

PRIVATE EDITION

VOLUME I

HOW PROFESSIONALS AND INSIDERS REALLY TRADE

The Elite Trader *Playbook*

*The risk rules, setups, insider signals and daily discipline
that keep the best traders in the game for decades.*



G O D M O D E

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BEFORE YOU BEGIN

A note from the desk

I have spent my working life in front of a screen, through crashes, manias, and more fake breakouts than I could ever count. This book holds what I wish someone had handed me in my first year, when I was learning everything the expensive way.

Most trading books teach theory. This one is written for the person who wants to sit down every morning and finish the year with more money than they started with. Every page describes something I use myself, or something I watched a better trader use until I had copied it well enough to make it mine.

Read it twice. The first time, read it straight through. The second time, open your own trade journal beside it and mark every place where your habits disagree with what is written here. Those marks show you exactly where your money has been leaking.

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CHAPTER ONE

01 The Professional Mind

Amateurs ask whether a trade will work. Professionals ask what happens to the account if they take that same trade five hundred times.

Every elite trader I have sat beside thinks in batches. One trade is a toss of a slightly bent coin, and the result of any single toss is mostly noise. The edge only shows itself across a large sample. Your whole job is to stay solvent and consistent long enough for that sample to play out.

Start measuring everything in R. One R is the amount you lose if your stop is hit. Risk \$500, make \$1,250, and you have a 2.5R winner. Thinking in R takes the dollar signs out of your head and lets you compare a trade in Nvidia with a trade in crude oil on equal terms. It also shows you the truth about your results very quickly.

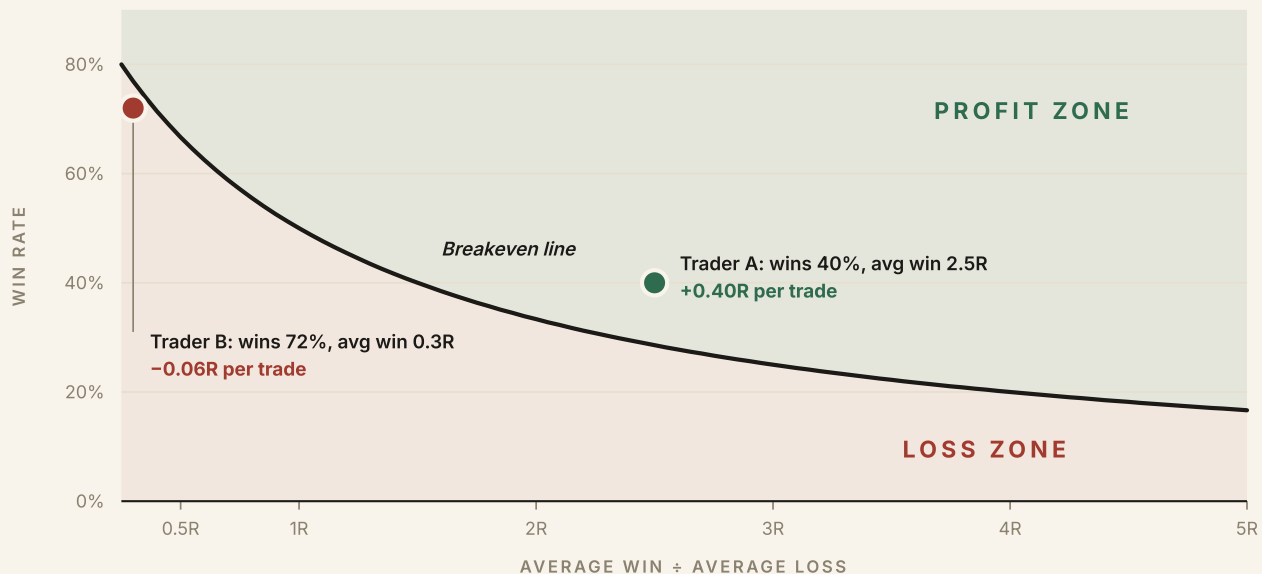
EXPECTANCY

$$(\text{Win \%} \times \text{Avg win}) - (\text{Loss \%} \times \text{Avg loss})$$

$$40\% \times 2.5R - 60\% \times 1R = +0.40R \text{ per trade}$$

A trader with those numbers loses six times out of ten and still earns 0.4R on every trade taken. At 1% risk per trade, that comes to roughly forty percent over a hundred trades before compounding. Win rate on its own tells you very little. The line below is the one every system has to clear.

FIG. 1.1 Breakeven win rate for every reward-to-risk ratio



Above the curve you make money. Below it you bleed slowly, however good it feels. Trader B wins nearly three trades in four and still loses, because the winners are too small to pay for the losers.

FROM THE DESK

I would take a system that wins 35% of the time with 3R winners over one that wins 80% with tiny gains and the occasional 6R loss. The second one feels comfortable for months, and then a single afternoon hands back a year of profit.

“

CHAPTER TWO

02 Risk Is the Whole Game

The traders still standing after twenty years share one habit. They treat capital the way a diver treats oxygen.

Losses compound against you faster than gains compound for you. A 50% drawdown needs a 100% gain just to get back to even. Study the chart on this page until it makes you uncomfortable, because everything in professional risk management grows out of that curve.

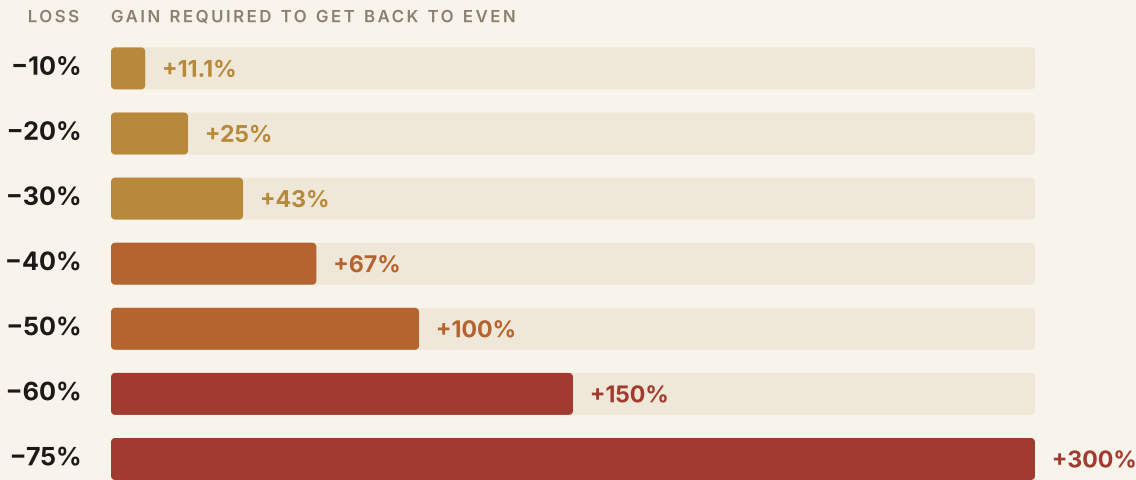
The rule on every serious desk I know is simple. Risk between 0.5% and 1% of the account on any single idea. The stop decides the size, and the chart decides the stop.

POSITION SIZE

(Account × Risk %) ÷ (Entry – Stop)

\$100,000 × 1% = \$1,000 at risk. Entry \$50.00, stop \$47.50. \$1,000 ÷ \$2.50 = **400 shares**, a \$20,000 position.

FIG. 2.1 The gain you need to recover from a loss



Read the sizing example again. The position is twenty percent of the account, and the risk is one percent. Size and risk are separate numbers. Traders who confuse the two are the ones who blow up.

Correlation is the hidden leak. Five longs in semiconductor names are one large trade with five tickers. Count correlated positions as a single unit of risk and cap total open risk at 4 to 5% of the account.

DRAWDOWN FROM PEAK	WHAT I DO
-5%	Cut size in half. A+ setups only.
-10%	Quarter size. Review the last twenty trades in full.
-15%	Stop trading live for one week. Paper trade the plan until it works again.
-3R in a day	Close the platform. No exceptions.

CHAPTER THREE

03 Where the Money Sits

Price travels from one pool of orders to the next. Once you know where those pools are, the chart stops looking random.

A fund that needs to buy two million shares has a problem you will never have. Somebody has to sell it two million shares. Size can only be filled where liquidity is concentrated, and the deepest pools of liquidity sit exactly where retail traders park their stops.

Look at any obvious support level. Beneath it sits a stack of sell stops from everyone who bought the last bounce. When price trades through that level, those stops turn into market sell orders, and a large buyer can absorb all of that supply at a discount in minutes. That is the sweep.

FIG. 3.1 Anatomy of a stop sweep



The tell is the reclaim. A real breakdown keeps falling. A sweep pushes through the level, meets a flood of buying, and closes back above the level it just broke. That close is your signal and the sweep low is your stop. The volume bar on the sweep candle tells you how much supply changed hands, and a large print there is the fingerprint of the buyer.

Once you start looking, you will find this pattern on the weekly chart of the S&P 500 and on the one-minute chart of a small cap. The timeframe changes and the mechanics stay the same.

WHERE THE STOPS CLUSTER

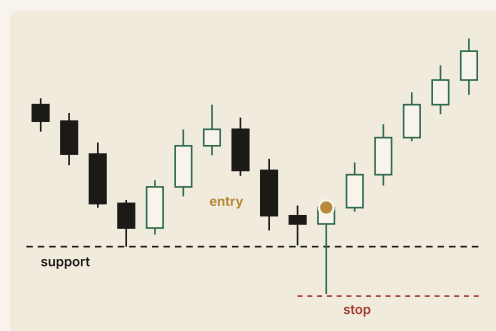
- ◆ Equal highs and equal lows. The more obvious the level, the bigger the pool.
- ◆ Prior day high and low.
- ◆ Overnight high and low.
- ◆ Opening range high and low, the first 15 or 30 minutes.
- ◆ Round numbers: \$50, \$100, 6,000 on the index.
- ◆ Last week's and last month's high and low.

CHAPTER FOUR

04 Three Setups That Pay

Three setups, understood completely and traded with patience, can carry an entire career. These three have paid me for years.

A The Sweep and Reclaim

**CONTEXT**

A clear range or support level with equal lows, tested two or three times.

TRIGGER

A candle trades below the level and closes back above it. Enter on that close or on the first retest from above.

STOP

A few cents beneath the sweep low.

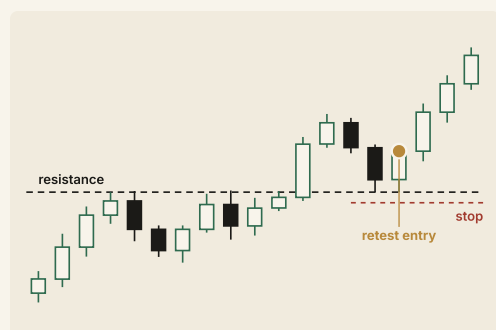
TARGET

Middle of the range first. Then the opposite side of the range, where the next pool of stops sits.

EXIT NOW IF

A second candle closes below the level. Get out and do not re-enter.

B The Breakout Retest

**CONTEXT**

A tight base under resistance, with volume drying up on each pullback.

TRIGGER

A breakout on at least twice average volume. Wait for the first pullback to hold the old resistance, then enter as price turns up.

STOP

Below the retest low.

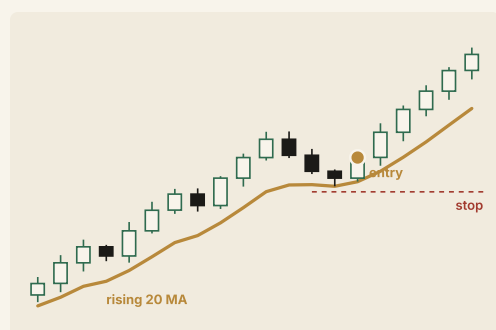
TARGET

Measured move: the height of the base added to the breakout point.

EXIT NOW IF

Price falls back inside the base and closes there. Failed breakouts often run hard the other way.

C The Trend Pullback

**CONTEXT**

Higher highs and higher lows, with price above a rising 20-period average or session VWAP.

TRIGGER

The first orderly pullback to the average on lighter volume, then a candle that closes above the prior candle's high.

STOP

Below the pullback low.

TARGET

Retest of the prior high, then trail the stop under each new higher low.

EXIT NOW IF

A close below the average on expanding volume. The trend has changed character.

CHAPTER FIVE

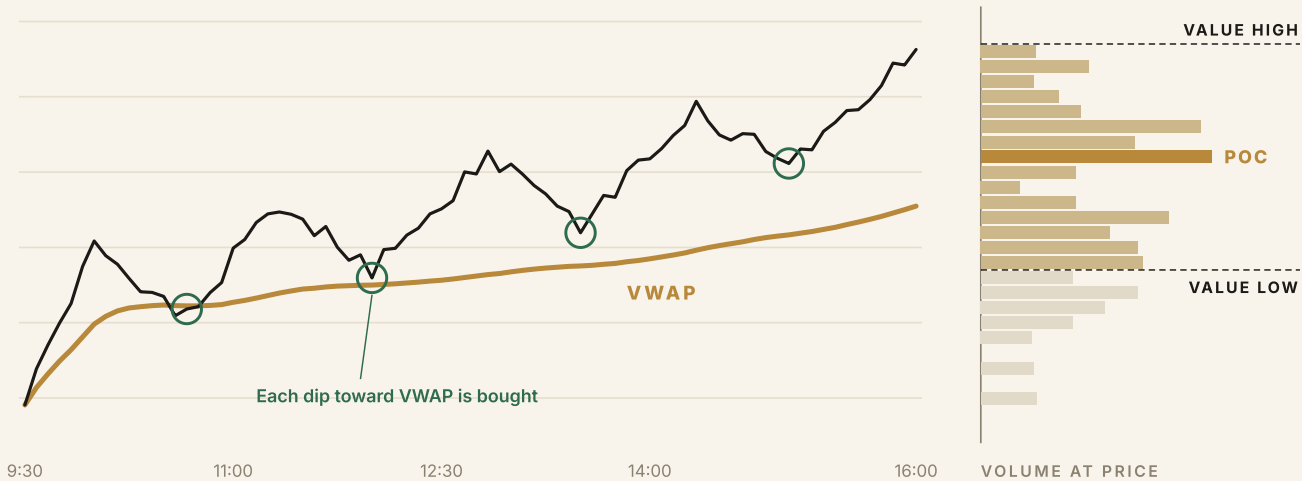
05 The Institutional Footprint

Large money cannot hide. The best it can do is disguise itself, and the disguise leaves marks you can learn to read.

Institutions are judged against VWAP, the volume-weighted average price of the day. A portfolio manager who buys below VWAP did the job well. One who pays above it has cost the fund money. That single fact drives a huge share of intraday flow, because execution algorithms slice big orders into thousands of small ones and lean on VWAP all session.

When a stock holds above VWAP all day, buyers are defending it. Every dip into the line gets bought because somebody's algorithm is scheduled to buy there. A stock that keeps failing beneath VWAP is showing you the mirror image: patient sellers working an order into every bounce.

FIG. 5.1 VWAP and the volume profile of a single session



The volume profile on the right shows how much traded at each price. The point of control, or POC, is the price where the most volume changed hands. The value area holds about 70% of the day's volume. Price tends to rotate inside value and to move quickly through the thin zones where little traded, so those thin zones are where you want to be holding a position.

WHAT YOU SEE	WHAT IT USUALLY MEANS
Heavy volume, narrow range, close near the high	Absorption. A buyer is soaking up supply.
Pullbacks on shrinking volume	Sellers are tired and holders are staying.
Gap up that holds above VWAP all day	Real demand, usually institutional.
Record volume on good news, price stalls	Distribution into the excitement.
Closes in the top quarter of the range, day after day	Steady accumulation.

CHAPTER SIX

06

How Insiders Trade

The people who run a company know it better than anyone on Wall Street. When they spend their own money on its stock, the law requires them to tell you.

Officers, directors and anyone owning more than 10% of a company are insiders under Section 16 of the Securities Exchange Act. Every time they buy or sell, they must file a Form 4 with the SEC within two business days. Those filings are free on EDGAR, and they are one of the richest sources of information in the market. Most traders never read them.

Everything in this chapter uses the public record. Trading on material, non-public information is a federal crime. We are reading what insiders have already disclosed, legally, and reading it faster and better than the crowd.

Start with the asymmetry. Peter Lynch made the point decades ago: insiders sell for many reasons, and they buy for one. Executives sell to pay taxes, buy houses, fund divorces, diversify, or because a scheduled plan says so. When they buy on the open market with their own cash, they have a single motive. They expect the price to rise.

The research backs this up. Lakonishok and Lee found that insider purchases carry real predictive power while sales carry very little. Cohen, Malloy and Pomorski went further in 2012. They split insiders into routine traders, who trade in the same month year after year, and opportunistic traders who break their pattern. Routine trades predicted almost nothing. A portfolio built on the opportunistic ones earned abnormal returns of roughly 0.8% a month.

The signal lives in the trade that breaks the pattern.

So when you read a Form 4, ask two questions. Did this person use their own cash in the open market? And is this something they rarely do? A yes to both deserves your full attention.

TABLE 6.1 Form 4 transaction codes, and what each one is worth to you

P	Open-market purchase	The strongest signal on the form. The insider's own cash.
S	Open-market sale	Usually noise, unless clustered or made outside a plan.
A	Grant or award	Compensation. Ignore.
M	Option exercise	Mechanical. Ignore unless the shares are held.
F	Shares withheld for tax	Mechanical. Ignore.
G	Gift	Estate planning. Ignore.

FROM THE DESK

Most of the rows on a Form 4 scan are compensation paperwork. Filter for code P and you have cut the noise down to the handful of filings that matter each week.

“

CHAPTER SEVEN

07 Following the Paper Trail

Every disclosure arrives late. A filing loses value with each day that passes between the trade and the moment you read it.

Corporate insiders are one group of informed money among several, and each group reports on its own schedule. The chart shows how stale each signal can be by the time it reaches you. Form 4 is the freshest window the public gets. The 13F filings that hedge fund followers love are the stalest: a position bought on the first day of a quarter can surface as much as 135 days later, and the fund may have sold it weeks before you see it.

FIG. 7.1 How old is the information by the time you see it?



Form 4

CORPORATE INSIDERS

Filed within two business days. Since 2023 the form carries a checkbox showing whether the trade was made under a 10b5-1 plan. Check it every time, because planned trades carry far less information.

Schedule 13D

ACTIVIST OWNERS ABOVE 5%

Due within five business days of crossing 5% with intent to influence the company. An activist building a stake is a catalyst with a timeline attached.

STOCK Act reports

MEMBERS OF CONGRESS

Reported within 45 days of the trade. Useful for spotting themes and committee-related sectors. The delay makes them weak for timing entries.

Form 13F

MANAGERS OVER \$100 MILLION

Holdings filed within 45 days of each quarter's end. Good for spotting crowded positions that could unwind. Poor as an entry signal.

THE 10B5-1 FILTER

A 10b5-1 plan lets an executive schedule trades in advance and sell on autopilot. Under the SEC's 2023 amendments, directors and officers must wait at least 90 days after adopting a plan before it can execute a trade. A sale under an old plan tells you very little. A purchase made outside any plan was decided with current knowledge of the business, and that is the trade you want to follow.

08

CHAPTER EIGHT

The Insider Signal Scorecard

One insider buying is a clue. Three insiders buying the same falling stock in the same month is a conviction you can measure.

This is the scoring system I run on every open-market purchase that crosses my screen. Ten points or more goes on the active list. Seven to nine goes on the watchlist. Anything lower gets ignored, however exciting the headline sounds.

10+
ACTIVE
LIST

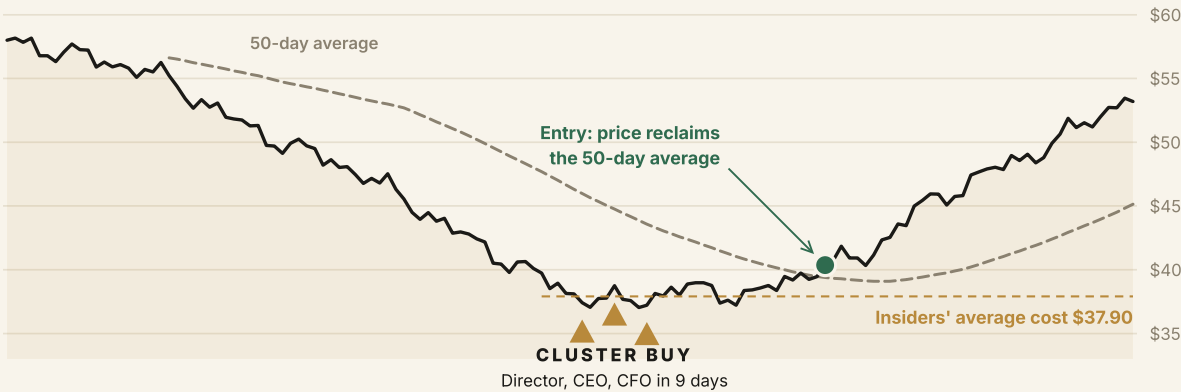
7-9
WATCHLIST

0-6
IGNORE

Insider buying tends to bunch up in the weeks right after an earnings report. Most companies close the trading window to insiders before results and reopen it shortly after, so that is when the best clusters appear. Mark those weeks on your calendar.

FACTOR	POINTS
Open-market purchase, code P	REQUIRED
CEO or CFO is among the buyers	+3
Cluster: three or more insiders buy within 30 days	+3
Purchase over \$250,000, or raises the insider's stake by 10% or more	+2
First purchase by this insider in two years or longer	+2
Stock is 25% or more below its 52-week high	+1
Trade made outside any 10b5-1 plan	+1
Company valued under \$10 billion	+1
Stock already up 30% or more since the purchase	-2
Buyer is a 10% fund holder with no operating role	-1

FIG. 8.1 A cluster buy, and where I actually enter



ILLUSTRATIVE · CONSTRUCTED DATA

How I execute. The filing tells me what to watch and the chart tells me when. I rarely buy on the morning a filing lands. I wait for the stock to build a base, then enter on a reclaim of the 50-day average or a breakout from the base, with the insiders' average cost as my reference level. If price breaks well below what they paid, I step aside. Insiders can afford to be six months early. A trader cannot.

When selling matters. Sales deserve attention in three cases: several executives selling in the same window outside any plan, a CFO selling heavily right after an earnings report, or an insider unloading most of a stake in one transaction. Any one of those is a reason to tighten stops on a long position.

CHAPTER NINE

09 The Clock and the Calendar

The same setup behaves one way at 9:45 and another way at 12:30. Elite traders read the clock as carefully as they read the chart.

FIG. 9.1 Where the volume lives in a trading day

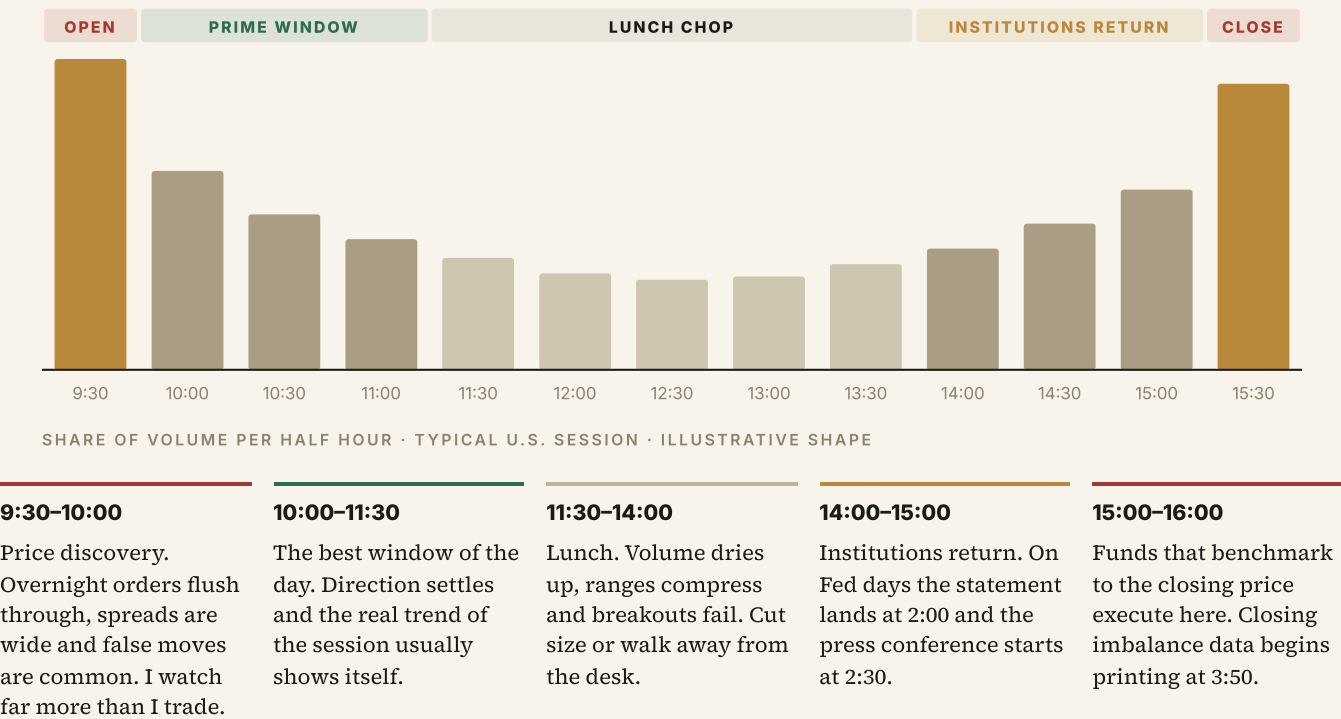


TABLE 9.1 The calendar events that move markets

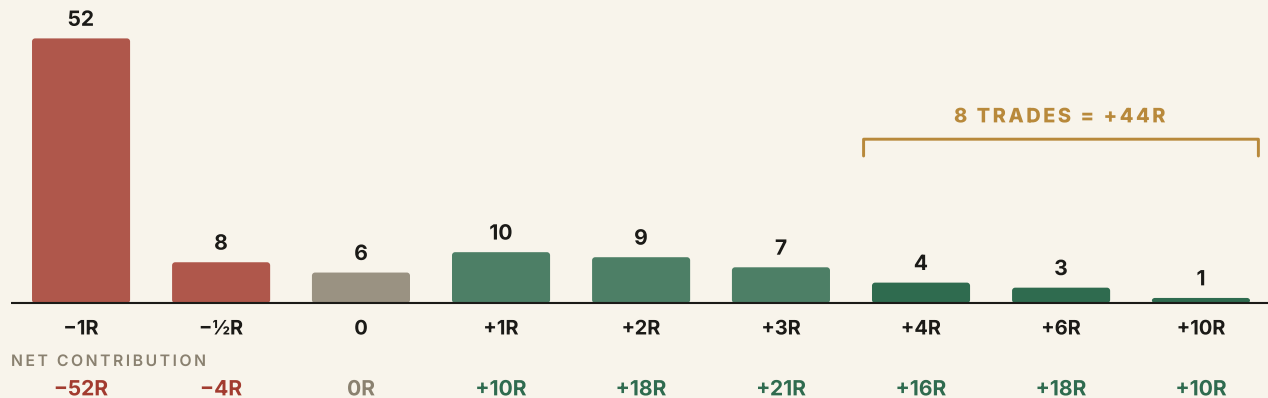
EVENT	WHEN	WHY IT MATTERS
CPI and jobs report	8:30 a.m. ET, monthly	Resets rate expectations and gaps the index futures.
FOMC decision	Eight scheduled meetings a year	Statement at 2:00 p.m. ET. Ranges shrink before it and expand after.
Monthly options expiration	Third Friday	Price tends to pin near large strikes, then moves once the pin releases.
Quarterly expiration	March, June, Sept, Dec	Some of the heaviest volume sessions of the year.
Quarter-end	Last week of each quarter	Rebalancing and window dressing distort leaders and laggards.
Earnings season	About two weeks after quarter-end	Single-stock gaps. Insider trading windows close beforehand.

CHAPTER TEN

10 The Operating System

Trading is a business. Your routine runs operations and your journal does the accounting. A business that skips either one goes under.

FIG. 10.1 Where a good year's profit actually comes from



ONE YEAR · 100 TRADES · NET +37R · ILLUSTRATIVE

Look closely at where the profit came from. Fifty-two of these trades were full losses. The year still finished up 37R, because the eight best trades produced 44R between them. Every good year I have had looks like this. The losses are small and frequent. The wins are rare and large.

That shape gives you two jobs and only two. Keep every loss at exactly 1R, and stay in the big winners long enough to let them pay. Traders who cut winners at 1R to feel safe are amputating the right side of this chart, which is the only side that makes money.

JOURNAL EVERY TRADE

Date · Ticker · Setup · Entry · Stop · Target · Size · Result in R · Grade A to C · Rule broken? · One-line lesson

TILT RULES

- ◆ Two losses in a row: stand up and leave the desk for fifteen minutes.
- ◆ Three losses in a row, or -3R on the day: finished until tomorrow.
- ◆ Size never goes up to win back a loss. Size goes up only after a winning week.

THE DAILY ROUTINE

- 06:30** Overnight news, futures and the economic calendar.
- 07:30** Mark levels: prior day high and low, overnight range, weekly levels.
- 08:30** Build the A-list. Three to five names, each with a written plan.
- 09:30** Execute only what is on the list.
- 11:30** Midday review. Grade every trade taken so far.
- 16:15** Journal. Screenshot every trade with entry, exit and reason.
- Friday** Weekly review. Sort trades by setup and cut whatever is losing money.

CHAPTER ELEVEN

11 Twelve Rules From the Desk

These are the lessons good traders learn slowly and pay heavily for. Each one cost me real money to learn. Read them slowly, and come back to them after your worst weeks.

01 Trade the reaction, never the news.

The headline is priced in seconds. How the stock behaves over the next thirty minutes tells you who is in control. Good news with a falling stock is a warning.

02 Watch what ignores bad news.

When the index drops 2% and one name holds green, a large buyer is sitting underneath it. That is your first long when the market turns.

03 Add to winners. Never add to losers.

Averaging down turns a 1R loss into a 4R disaster. Adding into strength lets the market prove you right before you commit more.

04 The stop sets the size.

Place the stop where the idea is wrong, then size the position so that stop costs 1R. Moving the stop to fit the size you wanted is gambling.

05 Write the exit before the entry.

Your judgment gets worse the moment you are in a position. Make every important decision before the order goes in.

06 A 2R winner never becomes a loss.

Once a trade reaches 2R, the stop goes to breakeven at minimum. Guard open profit as seriously as you guard capital.

07 Size up in trends. Size down in chop.

Most of a year's money comes from a few stretches of clean trend. Trade full size then, and minimum size while breakouts keep failing.

08 Let the open settle.

The first move of the day is often false. Let the first fifteen minutes print, then trade the break of that range or its failure.

09 Waiting is a position.

When your setup is absent, cash is the trade with the best expectancy. The best traders I know spend most of the session watching.

10 Follow the people who paid.

An executive spending \$2 million of their own money has done more homework than any analyst. Weigh what people do over what they say.

11 Your journal knows your edge.

Most traders find that one setup makes all the money and two others give it back. Find yours, keep the winner and drop the rest.

12 Protect your mind like your capital.

Sleep, exercise, and a closed platform after a bad day. Your decisions are only as good as the state you make them in.

THE RULE ABOVE ALL

If you keep only one rule from this book, keep this one: survive first. Every fortune in this business was made by a trader who was still at the desk when the big opportunity finally arrived.

“

CHAPTER TWELVE

12 The Pre-Trade Checklist

Pilots run a checklist before every flight, however many hours they have logged. Run this one before every order you send.

CONTEXT

- ☐ I know the market's direction today. The index is above or below VWAP.
- ☐ This setup is one of my three and I can name it.
- ☐ No major data release or earnings report lands in the next 30 minutes, unless that event is the trade.
- ☐ Insider or institutional footprints point the same way as the trade, or are neutral.

PLAN

- ☐ Entry, stop and targets are written down.
- ☐ The stop sits where the idea is proven wrong.
- ☐ The first target pays at least 2R.

RISK

- ☐ Size is calculated from the stop. Risk is 1% of the account or less.
- ☐ Total open risk stays under 5% with this trade included.
- ☐ I am inside my daily loss limit.

MIND

- ☐ I am not trying to win back a loss.
- ☐ I would take this exact trade if I were flat for the day.

TRADE PLAN

Ticker _____

Setup _____

Entry _____

Stop _____

Target 1 _____

Target 2 _____

Size _____

Risk in \$ and R _____

The reason, in one sentence _____

A+

Every box ticked, trending market, footprint confirmation. **Full size.**

B

Every risk box ticked, one context box missing. **Half size.**

C

Anything less. **No trade.**

A LAST WORD

Be Here Next Year

The market will be open tomorrow, and next year, and thirty years from now. The real question is whether you will still be trading in it.

Everything in this book comes back to that question. Small losses keep you alive. Patience means you only play when the odds lean your way. Insider and institutional footprints put you on the same side as the people with the most information. The journal turns your own record into a teacher, so each quarter you trade a little better than the one before.

The traders I respect most look almost dull from the outside. They arrive early, run the same preparation every morning, take a handful of trades and go home. Over the years, that steady repetition compounds into something remarkable.

Start tomorrow. Mark your levels, write your plan, risk one percent, and journal the result. Then come back the next day and do it again.

The Desk

GODMODE PRIVATE LIBRARY

THE PLAYBOOK ON ONE CARD

1%

Maximum risk per idea

-3R

Daily loss limit. Platform closes

5%

Maximum total open risk

2R

Minimum first target

P

The only Form 4 code that counts

3+

Insiders in 30 days makes a cluster

10+

Scorecard points for the active list

10:00

Prime window opens. Runs to 11:30

Important information. This playbook is provided for education only and is not investment, legal or tax advice. It does not consider your financial situation, objectives or risk tolerance. Trading stocks, options and futures carries a substantial risk of loss and is unsuitable for many people. Past performance does not guarantee future results. Charts marked illustrative use constructed data to explain a concept and do not depict real securities or real trading results. Academic findings are cited from published research and may not persist in future markets. Regulatory details reflect U.S. rules as of 2026 and can change. Consult a licensed professional before making investment decisions.