Trading Rules Book

Entry situations, avoid rules, the do-not-trade list and the EV3 system -- what we know so far (updated 2026-10-25)

• All results: real v2 bar replay, every signal, daily top-30 lists, 2 years (2024-10-01 .. 2026-10-02, 457-503 days), after the real 0.2% cost per round trip, unless the row says otherwise.

• Base = today's live v2 rules: 2,012 buys, -0.133% per trade, halves -0.193% / -0.074%, total -267.5%.

• Situation rule = 'not now': it only stops the buy at that moment; the next finished bars and v2 decide whether to buy later. Judged on: did it catch the case, did it leave everything else unchanged.

• Status words: RECORD ONLY = logged in both bots, no trade changes; V2 = the situation's rule is an existing v2 check (logged '[Sx V2]' when v2 holds a buy only for it); AVOID = an avoid rule (avoid_rules.py); NONE = no rule.

• EV3 (live trade bot from 10/26, paper): the user's chart setups R1A R1D R1E R4 R3 + no-trade gate N2/N3 + C3 exit. Its own tests are no-look-ahead account simulations (reports/ev3/sim_full.py), 2024-26 AND 2016-18 (out of sample).

1. Entry situations (28)

#	Situation	Example	How it is recognized	Rule now	What we know (data)
S1	Window flip from a sell flush leaving the 15-min window	HPK 10/20 (buy share 31%->61% in 1 min; -$47)	v2 rejected the minute before; buy share up >= 20 pts or straightness up >= 0.3; a >= 3x SELL-FLUSH bar just left the window	**RECORD ONLY** (10/21). Hold until buyers since the flush (flush included) >= 55%, or +0.3% over 5 bars with buyers >= 55%; max 15 min	2y: held 20 buys, 14 losers (70%) incl. BKKT/OPFI/NMAX -1.2%; 1,992 other buys unchanged. HPK held 10:06-10:09 with live numbers.
S2	Weak 1-2 minute spike (pop and fade)	NVAX 10/9, PMI 10/13	range > 2x the normal 1-min range in the last 2 bars AND a down bar, or sellers > 60%, or closed in the lower 2/3	**RECORD ONLY** (10/21). Hold until every close since the spike >= its middle with buyers >= 55%; max 10 min	2y: weak-spike buys 106, -0.276% (61% faded in 2 bars); strong spikes -0.073% (left alone). Held 88 -0.238% (y1 -0.45 / y2 -0.07); total -267.5% -> -255.2%. 'Latest close' confirmation tested worse (-262.8%).
S3	Single block print	RILY 10/12 (53,660-share bar: volume 1.37x -> 1.92x)	one bar > 50% of the last 15 min's volume	**RECORD ONLY** (10/22), mode while_in_window: hold every buy while the block is inside the 15-min window	2y: 50 block-print buys -0.307% (both halves). Held 49, -0.275% (y1 -0.23 / y2 -0.32), 73% losers; total -255.4%. Mode 'fails without the block' weaker (-263.8%).
S4	Market-wide bounce (many stocks signal at once)	10/14: 6 buys 10:40-10:46 on a small IWM bounce, all lost	>= 2 other watched stocks gave a v2 BUY in the last 5 min	**RECORD ONLY** log [S4 CLUSTER] with the IWM 15-min change (10/22)	2y: clustering alone is not harmful (>= 1 other buy: -0.024%); >= 2 others + IWM falling: 10 buys -0.379% (too few). S1/S2/S3 catch 0/2/1 of 55 clustered buys.
S5	Sell fires right after the buy	TDOC 10/20 (14 s), PGEN (67 s)	exit signal within 2 min of the buy	**Star bot**: noise2 (live 10/20 10:54). Trade bot: none	Star: 4 quick sells in 39 trades before noise2, 0 in 6 after; daily record Star sells -13.3% vs with noise2 -4.5% (45 trades). Trade bot: 34 of 496 buys sold within 2 min (23 stop-outs, -0.619%) -- a stop-placement question, not tested.
S6	Extended above the open	APPS 9/25 (+5.6%), DXC 10/5, TAL 10/12	> 3% over the open (only possible via v2's breakout exception)	**V2**: max 3% unless a confirmed breakout. + own S6 RECORD ONLY (10/22): fixed 3%, no exception	2y: 66 buys -0.450% (both halves). S6 3% held 56, -0.345% (y1 -0.29 / y2 -0.42), 75% losers; total -252.2%. ATR line (1x daily ATR): -258.1%.
S7	Stretched above VWAP	PMI 10/13 (+7..18%), CERT 10/9	% over VWAP	**V2**: 0 to +2% over VWAP (logged [S7 V2])	Loosening the band tested worse. Inside 0..+2% being farther is NOT worse: 0-0.5% over VWAP is the worst (-0.201%, 80% come back to VWAP). ATR / 1-min-range / slope versions: no consistent signal. No extra rule.
S8	Close under resistance	10/14 losers (room 2.6-7%)	room to the 14-day resistance band	**RECORD ONLY** (10/22): need 5% room to the 14-day resistance (v2 itself: 1%); hold until the level breaks	2y: 558 buys < 5% room -0.199% (both halves). S8 5% held 575 buys -0.187% (halves -0.24 / -0.14); total -267.5% -> -149.4% (-0.103%/trade); 9 buys after the break +1.16%. ATR 0.5x -195.8%, 1x -151.0%. Levels touched 5+ times: held -0.357%.
S9	Gap-down stock climbing to the previous close	TAL 10/12 stalled at 12.86 = previous close	opened under the previous close; previous close 0.5-3% above the price	**RECORD ONLY** (10/22)	2y check (base buys): this zone 84 buys about -0.36%, both years; only 11-14% broke the previous close within 60 min. Prev close 0-0.5% above: +0.14% (17 buys, 65% broke through). Gap-down buys overall -0.007% (better than gap-up -0.172%).

#	Situation	Example	How it is recognized	Rule now	What we know (data)
S10	Late in the move	SNAP 10/12, ANGO / WULF 10/8 (55-75% of the rise done)	move from the open vs the normal daily move	**NONE** (v2 option max_move_x exists, OFF)	Not tested as a situation yet -- candidate.
S11	Bounce after a sell flush (dead cat)	HPK 10/20 (9:51 flush, 44k shares)	a down bar >= 5x normal volume in the last 30 min	**NONE** (S1 covers the flush-leaving-the-window case)	Cool-down 15 / 30 min + higher low tested worse (later buys -0.35% / -0.29%).
S12	Opening spike, then collapse (first 15 min)	SAIQ / ITG / MAX 10/9 (SAIQ -23%)	minute < 15	**V2**: 15-bar wait	--
S13	Deep V turn	BRUN, ANGO, AVO 10/8-10/9	V low, drop >= 3%	**PARTIAL**: v2 waits for a steady rise (buys late)	As an entry: no edge once a 2-bar look-ahead was fixed. V-styles (A1 BRUN, B1 ABSI): recovery predictable, trades lose (too little room after the cost).
S14	Below VWAP / VWAP reclaim	AGEN 9/28, TRLV	price crossing back over VWAP	**V2**: price >= VWAP (logged [S14 V2])	VWAP-reclaim entry negative in every variant (9/29).
S15	Falling on net selling	flow study 9/28	down >= 1% with buy share < 50%	**V2**: buy share >= 55% + 'falling on net selling' (logged [S15 V2])	Keeps falling -0.58% / -0.70% over the next 60 min, both halves.
S16	Lower low by 10:30	big-winner study 9/27	10:00-10:30 low < 9:30-10:00 low	**AVOID** rule lower_low_by_1030, OFF	Alone: 1,458 buys -0.109% (halves -0.21 / -0.01); on ATR >= 8% stocks +0.087%.
S17	Choppy stock (many Vs)	--	>= 3 Vs today	**AVOID** rule choppy_many_vs, OFF	Alone: 482 buys -0.120% (cuts 3/4 of trades).
S18	Flat bars pinned at the low	BETR 10/8	>= 2 flat bars with trades near the 30-bar low	**AVOID** rule flat_bars_at_low, OFF	40% keep falling vs 27%; replay -0.131% (little effect).
S19	Absorption (sells hit, price holds)	EV3 path B	sell > buy 3 bars, price not lower	**NONE**	EV3 no edge on minute data (-0.21%); retest with order-book data (recording since 10/12).
S20	Calm stock	SNAP / RILY / TAL 10/12	daily ATR < 8%	**AVOID** min_atr_pct: trade bot ON, Star OFF	ATR >= 8% buys: 411, -0.007% (halves -0.20 / +0.18) vs -0.133% all.
S21	Thin or wide spread	RILY 0.4%, HPK 0.9%, PMI 2-4.5%	spread %, shares per minute	**V2**: spread <= 1%, >= 2,000 shares/min (logged [S21 V2])	Tagged buys 43, -0.369% (both halves). Tighter spread = fix #4.
S22	Low-float squeeze / halt runner	PMI 10/13 (+56%), WFF 10/12	very thin, > 3% spread, > 20% move	**PARTIAL**: blocked by spread / liquidity / extension	Separate setup with its own size and stop -- idea, untested.
S23	Steady climber on normal volume	TGB / IMMX 9/28, ABSI 10/9	steady rise, volume 0.5-1.1x normal	**blocked** by v2's 1.5x volume rule	Loosening volume for all: worse. Only for ATR >= 8%: untested.
S24	Market falling / rising (IWM)	10/14 vs 10/15	IWM vs open / VWAP at the buy	**NONE**	Tested (A1/A2): IWM at the buy does not predict the trade.
S25	Sector move (crypto with bitcoin)	10/15 BTC +2.7%	BTC since 9:30 for crypto names	**NONE**	Tested (E): no help.
S26	News / SEC filing today	BETR delisting notice, offerings	news / SEC tags	**recording**; sec_avoid OFF	News = mover signal (scanner), not a buy signal. SEC tags need the backtest (fix #10).
S27	Re-entry after a loss	--	a loss in the same stock today	**HAVE**: buy again only above the last buy	Better on all 4 test days (9/23); live since.
S28	Stock in a 'loser' group	group watcher	group label before the buy	**NONE** (recording)	7 buys -$113.62 vs neutral +$20.38; groups did not hold out of sample (10/9).

2. Avoid rules (14 switches, avoid_rules.py)

Each rule tested ALONE on the 2-year replay (base 2,012 buys -0.133%). Hits are logged on every BUY even when a rule is off.

Rule	Blocks a buy when	Live	2-year result with the rule ON	Verdict
min_atr_pct	calm stock: daily ATR < 8%	trade bot ON, Star OFF	411 buys, -0.007% (halves -0.20 / +0.18)	best single rule
max_gap_pct	gap over the previous close > 10%	OFF	1,797 buys, -0.139%	no help
no_buy_before	before 9:45	OFF	no effect (v2's 15-bar wait already covers)	not needed
no_buy_after	after 14:30	OFF	1,826 buys, -0.152% (late buys were better than average)	worse
max_vwap_pct	more than 2% over VWAP	OFF	no effect (v2 already 0..+2%)	not needed
max_above_open_pct	more than 3% over the open, no breakout exception	OFF (same as S6)	1,961 buys, -0.129%, total -252.2%; removed 56 at -0.345%	helps (S6)
breakout_exception	buy passed only through v2's breakout exception	OFF	same as max_above_open_pct	helps (S6)
heavy_volume	last-15-min volume > 3x normal	OFF	1,652 buys, -0.190%	worse
recent_climax	a >= 10x volume bar in the last 30 min	OFF	1,119 buys, -0.186%	worse
net_selling_drop	down >= 1% in 15 min with buy share < 50%	OFF	no effect (v2 already covers)	not needed
lower_low_by_1030	from 10:30: the 10:00-10:30 low broke the 9:30-10:00 low	OFF	1,458 buys, -0.109% (halves -0.21 / -0.01); ATR >= 8%: +0.087%	small help; pair with min_atr
choppy_many_vs	>= 3 Vs today	OFF	482 buys, -0.120%	small help, cuts 3/4 of trades
flat_bars_at_low	>= 2 flat bars with trades near the 30-bar low	OFF	1,944 buys, -0.131%	little effect
sec_avoid	SEC filing tagged 'avoid' today / 1 day back	OFF (live only)	not testable in the replay	needs the SEC backtest
ALL ON together	--	--	18 buys, -0.473%	do not combine blindly

3. Do NOT trade -- avoid list (20)

#	Do not buy when...	Evidence	Strength
A1	Price more than ~2% above VWAP (stretched)	Stop hit first 40-48% vs 25% below VWAP (3 studies 9/26-9/27); loosening to +3% or 0.3x ATR: extra trades -0.26% / -0.29% (2 years, 10/9)	strong
A2	Calm stock: daily ATR under ~8%	ATR >= 8% about break-even (+0.02%) vs -0.16% calm (2 years, 10/10) | EV3 10/24: helps R1D/R1E in both periods, hurts R1A/R4 -- not a blanket rule for EV3.	strong
A3	Volume rule fails (volume so far < 1.5x normal)	Looser 1.2x / 1.0x / off: extra trades -0.21% to -0.23%, both halves (10/9) | EV3 10/24: blocked buys -0.41% (2016-18) / -0.16% (2024-26), mostly R3.	strong
A4	Rise not steady (15-min smoothness < 0.7 / straightness < 0.5)	Looser 0.6/0.4 or 0.5/0.35: extra trades -0.23% to -0.33% (10/9)	strong
A5	More than 3% above the open (unless a real confirmed breakout)	ATR-based loosening: extra trades -0.18% to -0.27%; S6 2y: 66 buys -0.450%	strong
A6	Falling on net selling (down >= 1%, sellers dominating)	Keeps falling -0.58% / -0.70% in 60 min, both halves, 660 stock-days (9/28)	strong
A7	Late in the day (after ~14:30)	Buys after 14:30 median -0.36%; late +2% touches reach +5% only 4%; late Vs recover 7-9%	strong
A8	First 15 minutes (before 9:45)	15-bar wait blocked SAIQ / ITG / MAX spikes that collapsed (SAIQ -23%); 9:30-10:00 entries -$441 (20 days) | EV3: wrong for R3 (an opening setup by design).	medium
A9	Heavy volume spikes / climax bars / high acceleration	Fade AUC 0.41-0.42; climax events -21% to the close (5 cases); X1 climax exit built on it	medium
A10	Gap over ~10%	Gaps > 10% faded ~-8% from the open (21 days, 9/27); gaps 5-10% best	medium (small)
A11	A lower low by 10:30	Only 2% became +5% winners vs 58 of 63 winners holding a higher low (9/27)	medium (small)
A12	Spread over 1% or under 2,000 shares/min	Live guards since 9/28 and 10/7; S21 tagged buys -0.369% both halves	rule kept
A13	A V far below VWAP, late, or the 3rd+ V of the day	Opening-spike Vs > 5% under VWAP: 80% stay weak; V after 13:10: 7-9% recover (2 years, 10/11)	strong (filter)
A14	Flat bars with trades right at the low	40% keep falling vs 27% (125k Vs, 10/11)	medium

#	Do not buy when...	Evidence	Strength
A15	Breakout buys (vs pullbacks); re-buys below a losing trade's entry	Breakouts -$532 vs pullbacks ~0 (20 days); ORB 12 variants all lose (503 days)	medium
A16	SEC filing: offering / dilution / delisting notice	Recording since 10/7; needs the SEC tag backtest	untested
A17	Weak 1-2 minute spike (S2)	106 buys -0.276%, 61% faded within 2 bars (2 years, 10/21)	medium
A18	A block print in the 15-min window (S3)	50 buys -0.307%, both halves (2 years, 10/22)	medium
A19	Under 5% room to the 14-day resistance (S8)	558 buys -0.199%, both halves; need 5%: -0.103%/trade (2 years)	medium
A20	Gap-down stock 0.5-3% under the previous close (S9)	84 buys about -0.36%, both years; only 11-14% broke through in 60 min (10/22) | EV3 10/24: the buys it would block averaged -0.38% in BOTH 2016-18 (57) and 2024-26 (53) -- the most consistent rule.	strong (EV3, both periods)

4. Worked examples -- the last 5 big losers vs the current rules

The 5 most recent BIG LOSERS in the 2-year replay (a buy that lost >= 0.5% although the stock later rose >= 2% above the buy that day), replayed 3 ways: TODAY = live v2; +SIT = situations S1, S2, S3, S6, S8 (5%), S9 ON as holds; +SIT+AVOID = also min_atr 8%, lower low by 10:30, choppy. Result: the situation rules (mostly S8) skip 4 of 5 losers, but no rule buys the day's low -- the swing is not captured. Script: reports/playbook/big_losers_check.py (10/22).

Day / stock	The losing buy	Day's best swing (low -> later high)	TODAY (v2)	+ situations	+ situations + avoid	Situations present
2026-09-01 PCG	10:13 at 13.29, -1.20% (stop)	13.09 (9:59) -> 14.79 (14:18) = +13.0%	+3.12% (loser + 2 winners)	+3.12% (no situation flagged it)	0% (min_atr also blocked the +3.77% winner)	calm (ATR 6.7%), S11 flush, S17 choppy
2026-09-18 DSP	12:07 at 11.78, -1.20% (stop)	11.32 (9:46) -> 12.41 (15:38) = +9.6%	+0.02% (loser + one +1.22% winner)	0% -- held by S8	0%	gap +15%, S8 under resistance, S11, S17, calm
2026-09-18 AGEN	14:40 at 7.66, -0.56%	7.33 (11:24) -> 7.88 (15:59) = +7.5%	-0.96% (2 small losers)	0% -- held by S8 and S2	0%	S8, S11, S16 lower low, S17, calm, thin
2026-09-28 QTTB	9:58 at 9.11, -1.20% (stop)	8.96 (9:46) -> 9.45 (12:24) = +5.4%	-1.20%	0% -- held by S8	0%	S8, S11, calm
2026-10-01 KD	13:09 at 12.03, -0.57%	11.59 (11:04) -> 12.53 (13:41) = +8.1%	-0.57%	0% -- held by S8	0%	S8, S11, S17, calm (ATR 4.8%)
TOTAL	-3.53% in the 5 losing buys		+0.41%	+3.12%	0.00%	common: calm stocks, a recent sell flush, buying under resistance

Changelog

Date	Change
2026-10-22	First version: situations S1-S28, 14 avoid rules, do-not-trade list A1-A20 (A17-A20 added from the S2/S3/S8/S9 studies).
2026-10-22	Added section 4: worked examples -- the 5 most recent big losers vs the current rules.
2026-10-22	S8 set to 5% room, record only, both bots (2-year test: total -267.5% -> -149.4%).
2026-10-23	EV3 built in the trade bot (setups R1A R1B R4 R3); the 1/4 give-back test had a look-ahead (real -0.052%/trade); E1 had another (real -0.065%).
2026-10-23	N2+N3 no-trade gate, GB2 (arm +2%), C3 controller, R1D (exempt from the gate) and R1E wired live for 10/26; R1C, X1, climax sell built and tested (not live).
2026-10-24	R1B off. Account simulations: 2024-26 +15.2% (quote flow) / +10.9% (tick); 2016-18 (10-year data, out of sample) -13.6%, every setup negative.
2026-10-24	Do-not-trade rules as EV3 gates: A20 (-0.38% both periods) and A3 confirmed; R3 + A3 + A20 positive in both periods; buyers-in-control-5-min and absorption: no consistent help.
2026-10-25	Rules Book section 5 (EV3) added.
2026-10-25	User chose option 3: only R3 + A3 + A20 buys from 10/26; R1A R1D R1E R4 record only. Gate replay: live -13.6% / +12.7%, all gates + R1E off -3.9% / +24.1%, R3 alone +4.7% / +8.1% (2016-18 / 2024-26).
2026-10-25	User switched to combination #1 (best 2024-26) instead of option 3. Scanner stays v3 top 30; #1 on v3 picks being checked (cache_v3).
2026-10-25	Trade bot scanner back to the old score (v1) to match combination #1's best 2024-26 result (+24.1% vs +10.3% on v3 picks).

5. EV3 system -- live rules and candidates (11)

Part	Rule	Status	Evidence
Combination #1 (10/26)	R1A (N2+N3), R1D (A20; exempt from N2+N3), R4 (N2+N3+A20), R3 ATR 6-10% (N2+N3+A3+A20); R1E and R1B off; C3 exit; SCANNER = old score (v1) top 30 (switched from v3 on 10/25)	LIVE 10/26	2024-26 +24.1%, DD -3.2% (old-score picks) vs +10.3% on v3 picks; 2016-18 -3.9% (v3 picks; v1 not tested there yet). Live replay 23/23.
Setups	R1A, R1D, R1E, R4, R3 (ATR 6-10%); order R1A R1B R1D R1E R4 R3; one per stock per minute; per-setup cool-down	LIVE 10/26 (R1B OFF 10/24)	2024-26 account sim +15.2% (quote) / +10.9% (tick); 2016-18 -13.6%
N2	no buy under the previous day's low (all setups except R1D)	LIVE 10/26	2y: -0.052 -> +0.018%/trade; QBTS 2/24/25 type breakdowns
N3	no buy when the 15-min buy share < 45% (all except R1D)	LIVE 10/26	weak in the first minutes (AKS 9:34 = 5 minutes of data at 50%)
Stop	under the setup's support x0.998, clamped 0.5-4%, market	LIVE	
GB2	1/4 give-back armed at +2%, while the price falls, limit at the bid	LIVE 10/26	+0.108%/trade (N2+N3 kept); +1% arm was -0.052% without look-ahead
C3	when GB2 wants to sell, X1 (stall / fade into resistance / break-even) takes control if buyers made the run (>=55% buy share since the buy, 15-min buy share rising, no 1-bar spike, light dip)	LIVE 10/26	+0.166%/trade; TTGT +11.7%
Off / built for later	R1B, R1C, R7, E1, climax sell (exit_climax.py)	OFF	
Candidate	R3 only when RVOL >= 1.5x (A3) and not a 0.5-3% gap-down (A20)	LIVE 10/26 (part of #1)	2016-18 +4.7% (60 trades, win 58%) / 2024-26 +8.1% (135, win 64%); all 4 halves positive. Live replay 20/20 identical.
Candidate	A20 on all setups except R1A	TEST	account replay running
Candidate	R4 only with 4 of the last 5 minutes >= 50% buyers	TEST	kept +0.46% (2016-18) / +0.75% (2024-26)