

# Paper To Live Checklist

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Signal Pilot Education Hub

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## Paper Trading to Live Graduation Checklist

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### 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.

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### 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:**

- \_\_\_\_\_

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## 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:**

- \_\_\_\_\_

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## **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:**

- \_\_\_\_\_

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# **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.**

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## 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
- 



## 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:

- \_\_\_\_\_

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### Remember:

- ☒ Sim fills  $\neq$  live fills (slippage is real, expect 15-25% performance drop)
- ☒ Sim psychology  $\neq$  live psychology (fear/greed activate with real money)
- ☒ 3-stage system: Sim  $\rightarrow$  Micro  $\rightarrow$  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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