

RULES FOR SUCCESSFUL TRADING

KEY TAKEAWAYS

- Treat trading like a business, be serious.
- Learn everything about trading.
- Set realistic expectations.



01

INVEST IN YOURSELF BEFORE YOU INVEST IN THE MARKETS

In any business endeavor, a good understanding of the business, an identification of opportunities, thorough risk assessment and a sound strategy are imperative to success. Knowledge of the foreign exchange market is a must before you start investing. Successful traders know that very well, that's why they continually invest in their knowledge. And that's why we at JRFX Academy offer study materials, seminar webinars and tools so that you – the trader – can learn as much as possible. JRFX offers continuous training programs with experienced trainers, covering all levels of trading knowledge, including beginner, intermediate and advanced. The best thing about investing in your education with JRFX is that we provide these learning tools for free so that you can invest your time and money wisely.



BECOME A STUDENT OF THE MARKETS

Knowing the rules of the game before you play it is essential. Would you get behind the wheel of a car and start to drive before you knew the rules? Think of it as continuing education. Traders need to remain focused on learning more each day. It is important to remember that understanding the markets, and all of their intricacies, is an ongoing, lifelong process. Hard research allows traders to understand the facts, like what the different economic reports mean. Focus and observation allow traders to sharpen their instincts and learn the nuances.

World politics, news events, economic trends—even the weather—all have an impact on the markets. The market environment is dynamic. The more traders understand the past and current markets, the better prepared they are to face the future.



03

PRACTICE MAKES PERFECT!

This also applies to trading the markets. After mastering the theory, rules and trading techniques, a time comes to put all that knowledge into practice under real conditions, but with virtual money! At JRFX we believe that it is important to feel confident when you are trading with your hardearned money, so we provide free demo accounts until you feel truly ready to make educated decisions.

With a demo account, you can test out the markets, trade under different market conditions and practice your trading strategies with virtual money. Even the best traders in the world use a demo account from time to time to





04

START SMALL WITH A REAL ACCOUNT

Whilst practicing on a demo account is a good beginning, successful traders know that trading psychology, discipline and emotions are very different when real money is involved.

The fear of losing, the greed of a big win and the panic you may feel if a trade goes against you are all common emotions you will need to learn to control in order to become successful. JRFX encourages new traders to start small and take trading at their own pace. We want you to experience live trading in a comfortable environment where you are not risking more than you can afford to lose. By opening a live account with JRFX, you will experience real trading emotions in a safe and supportive environment. Open an account with JRFX and start trading to see for yourself.

05

DO NOT EXPECT TO BECOME A MILLIONAIRE WITH A \$100 DEPOSIT

One of the major reasons foreign exchange has expanded all over the world, and enjoys high popularity amongst traders, is undoubtedly leverage. It is true that leverage attracts the attention of many traders and especially those who make small deposits. Many beginners rush into trading with a low deposit, expecting to make huge profits. More often than not, their false expectations lead to poor decisions and disappointment. Understanding leverage strategy and money management are key to extending the power of your deposit, so reset your expectations and learn how to invest your time wisely. Successful traders know very well that their potential profits correspond to their risk.



ALWAYS USE A TRADING PLAN

A trading plan is a written set of rules that specifies a trader's entry, exit, and money management criteria for every purchase.

With today's technology, it is easy to test a trading idea before risking real money. Known as back testing, this practice allows you to apply your trading idea using historical data and determine if it is viable. Once a plan has been developed and back testing shows good results, the plan can be used in real trading.

The key here is to stick to the plan. Taking trades outside of the trading plan, even if they turn out to be winners, is considered poor strategy.



07

RISK ONLY WHAT YOU CAN AFFORD TO LOSE

Before you start using real cash, make sure that all of the money in that trading account is truly expendable. If it's not, the trader should keep saving until it is.

Money in a trading account should not be allocated for the kids' college tuition or paying the mortgage. Traders must never allow themselves to think they are simply borrowing money from these other important obligations.

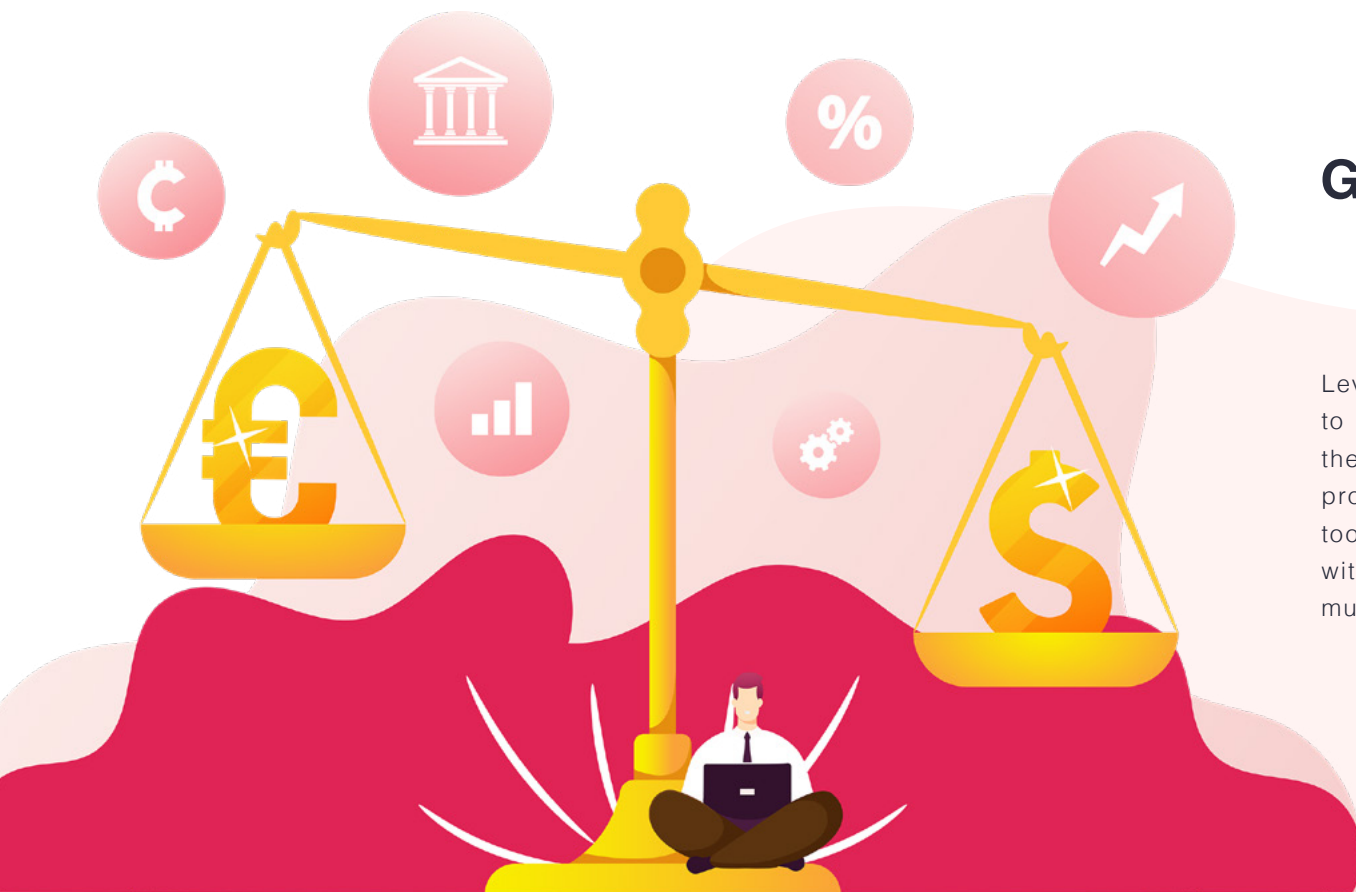
Losing money is traumatic enough. It is even more so if it is capital that should have never been risked in the first place.



GO EASY ON LEVERAGE. IT'S RISKY

One of the most lucrative aspects of trading is leverage.

Leverage is the reason that traders with a small deposit are able to make large amount of profits. Great, right? Well, yes, but at the same time, leverage is to blame for big losses because whilst profits can happen quickly, losses can too! Leverage is a financial tool to enhance a trader's potential to be able to earn more profits with less money. Unfortunately, in the same way that leverage multiplies profits it also multiplies losses and can quickly wipe out a poorly managed trading account. Use it sensibly.



09

ALWAYS PLACE PROTECTIVE STOP LOSS

Here's a scenario. If you were walking a tightrope between two buildings, would you prefer to have the glory of doing it without any safety tools or would you be happier knowing that there was a safety net halfway down to catch you if you fall? The safety net won't interfere with your task, it is simply there to protect you if the worst happens. This is the essence of a protective stop loss yet many traders don't use them. This is usually because in trading there is plenty of ego to go around! Who wants to admit that they were wrong or that their trade went wrong? That's really painful and that's why human beings rarely admit that they are wrong. Let go of your ego, be humble and understand that even the best traders use stop losses. They are a part of trading. Learn to accept them and place a stop loss to protect your capital!



IF YOU CANNOT STICK TO YOUR SYSTEM, THEN HAVE AN EA DEVELOPED FOR YOU

Expert Advisor trading systems (EAs) are developed through the use of empirical observations combined with statistical findings and back testing on historical data, as well as forward testing on live prices.

Sounds complicated right? Well for most traders it probably is but that's why we use them... to take some of the calculations and stress out of everyday trading. Sometimes, the development phase requires visual inspection of the price charts, expertise, hard work, tweaking of parameters and long hours during the day and night. Why all that trouble? Well the answer is quite simple. To have a road map for trading the markets. Precise entry points, precise profit levels and precise exit points in case the unexpected happens. Everything has to be calculated in advance... even the potential risks. It is important to note that following your trading system is imperative. If you have any difficulty following it then make sure you have an expert advisor developed for you. Even though no trading system is 100% accurate, 100% of the time... having an expert advisor guarantees 100% discipline! Follow JRFX's seminars to learn more about it.

BE WARY OF TRADING NEWS EVENTS

Trading news events, especially the high impact ones like NFP (non-farm payroll) is an adrenaline rush for most traders.

The anticipation, the market buzz, the announcement and the high volatility that surrounds the event is so appealing that most traders overlook the dangers and risks. Requotes, slippage, lack of direction and the resulting frustration are just a few consequences. The abrupt bidirectional price movement also doesn't leave a lot of room to maneuver, especially on lower timeframes where most novice traders are trading. At JRFX we offer controlled training during real life market events so that you can understand the way the market reacts. You may find the lure of trading news events too much to resist but you also need to understand the risks involved and be wary.





12

KNOW WHEN TO STOP TRADING

There are two reasons to stop trading: an ineffective trading plan, and an ineffective trader.

An ineffective trading plan shows much greater losses than were anticipated in historical testing. That happens. Markets may have changed, or volatility may have lessened. For whatever reason, the trading plan simply is not performing as expected.

Stay unemotional and businesslike. It's time to reevaluate the trading plan and make a few changes or to start over with a new trading plan.

An unsuccessful trading plan is a problem that needs to be solved. It is not necessarily the end of the trading business.

An ineffective trader is one who makes a trading plan but is unable to follow it. External stress, poor habits, and lack of physical activity can all contribute to this problem. A trader who is not in peak condition for trading should consider taking a break. After any difficulties and challenges have been dealt with, the trader can return to business.

13

HAVE REALISTIC EXPECTATIONS

Successful traders have realistic expectations, which is directly linked to understanding the risk-to-reward ratio.

How much are you willing to risk? How much are you able to deposit? How many hours can you dedicate to your trading? Your answers to these questions will ultimately define your potential profits! Successful traders have detailed plans for their trading and their expectations are grounded in reality which makes them less likely to go off the rails. Learning the rules and having realistic expectations means knowing when to enter a trade and, ultimately, when to exit. Follow our seminars and master your risk management to reach your trading potential.



CONCLUSION

Understanding the importance of each of these trading rules, and how they work together, can help a trader establish a viable trading business. Trading is hard work, and traders who have the discipline and patience to follow these rules can increase their odds of success in a very competitive arena.

COMPETE RISK FREE WITH \$100,000 IN VIRTUAL CASH

Compete with thousands of Investopedia traders and trade your way to the top! Submit trades in a virtual environment before you start risking your own money. Practice trading strategies so that when you're ready to enter the real market, you've had the practice you need.

TRY IT NOW!

