

/ ARQ. PRO DESK FIELD MANUAL

Complete Systematic Trading, Options Curve & Risk Playbook

/ CHAPTER 01 | TIMEFRAMES & CAPITAL ALLOCATION - The 6 Types of Trading & When Each Works

Scalp (1-15m), Intraday Momentum (15-120m), Multi-Day Swing (2-15d), Position / Trend (2-12w), Options

- * Scalp / Tape (1m-15m): Trade only liquid leaders (>3x RVOL, spread <0.05%). Hard stop below opening range
- * Intraday Momentum / ORB (15m-2h): Enter on 5m/15m Opening Range Breakout above VWAP with volume confirmati
- * Multi-Day Swing / PEAD (2d-15d): Post-Earnings Announcement Drift & tight flags surfing the rising 10/21 E
- * Position & Secular Trend (2w-12w): Weekly RS > 85 above rising 50 SMA & 200 SMA; scale out only on weekly

/ CHAPTER 02 | HIGH-EXPECTANCY SETUPS - Entry Triggers: ORB, VWAP Reclaim, 21 EMA Pullback & Base Breakou

Never chase extended candles >2.5x ATR above the 21 EMA. Demand tight risk invalidation at a clear str

- * Opening Range Breakout (ORB): Mark high/low of first 15 minutes. Enter long on break of ORB high when pric
- * VWAP Reclaim & Higher-Low Pivot: Wait for morning flush to undercut VWAP, reclaim VWAP on rising volume, a
- * 21 EMA Tight Pullback (Pocket Pivot): In an established Stage-2 uptrend (price > 21 EMA > 50 SMA), buy the
- * Multi-Week VCP / Flat-Base Breakout: Volatility contracts from -18% to -6% to -2.5% before breaking pivot

/ CHAPTER 03 | RISK & POSITION SIZING - The 1R Risk Law & Exact Share Sizing Formula

Professionals size every position by Dollar Risk (1R), never by arbitrary share count. Shares = (Accou

- * Define 1R before every order: Standard 1R = 0.50% to 1.00% of total equity per trade (\$500-\$1,000 on a \$10
- * Formula: Shares = Floor((Account Equity x Risk%) / (Entry Price ? Invalidation Stop Price)).
- * Portfolio Heat Cap: Maximum open unhedged risk across all active swing positions must never exceed 5.0R.
- * Drawdown Throttle: If desk equity drops -5% in a month, cut 1R size in half (0.25%-0.50%) until two consec

/ CHAPTER 04 | TAKING PROFITS & CUTTING LOSSES - Systematic Exit Hierarchy: Hard Stops, +2R Scales & 21 EMA

Amateur traders take tiny profits early and let losers run. Systematic traders lock in partial gains a

- * Rule 1 - Unconditional Hard Stop at -1.0R: Never widen a stop after entry. If price touches invalidation,
- * Rule 2 - De-Risk at +1.5R to +2.0R: Sell 1/3 of the position and move stop on the remaining 2/3 to breakev
- * Rule 3 - Trail Core on 10 EMA / 21 EMA: Hold the remaining 2/3 until the first daily close below the 21 EM
- * Rule 4 - Climax Top Override: If stock gaps up >3x ATR on exhaustion volume >4x average, trim an additiona

/ CHAPTER 05 | OPTIONS P&L CURVES & GREEKS - Options Payoff Diagrams, Delta/Theta/Vega & Structure Selection

Match option structure to IV Rank and directional conviction: Debit Verticals, Credit Put Spreads, Iro

- * Bull Call / Bear Put Vertical (IV Rank < 35%): Buy 0.60Delta ITM/ATM leg, sell 0.30Delta OTM leg at target to cap
- * Bull Put / Bear Call Credit Spread (IV Rank > 50%): Sell 0.25Delta-0.30Delta strike beyond support/resistance, buy
- * Iron Condor (Range-Bound + High IVR): Combine 0.20Delta Put Credit Spread + 0.20Delta Call Credit Spread; manage a
- * Diagonal / Poor Man's Covered Call (PMCC): Buy 90-180 DTE 0.80Delta deep ITM call, sell 21-30 DTE 0.25Delta OTM ca

/ CHAPTER 06 | ROLLING OPTIONS: HELPING OR HURTING?

Rolling Options Audit: When Rolling Helps vs. Compounds a Loser

/ CHAPTER 06 | ROLLING OPTIONS: HELPING OR HURTING? - Rolling Options Audit: When Rolling Helps vs. Compounds a Loser

Every option roll must pass a 4-point quantitative test: Net Credit/Debit, Breakeven Shift, Risk/Reward

- * HELPING Roll #1 - Defensive Credit Roll (Short Put/Spread): Rolling out 21-30 DTE AND down in strike for a
- * HELPING Roll #2 - Winner Reset (Long Debit/Call): Taking profits out of an appreciated ITM call (+150%) an
- * HURTING Roll #1 - Paying a Net Debit to Extend a Losing OTM Option: Rolling a losing long option out in ti
- * HURTING Roll #2 - Doubling Contracts to Roll for 'Even': Increasing contract count to force a credit doubl

/ CHAPTER 07 | PORTFOLIO CONSTRUCTION & ASSET CLASSES - Multi-Asset Allocation: Equities, Bonds/Treasuries,

Balance high-beta growth equities with Treasury duration (TLT/IEF/SGOV), hard-asset inflation hedges (

- * Core Equity Sleeve (50%-65%): Diversify across low-correlation sectors; cap any single stock at <=12% at co
- * Fixed Income & Treasury Sleeve (15%-30%): Use SGOV/SHY (0-3Y T-Bills) in rising-rate regimes; shift to IEF
- * Hard Assets & Energy Sleeve (5%-15%): XLE, uranium/grid infrastructure, and GLD protect portfolio purchasi
- * Asymmetric / Crypto Sleeve (2%-10%): Size BTC/ETH/SOL so a -50% drawdown impacts total portfolio equity by

/ CHAPTER 08 | INSTITUTIONAL & INSIDER FLOW - Trading 13F Institutional, 13D Activist, Form 4 Insider & Con

How to separate high-signal cluster insider buying and new 13D activist stakes from noisy routine fili

- * Form 4 Open-Market Cluster Buys (Code P): Highest signal when CEO + CFO + 1 Director buy >\$250K in the ope
- * Schedule 13D Activist Stakes (>=5%): Filed within 10 days of crossing 5% with active intent (board seats, s
- * 13F-HR Multi-Manager Conviction: Track new positions where >=3 top Tiger/Quant/Value funds initiate >2% por
- * Congressional PTR Filings: Watch committee-aligned purchases disclosed within 30-45 days under the STOCK A

/ CHAPTER 09 | MARKET REGIME ENGINE - Reading the 4 Market Regimes: Trend Bull, Volatile Bull, Chop & R

70% of a stock's move comes from market & sector regime. Adjust gross exposure and target R-multiples

- * Regime 1 - Low-Vol Uptrend (SPY > 21 EMA > 50 SMA, VIX < 17): 80-100% gross exposure; buy breakouts & 21 E
- * Regime 2 - High-Vol Uptrend (SPY > 50 SMA, VIX 18-24): 50-70% exposure; buy pullbacks only (never gap-ups)
- * Regime 3 - Choppy Range (SPY criss-crossing flat 50 SMA): 25-40% exposure; favor Iron Condors, credit spre
- * Regime 4 - Risk-Off Bear (SPY < declining 50 SMA & 200 SMA, VIX > 25): Raise 50-80% cash/SGOV; hedge with

/ CHAPTER 10 | POST-TRADE JOURNAL & EXPECTANCY - Win/Loss Journaling, Profit Factor & Eliminating Leakages

Track Win Rate, Average Win (R), Average Loss (R), and Expectancy = (Win% x AvgWin) ? (Loss% x AvgLoss

- * Expectancy Formula: $E = (Win\% \times Avg\ Win\ R) - (Loss\% \times Avg\ Loss\ R)$. A 42% win-rate trader with +2.8R avg wi
- * Profit Factor = Gross Wins (\$) / Gross Losses (\$). Target Profit Factor >= 1.75x across every rolling 20-tr
- * Tag Every Mistake: FOMO Chasing (>2 ATR above 21 EMA), Stop Violation (holding past -1R), Premature Exit (
- * Weekly Friday Audit: Delete or prune broken setups with Profit Factor < 1.1x and double down on your top 2

/ COMPLETE A-Z TRADING, OPTIONS & PORTFOLIO GLOSSARY

All 85 Essential Desk Terms & Formulas

1R (One Unit of Risk) [Risk Management]

The exact dollar amount risked between your entry price and hard stop price on a single trade (typically 0.5%-1.0%)

2R / 3R Multiple [Risk Management]

Profit measured as a multiple of initial risk 1R. Risking \$500 to make \$1,500 is a +3.0R winner.

13D Filing (Schedule 13D) [SEC Filings]

Mandatory SEC filing within 10 days when an investor acquires $\geq 5\%$ of a public company with active/activist intent.

13F-HR Filing [SEC Filings]

Quarterly SEC holdings report filed by institutional investment managers with $\geq \$100M$ in U.S. exchange-traded equit

13G Filing (Schedule 13G) [SEC Filings]

Passive $\geq 5\%$ beneficial ownership filing for institutions not seeking control changes.

21 EMA (Exponential Moving Average) [Technicals]

The primary institutional swing-trading trend filter; leading stocks surf above a rising 21-day EMA.

50 SMA / 200 SMA [Technicals]

50-day and 200-day Simple Moving Averages used by institutions to define intermediate and secular Stage-2 uptrends

Alpha (vs. SPY) [Portfolio Analytics]

Excess return generated by a portfolio or model above the S&P 500 (SPY) benchmark over the same start date.

Assignment Risk [Options]

The obligation of an option seller to buy (short put) or deliver (short call) 100 shares per contract when exercis

ATR (Average True Range) [Volatility]

14-period average daily trading range including gaps; used to calibrate stop distance and spot over-extension.

Beta [Portfolio Analytics]

Sensitivity of an asset or portfolio to a 1% move in the S&P 500.

Bid-Ask Spread [Execution]

Difference between highest bid and lowest ask; tight spreads ($< 0.05\%$) minimize slippage.

Breakeven Price (Options) [Options]

Underlying price at expiration where net P&L equals \$0 (Call BE = Strike + Debit; Put BE = Strike - Debit).

Bull Call Vertical Spread [Options]

Defined-risk bullish debit spread: buy lower-strike call, sell higher-strike call in the same expiration.

Bull Put Credit Spread [Options]

Defined-risk bullish/neutral credit strategy: sell higher-strike OTM put, buy lower-strike put protection.

Calendar (Time) Spread [Options]

Sell near-term option and buy longer-dated option at the same strike to harvest faster front-month Theta decay.

Call Option [Options]

Contract giving the buyer the right (not obligation) to purchase 100 shares at the strike price on or before expir

Cash-Secured Put (CSP) [Options]

Selling an OTM put while holding 100% cash collateral to acquire stock at an effective discount or keep the credit

Closing Auction (MOC) [Execution]

4:00 PM ET market-on-close institutional liquidity event where daily closes and systematic signals finalize.

Covered Call [Options]

Owning 100 shares of stock and selling 1 OTM call against it to generate income and reduce cost basis.

Credit Roll [Options Adjustments]

Closing an existing short option/spread and opening a later-dated position for a net cash credit.

Dark Pool Print [Market Structure]

Off-exchange institutional block trade reported to the consolidated tape.

Debit Roll [Options Adjustments]

Paying additional capital to extend or shift an option position; requires strict thesis re-underwriting.

Delta (Delta) [Options Greeks]

Expected option price change per \$1.00 move in the underlying stock (also approximates probability of expiring ITM)

/ COMPLETE A-Z TRADING, OPTIONS & PORTFOLIO GLOSSARY (CONT.)

Desk Definitions, Greeks, Filings & Risk Metrics

Diagonal Spread / PMCC [Options]

Long deep-ITM LEAPS or 90-180 DTE option paired with a short near-term OTM option at a further strike.

Drawdown (Max DD) [Portfolio Analytics]

Peak-to-trough percentage decline in portfolio equity before a new high-water mark is reached.

DTE (Days to Expiration) [Options]

Calendar days remaining until an option contract expires; Theta decay accelerates inside 35 DTE.

Duration (Treasury Sensitivity) [Fixed Income]

Sensitivity of bond/Treasury ETF price (TLT, IEF, SGOV) to a 1% change in interest rates.

Earnings Drift (PEAD) [Catalysts]

Post-Earnings Announcement Drift: tendency of stocks with beat-and-raise surprises to trend for weeks.

Expectancy (E) [Journal Analytics]

Average R-multiple earned per trade: $(\text{Win Rate} \times \text{Avg Win R}) - (\text{Loss Rate} \times \text{Avg Loss R})$.

Extrinsic (Time) Value [Options]

Portion of an option's premium above intrinsic value, driven by time remaining and implied volatility.

Form 4 Insider Filing [SEC Filings]

SEC report required within 2 business days when an officer, director, or 10% owner buys or sells company stock.

Free Cash Flow (FCF) Yield [Fundamentals]

Operating Cash Flow minus CapEx divided by Market Cap or Enterprise Value.

Gamma (Gamma) [Options Greeks]

Rate of change of Delta per \$1.00 move in the underlying; peaks for ATM options near expiration.

Gamma Squeeze [Market Structure]

Rapid price acceleration caused by market makers buying underlying shares to hedge short call Gamma.

Gross Exposure [Portfolio Analytics]

Total long % plus total short % invested in the market (excluding cash/SGOV).

Hard Stop (Invalidation) [Risk Management]

Price level that proves the trade thesis wrong and triggers an unconditional exit.

High-Water Mark [Portfolio Analytics]

The highest historical cumulative equity value achieved by a portfolio or model.

Implied Volatility (IV) [Options]

Market's forward-looking annualized standard deviation priced into option premiums.

Intrinsic Value [Options]

Immediate in-the-money value of an option: $\max(0, \text{Stock} - \text{Strike})$ for calls; $\max(0, \text{Strike} - \text{Stock})$ for puts.

Iron Condor [Options]

Defined-risk neutral strategy combining a Bull Put Credit Spread and a Bear Call Credit Spread.

IV Crush [Options]

Sharp contraction in Implied Volatility immediately after a binary catalyst (earnings, FDA, FOMC).

IV Percentile / IV Rank (IVR) [Options]

Where current IV sits relative to its 52-week high/low range (0% to 100%).

Kelly Criterion (Fractional) [Risk Management]

Mathematical optimal bet-sizing formula based on edge and odds; traders use Half- or Quarter-Kelly to cap volatility.

LEAPS [Options]

Long-Term Equity Anticipation Securities: option contracts with 9 to 24+ months until expiration.

Limit Order [Execution]

Order specifying the maximum price to pay (buy) or minimum price to accept (sell).

Liquidity / ADR% [Technicals]

Average Daily Dollar Volume and Average Daily Range %, measuring how easily size can enter and exit.

Long Straddle / Strangle [Options]

Buying both a call and a put to profit from a massive volatility move in either direction exceeding implied move.

/ COMPLETE A-Z TRADING, OPTIONS & PORTFOLIO GLOSSARY (CONT.)

Desk Definitions, Greeks, Filings & Risk Metrics

Margin of Safety [Fundamentals]

Discount between market price and conservative intrinsic valuation.

Market Breadth (A/D Line) [Market Regime]

Participation measure comparing advancing vs. declining stocks and % of stocks above 50 SMA.

Max Pain / Pin Risk [Options]

Expiration price cluster with high open interest where short-gamma hedging pins the stock near 4:00 PM Friday.

Mean Reversion [Strategy Type]

Fading extreme multi-standard-deviation extensions back toward VWAP or the 21 EMA.

Momentum / Relative Strength (RS) [Technicals]

Outperformance of a stock vs. SPY over 3-, 6-, and 12-month lookbacks.

Net Exposure [Portfolio Analytics]

Long % minus Short %, measuring directional sensitivity to the overall market.

Open Interest (OI) [Options]

Total number of outstanding open option contracts held overnight at a given strike and expiration.

Opening Range Breakout (ORB) [Setups]

Breakout above or below the high/low established during the first 5, 15, or 30 minutes of the regular session.

Pin Bar / Hammer [Technicals]

Candlestick showing strong rejection of lower prices with a long lower wick and close near the high of the bar.

Pocket Pivot [Setups]

Early base breakout up-day whose volume exceeds the highest down-day volume of the prior 10 sessions.

Portfolio Heat [Risk Management]

Sum of open 1R risk across all active positions if every stop were hit simultaneously.

Profit Factor [Journal Analytics]

Gross Dollars Won divided by Gross Dollars Lost; >1.75 indicates strong systematic execution.

Put Option [Options]

Contract giving the buyer the right to sell 100 shares at the strike price on or before expiration.

Put/Call Ratio [Sentiment]

Ratio of traded put volume to call volume; extreme spikes (>1.25) often mark contrarian fear washes.

Rebalance Diff [Portfolio Analytics]

Audit trail showing Added, Removed, Increased, and Trimmed holdings between two model rebalances.

Relative Volume (RVOL) [Technicals]

Current volume divided by average volume for the same time of day; RVOL > 2.0x confirms institutional participation

Regime Filter [Market Regime]

Quantitative rule (e.g., SPY > 200 SMA & VIX < 22) that governs whether long breakout models deploy capital.

Rho (Rho) [Options Greeks]

Option sensitivity to a 1% change in risk-free interest rates.

Risk-Reward Ratio (R:R) [Risk Management]

Distance to target divided by distance to stop (e.g., \$6.00 target / \$2.00 stop = 3.0:1 R:R).

Roll Out & Down / Up [Options Adjustments]

Closing a near-term option and simultaneously opening a longer-dated option at a lower or higher strike.

Sector Rotation [Macro]

Capital flows shifting between Cyclicals, Tech, Energy, Financials, and Defensives across the business cycle.

SGOV / T-Bill Cash Sleeve [Fixed Income]

0-3 Month U.S. Treasury ETF used as a risk-free dry-powder yield sleeve inside multi-asset portfolios.

Sharpe Ratio [Portfolio Analytics]

Annualized excess return over the risk-free rate divided by annualized return volatility.

Short Interest (% of Float) [Market Structure]

Percentage of tradable float currently sold short and not yet covered.

/ COMPLETE A-Z TRADING, OPTIONS & PORTFOLIO GLOSSARY (CONT.)

Desk Definitions, Greeks, Filings & Risk Metrics

Skew (Put vs. Call IV) [Options]

Difference in implied volatility between OTM puts and equidistant OTM calls.

Slippage [Execution]

Difference between expected trigger price and actual fill price.

Sortino Ratio [Portfolio Analytics]

Risk-adjusted return ratio that penalizes only downside volatility rather than upside gains.

Stage 2 Uptrend [Technicals]

Stan Weinstein trend phase where price trades above a rising 50-day and 200-day moving average with higher highs.

Stop-Limit vs. Stop-Market [Execution]

Stop-Market guarantees execution once triggered; Stop-Limit guarantees price but risks non-fill in a gap.

Theta (Theta) [Options Greeks]

Daily time decay of an option's extrinsic value, accelerating inside the final 30 days before expiration.

TLT / Long-Duration Treasury [Fixed Income]

20+ Year U.S. Treasury Bond ETF used for deflation/recession hedging and rate-cut duration alpha.

Trailing Stop [Risk Management]

Dynamic stop that ratchets upward below rising swing lows or moving averages (10 EMA / 21 EMA) to lock in gains.

VCP (Volatility Contraction Pattern) [Setups]

Constructive base where each successive pullback is shallower and volume dries up ahead of pivot breakout.

Vega (Vega) [Options Greeks]

Option price change for each 1.0% change in Implied Volatility (IV).

Vertical Spread [Options]

Buying one option and selling another of the same type and expiration at a different strike.

VIX (Cboe Volatility Index) [Market Regime]

30-day implied volatility of S&P 500 index options; gauges institutional hedging demand.

VWAP (Volume-Weighted Average Price) [Technicals]

Intraday institutional benchmark calculated as cumulative (Price x Volume) / cumulative Volume from 9:30 AM.