

Paper To Live Checklist

Signal Pilot Education Hub

Paper Trading to Live Graduation Checklist

From Lesson 12: Paper Trading is Lying to You (The Psychology Gap)

Use this 3-stage graduation system to transition from sim to live trading safely and avoid the 80% blow-up rate.



Stage 1: Paper Trading (Mechanics Only)

Goal: Learn platform, test strategy mechanics, build checklist

Duration: 50-100 trades (or 1-3 months)

Requirements:

- [] Platform mastery (know how to place all order types)
- [] Strategy documented (written rules for entry/exit/stop)
- [] Pre-trade checklist created
- [] 50+ trades logged in journal

Stage 1 Success Criteria (ALL Must Be Met):

- [] Positive expectancy: __ R per trade (minimum +0.5R)
- [] 100% checklist adherence (no exceptions, no shortcuts)
- [] Documented strategy (can explain rules in writing)
- [] Journal complete (every trade tracked)

Graduated to Stage 2: YES NO

If NO, identify gaps:

- _____

🎯 Stage 2: Micro Account (Real Money, Small Size)

Goal: Experience real psychology with manageable risk

Size: 5-10% of eventual position size

- If eventual size = \$10k, micro = \$500-\$1,000
- If eventual size = \$100k, micro = \$5k-\$10k

Duration: 100-200 trades (or 3-6 months)

Requirements:

- [] Micro account funded: \$__
- [] Position size = 5-10% of eventual: __ shares/contracts
- [] Hard stop-loss orders mandatory (no mental stops)
- [] Journal every trade (including emotional state)

Stage 2 Success Criteria (ALL Must Be Met):

- [] Positive expectancy maintained: __ R per trade
- [] Consistently profitable: __ / 6 months green
- [] Emotional control: No revenge trading incidents
- [] Checklist adherence: >90% (occasional slip allowed)
- [] Can handle losses without tilt
- [] Slippage/spread costs tracked and accounted

Red Flags (Stay in Stage 2):

- [] Revenge trading after losses → Stay until eliminated
- [] Checklist adherence <90% → Stay until >95%
- [] Negative expectancy → Back to Stage 1 (strategy broken)
- [] Emotional volatility → Reduce size further

Graduated to Stage 3: YES NO

If NO, identify gaps:

Stage 3: Standard Size (Full Capital)

Goal: Scale to full size after proving profitability

Size: 100% planned position size

Graduation Rule: Only move to Stage 3 after 6+ months profitable on Stage 2

Stage 3 Readiness Check (ALL Must Be Met):

- [] All Stage 2 requirements met
- [] 12+ months of tracked data (6 months Stage 1 + 6 months Stage 2)
- [] Max drawdown <15% at worst in Stage 2
- [] Comfortable with position size psychologically
- [] No revenge trading in last 3 months
- [] Slippage costs understood and factored in

Graduated to Stage 3: YES NO

If NO, stay in Stage 2 until:

Red Flags (DO NOT Graduate)

Never Skip Stage 2 (Micro Account) - 80% Blow Up Rate

- [] Skipping from sim to full size (disaster waiting to happen)
- [] "I've tested enough on sim" (psychology untested)
- [] "I'll just start small" without structured micro phase
- [] "Real money will make me focus more" (opposite is true)

Other Red Flags:

- [] Negative expectancy on sim or micro (strategy is broken)
 - [] Can't follow checklist >90% (discipline problem)
 - [] Revenge trading incidents (emotional control lacking)
 - [] Overconfidence from sim success ("this is easy")
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Performance Expectations (Realistic)

Sim Performance:

- Expectancy: __ R per trade
- Win rate: __ %
- Avg winner: __ R

Micro Performance (Expect 15-25% Drop):

- Expectancy: __ R per trade (likely 0.2-0.3R lower)
- Win rate: __ % (likely 5-10% lower)
- Avg winner: __ R (slightly lower due to slippage)

Why the drop is NORMAL:

- Slippage (sim = perfect fills, live = real slippage)
- Real psychology (fear/greed with real money)
- Occasional rule breaks (emotions kick in)

If you're profitable on micro, you're doing GREAT.



Stage 2 Micro Account Setup

Choose Right Broker:

- **Crypto:** Binance, Coinbase (can trade \$10 positions)
- **Stocks:** Interactive Brokers (fractional shares)
- **Futures:** Micro contracts (MES, MNQ = 1/10 size)

Mandatory Journal Fields:

- [] Entry/exit price
- [] Slippage (sim fill vs. live fill)
- [] Emotional state (1-10 before trade)
- [] Checklist adherence (yes/no)
- [] Lesson learned (one sentence)

Track EVERYTHING:

- [] Every trade logged (no exceptions)
- [] Slippage measured (expected vs. actual fill)
- [] Emotional patterns identified
- [] Rule breaks documented and analyzed



Complete Graduation Framework

Stage 1 Requirements (50-100 trades):

- [] Positive expectancy
- [] 100% checklist adherence
- [] Written strategy rules
- [] Platform mastery

Stage 2 Requirements (100-200 trades, 6+ months):

- [] Consistently profitable (6/12 months green)
- [] >90% checklist adherence
- [] No revenge trading incidents
- [] Emotional control demonstrated
- [] Slippage/spread costs accounted

Stage 3 Readiness:

- [] All Stage 2 requirements met
 - [] 12+ months of tracked data
 - [] Drawdown <15% at worst
 - [] Comfortable with position size psychologically
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Post-Trade: Stage Tracking

Current Stage: __ (1 / 2 / 3)

Stage 1 Progress:

- Trades completed: __ / 50 minimum
- **Expectancy:** __ R per trade
- **Checklist adherence:** _____ %

Stage 2 Progress:

- Trades completed: __ / 100 minimum
- **Months profitable:** / 6 required
- Revenge incidents: __ (goal: 0)
- Expectancy: __ R per trade

Stage 3 Performance:

- Months profitable: __ / 12 tracked
- **Max drawdown:** __ % (goal: <15%)
- **Emotional control:** _____ / 10

Next milestone:

- _____

Remember:

- Sim fills ≠ live fills (slippage is real, expect 15-25% performance drop)
- Sim psychology ≠ live psychology (fear/greed activate with real money)
- 3-stage system: Sim → Micro → Standard (NEVER skip micro)

-  80% blow up from sim to full size (don't be part of this statistic)
-  Paper trading teaches mechanics, micro teaches psychology
-  Stage 2 is where you REALLY learn to trade (spend 6+ months here)

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