Position and Loss Limits

Daily Loss Limits: Most prop firms set maximum daily losses (often $1,000-$3,000 for funded accounts), after which trading is automatically disabled for the day.

Maximum Drawdown: Overall account drawdown limits typically range from 5-10% of the starting balance. Exceeding this often results in account termination.

Position Sizing: Strict rules on maximum position size, usually expressed as a percentage of account equity or maximum number of contracts/shares per trade.

Maximum Risk Per Trade: Often limited to 1-2% of account balance per individual trade.

Trading Behavior Controls

Consistency Rules: Some firms require traders to avoid having their best day exceed a certain percentage (like 40-50%) of total profits to prevent gambling behavior.

Minimum Trading Days: Requirements to trade for a minimum number of days (often 5-10) before withdrawals, ensuring consistent performance rather than lucky streaks.

News Trading Restrictions: Many firms prohibit trading during high-impact news events or require positions to be closed beforehand.

Overnight and Weekend Holds: Restrictions on holding positions overnight or over weekends, particularly for forex and futures markets.

Leverage and Margin

Maximum Leverage: Strict limits on leverage ratios, often lower than what retail brokers offer.

Margin Requirements: Enhanced margin requirements during volatile market conditions.

Correlation Limits: Restrictions on taking multiple correlated positions that could amplify losses.

Monitoring and Compliance

Real-time Monitoring: Automated systems that track all positions and can force-close trades if limits are approached.

Style Consistency: Requirements to maintain a consistent trading style rather than switching between strategies randomly.

Prohibited Strategies: Bans on certain high-risk strategies like martingale systems or averaging down on losing positions.

Account Scaling: Progressive increases in account size only after demonstrating consistent profitability within risk parameters.

These rules are designed to protect both the firm's capital and help traders develop disciplined, sustainable trading practices. The specific parameters vary significantly between firms, with some being more restrictive than others.