESULTS COME FROM SMALL IMPROVEMENTS THAT ARE IMPLEMENTED WITH CONSISTENCY" DR. BRETT STEENBARGER.

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Trading can result in large losses and may not be an activity suitable for everyone.

Room moderators will endeavor to discuss trades that they are about to make for their own accounts. However, because of timing, urgency, ongoing room commentary, technical limitations or any other reason, some positions will not be posted. Moderators may also be trading multiple accounts and/or have accounts or investments outside the scope of the trading and training room. In no case is any trading idea posted a recommendation or an opinion of what you should be doing. Moderators discuss trade ideas in the room for educational purposes only.

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VALUE ZONE TRADING AND TRAINING ROOM

Dear Value Zone Trader

Thank you for joining us in the **VALUE ZONE TRADING & TRAINING ROOM**. This document is an overview of the philosophy and guidelines for our trading and training room.

Trading is a learning experience. Every trade ever day is a new learning experience and no matter how proficient you become you never actually stop learning. Initially when you learn to trade however, inexperience can lead to losses. The markets are tough, the learning curve is steep, and it's difficult for most to adapt to learning—while trying to make a living. That's where we can help you **TRADE TO EARN WHILE YOU LEARN**

When you join a trading room you become part of a community. As such every community needs some guidelines and rules to help us govern ourselves. Ours is a community formed to learn trading as well as trade. It is a community of similarly minded individuals who share their ideas and experiences about trading.

The room is a community of like-minded traders and investors who are working to maximize their advantage in reading the markets. We are traders helping traders and welcome your comments, questions and ideas. Please take advantage of this educational opportunity by asking questions and/or adding additional commentary or ideas for everyone's benefit.

As moderators, trainers and traders we look forward to working with you and getting to know you as we collectively apply our experience and trading tools to ever changing markets. We actively promote a collaborative working spirit in our rooms and invite all subscribers and guest to actively participate in each day's activities.

This **TRADING & TRAINING ROOM** handbook is divided into the following sections:

- ▶ Room Overview
- ▶ Room Philosophy
- ▶ Attendee Conduct Guidelines
- ▶ Thoughts on Risk Management
- ▶ Recommended Reading

THANK YOU FOR JOINING THE VALUE ZONE TEAM.

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VALUE ZONE TRADING & TRAINING ROOM OVERVIEW

The **TRADING & TRAINING ROOM** employs online real-time technical analysis and market commentary, support by our new proprietary Value Zone Indicator Suit. Our full-time moderators and guest speakers have the knowledge and teaching experience to help you to achieve your trading goals and aspirations.

We teach what we know—and we have the experience to back up what we teach. We invite you to **ACTIVELY PARTICIPATE** in the room by asking us questions and posting your thoughts.

WE TEACH TRADERS HOW TO READ THE MARKETS. When you understand how markets work—when you can get a true feeling for how markets develop—then you can come up with your own strategies, methods, and tactics that apply specifically to you and the markets you are interested in. In our training room, you will have moderators who will work with you to help evaluate and apply the concepts that are important to you as a trader.

WE DO NOT TELL YOU WHEN TO TRADE, RATHER WE WILL DISCUSS THE AREAS THAT WE ARE LOOKING AT TO ENTER A TRADE AND HOW WE MANAGE THE RISK. IT IS YOUR DECISION WHERE TO ENTER, AND EXIT AND YOURS ALONE. TRADING RESULTS VARY FROM TRADER TO TRADER BASED ON A VARIETY OF FACTORS. FOR THIS REASON WE DO NOT POST TRADES AND WILL NOT POST TRADE RESULTS.

Trading as a business has often been misrepresented. Individual retail traders working on their own are cut off from important interaction from their peers. Conversely some rooms are too big and too rowdy. We are striving for something in between, calm but with a lively discourse a place where you will learn in a relaxed atmosphere. Trading does not have to be stressful. While it requires a comment and attention to detail we trade without stress and want to help you do the same.

We bring several important assets to the room for our clients:

- ▶ ***WE ARE TRADERS OURSELVES. WE TEACH WHAT WE ACTUALLY DO IN THE MARKETS EVERY DAY. WE TRADE OUR OWN ACCOUNTS AND RISK OUR OWN CAPITAL IN THE MARKETS EVERY DAY.***
- ▶ We are schooled and experienced in price-and-volume analysis, Market Structure and Development, Auction Market Theory and Market Profile™ and employ these concepts in our approach to the markets.
- ▶ We have developed a world class suite of indicators which we use to highlight important areas in the markets.
 - To help speed up our analysis of trading conditions in multiple trading instruments in multiple time frames
 - To improve our accuracy in reading the market's subtle clues of imminent change in market activity, regardless of time frame being observed
 - As a guide, a road map for the day's trading activity.
 - As a graphic display to help our traders recognize where to trade, when to trade, which direction to trade, and when to exit a trade
 - We are discretionary traders, our tools do not give buy and sell signals

In the end using our tools you will be learning how to develop your own, unique and distinct style of trading using our commentary as a guide and our indicators to enhance and speed up your analysis of the markets that you trade. You will become a well rounded discretionary trader.

VALUE ZONE TRADING & TRAINING ROOM PHILOSOPHY

1. We are traders who believe that a live, responsive, supportive, and interactive environment—moderated by actual traders—is the best environment to have your individual trading business grow and thrive.
2. Capital preservation is the most important issue for all traders. **YOU MUST DEVELOP A WRITTEN PLAN FOR MANAGING YOUR MONEY.**
3. We believe that you can **TRADE TO EARN WHILE YOU LEARN.** However, we are realistic about the inherent risk in the marketplace and work hard to preserve our own capital. We pride ourselves in having developed a methodical approach to trading that allows us to be consistent.
4. We believe that there are times in the market when not trading is the best strategy. **IF A TRADE DOES NOT SET UP THE WAY WE WANT, WE DO NOT TAKE THE TRADE.**
5. You must evaluate everything posted in the room against your own trading plan. Therefore, although we will teach you and show you the trades we take, only you can make the final decision whether or not to make a trade.
6. We believe that if you learn to interpret Market Structure and Development, with the assistance of our Value Zone Indicator Suite, your trading will be greatly enhanced.
7. For every trade there is an underlying context: a particular way that the market is developing. You need to understand that context before you enter the trade.
8. Traders have memory and all traders are looking for perceived value. The price levels where professional traders have traded before are likely to be levels of interest again. Our approach to trading, coupled with our world-class indicators, reveal the “footprints” of institutional traders. We trade with the institutional flow of money at their levels.
9. Trading is a journey—not a destination. We believe that all traders must accept that lifelong learning and ongoing study of you’re trading as a mandatory part of your ongoing business of trading.
10. It takes years to become competent, consistent, and self-sufficient as a trader. In fact, many traders will tell you that it took them between five and seven years. Now, that doesn’t mean that you cannot make money in the interim. Far from it.
11. Our goal is to help you dramatically shorten the learning curve by providing the best in ongoing education in a real-time trading environment. And we supplement our teaching while using the best trading tools available. We can help you see what’s in the charts more clearly, accurately and timely.

12. There are no get-rich-quick schemes. If you are looking for a get-rich-quick ideas, our room is most likely not for you. On the other hand, if you are realistic about your undertaking, then we can help.
13. You are a unique individual and have your own unique perceptual biases. We all have a different set of life's experiences so when it comes to the markets; we all have a unique mix of fear, greed, discipline, and risk tolerance. If our style of trading does not fit yours that is OK. There are many styles of trading in this world not just one. The underlying principles of what we teach are universal truths that apply across all markets and all time frames.
14. We believe that there is no single "best" answer to understanding the markets. However, we have developed proprietary indicators—and are constantly adapting them to reflect ongoing changes in the marketplace.
15. We know that no two traders are identical in their approach to the markets. Therefore, we teach multi-dimensional styles of discretionary trading and use multiple time frame analysis to allow traders of all disciplines to participate. However, we trade our plans and rarely take more than 6 trades a day.

VALUE ZONE TRADING & TRAINING ROOM FEATURES

- ▶ Live, online educational trading and market commentary with a focus on capital preservation and disciplined trading. We broadcast both audio and text.
 - *Although room moderators are present all day, we purposely do not talk all day in the room.*
- ▶ On line conferencing technology with real-time charts, trading indications, market data and analysis
- ▶ Detailed, ongoing commentary explaining the market structure and developed and the context behind our trading decisions throughout the day. We are constantly evaluating:
 - What are the professionals doing? Where have they parked their buy and sell orders?
 - Where are our price-point trading levels where we anticipate the markets to reverse?
 - What are the markets trying to do? What have they succeeded in doing? What are they failing to do?
 - Which clues are we capitalizing on? Which ones are we missing?
 - What distinctions can we make about the market—right now—that will help us on the next trade?
- ▶ Trading and analysis of multiple time frames from minute charts to monthly charts. We use a variety of techniques such as technical analysis, volume analysis, sector analysis, Market Profile™, news, and salient fundamentals analysis where applicable.
- ▶ Assistance to help traders to develop an approach to the markets that suits their style and needs
- ▶ Ongoing stock sector analysis which gives insight into the composition and potential direction of the cash and equities markets

- ▶ Ongoing market internals and sector analysis. We make extensive use of the VIX, TICK, TRIN Breadth Indicators, Commodities and Bonds to look for subtle changes in the market place.
- ▶ Daily economic events review

VALUE ZONE TRADING & TRAINING ROOM RULES

- ▶ At all times you must trade your own plan. You take sole responsibility for all of your actions and inactions.
- ▶ We do not post entries, exits and stops; rather we will give you the areas that we believe are good entries and exits. We discuss these areas in plenty of time for an attentive trader to make their own decisions as to enter or stand aside.
- ▶ Absolutely no profanity, lewd behavior, off-color jokes or humor.
- ▶ The more specific your questions to the moderators are, the more specific your answers will be. Please help us help you.
- ▶ Rules of "netiquette" prevail in the room.
- ▶ Please be courteous to all members and guests at all times under all circumstances.
- ▶ No posting in ALL CAPS, bold, unless urgent (the 'common sense' rule applies here as to what urgency is).
- ▶ If you're having a "bad day" trading, take a break. This is great trader's discipline.
- ▶ Moderators may cut off any subscriber or guest without notice for any behavior deemed by moderator to be inappropriate for the room.
- ▶ *Value Zone Trading and its moderators reserve the right to refuse service to any subscriber based on moderator's judgment of what is best for the trading and training room environment and community.*

Hours of Operation: The room is open and moderated from 9:00 AM EST through 4:00PM EST (or later). On Fridays, we leave the real-time charts with ITC indicators on but often are done moderating two to three hours before the market closes.

Throughout the day, room moderators will be commenting (on audio and/or in written text in the chat history window) on pertinent market observations and using live, real-time charts to display their observations. Room moderators will be pointing to various areas in the charts as well as marking them up to highlight areas of importance.

APPENDIX RECOMMENDED READING

At VALUE ZONE TRADING LLC we take the educational side of trading very seriously. Trading is a business—you want to place trading education at the top of your priorities list. We provide this list to help get you started towards trader proficiency. Continual reading and learning is part of any good business decision. The following is recommended reading.

- Douglas *Trading In the Zone*
Douglas *The Disciplined Trader*
Steenbarger *Enhancing Trader Performance: Proven Strategies from the Cutting Edge of Trading Psychology*
Steenbarger *The Psychology of Trading: Tools and Techniques for Minding the Markets*
Elder *Trading For a Living: Psychology, Trading Tactics, Money Management*

MARKET PROFILE™ / MARKET STRUCTURE / AUCTION MARKET THEORY

Market Profile™ is a fairly complex subject that we have simplified through our trading indicators and timing signals. For those who wish to have a more in-depth understanding of Market Profile™ theories and applications, we recommend that you read these next three books in the order presented, as one book builds on the other's background:

- Dalton 1. *Mind Over Markets*
Dalton 2. *Markets in Profile: Profiting from the Auction Process*
Steidlmayer 3. *Steidlmayer on Markets, 2nd Edition*
/Hawkins