

### **3 Critical Actions That Successful Traders Cover in Their Rules!**

If you want to be a successful trader you need to have a set of written rules! Your personal trading rules will evolve as you progress through your trading life. The number of rules each trader utilizes can range from a couple to several dozen. Too many rules can result in inaction! I believe that when compiling your trading rules there are three essential actions that you must cover:

#### **1. When to enter a trade**

Whether you are using technical analysis or fundamental analysis to trade you must have certain criteria for entering a trade.

Excessively rigid requirements such as all the stars being aligned prior to entering a trade may be impractical but if you do not have some basic guidelines you may as well be betting on red and black at the casino!

#### **2. When to exit a trade**

Entering a trade can be a lot easier than exiting a trade so you must have an exit strategy whenever you enter a trade. Your strategy must cover when to exit both a winning and a losing trade.

If you are in a losing trade it is easy to believe that the trade will turn around and that you have not taken a loss until you exit the trade.

Although with advanced strategies it is not always necessary to exit a trade outright (You can convert some strategies into others), you must still have trigger points to indicate when to take action.

If you are in a profitable trade you may decide that there is a lot more profit in the trade but unless you take a profit it is not a profit.

#### **3. When to review and amend your rules**

As you progress through your trading career circumstances will change and you must decide when your rules will be reviewed and under what conditions they need to be amended.

An example of a change in circumstances could be several years of a bull market culminating in a big fall followed by a bear market.

Although your strategies should be designed for profits whichever way the market is going a fundamental change in the world economies may necessitate some adapting of your current rules.

***For further information on trading and business in general visit***  
<http://businessclarity.net>

For access to access to the e book "How I lost \$100,000 Trading (so you don't have to) visit <http://ifloserswrotebooks.com>

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