Glossary of “TRADEforDOLLAR.com” related terminology

Automated trading - a System that provides 100% Automated Trading Algorithms that utilize multiple Trading Strategies for a gamut of Financial Markets and Time Frames.

Algorithm - a codified relational framework providing ability to simultaneously trade up to several independent but Structurally related Trends within a coherent Multi Dimensional, Multi Trending Structural Construct; automatically Synchronizing or Hedging such Structural and Fractal trends dependent on changes in the internal dynamic of the Market. Works together with the logic and Rules Engine to provide a real time entry and exit points by the Automated Strategies.

Correction - opposite to the current Primary Structural Trend’s movement in price that changes such a Trend, triggering Structural Transcendency and resulting in a new Hierarchical Structure; Corrections will occur in every Structure and at times will affect several Structures within a Structural Framework at the same time.

Encapsulation - in Hierarchical Tier Framework of the Multidimensional Construct any of the Structures can contain within itself a new Structure of a smaller order with its own set of subordinate Structural and Fractal Trends that might or might not be Synchronized with the trend of the Host Structure.

Hedge - a process whereby Structural and Fractal Trends of various Hierarchical Structures within a Multidimensional Construct move in opposite directions.

Hedging can occur among all Structural and Fractal Trends within one Non Synthetic TF (let's say Daily); within one Synthetic TF (composed of two correlated TFs let's say Weekly TF and Daily TF); between two Synthetic TFs (let's say Weekly/Daily and Daily/60min); between two Non Synthetic TFs (let's say Weekly TF and Daily TF) and between Synthetic TF (let's say 5min/1min) and a Non Synthetic TF (let's say 25 min). Thus, we have a Synthetic Hedging and a Non Synthetic Hedging.

HTF - Higher Time Frame.

Inversion - a counter to the Multi Dimensional Structure's original Primary Trend’s price move of the Encapsulated Structure vis-a-vis its Fractal and/or Structural Trends.

LTF - Lower Time Frame.

Multi Market - The System is designed to work equally well in any Market. It analyses and trades any given Stock, any given Commodity, any Index in any desired Time Frame on any given Market. It means if we want to trade Apple or Exxon; Gold or Oil; SPX500 Index or NASDAQ; any currency or any Market in the world - we can.

Multi Time Frame - Since the System is based on the Multi Time Frame and Multi Structural analysis as its foundation, we can determine the Primary, Intermediate and Immediate trends of anything we are working with. At any given time we know what the long term Trend of Gold is; where the Dow Jones Industrial Average going; whether or not the SPX500 Index or NASDAQ currently are moving up or down and whether it just a Correction within a long term Trend, or a change of the underlying Trend itself. Because of the correlation among the Multiple Time Frames we can determine when within a long term Correction begins. Thus, when, lets say in long term Positional trade, the System automatically will indicate the Correction visually; sell completely or partially reduce its exposure (based on our preference in choosing a specific set of parameters prior to initiating a particular Strategy) and, re enter the trade again, once the Market begins its ascent; for the System knows that the original Trend is still in effect. It is thus very versatile, sensitive to the volatility of the underlying Market and deals with the volatility as one of its primary objectives though a number of built in filters with the sole objective of filtering out the noise of the Market and concentrating instead on the Market's Primary Trends. In addition, the correlation among the Time Frames provides an extremely powerful and profitable option of trading such a Correction or volatility. While the longer, let's say Weekly and Daily trends are still up, and our exposure to the Market is long with the System indicating a Correction and thus liquidating half or all of its position but yet not having a signal to go Short; a shorter Time Frame, within the same Market, will not consider such a Correction as a Correction but instead will consider it as a change in Trend. As a result, while on the Weekly and/or Daily we are long, on the 120min or 60 min or 25min Time Frames the System shall start initiating Short positions and utilize such a Correction within a larger up Trend as an opportunity to generate profits. It is thus, simultaneously a Hedge, and/or, a stand alone Strategy enabling us to double our trading opportunity and income. The System will allow simultaneous trading in any Market environment whether up or down.

Multi Positional Trade – As discussed above, the Strategy has an option, when setting a price objective, to trade either for a specific number of points within a Trend or, to trade for the duration of a Trend – stay in a position until Trend is over. For both options, we can choose how many times we want to enter the Trend. If a Trend let's say is for ten points, the Strategy, set for 1 point profit objective will enter the Trend once, take its one point, and wait for another Trend, thus, missing the remaining nine points of profits. The Strategy set for a Trend as its price objective will enter the Trend only once also, just like the previous Strategy, but will not miss nine points but stay in a position for all ten points of profit. However, the Strategy will generate additional points of entry within the ongoing Trend for both variations of price objectives. We can therefore, within the hypothetical ten point Trend, reenter the Trend multiple times. The 1 point Strategy will grab a point, then, reenter the Trend grab another 1 point of profit, then, as the Market advances will reenter a third time and so on until the Trend is over. The full Trend price objective will also reenter the Trend multiple times; each time, increasing overall exposure to the Market through its increase in the number of overall contracts. This is called Multi Positional Trades or Multiples.

Positional and Profit Defined - Profit objective is defined either by a specific points (in SPX 500 futures Market for example, 1 point is equal to $50 on 1 contract, that requires about $5,000 in the account; if we made 10 points or $500 on 1 contract; $5,500 will be allocated back into the account; if we lost 10 points, $4,500 will go back) or, by a Trend. The difference is that with a Trend, we never know how big or small it will be – it might be let's say 2 points or 50 points. Thus, we have two options. We can set the Strategy's price objective for a specific number of points – 1 or 3 or 5 or any other number; or, for the duration of a Trend itself; meaning, when the Strategy determines start of a Trend it will initiate a position till the point when it deems the Trend no longer in effect, in which case, the Strategy will close the open position and either reverse the trade, or wait for a new Trend to commence. Since we never know the exact daily trading range in advance, whether today the Market will move in a 3 points or 30 point range; it makes sense to run a couple of Strategies in the same Time Frame but with different price objectives. If the range is small, Strategy with a 1 point price objective will make money even in a tight daily range of a few points, whereas the Strategy with the Trend price objective might not. Or the opposite might happen, where the 1 point Strategy might stumble in a sideway trading and generate too many losing trades; the Trend price objective Strategy, will stay put through sideways trading with one trade and come out ahead. The same logic applies to having Higher Time Frame Strategies running at the same time. Whereas 1min or 2min Strategies, independent of their respectively defined price objectives, might not do well on a particular day, the Higher Time Frame Strategy – 5 min will do extremely well. Thus, by running Multiple Time Frame Strategies with various price objectives within the same Market, we substantially increase our odds of generating profit at the end of the day no matter what the Market conditions are, through a sort of diversified Hedge. Where one Strategy might loose, the others might not.

Risk - is controlled on several levels. First two levels are built in the logic of a Strategy and thus, are internal to it. No matter what happens the Strategy always will define a Trend and reverse it when needed, visa via constant analysis of price data in real time. Also, it will recognize when the price is beginning to move in the opposite of the position direction triggering a hard coded circuit breakers if you will, that shall immediately notify us of a potential Correction within a Primary Trend and sell half or the entire position, based on our preference. Those circuit breakers in effect are coded stop losses, defined not by a hard static monetary value, but instead, are defined by the dynamic of the Market itself. They are thus dynamic, not static, stop losses, which move with the Market and are defined by it; always below the current Market price as a safety net that tightens or expands according to the dynamic and volatility of the Market itself. Since we never know how a Market's behavior shall exhibit itself within a certain time series, we can never correctly define ourselves where the risk lays and thus, never can quantify the most optimum way to manage it; instead, we let the Market define and manage the risk for us. And that is the key. We are not external to the Market, but an integral intimate part of it, moving with it, responding to it and letting it tell us what to do instead of letting our emotions, our personal biases, views and presuppositions setting a trap and ruin on the inflexible foundation of greed and fear.

Third level of Risk Management is present in the parameters of a Strategy that we set prior to its activation. For each Strategy with its unique objective, we can set a hard static stop loss that will supersede the internal two levels and be the first line of defense

against an unexpected Market drop. For example we can set a 5 point stop loss for a small Time Frame like 1 min and 2 min since the stats show consistently that such a range is quite adequate for those Time Frames and will not affect the internal logic of Strategy while providing an additional level of Risk Management in case of unexpected market calamity – a “black swan” so to speak. Case in point; some time ago an Associated Press twitter account was hacked in. News flashed across the internet that two explosions took place in the White House. The Market reacted swiftly. It was up over a hundred points; within two minutes it was down. In five minutes, it was back up again once AP retracted the story. The drop was so sudden and violent nothing could be done to prevent a significant loss.
Since various Strategies were running, each one of them responded differently. The 5 min, the 60 min and other Higher Time Frames were fine since the Market reversed back to its original state so quickly. The 1 min and 2 min did not. What saved larger losses for those Strategies were the level three hard set stop losses that immediately closed the open position way prior to activation of the internal levels one and two.

Level Four of Risk Management is simply defined and controlled by the number of contracts we choose to trade with. The more the contracts the more risk, the less contracts the less risk - mitigated of course, and within the context of, previously discussed levels one, two and three.

The Strategy allows us to control and manage the risk by defining how many times we want to reenter the Trend by the use of Multiples or the number of contract exposure to the Market at any given time. The results will vary dramatically. If on zero multiple option the Strategy will generate lets say 100% annual return, using the same Strategy with 3, or unlimited number of reentries or Multiples – designated by the number 50; the results might be several hundred percent more. In essence what that means in practical application is that a zero multiple Strategy is the most conservative one - less number of contracts, thus less exposure to the Market at any given time, thus less profit or loss. The more Multiples - the more aggressive is the Strategy. The more exposure - the more risk, but also, the more profit or loss.

Retracement - an adverse price movement within a singular Hierarchical Structure that does not change the Primary Trend of such a Host Structure; within a Multidimensional Framework such an adverse price action can also be considered as an independently traded Trend correlated to the Structure that Encapsulates it.

System - is a generic term used to describe a totality of Strategies each build with a specific purpose in mind. Some are designed to work with the short Time Frames such as 1 min, 2 min and 5 min. Some are designed to work with longer Time Frames in mind, such as 25 min, 60 min, 120 min, Daily and Weekly.

System is designed to analyze the current Market environment; to determine at any given time the current Trend – whether the Market is moving up, down or sideways. Based on the existing Trend, to commence placement of an appropriate entry into the Market – if Trend is up, initiate a Long position; if Trend is down, initiate a Short position; if sideways – stay out of the Market. To execute, determined by the System entry, through the linkage of the System to the execution platform and the clearing house. To monitor, regulate and enforce the Risk Management aspect of the Strategy as a function of an innate, internal part of the System. To determine in real time the exit of the existing Market position and its execution.

The System therefore, has a number of Strategies all based on various combination of analysis of price data within a specific Time Frame; the assortment of rules the Markets follow and the patterns they exhibit. The Trend is defined by price data analysis; decisions to enter or exit a position, by the rules and the patterns the Market exhibit; Risk Management, by the combination thereof. Because, the rules and the patterns at hand are derivatives of human nature - the innate necessity of humans to function in a structurally rigid environment predicated upon a well known repetitions; they can be explored, extrapolated and judiciously applied equally well across any available Market.

Strategy - All of the Strategies are based on the same principles, Risk Management, rules and patterns; the difference consists in the way all components interact with each other, as well as the business logic that interconnects them together to create a coherent whole. Strategies have a set of parameters enabling them to be modified according to a specific trading objective. Such parameters enable us to define and control Profit Objective, as well as Risk thus, introducing substantial flexibility for an individual trader to choose a specific Trading Plan most suitable to his or her trading style, objectives, financial resources, temperament and such.

Synthetic Framework - an artificial construct consisting of independent but correlated Time Frames engaged in Synchronization and Hedging processes among its respective Structural and Fractal Trends working in tandem as singular Time Frames.

Synthetic Time Frame - Time Frames that comprise the Synthetic Framework.

Non Synthetic Time Frame - a singular Time Frame.

Short term, Intermediate and Long term Strategies - Short term Strategies need to be extremely quick in response to changing Market conditions. These Time Frames are the most volatile, incorporating the most amounts of Trends within the shortest possible time span; consequently, the most amounts of trades are generated. Position can last anywhere from 1 min to 2 hours or more, but very rarely; depending on the Market. The Strategy might generate from one to thirty trades a day. Dynamics of the Markets dictate how the System will behave on a day to day basis. If the Markets are quiet; consolidating; indecisive or within a trading range; then, the Strategy will reflect that. If Markets become fast, latent with bursts of sudden and furious activity, the Strategy will reflect the increased pace with increase in the amounts of trades.

Examples of some Short term Strategies:

1 min and 5 min time frame combination – **Day only [1/5 1000/1000 50 multiples ES.D]**. Profit objective is unlimited (designated by number **1000**) - duration of a trend; hard stop loss **1000** points (until end of trend); multiples unlimited **50** (parameter is defined as 50 – that is, up to 50 independent re entries within the same trend). **ES.D**

implies a symbol for a Day session for E-minis futures.

Strategy is designed for aggressive trading manner.

1 min and 5 min time frame combination – **24 hours (night /day); [1/5 1000/1000 50 multiples ES]**. Profit objective is unlimited - duration of a trend; hard stop loss **1000** points; multiples unlimited **50. ES** implies a symbol for a Day/Night session for E-minis futures.

1 min and 5 min time frame combination – **Day only; [1/5 3/5 50 multiples ES.D]**. Profit objective is limited to **3** points; hard stop loss **5** points; multiples unlimited **50**.

Strategy is designed for aggressive trading manner.

1 min and 5 min time frame combination – **24 hours (night /day); [1/5 3/1000 50 multiples ES]**. Profit objective is limited to **3** points; hard stop loss **10** points; multiples unlimited **50**.

Strategy is designed for aggressive trading manner.

1 min and 5 min time frame combination – **Day only; [1/5 1/1000 50 multiples ES.D]**. Profit objective is limited to **1 point**; hard stop loss **3** points; multiples unlimited **50.**

Strategy is designed for aggressive, rapid fire scalping trading manner.

Intermediate Time Frame sample Strategies:

25 min time frame.
Trading exposure usually from one day to several days in duration, depending on the market conditions.

60 min time frame.
Trading exposure usually is from one day to several days, or even weeks in duration, depending on the market conditions.

Long term Positional and Profit Defined Trades, on the other hand, require a longer time horizon; concentrating on the underlying long term Primary Trend. It necessitates a disregard for a minute, hourly or even daily volatility, or fluctuation in price due to some external stimulus that will temporary effect the price such as unemployment report; Feds speech; some news coming across the tape and such. In above Strategies a preference is given to filters, rules and logic that emphasize stability by filtering out unnecessary noise. The number of trades is limited, for this is a Positional kind of trading. Duration should be Days, Weeks and possibly a Month. The amount of trades accordingly, is significantly less on the Weekly and Daily Time Frames.

Synchronization - occurs when existing Structural and Fractal Trends within a singular Hierarchical Multidimensional Structure diverge in direction and subsequently align vis-a-vis an Inversion process.

Synchronization can also occur between correlated TF's when for instance, a 5 min and a 1 min Structural and Fractal Trends, reflecting a comparable Hierarchical Structure within a Multi Tier Framework pertinent to both Time Frames are fully Synchronized.

Synchronization can exist among all Structural and Fractal Trends within one Non Synthetic TF (let's say Daily); within one Synthetic TF (composed of two correlated TFs let's say Weekly TF and Daily TF); between two Synthetic TFs (let's say Weekly/Daily and Daily/60min); between two Non Synthetic TFs (let's say Weekly TF and Daily TF) and between Synthetic TF (let's say 5min/1min) and a Non Synthetic TF (let's say 25 min). Thus, we have a Synthetic Synchronization and a Non Synthetic Synchronization.

Structural Transcendency - transformation, modification of any one of the several existing Structures that make up Hierarchical Tiers of the Multidimensional Construct, as well as their innate Trends; into another Structure and related Trends within the Hierarchical order and the consequential tandem effect it carries through the Multi Tier Structure as whole.

Structural Trend - a Primary trend of any Structure, requires a Structural Transcendency to take place and remains intact as long as its Structural boundaries are not violated.

TF - Time Frame.

TTF - Trading Time Frame.

Trend – Long term (Primary or Major Trend). The correct determination of the direction of the Primary Trend is the most important factor in successful trading and investing. The Primary Trend is the broad basic Trend, generally known as a Bull or Bear Market; lasting a period of time from less than a year to several years. The Primary Trend is the most important of the three movements. The Primary trend will also impact the Intermediary and Short trends within the Market.

Intermediary. Within all Primary Trends are Intermediate Trends. Primary Trend is the main direction in which the Market is moving. Conversely, an Intermediate Trend moves in the opposite direction of the Primary Trend, or as a Correction to the Primary Trend.

Short term**.** Is defined as a Market movement lasting less than three Weeks. The Short or as it also known Minor Trend, is generally the corrective move within an Intermediate move, or those moves that go against the direction of the secondary Trend.

We would like to note that our Methodology deviates from a conventional meaning of the three Trends. The latter is mainly confined to by a time factor of the Trends, not so much their functionalities. Our interpretation of the Trends is not at all confined to a time factor but rather, exclusively to their functionality. Thus, by definition the aforementioned three Trends are integral part of any Time Frame. They are present and an essential part of any time series whether Weekly, Daily or five minutes or one. They will exhibit themselves equally well on a Monthly chart or a one minute chart. To juxtapose the conventional meaning with ours we can say that all three Trends are present in full force in each one of the three Trends.

We look at Trends as a combination of Structural and Fractal Trends permeating a Multidimensional Hierarchical Structural Framework of a Multi Trending Construct. Each Structure within a Framework has its own Primary Trend; each Structural Trend can further be decomposed into a number of lesser degree Encapsulated Structural and a number of Fractal Trends.