Trading Policy Contract

Version: 3.1.0
Status: AUTHORITATIVE - Code must pass these rules
Philosophy: Fail-closed. Any veto = no trade.

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1. Entry Veto Order (Fail-Closed Gates)

Signals are processed through these gates **IN SEQUENCE**. First failure = rejection.

Order	Gate	Veto Condition	Rationale
1	Kill Switch	System in KILL_SWITCH mode	Emergency halt
2	Capital Preservation	Mode active + confidence < threshold	Protect capital
3	Signal Freshness	Age > asset-class maximum	Stale data
4	Token Age	Token age < asset-class minimum	Rug risk
5	Spread	(ask-bid)/bid > 3%	Slippage risk
6	Liquidity	Pool < asset-class minimum	Exit risk
7	Tax	Simulated tax > 10%	Honeypot
8	Cooldown	Any saturation limit hit	Overexposure
9	Simulation	Honeypot detected OR tax > 10%	Final validation

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2. Token Age Tiers by Asset Class

Asset Class	Minimum Age	Rationale
meme_coin_low_cap	3600s (1 hour)	Rug prevention
mid_cap	1800s (30 min)	Moderate safety
large_cap	0	Established tokens

Enforcement: Block entry if `token_creation_timestamp + min_age > now`

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3. Signal Freshness Windows

Asset Class	Max Signal Age	Rationale
meme_coin_low_cap	300s (5 min)	Fast-moving markets
established_altcoin	900s (15 min)	Moderate volatility
major_crypto_cex	1800s (30 min)	Slower price action

Enforcement: Block if `now - signal_timestamp > max_age`

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4. Spread Veto

```
spread_pct = (ask_price - bid_price) / bid_price
VETO if spread_pct > 0.03 (3%)
```

Rationale: High spread indicates low liquidity or manipulation.

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5. Liquidity Minimums by Asset Class

Asset Class	Minimum Pool Liquidity (USD)
meme_coin	$10,000
mid_cap	$50,000
large_cap	$100,000

Enforcement: Block if `pool_liquidity_usd < minimum`

6. Tax Limit

```
VETO if simulated_tax > 10%
```

Calculation: Simulate buy+sell, measure actual received vs expected.

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7. Exit Rules

7.1 Panic Exit

Trigger: Price drop > 15% in < 5 minutes AND liquidity shrinks > 30%

```
if (price_change_5min < -0.15) and (liquidity_change_5min < -0.30):
    EXECUTE_IMMEDIATE_SELL()
```

7.2 Time Stops (Maximum Hold Duration)

Asset Class	Min Hold	Max Hold
meme_coin	12 hours	24 hours
mid_cap	24 hours	48 hours
large_cap	48 hours	72 hours

Action: Exit at max hold regardless of PnL.

7.3 Whale Inactivity Exit

Trigger: Tracked wallet shows no activity for 24 hours

```
if whale_inactive_hours >= 24:
    REDUCE_POSITION(50%)  # Reduce by 50%
```

7.4 Trailing Stop

- **Activation:** Position reaches +10% unrealized profit
- **Trail Distance:** 5% from peak
- **Execution:** Sell when price drops 5% from highest point after activation

```
if unrealized_pnl_pct >= 0.10:
    trailing_stop_active = True
    peak_price = max(peak_price, current_price)
    stop_price = peak_price * 0.95
    if current_price <= stop_price:
        EXECUTE_SELL()
```

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8. Cooldown/Saturation Rules

Scope	Window	Limit	Action on Breach
Per Wallet	24 hours	3 trades	Skip signals from wallet
Per Token	12 hours	2 trades	Skip token signals
Per Cluster	Session	5 trades	Skip cluster signals
Global	1 hour	10 trades	Pause all trading

Session Definition: From system start until manual reset or kill switch.

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9. Position Sizing by Phase

Phase	Capital Range	Risk per Trade	Max Position	Notes
0	Any	0%	0%	Paper trading only
1	$500 - $2,000	2%	10%	Conservative start
2	$2,000 - $5,000	2.5%	12%	Gradual increase
3	$5,000 - $10,000	3%	15%	Proven performance
4	$10,000+	3.5%	18%	Full operation

Formula:

```
position_size = min(
    capital * risk_per_trade / confidence,
    capital * max_position_pct
)
```

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10. First 50 Trades Special Rules

Effective: Until trade_count >= 50

Rule	Value	Rationale
Max Position Size	3% of capital	Limit exposure
Signal Source	V2.0 only (no graph boost)	Proven signals only
Max Trades Week 1	5 trades	Slow validation
Daily Trade Review	24h review before 2nd daily trade	Human oversight

Enforcement:

```
if total_trades < 50:
    max_position = capital * 0.03
    graph_boost_enabled = False
    if days_since_start <= 7 and weekly_trades >= 5:
        VETO("First week trade limit")
    if daily_trades >= 1:
        REQUIRE_MANUAL_APPROVAL()
```

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11. Capital Preservation Mode

Trigger: Drawdown >= 15% from peak capital

Parameter	Normal	Capital Preservation
Position Size	100%	25% of normal
Confidence Threshold	Base	Base + 0.15
Graph Signals	Enabled	Disabled
Resume	Automatic	Manual review required

Exit Condition: Manual review + explicit command to resume normal operation.

```
if current_capital < peak_capital * 0.85:
    ACTIVATE_CAPITAL_PRESERVATION()

def capital_preservation_position(normal_size):
    return normal_size * 0.25

def capital_preservation_threshold(base_threshold):
    return base_threshold + 0.15
```

Policy Compliance Verification

Every trade attempt must log:
1. All gates checked (pass/fail)
2. First veto reason (if any)
3. Final decision with timestamp
4. Position size calculation
5. Active mode (NORMAL/CAPITAL_PRESERVATION/KILL_SWITCH)

Audit Trail: All decisions logged to `signals` table with `veto_reason` field.