**Entry definitions…………………………… Draft 1**

**NOTE: Entry will have a Global settings page. BUT the Global settings can be overridden by settings on the individual pair entry settings if needed.**

DEFINITIONS of drawing for entry and exit GUI. This only for entry and exit parameters.

1. **Mean lookback** = the look back period the system will use to derive the average/mean price. In this example it is set at 21. It’s a Moving average of the Ratio.
2. **Trigger**= the standard deviation levels that will trigger the system to enter a trade. This can be one level or 2 or more which is commonly referred to as layers. It is customizable. If left empty it is not in use. ***EXAMPLE:*** *STD is set to + 2.2 and -2.2 When STD goes over 2.2. Short Stock A, Buy stock B. When STD goes under -2.2, Buy stock A, Short stock B*
3. **WAIT option=** Thisoption is used to delay the entry ofthe trade until the standard deviation starts to move back through a trigger level. **EXAMPLE 1:** *The trigger is set at 2 standard deviations for entry but with the “WAIT” option turned on. Ratio moves up to 2.6 standard deviations but the system will* ***wait*** *for the standard deviation to cross back under the trigger of 2 standard deviations. (****\*****Now If there are more than one entry triggers set.)* ***EXAMPLE 2:*** *the triggers are set at 2 std, 3 std and 4 std. ratio moves above 2 std and fails to go under 2, , then moves above 3, then above 4 and then crosses under 4 to 3.9. System will then enter all 3 orders that it held back all at once. This is to protect capital and delay entering layers/triggers on a pairs that are moving away from each other.*
4. **BUFFER** = When in use with the WAIT option, it will add a buffer to the entry . **EXAMPLE: like the example above:** *The trigger is set at 2 standard deviations for entry with the “WAIT” option turned and the BUFFER set at .3 standard deviations. The Ratio moves up to 2.6 standard deviations but the system will “wait” for the standard deviation to cross back under the trigger of 2 standard deviations because the WAIT option is turned on. But because the* ***buffer*** *is turned on as well and set to .3 the system will now enter when the standard deviation moves down below 1.7 instead of the 2.0 standard deviations. It added a buffer. This is to avoid whipsaws.*
5. **% from the mean**= This is the distance in percentage terms that the ratio is from the mean/average. This can also be used for entry by *itself. It can also work in conjunction* with standard deviation if the Activate Checkbox is clicked**.**

**EXAMPLE**: *system is set to enter when the ratio has moved +-2 standard deviations away from the mean but only if the % from the mean is at least 5% or more.*

1. **TRAIL=** NOTE: if this option is used the WAIT option cannot be used. This option works like a trailing stop works in regular trading. In this case, It Trails the standard deviation and triggers entry when the standard deviation reverses by a set parameter. **EXAMPLE:** Entry STD trigger is set to 2.0 standard deviations +-. The **TRAIL** is set to .5 standard deviations. Ratio moves to 2.4 standard deviations then reverses and touches 1.9 standard deviations which causes system to enter. Or if ratio moved to 2.9 standard deviations system will enter trade when ratio reverts back to 2.4 standard deviations.
2. **STD MIN**= this is the Minimum the standard deviation must touch or exceed in order for the trail option to start trailing the standard deviation for reversal. Think of it as a trailing stop entry but for the standard deviation. If empty, the default is not in use
3. **RSI Filter=** This is simply the relative strength of the ratio. When used the system will only take trades when the RSI is above or below the set criteria**. EXAMPLE :** *RSI is set to +70 -30 this is the same as ( > then 70 and < then 30) . Basically system will only enter trades that trigger if the RSI of the ratio is Greater than 70 or lower then 30. Obviously this and all numbers in the order entry settings are customizable.*

**EXITS……………………………………………..**

There will be 3 exit strategy’s once in a trade.

1. **The STOP LOSS % STOP**=. This will exit on a % loss on the trade of the pair. **EXAMPLE:** % stop is set at 10%. we are long $5000.00 HD and short $5000.00 lows. Hd has gained $150.00 or +3% but lows has lost $700.00 or -14 %. The combined loss of pair is -$550.00 / 10,000 = -5.5% so system will stay in trade. If HD had gained + $150.00 and lows had lost -$1160.00 we would have a loss of -$1010 /10,000 = -10.1% so the system would flatten /exit both positions. NOTE: if left empty there will be no stop. Or you can put a checkbox there to ACTIVATE.
2. **% from the MEAN exit=** System will close trade when the ratio reaches a set % from the mean level. **EXAMPLE**: % from the mean exit is set to .8 % than the system will close both positions in the trade when the % from the mean gets to .8% from the mean/average.
3. **STANDARD DEVIATION EXIT** = This is the primary profit exit. this will exit at a predetermined set standard deviation. **EXAMPLE**: **STD exit** is set to 1.0 standard deviation. When ratio crosses under 1.0 standard deviation system will close both positions in the trade.