**ATM (Advanced Trade Management) Strategy - (Futures, Forex, Crypto)**

1. To open a position Entry Price 1, manually input price and Limit orders (Long or Short) or Market order.
2. ATM Strategy will execute Entry Price 1 order and subsequently manage orders (Profit Targets, Position Builds, Stops) automatically based on Section II.
3. **Parameters: EP1, Swing High, Swing Low, Range, Position Build Size, Forex Start Unit and Stop Loss**
4. Strategy to provide input value price for **Entry Price 1**, order (Limit, Market) and size
5. Strategy to provide input value prices for **Swing High** and **Swing Low**
6. Strategy to calculate the **Range** (Swing High – Swing Low)
7. **Position Build Size**: Strategy needs to divide the Range by 7.

Example – MES Market

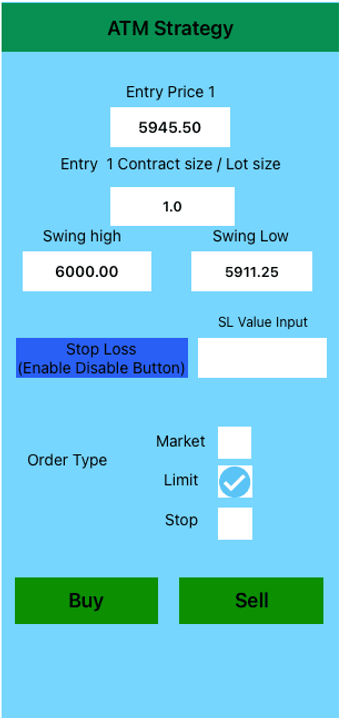
Swing High – 6,000.00 / Swing Low – 5,911.25

Range = 6,000 – 5,911.25 = 88.75

Position Build Size = 88.75/7 = 12.68

1. For Forex markets, need a parameter: **Forex Start Units** This parameter will have the options of Micro, Mini, and Standard for the different lot sizes
2. Strategy to provide input value prices for **Stop Loss** (Option to enable/disable)

**Note:** Create a Dashboard where I can input **Entry Price 1 (Order Type, Size), Swing High, Swing Low, Stop Loss** and **Forex Start Units.** Below is an image of an example.



1. **Rules and conditions:**

Strategy will trigger the initial trade (Entry Price 1) when I click the buy or sell button (Dashboard). Then it will be automatically managed by the Strategy as per Position Management.

Position Management:

1. 1st Sequence: Once Entry Price 1 order is executed and filled the ATM Strategy will calculate and execute Profit Target 1 and Entry Price 2 (To build Position) new orders as follows:

Long Trade Scenario:

* Profit Target 1 = Entry price 1 + Position Build Size / Strategy executes Limit Sell order for PT1
* Entry Price 2 = Entry price 1 – Position Build Size / Strategy executes Limit Buy order for EP2
* If Profit Target 1 order is filled, cancel pending order Entry Price 2. Trade is completed.
* If Entry Price 2 order is filled, cancel Profit Target 1 and go to 2nd Sequence.

1. 2nd Sequence: When Entry Price 2 is executed and filled the ATM Strategy will determine and execute new Proft Target 2 and Entry Price 3 (To build Position) orders as follows:

* Profit Target 2 = Entry price 1 / Strategy executes Limit Sell order PT2
* Entry Price 3 = Entry price 2 – Position Build Size/ Strategy executes Limit Buy order EP3
* If Profit Target 2 order is filled, cancel pending order Entry Price 3. Trade is completed.
* If Entry Price 3 order is filled, cancel Profit Target 2 and go to 3rd Sequence.

1. 3rd Sequence: When Entry Price 3 is executed and filled the ATM Strategy will determine and execute new Proft Target 3 and Entry Price 4 (To build Position) orders as follows:

* Profit Target 3 = Entry price 2 / Strategy executes Limit Sell order PT3
* Entry Price 4 = Entry price 3 – Position Build Size/ Strategy executes Limit Buy order EP4
* If Profit Target 3 order is filled, cancel pending order Entry Price 4. Trade is completed.
* If Entry Price 4 order is filled, cancel Profit Target 3 and go to 4th Sequence.

1. 4th Sequence: When Entry Price 4 is executed and filled the ATM Strategy will determine and execute new Proft Target 4 and Entry Price 5 (To build Position) orders as follows:

* Profit Target 4 = Entry price 3 / Strategy executes Limit Sell order PT4
* Entry Price 5 = Entry price 4 – Position Build Size/ Strategy executes Limit Buy order EP5
* If Profit Target 4 order is filled, cancel pending order Entry Price 5. Trade is completed.
* If Entry Price 5 order is filled, cancel Profit Target 4 and go to 5th Sequence.

1. 5th Sequence: When Entry Price 5 is executed and filled the ATM Strategy will determine and execute new Proft Target 5 and Entry Price 6 (To build Position) orders as follows:

* Profit Target 5 = Entry price 4 / Strategy executes Limit Sell order PT5
* Entry Price 6 = Entry price 5 – Position Build Size/ Strategy executes Limit Buy order EP6
* If Profit Target 5 order is filled, cancel pending order Entry Price 6. Trade is completed.
* If Entry Price 6 order is filled, cancel Profit Target 5 and go to 6th Sequence.

1. 6th Sequence: When Entry Price 6 is executed and filled the ATM Strategy will determine and execute new Proft Target 6 and Entry Price 7 (To build Position) orders as follows:

* Profit Target 6 = Entry price 5 / Strategy executes Limit Sell order PT6
* Entry Price 7 = Entry price 6 – Position Build Size/ Strategy executes Limit Buy order EP7
* If Profit Target 6 order is filled, cancel pending order Entry Price 7. Trade is completed.
* If Entry Price 7 order is filled, cancel Profit Target 6 and go to 7th Sequence.

1. 7th Sequence: When Entry Price 7 is executed and filled the ATM Strategy will determine and execute new Proft Target 7 and Entry Price 8 (To build Position) orders as follows:

* Profit Target 7 = Entry price 6 / Strategy executes Limit Sell order PT7
* Entry Price 8 = Entry price 7 – Position Build Size/ Strategy executes Limit Buy order EP8
* If Profit Target 7 order is filled, cancel pending order Entry Price 8. Trade is completed.
* If Entry Price 8 order is filled, cancel Profit Target 7. Entry Price 8 will be open and managed manually, or a Stop Loss will be place based on Section IV.

**NOTE**: For a Short Trade Scenario steps 1) to 7) are the same the only thing that changes are the (+/-) on the formulas:

* Profit Target1 = Entry Price 1 - Position Build Size / Strategy executes Limit Buy order PT1
* Profit Target 2 = Entry Price 2 / Strategy executes Limit Buy order PT2
* Profit Target 3 = Entry Price 3 / Strategy executes Limit Buy order PT3
* Profit Target 4 = Entry Price 4 / Strategy executes Limit Buy order PT4
* Profit Target 5 = Entry Price 5 / Strategy executes Limit Buy order PT5
* Profit Target 6 = Entry Price 6 / Strategy executes Limit Buy order PT6
* Profit Target 7 = Entry Price 7 / Strategy executes Limit Buy order PT7
* Entry Price2 = Entry Price 1+ Position Build Size / Strategy executes Limit Sell order EP2
* Entry Price 3 = Entry Price 2 + Position Build Size / Strategy executes Limit Sell order EP3
* Entry Price 4 = Entry Price 3 + Position Build Size / Strategy executes Limit Sell order EP4
* Entry Price 5 = Entry Price 4 + Position Build Size / Strategy executes Limit Sell order EP5
* Entry Price 6 = Entry Price 5 + Position Build Size / Strategy executes Limit Sell order EP6
* Entry Price 7 = Entry Price 6 + Position Build Size / Strategy executes Limit Sell order EP7
* Entry Price 8 = Entry Price 7 + Position Build Size / Strategy executes Limit Sell order EP8

**Example – MES Market:**

Entry Price 1 – Limit Long @ 5945.50

Swing High – 6,000.00 / Swing Low – 5,911.25

Range = 6,000 – 5,911.25 = 88.75

Position Build Size = 88.75/7 = 12.68

After market analysis I manually input a Limit Long at 5945.50 (1 contract). From this point ATM Strategy takes over and executes Entry Price 1 order. Once Entry Price 1 order is executed and filled The ATM Strategy calculates and executes the following orders (1st Sequence):

* Profit Target 1 = 5945.50 + 12.68 = 5958.18 (Rounded to 5958.25). Limit Sell Order executed @ 5958.25 (1 contract)
* Entry Price 2 = 5945.50 – 12.68 = 5932.82 ((Rounded to 5932.75). Limit Buy Order executed @ 5932.75 (2 contracts)
* After Profit Target 1 and Entry Price 2 orders executions the market will: a) hit and filled Profit Target 1 and Entry Price 2 order is cancelled. Trade is complete. or b) hit the Entry Price 2 and Profit Target 1 is cancelled. At this point there is an open position Long with 3 contracts at an average price level between Entry Price 1 and Entry Price 2.

Once Entry Price 2 is executed and filled and Profit Target 1 is cancelled the ATM Strategy will calculate and executes the following orders (2nd Sequence):

* Profit Target 2 = 5945.50. Limit Sell Order executed @ 5945.50 (3 contracts)
* Entry Price 3 = 5932.75 – 12.68 = 5920.07 ((Rounded to 5920.00). Limit Buy Order executed @ 5932.75 (4 contracts)
* After Profit Target 2 and Entry Price 3 orders executions the market will: a) hit and filled Profit Target 2 and Entry Price 3 order is cancelled. Trade is complete. or b) hit the Entry Price 3 and Profit Target 2 is cancelled. At this point there is an open position Long with 7 contracts at an average price level between Entry Price 1, Entry Price 2 and Entry Price 3.

Once Entry Price 3 is executed and filled and Profit Target 2 is cancelled the ATM Strategy will calculate and executes the following orders (3rd Sequence):

* Profit Target 3 = 5932.75. Limit Sell Order executed @ 5932.75 (7 contracts)
* Entry Price 4 = 5920.00 – 12.68 = 5907.32 ((Rounded to 5907.25). Limit Buy Order executed @ 5907.25 (8 contracts)
* After Profit Target 3 and Entry Price 4 orders executions the market will: a) hit and filled Profit Target 3 and Entry Price 4 order is cancelled. Trade is complete. or b) hit the Entry Price 4 and Profit Target 3 is cancelled. At this point there is an open position Long with 15 contracts at an average price level between Entry Price 1, Entry Price 2, Entry Price 3 and Entry Price 4.

If Profit Target 3 is not filled the process continues with 4th Sequence, 5th Sequence (if needed), 6th Sequence (if needed) and 7th Sequence (if needed).

1. **Contracts**

Entry Price 1 to open a position will always be 1 contract. Below are the contract or lot sizes to be used by the ATM Strategy for the different Profit Targets and Entry Prices orders:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Contract Size (Fut) | Lot Size (FX) |  | Contract Size (Fut) | Lot Size (FX) |
| Profit Target 1 | 1 | 0.01, 0.1 or 1 | Entry Price 2 | 2 | 0.02, 0.2 or 2 |
| Profit Target 2 | 3 | 0.03, 0.3 or 3 | Entry Price 3 | 4 | 0.04, 0.4 or 4 |
| Profit Target 3 | 7 | 0.07, 0.7 or 7 | Entry Price 4 | 8 | 0.08, 0.8 or 8 |
| Profit Target 4 | 15 | 0.15, 1.5 or 15 | Entry Price 5 | 16 | 0.16, 1.6 or 16 |
| Profit Target 5 | 31 | 0.31, 3.1 or 31 | Entry Price 6 | 32 | 0.32, 3.2 or 32 |
| Profit Target 6 | 63 | 0.63, 6.3 or 63 | Entry Price 7 | 64 | 0.64, 6.4 or 64 |
| Profit Target 7 | 127 | 1.27, 12.7 or 127 | Entry Price 8 | 128 | 1.28, 12.8 or 128 |

1. **Stop Loss (Order Handling)**
2. Need the option to enable it or disable it.
3. Need a field to input stop loss value. The value will be number of contracts.
4. There will be a correlation between the value entered for stop loss and the Entry price. For example, if a value of 15 is entered for stop loss, then the strategy will do position management up to Entry Price 4. There will be no Entry Price 5, instead a Stop loss for the total number of contracts (15) will be placed at the price level 5.

Refer to below table for stop loss scenarios:

Long Scenario:

|  |  |  |  |
| --- | --- | --- | --- |
| Manual Input (Stop Loss) | Position Management Up To | Position Management Up To Contract Size or Lot Size | Stop Loss Level |
| 3 | Entry Price 2 | 2 (Fut)  or  0.02, 0.2 or 2 (FX) | When Entry Price 2 is filled there is No Entry Price 3 execution. Instead, Stop Loss order will be executed with 3 contracts or 0.03,0.3 or 3 lots:  Stop Loss = Entry Price 2 – Position Build Size |
| 7 | Entry Price 3 | 4 (Fut)  or  0.04, 0.4 or 4 (FX) | When Entry Price 3 is filled there is No Entry Price 4 execution. Instead, Stop Loss order will be executed with 7 contracts or 0.07,0.7 or 7 lots:  Stop Loss = Entry Price 3 – Position Build Size |
| 15 | Entry Price 4 | 8 (Fut)  or  0.08, 0.8 or 8 (FX) | When Entry Price 4 is filled there is No Entry Price 5 execution. Instead, Stop Loss order will be executed with 15 contracts or 0.15,1.5 or 15 lots:  Stop Loss = Entry Price 4 – Position Build Size |
| 31 | Entry Price 5 | 16 (Fut)  or  0.16, 1.6 or 16 (FX) | When Entry Price 5 is filled there is No Entry Price 6 execution. Instead, Stop Loss order will be executed with 31 contracts or 0.31,3.1 or 31 lots:  Stop Loss = Entry Price 5 – Position Build Size |
| 63 | Entry Price 6 | 32 (Fut)  or  0.32, 3.2 or 32 (FX) | When Entry Price 6 is filled there is No Entry Price 7 execution. Instead, Stop Loss order will be executed with 63 contracts or 0.63,6.3 or 63 lots:  Stop Loss = Entry Price 6 – Position Build Size |
| 127 | Entry Price 7 | 64 (Fut)  or  0.64, 6.4 or 64 (FX) | When Entry Price 7 is filled there is No Entry Price 8 execution. Instead, Stop Loss order will be executed with 127 contracts or 1.27,12.7 or 127 lots:  Stop Loss = Entry Price 7 – Position Build Size |
| 255 | Entry Price 8 | 128 (Fut)  or  1.28, 12.8 or 128 (FX) | When Entry Price 8 is filled a Stop Loss order will be executed with 256 contracts or 2.56,25.6 or 256 lots:  Stop Loss = Entry Price 8 – Position Build Size |

**NOTE**: For a Short scenario the above table is the same except Stop Loss formula is:

* Stop Lossn = Entry pricen + Position Build Size

1. **Partial Fills**
2. Since Entry Prices and Profit Targets are Limit orders, the strategy needs to manage the scenario of a partial fills and keep track of the correct number of contracts.

Two Scenarios (Examples):

1. If the Entry Price 5 (16 contracts) order is executed and only filled with 8 contracts and the market moves to the Profit Target 4 the Profit Target 4 order needs to be with 23 contracts instead of 31 contracts.
2. If the Entry Price 4 (8 contracts) order is executed and filled initially with 5 contracts the Profit Target 3 will be for 12 contracts. If the market comes back to the Entry Price 4 and fills the remaining 3 contracts, then the Profit Target 3 needs to be adjusted from 12 contracts to 15 contracts.
3. **Round numbers - Entry Price/Profit Target Levels after adding or subtracting Position Build Size**
4. Entry Prices/Profit Target price levels need to be rounded to the nearest tick or pip increments.
5. **Trade Alerts**

The strategy needs to send trade alerts to my cell phone. Script should have a provision for sending Notifications thru the Platform to my phone for:

1. Filled orders
2. Pending orders (Limit, Stop Loss)
3. Cancel orders
4. Loss of Communication
5. **Futures Markets Close Scenario (Retain the Sequence)**

From Monday to Friday the Futures markets (CME) closes at 4pm (Central Time CT) and opens at 5pm (Central Time CT). There is a possibility that I can have an open position minutes before the close at 4pm. Day trading and overnight margins are very different. If I don’t close the position before the market closes at 4pm the margins to carry over the position overnight increase dramatically. For example, for MES (Micro E-mini S&P 500) the day trading margin is $50/contract, and the overnight margin is $1,518/contract. If I have an open position before the close with multiple contracts (say 31 contracts) and I carry the position after the close 4pm (overnight) the margins changes from $1,550 (day trading - $50 x 31) to $47,048 (overnight - $1,518 x 31). To avoid this increase in margin I will close the position before the market closes at 4pm.

Now, the issue is that I’m forced to close the trade due to margin increase and not because the trade is over. Based on the ATM Strategy the trade is not over because:

1. It has not reached the Profit Target or
2. It has not reached the Stop Loss

So, I’m looking for the ATM Strategy to continue (Retain the Sequence) with the previous trade after the market opens at 5pm. In order words, I will close manually the open position (or the Strategy can close it) before the market closes at 4pm, let’s say 1 minute before the 4pm. Then when the market opens at 5pm I will place a manual market order (or the Strategy can place the order) for the same number of contracts (same direction) as the previous trade and the ATM Strategy will continue with the same price entry/profit target sequence from the previous trade that was closed before the market closes at 4pm.

**Example – MES Market**

Entry Price 1 – Limit Long @ 5945.50

Swing High – 6,000.00 / Swing Low – 5,911.25

Range = 6,000 – 5,911.25 = 88.75

Position Build Size = 88.75/7 = 12.68

I manually input an Entry Price 1 Limit Long at 5945.50 (1 contract). The ATM Strategy takes over and executes Entry Price 1 order. Once Entry Price 1 order is filled the ATM Strategy follows the sequences (Section II). Let’s assume we get to sequence no. 3.

1st Sequence:

Profit Target 1 = 5945.50 + 12.68 = 5958.18 (Rounded to 5958.25). Limit Sell Order executed @ 5958.25 (1 contract)

Entry Price 2 = 5945.50 – 12.68 = 5932.82 ((Rounded to 5932.75). Limit Buy Order executed @ 5932.75 (2 contracts)

2nd Sequence:

Profit Target 2 = 5945.50. Limit Sell Order executed @ 5945.50 (3 contracts)

Entry Price 3 = 5932.75 – 12.68 = 5920.07 ((Rounded to 5920.00). Limit Buy Order executed @ 5932.75 (4 contracts)

3rd Sequence:

Profit Target 3 = 5932.75. Limit Sell Order executed @ 5932.75 (7 contracts)

Entry Price 4 = 5920.00 – 12.68 = 5907.32 ((Rounded to 5907.25). Limit Buy Order executed @ 5907.25 (8 contracts)

After the 2nd Sequence when Entry Price 3 is executed/filled we have an open position Long with 7 contracts at an Ave. price between Entry Price 1, Entry Price 2, and Entry Price 3). Also, we have pending orders for Profit Target 3 (Limit Sell @ 5932.75, 7 contracts) and Entry Price 4 (Limit Buy @ 5907.25.00, 8 contracts). Let’s say we are about 1 minute to the market close at 4pm (CT). At this point I will close the open position to avoid the increase in margin (overnight). Also, pending orders (PT 3 and EP 4 are closed). Again, I’m forced to close the position because of margin increase and not because the trade is over according to the ATM Strategy. Once the market opens at 5pm I will place a market order for 7 contracts (Long position), so I basically will have the same open position as the previous trade that was closed 1 minute before the market closes at 4pm. From this point the ATM Strategy needs to retain the sequence as the previous trade that was closed before the market close at 4pm. So, at 5pm after the manual market order (7 contracts / Long position) is executed and filled the ATM Strategy will submit pending orders for 3rd Sequence:

3rd Sequence:

Profit Target 3 = 5932.75. Limit Sell Order executed @ 5932.75 (7 contracts)

Entry Price 4 = 5920.00 – 12.68 = 5907.32 ((Rounded to 5907.25). Limit Buy Order executed @ 5907.25 (8 contracts)

If Profit Target 3 is filled, Entry Price 4 is cancelled, and the trade is complete. If Profit Target 3 is not hit/filled and Entry Price 4 is filled the process continues with 4th Sequence, 5th Sequence (if needed), 6th Sequence (if needed) and 7th Sequence (if needed).

In essence, the ATM Strategy needs to retain and follow the sequence that was interrupted from the previous trade at 1 minute before the market close.

**NOTE:** The above ‘Retain the Sequence’ only applies to the Futures markets. It does not apply to Forex markets which run 24 hours (non-stop) from Monday to Friday and there is no margin increase.