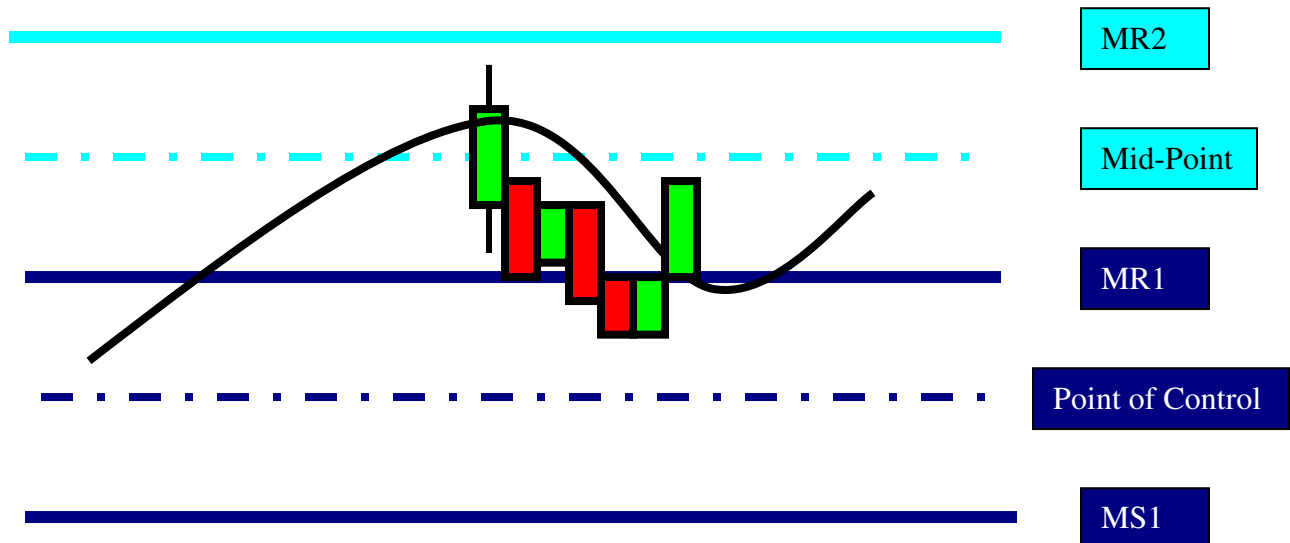


ZONETRADER TRADING RULES

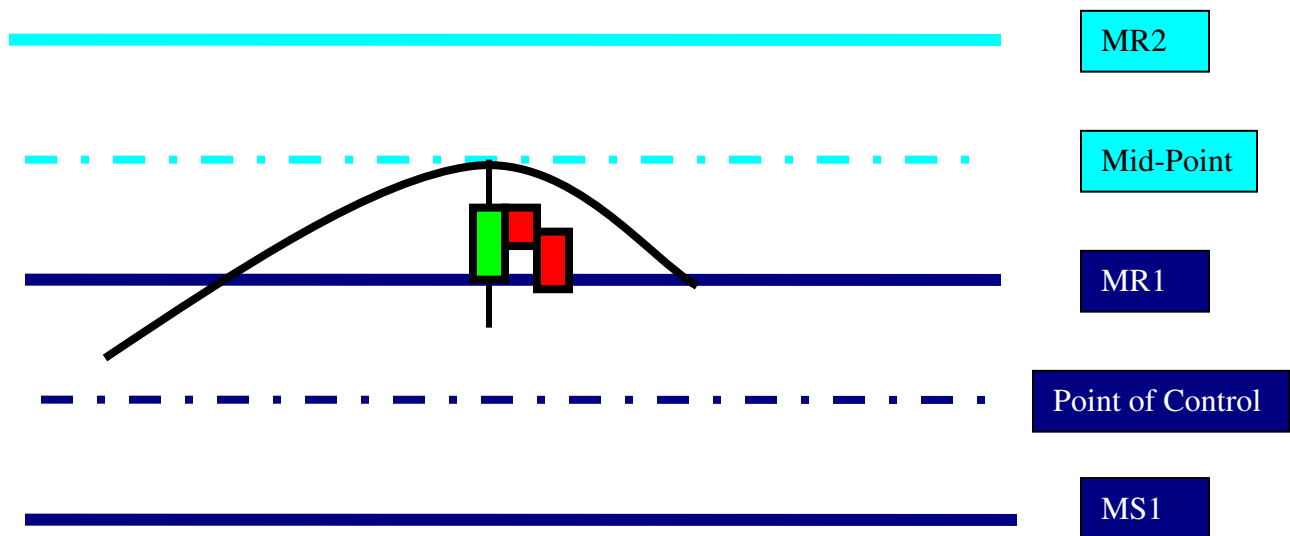
Rule # 1: Bullish Breakout Zone (MR1 – MR2)

When the price is on an uptrend and the candle body closes above the midpoint of MR1 & MR2 we are in a bullish breakout and look to place a buy order at the first retracement. We need to see at least 2 candles close lower then the low of the prior candle for a true Retracement. Then look for a candle body close higher then the high of the prior candle To generate the buy signal.



Rule # 2: Failed Bullish Breakout (MR1 – MR2)

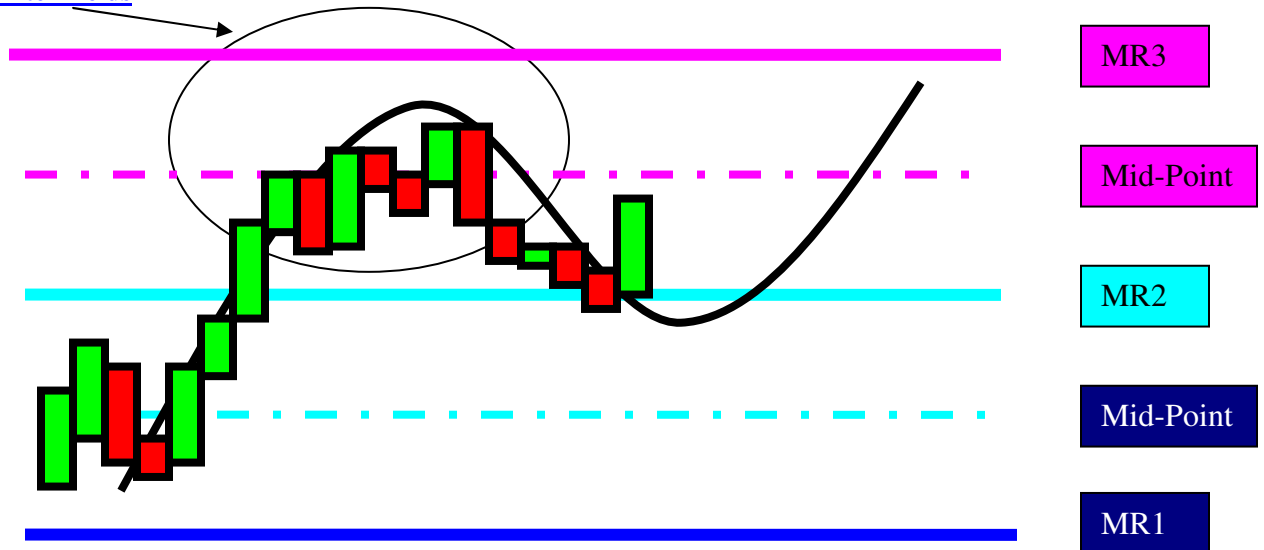
When the price is on an uptrend and the candle body fails to close above the midpoint of MR1 & MR2 and then a candle closes lower than the low of the prior candle. We are in a failed bullish breakout and expect the prices to move back to the point of control. Look to sell 1 tick below the low of the prior candle.



Rule # 3: Bullish Confirmation Zone (MR2 – MR3)

If the price stays above MR2 for a specific amount of time (time filter) then a confirmed uptrend is established and we look to buy at the first retracement. Look for 2 closes lower than the low of the prior candle to be true retrace. Then look for close higher than the high of the prior candle to generate the signal.

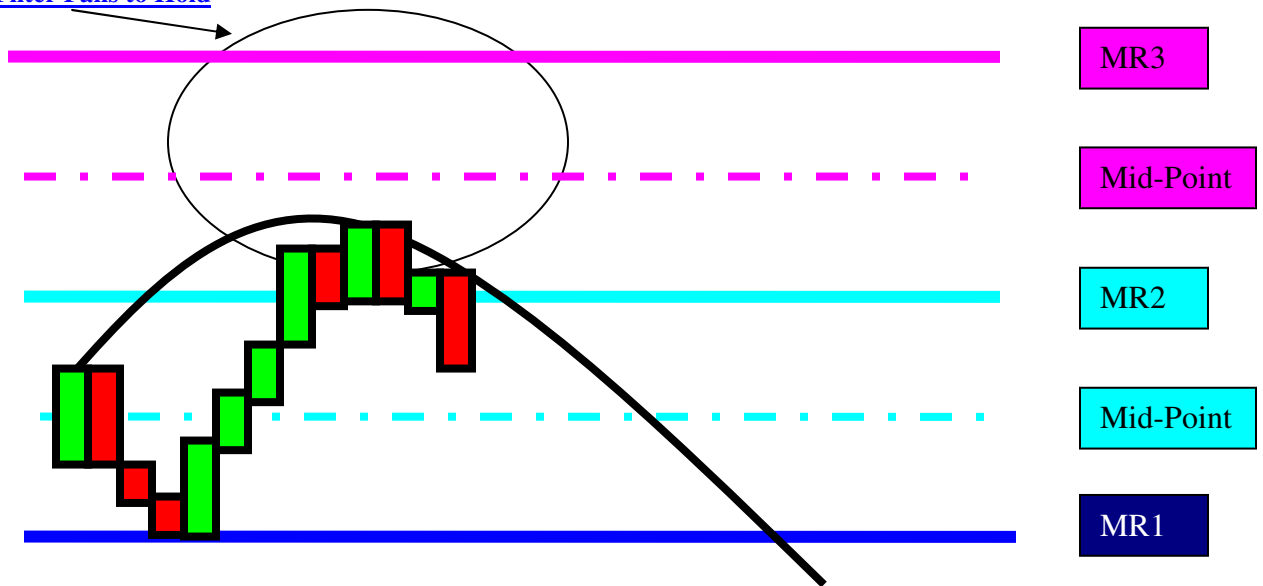
Time Filter Holds



Rule # 4: Failed Bullish Confirmation (MR2 – MR3)

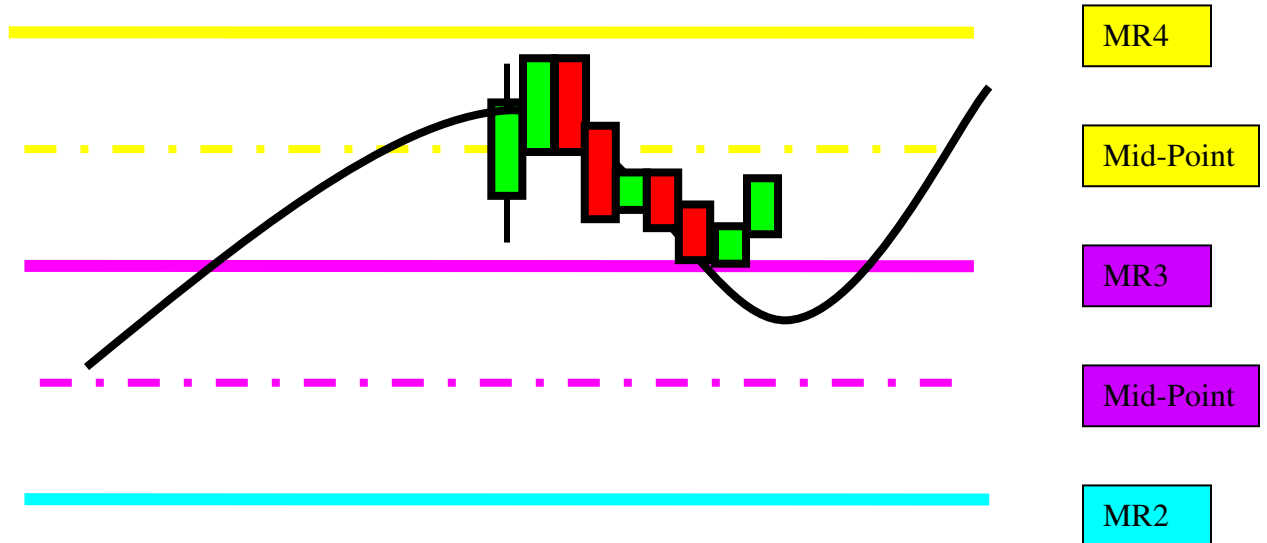
If the price breaks above MR2 and fails to hold above MR2 for a specified amount of time (time filter) and then a candle closes lower than the low of the prior candle it indicates failed bullish confirmation of an uptrend and we look to sell and for the prices to trend back towards the point of control or ZoneTrader Pivot.

Time Filter Fails to Hold



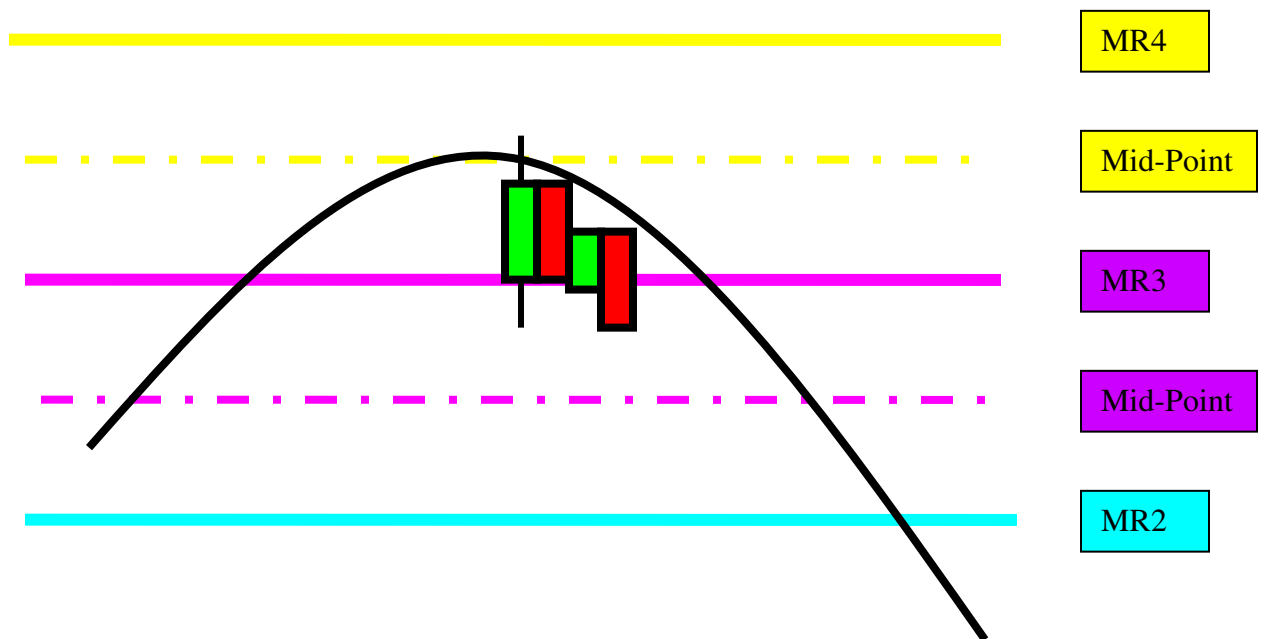
Rule # 5: Bullish Trend Extension Zone (MR3 – MR4)

If the candle body closes above the midpoint of MR3 & MR4, it indicates the start of trend extension and we look to buy at the first retracement.



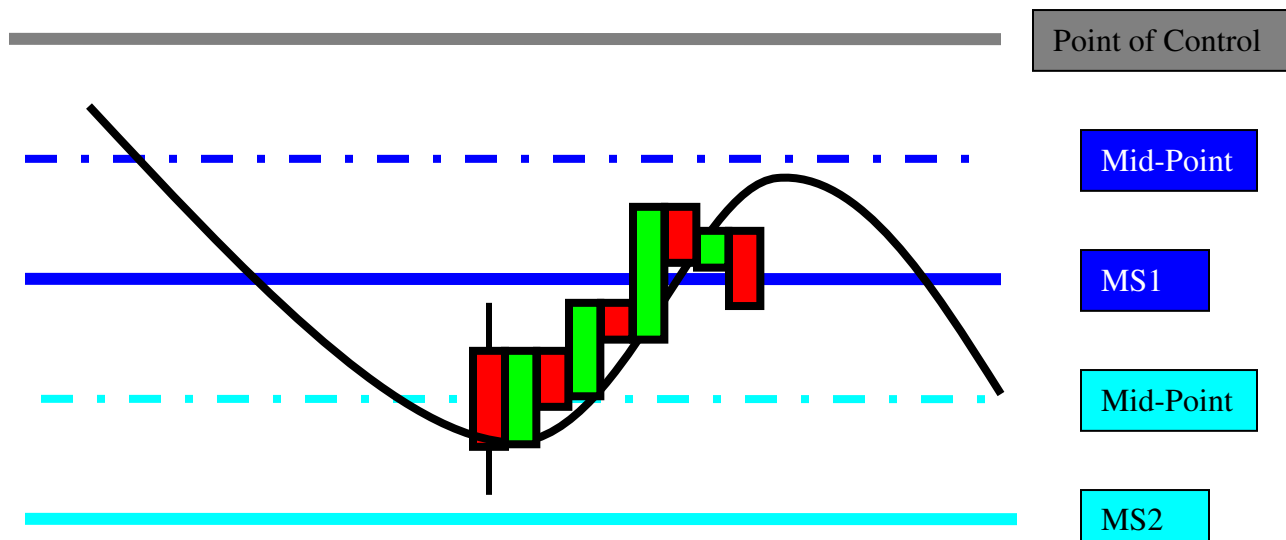
Rule # 6: Failed Bullish Trend Extension (MR3 – MR4)

If the candle body fails to close above the midpoint of MR3 & MR4, and then a candle closes lower than the low of the prior candle it indicates a failed trend extension and we expect the prices to revert towards the point of control. We sell off the low of the prior candle once we get a close lower than the low of the prior candle.



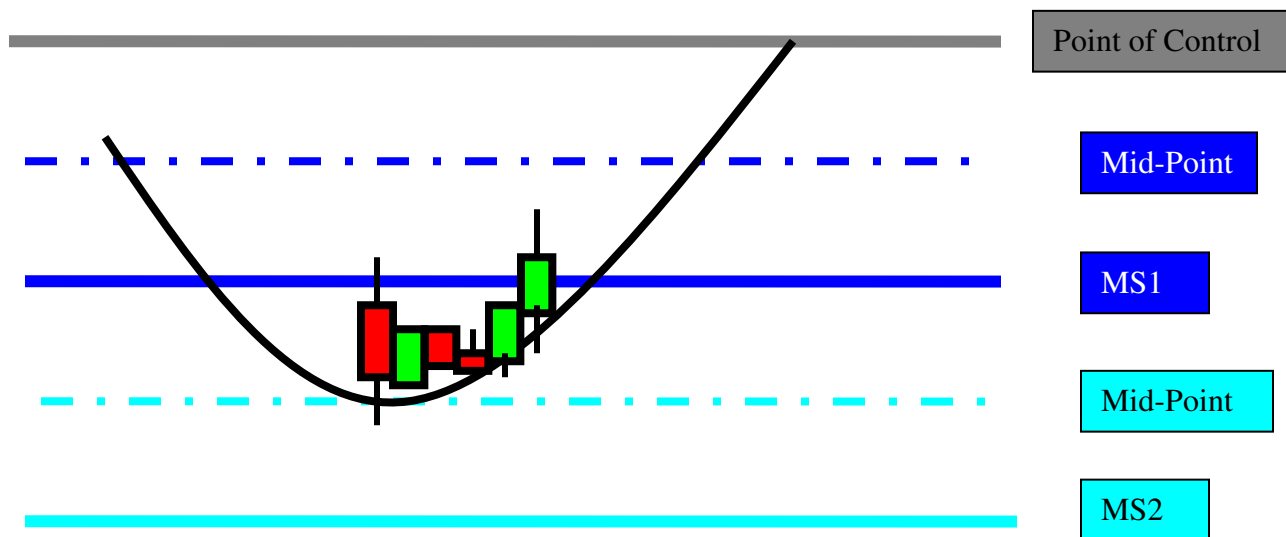
Rule # 7: Bearish Breakout Zone (MS1 – MS2)

When the price is on a downtrend and the candle body closes below the midpoint of MS1 & MS2 we are in a bearish breakout and look to place a sell order at the first retracement. Need to see 2 candles close higher then the high of the prior candle for true retracement. Then a candle has to close lower then the low of the prior candle to generate the sell signal. Sell limit 1 tick below the low of the prior candle. We can also try market sell once this condition is met for testing purposes.



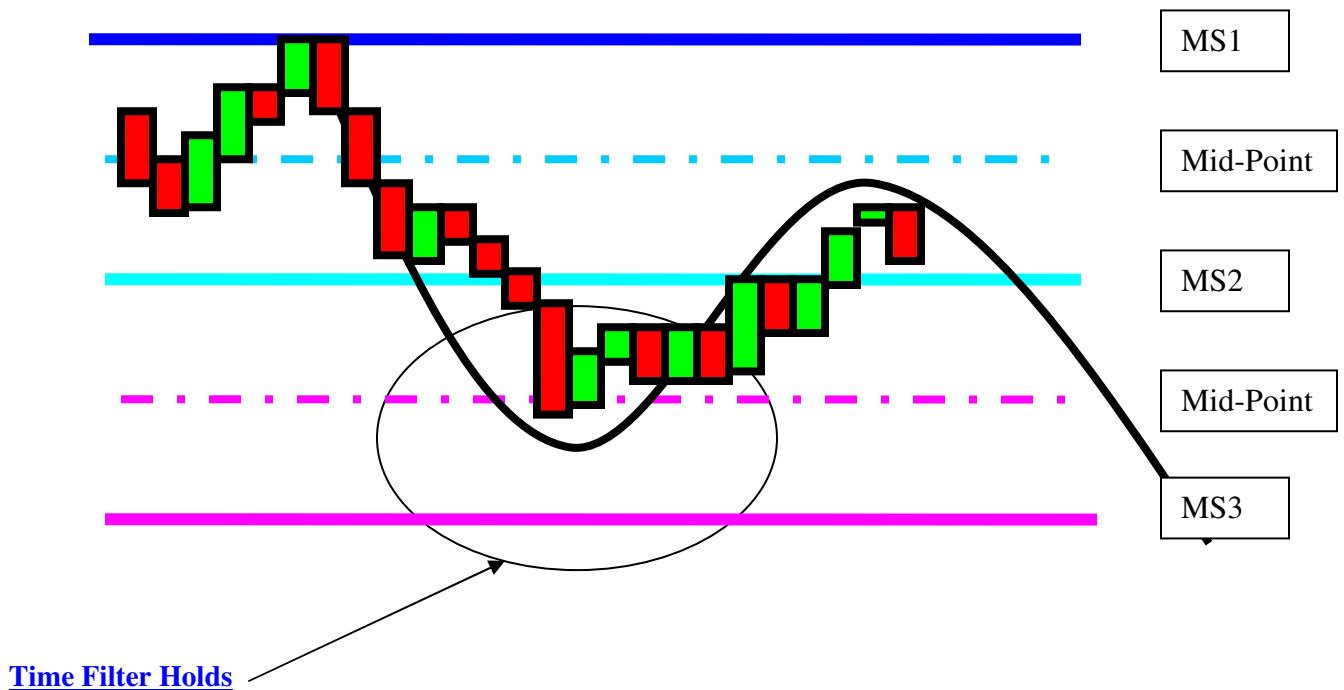
Rule # 8: Failed Bearish Breakout (MS1 – MS2)

When the price is on a downtrend and the candle body fails to close below the midpoint of MS1 & MS2 and then a candle closes above the high of the prior candle we are in a failed bearish breakout and look to buy 1 tick above the high of the prior candle and we expect the prices to move back to the point of control or ZoneTrader Pivot.



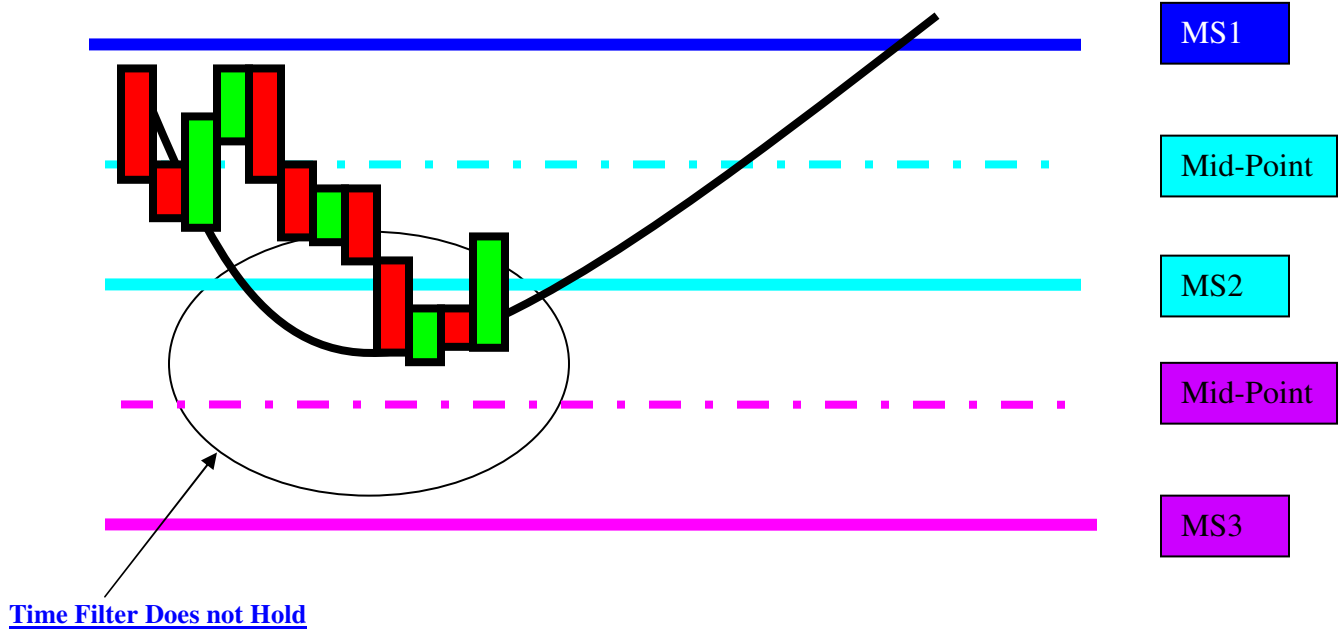
Rule # 9: Bearish Confirmation Zone (MS2 – MS3)

If the price stays below MS2 for a specific amount of time (time filter) then the market has established or confirmed a downtrend. Look to sell at the first retracement waiting for at least 2 candle closes higher then the high of the prior candle. Once retracement criteria is achieved then look for the first candle to close lower then the low of the prior candle to generate the sell signal. Sell limit 1 tick below the low of the prior candle or at the market for testing purposes.



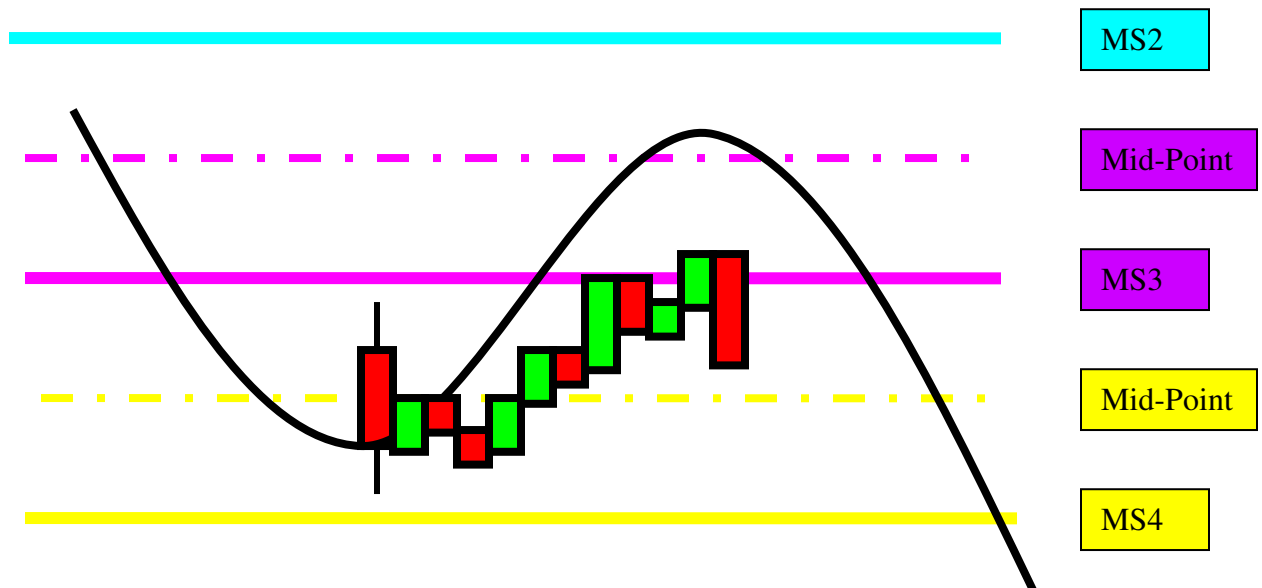
Rule # 10: Failed Bearish Confirmation (MS2 – MS3)

If the price fails to hold the time filter below MS2 for a specified amount of time (time filter) and then a candle closes higher than the high of the prior candle this indicates a failed confirmation of a downtrend and we to buy limit 1 tick above the high of the prior candle or at the market for testing purposes. Then we look for the prices to trend back towards the point of control or ZoneTrader Pivot.



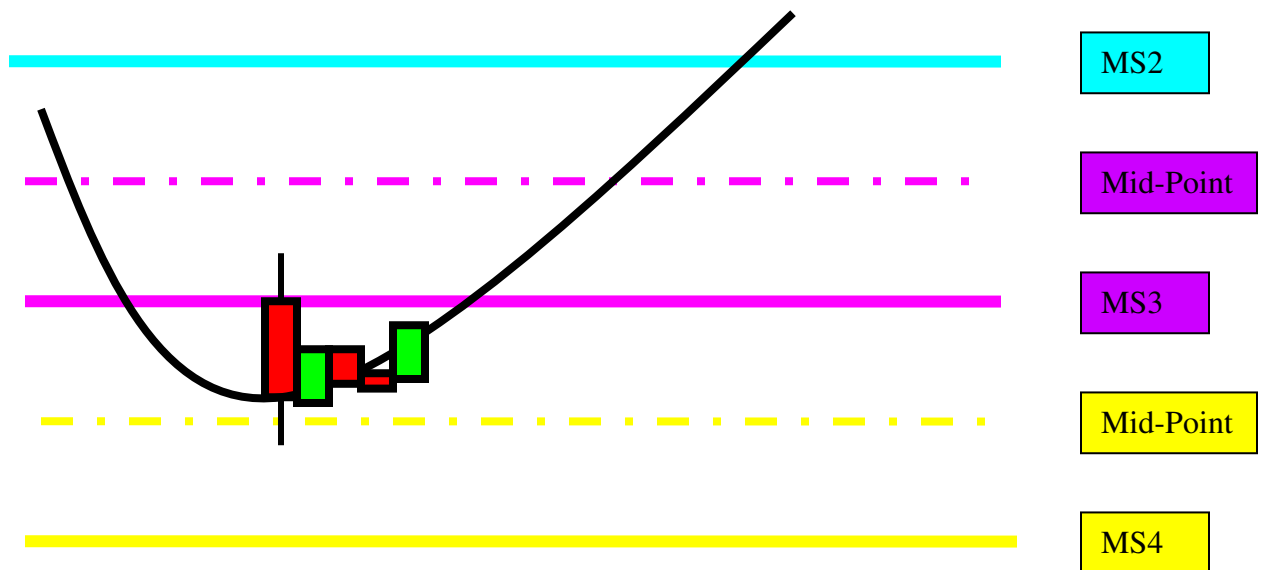
Rule # 11: Bearish Trend Extension Zone (MS3 – MS4)

If the candle body closes below the midpoint of MS3 & MS4, it indicates the market has extended the trend and will attempt to break below MS4 on the next wave down. Look to sell the 1st retracement after the close below the midpoint. Need to see 2 candles close higher than the high of the prior candle for true retracement. Then need to see a candle close lower than the low of the prior candle to generate the sell signal. The reason for this is this suggest the trend is shifting back to the downside, which is what we expect, we just want to make sure that it does before we sell.



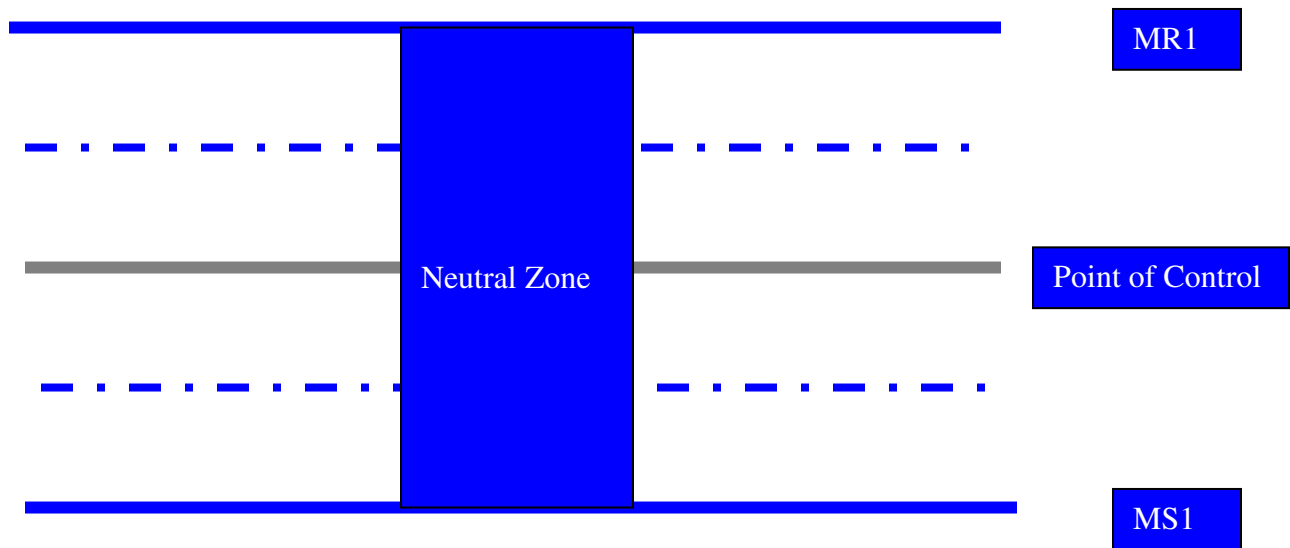
Rule # 12: Failed Bearish Trend Extension (MS3 – MS4)

If the candle body fails to close below the midpoint of MS3 & MS4, and then a candle closes higher than the high of the prior candle this indicates a failed bearish trend extension and we look to buy limit 1 tick above the high of the prior candle or at the market for testing purposes. Then we expect the prices to revert towards the point of control or ZoneTrader Pivot.

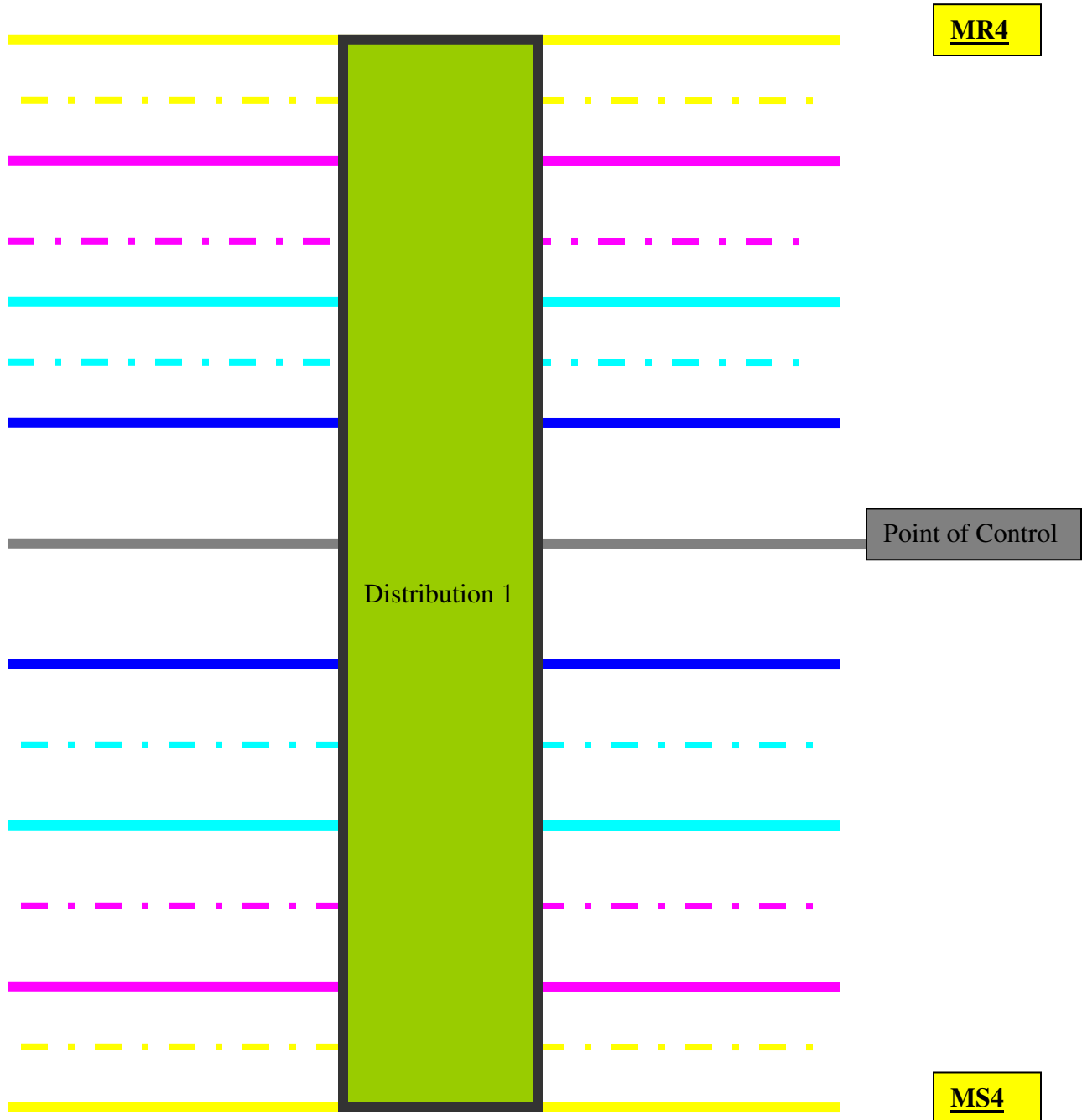


Distributions

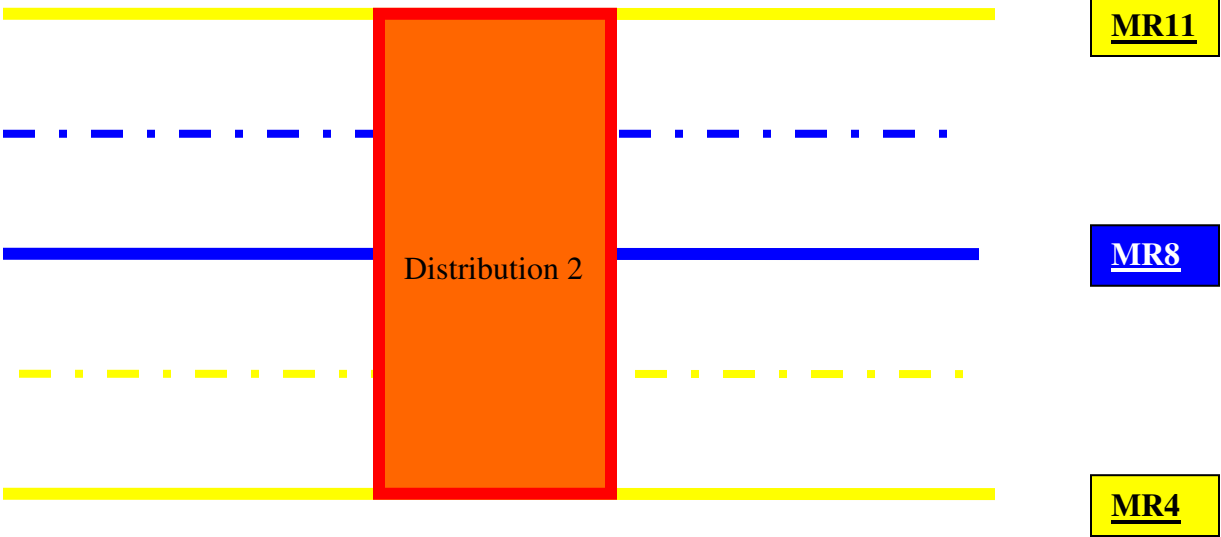
1) Neutral Zone : (MR1 – MS1; Neutral Zone)



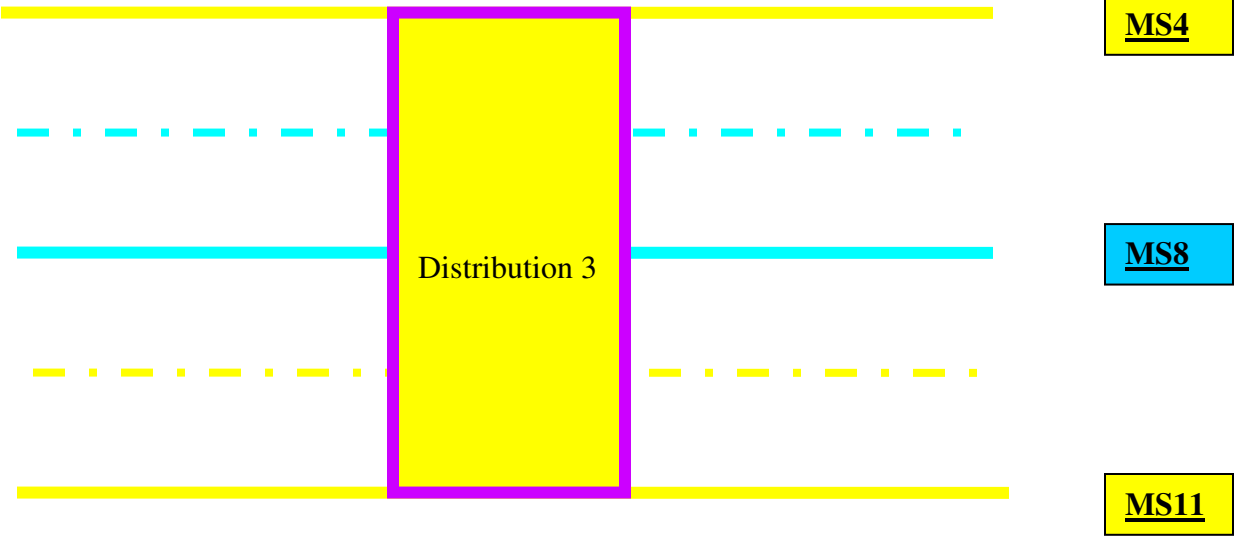
2) Distribution 1: (MR4 – MS4)



3) Distribution 2: (MR4 – MR11)

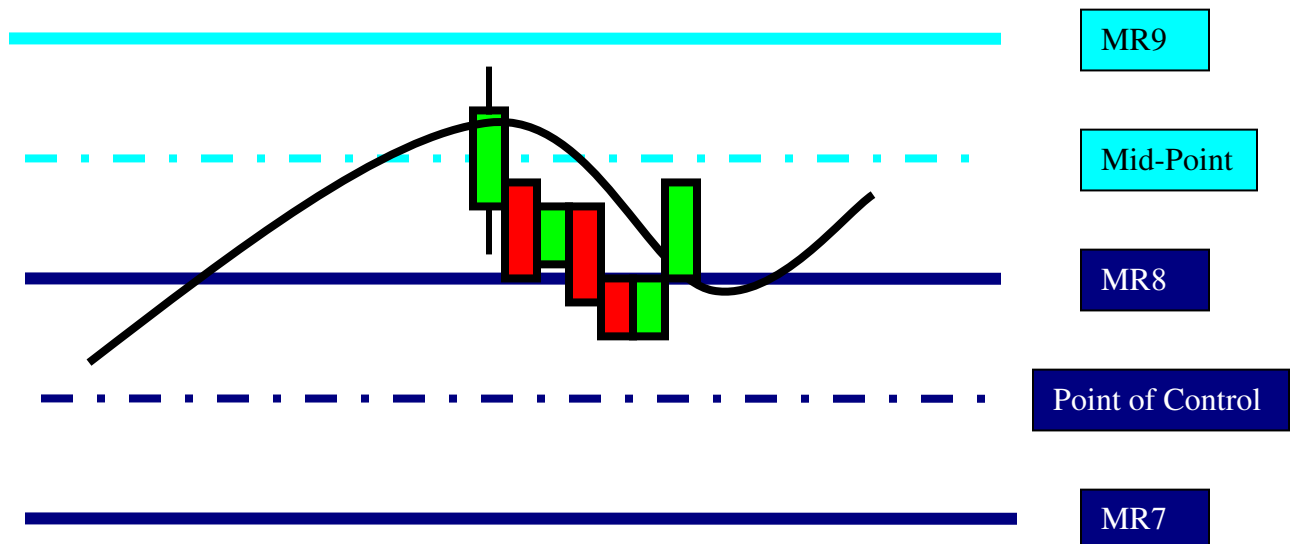


4) Distribution 3: (MS4 – MS11)



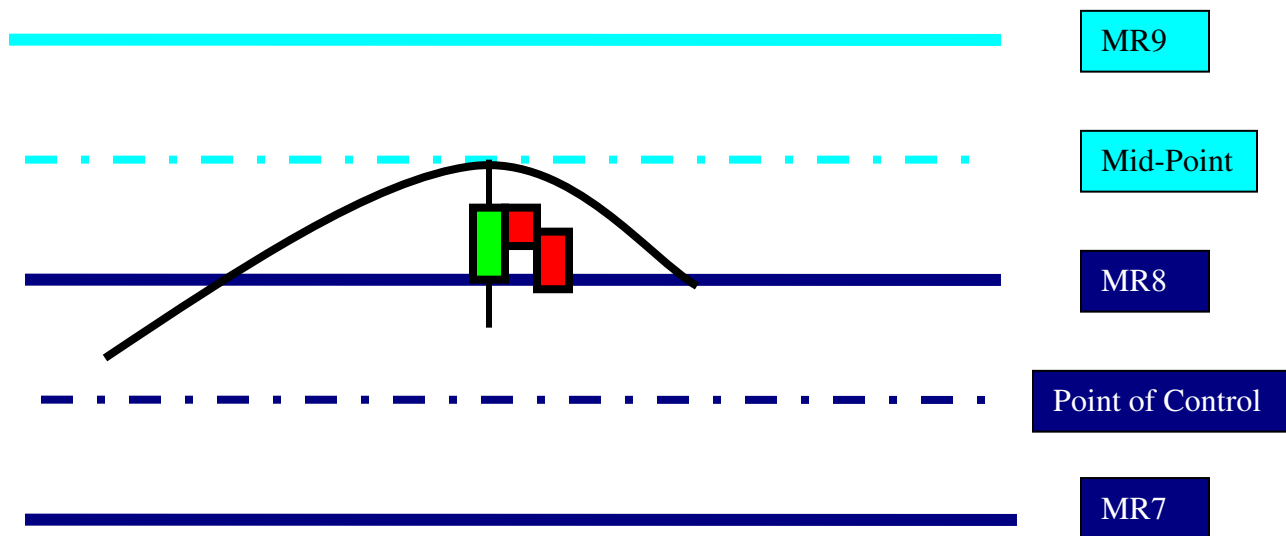
Rule # 13: Bullish Breakout Zone; Distribution 2 (MR8 – MR9)

When the price is on an uptrend and the candle body closes above the midpoint of MR8 & MR9 we are in a bullish breakout and look to place a buy order at the first retracement. We need to see at least 2 candles close lower then the low of the prior candle for a true retracement. Then look for a candle body close higher then the high of the prior candle to generate the buy signal.



Rule # 14: Failed Bullish Breakout; Distribution 2 (MR8 – MR9)

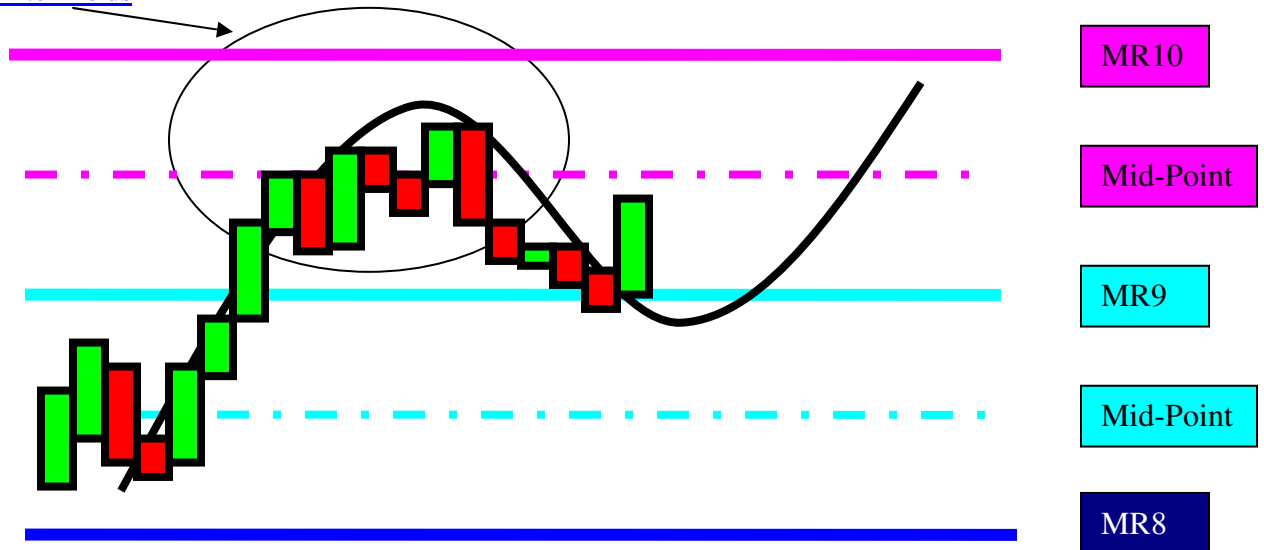
When the price is on an uptrend and the candle body fails to close above the midpoint of MR8 & MR9 and then a candle closes lower than the low of the prior candle. We are in a failed bullish breakout and expect the prices to move back to the point of control. Look to sell 1 tick below the low of the prior candle.



Rule # 15: Bullish Confirmation Zone; Distribution 2 (MR9 – MR10)

If the price stays above MR9 for a specific amount of time (time filter) then a confirmed uptrend is established and we look to buy at the first retracement. Look for 2 closes lower than the low of the prior candle to be true retrace. Then look for close higher than the high of the prior candle to generate the signal.

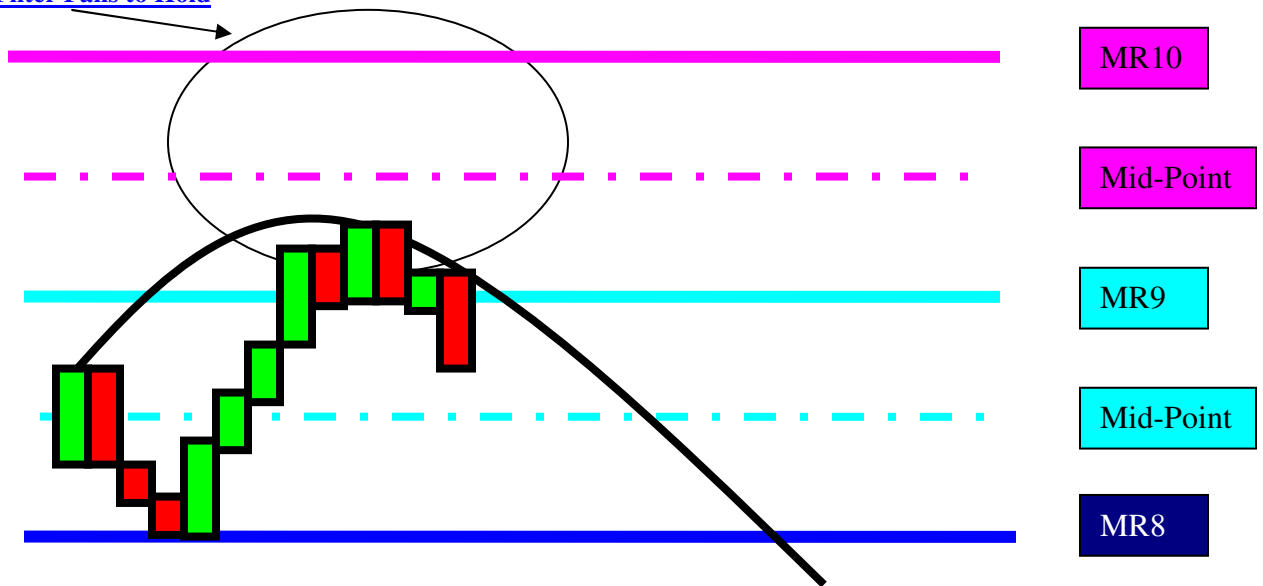
Time Filter Holds



Rule # 16: Failed Bullish Confirmation; Distribution 2 (MR9 – MR10)

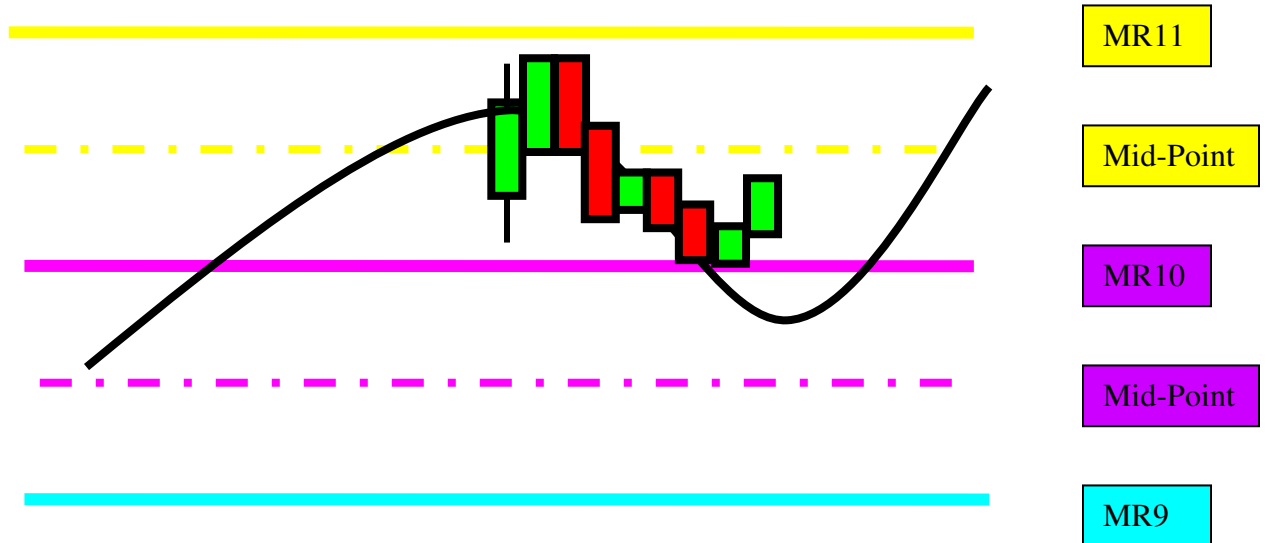
If the price breaks above MR9 and fails to hold above MR10 for a specified amount of time (time filter) and then a candle closes lower than the low of the prior candle it indicates failed bullish confirmation of an uptrend and we look to sell and for the prices to trend back towards the point of control or ZoneTrader Pivot.

Time Filter Fails to Hold



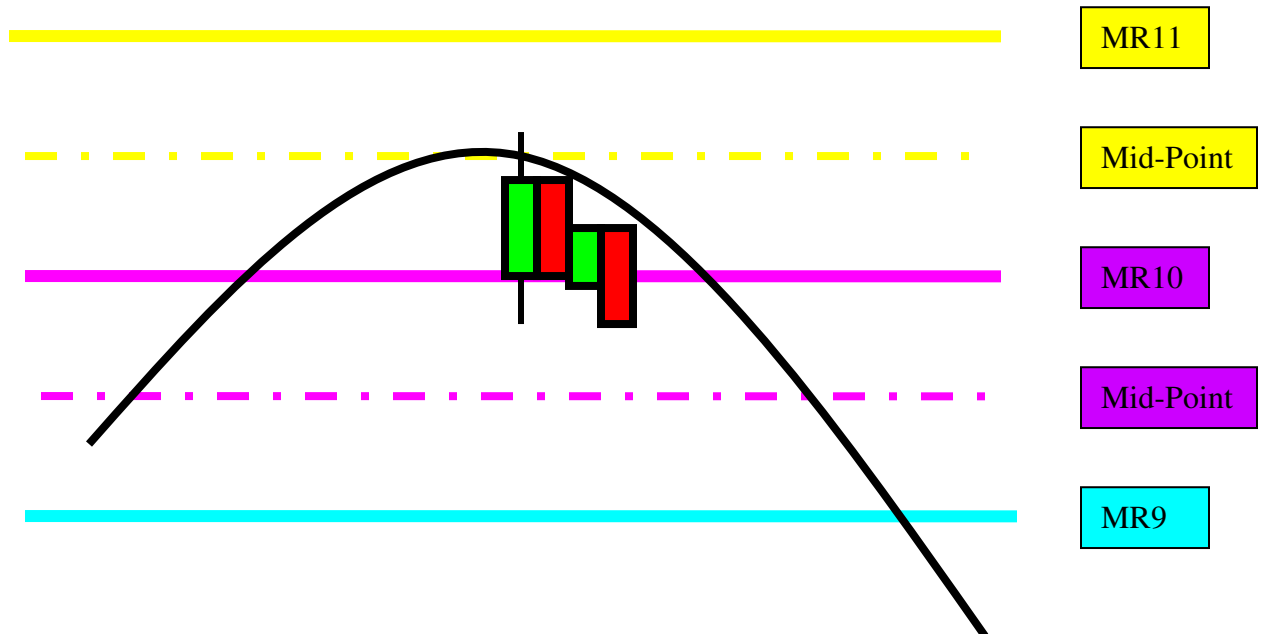
Rule # 17: Bullish Trend Extension Zone; Distribution 2 (MR10 – MR11)

If the candle body closes above the midpoint of MR10 & MR11, it indicates the start of trend extension and we look to buy at the first retracement.



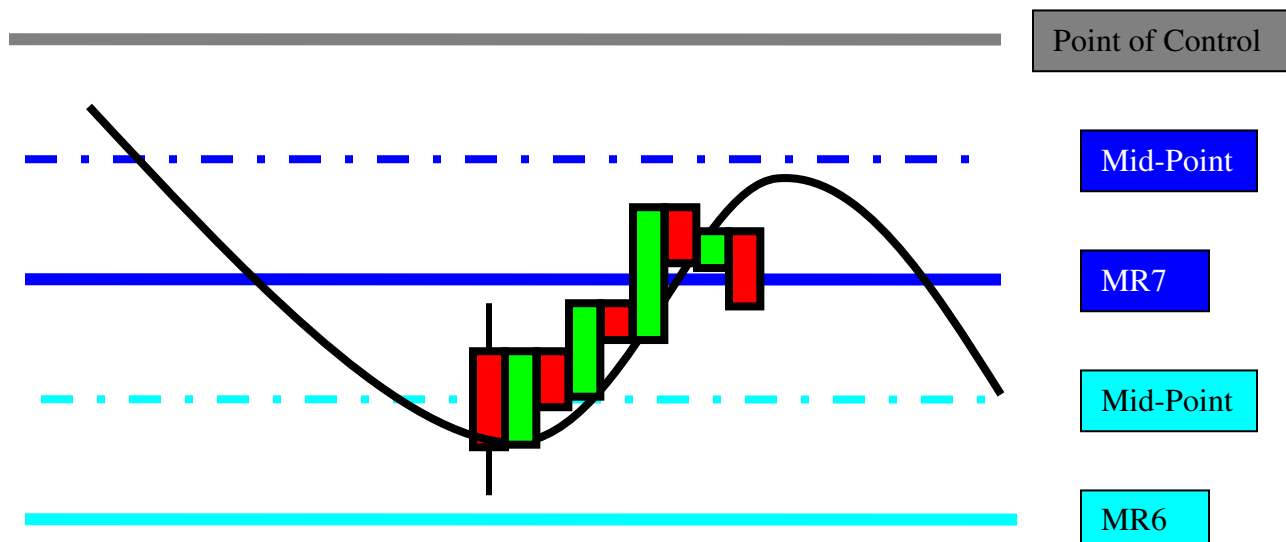
Rule # 18: Failed Bullish Trend Extension; Distribution 2 (MR10 – MR11)

If the candle body fails to close above the midpoint of MR10 & MR11, and then a candle closes lower than the low of the prior candle it indicates a failed trend extension and we expect the prices to revert towards the point of control.



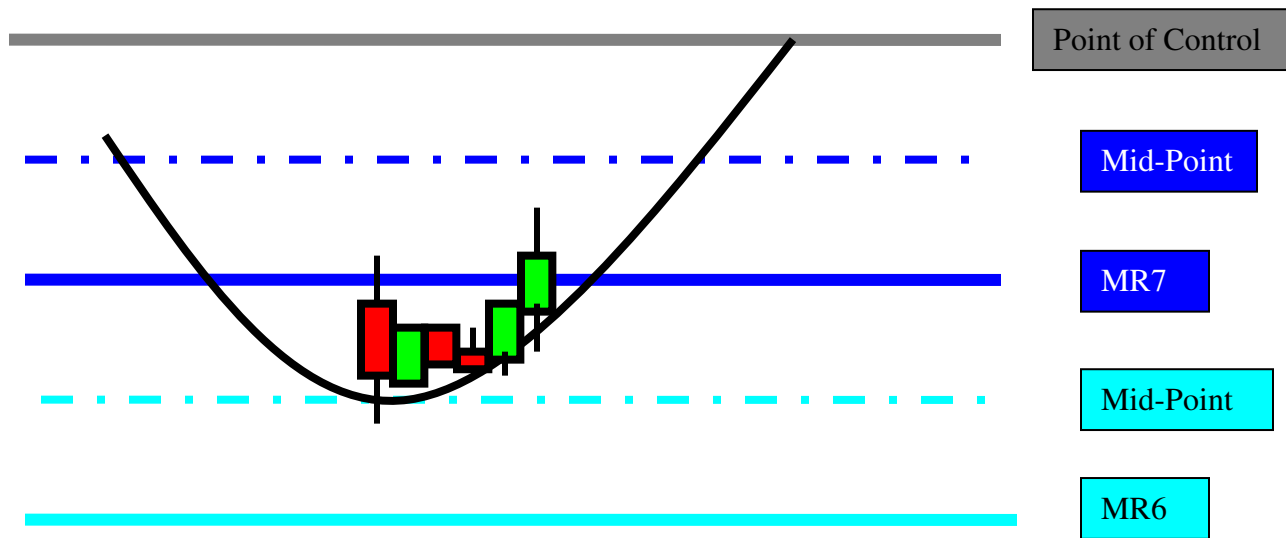
Rule # 19: Bearish Breakout Zone; Distribution 2 (MR6 – MR7)

When the price is on a downtrend and the candle body closes below the midpoint of MR6 & MR7 we are in a bearish breakout and look to place a sell order at the first retracement. Need to see 2 candles close higher then the high of the prior candle for true retracement. Then a candle has to close lower then the low of the prior candle to generate the sell signal. Sell limit 1 tick below the low of the prior candle. We can also try market sell once this condition is met for testing purposes.



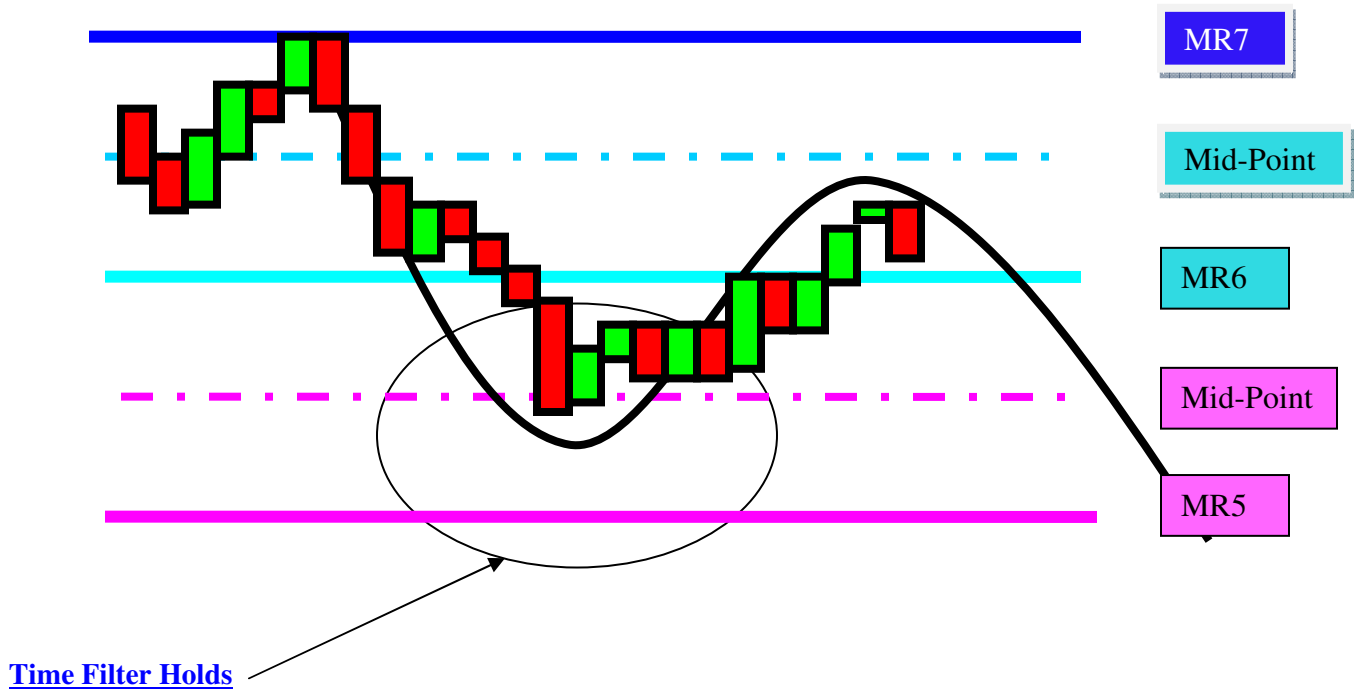
Rule # 20: Failed Bearish Breakout; Distribution 2 (MR6 – MR7)

When the price is on a downtrend and the candle body fails to close below the midpoint of MR6 & MR7 and then a candle closes above the high of the prior candle we are in a failed bearish breakout and look to buy 1 tick above the high of the prior candle and we expect the prices to move back to the point of control or ZoneTrader Pivot.



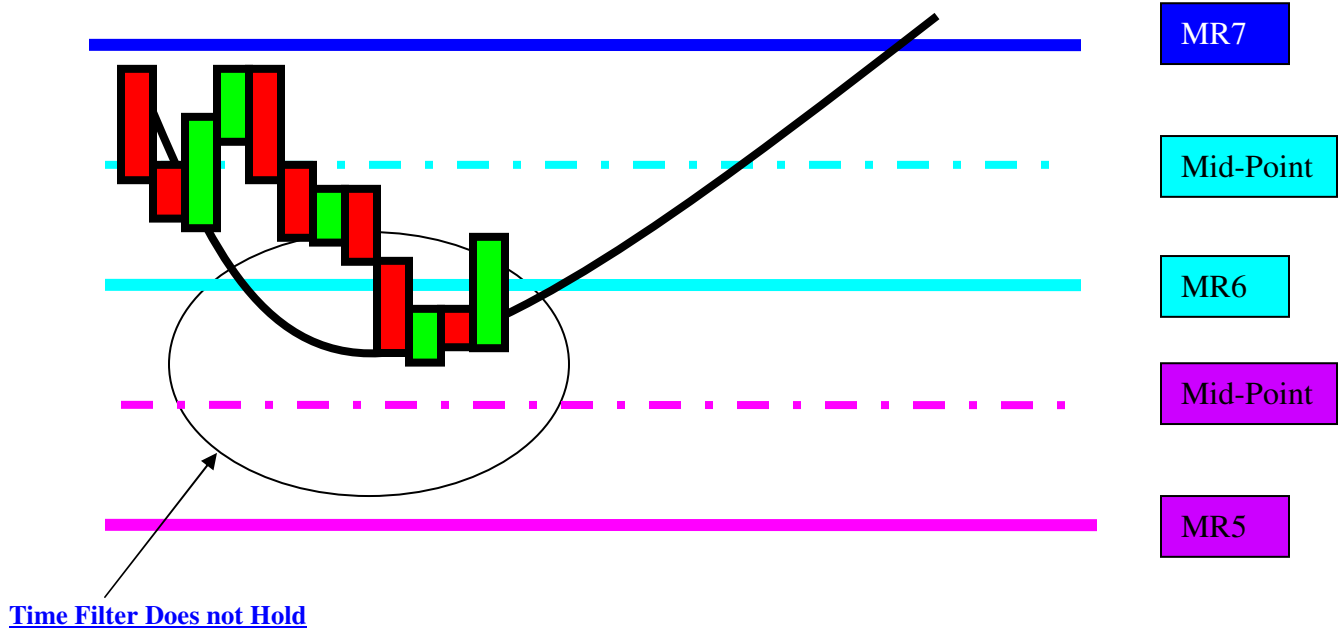
Rule # 21: Bearish Confirmation Zone; Distribution 2 (MR5 – MR6)

If the price stays below MR5 for a specific amount of time (time filter) then the market has established or confirmed a downtrend. Look to sell at the first retracement waiting for at least 2 candle closes higher then the high of the prior candle. Once retracement criteria is achieved then look for the first candle to close lower then the low of the prior candle to generate the sell signal. Sell limit 1 tick below the low of the prior candle or at the market for testing purposes.



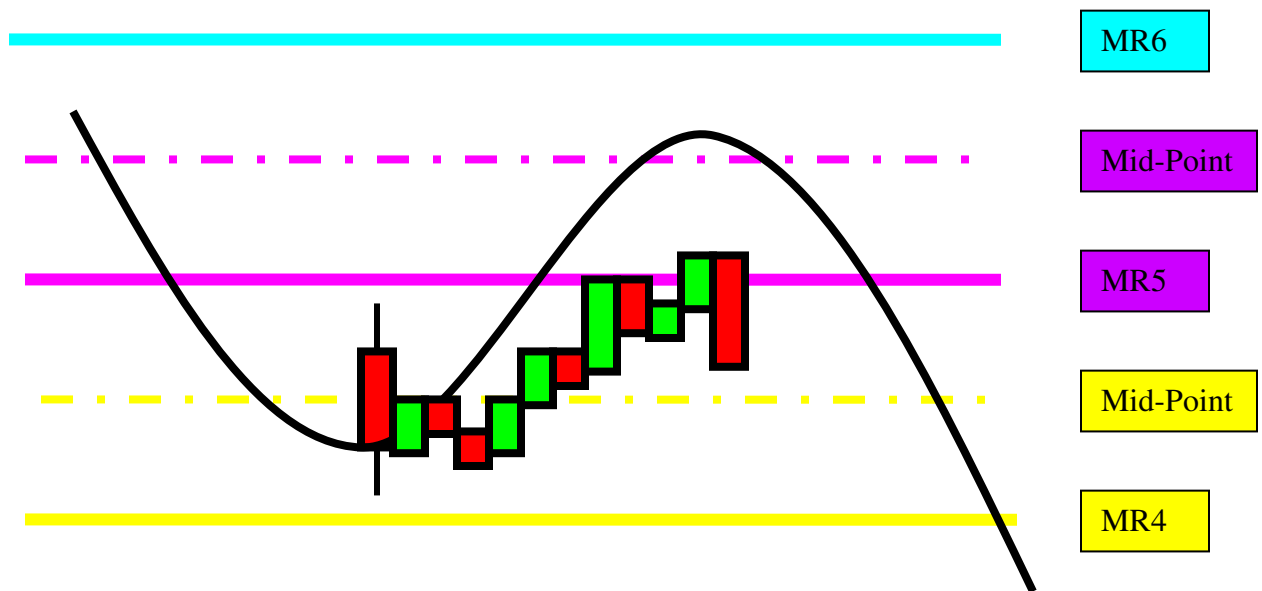
Rule # 22: Failed Bearish Confirmation; Distribution 2 (MR5 – MR6)

If the price fails to hold the time filter below MR5 for a specified amount of time (time filter) and then a candle closes higher than the high of the prior candle this indicates a failed confirmation of a downtrend and we to buy limit 1 tick above the high of the prior candle or at the market for testing purposes. Then we look for the prices to trend back towards the point of control or ZoneTrader Pivot.



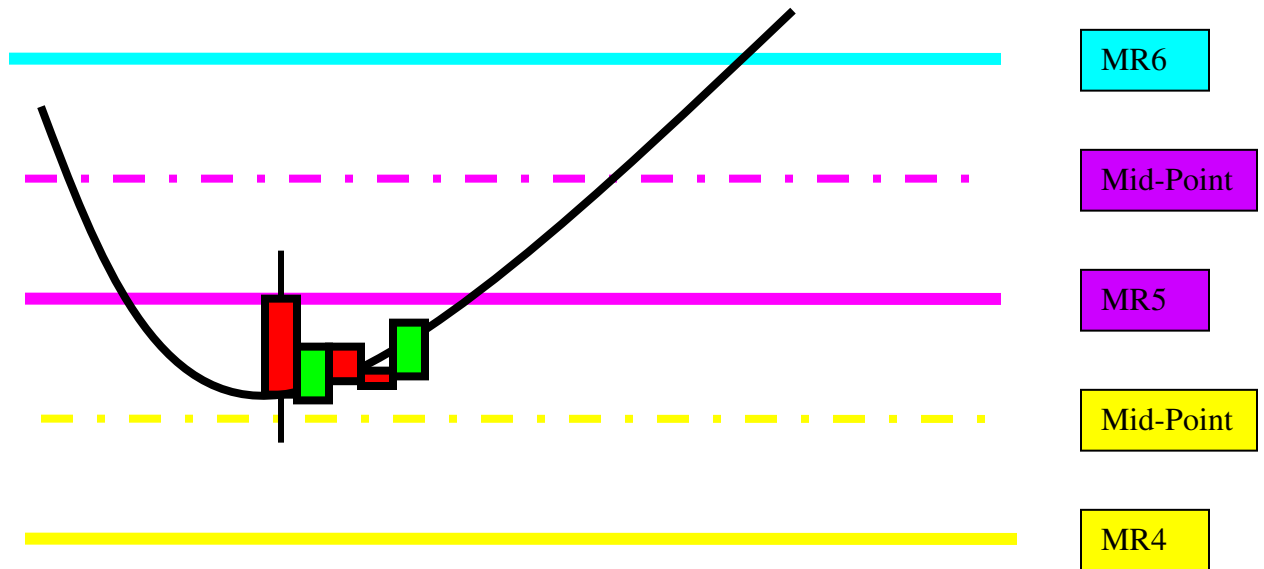
Rule # 23: Bearish Trend Extension Zone; Distribution 2 (MR4 – MR5)

If the candle body closes below the midpoint of MR4 & MR5, it indicates the market has extended the trend and will attempt to break below MR4 on the next wave down. Look to sell the 1st retracement after the close below the midpoint. Need to see 2 candles close higher then the high of the prior candle for true retracement. Then need to see a candle close lower then the low of the prior candle to generate the sell signal. The reason for this is this suggest the trend is shifting back to the downside, which is what we expect, we just want to make sure that it does before we sell.



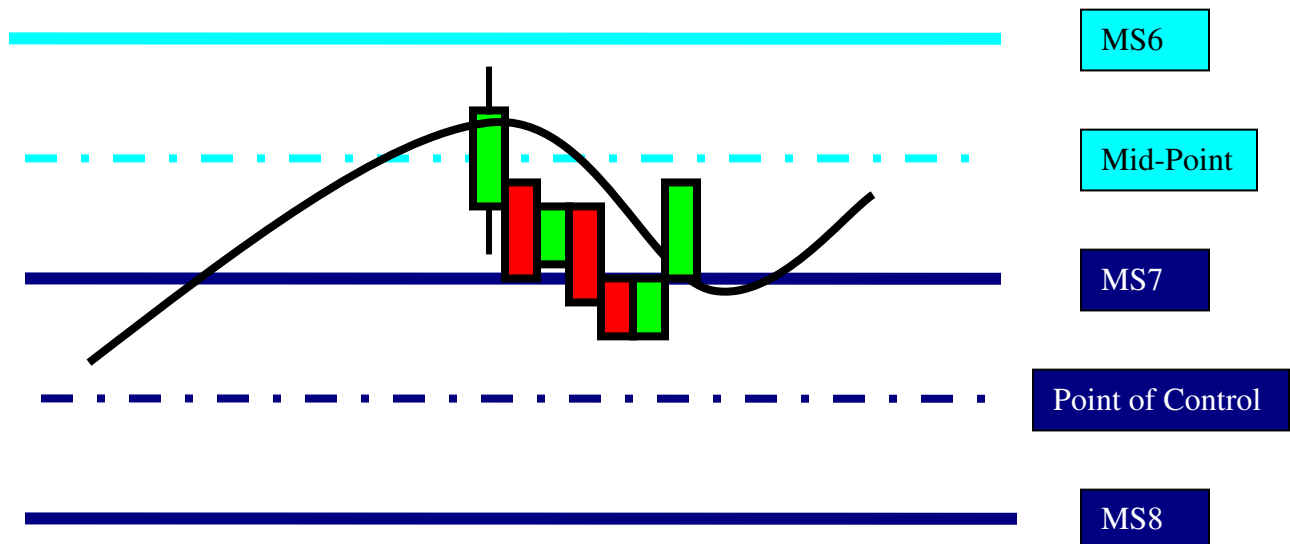
Rule # 24: Failed Bearish Trend Extension; Distribution 2 (MR4 – MR5)

If the candle body fails to close below the midpoint of MR4 & MR5, and then a candle closes higher than the high of the prior candle this indicates a failed bearish trend extension and we look to buy limit 1 tick above the high of the prior candle or at the market for testing purposes. Then we expect the prices to revert towards the point of control or ZoneTrader Pivot.



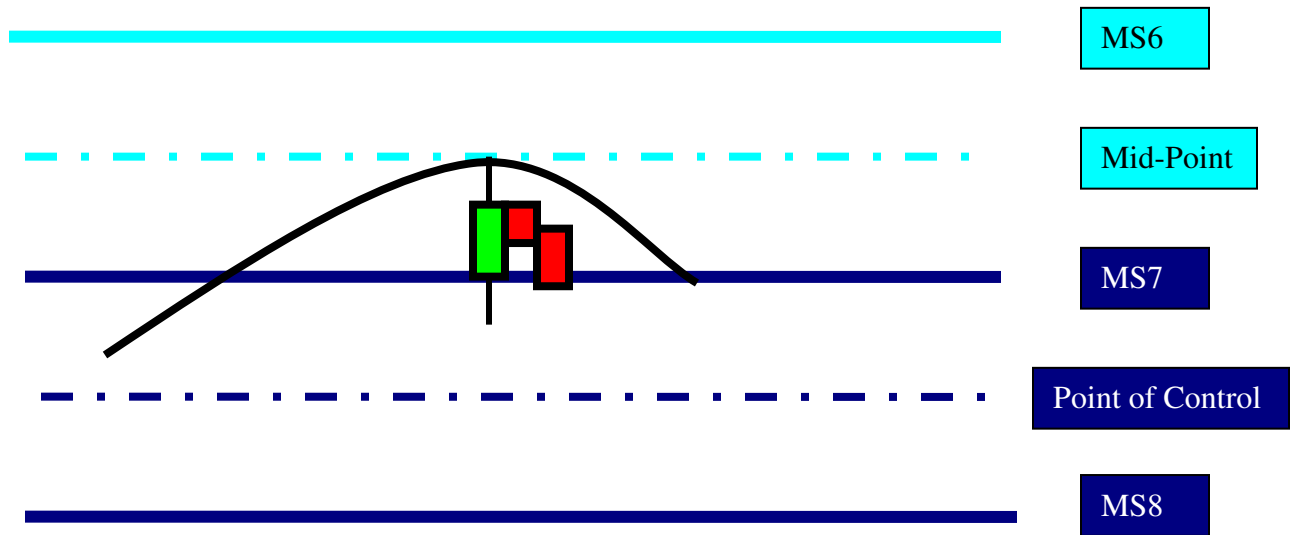
Rule # 25: Bullish Breakout Zone; Distribution 3 (MS7 – MS6)

When the price is on an uptrend and the candle body closes above the midpoint of MS8 & MS9 we are in a bullish breakout and look to place a buy order at the first retracement. We need to see at least 2 candles close lower then the low of the prior candle for a true retracement. Then look for a candle body close higher then the high of the prior candle to generate the buy signal.



Rule # 26: Failed Bullish Breakout; Distribution 3 (MS7 – MS6)

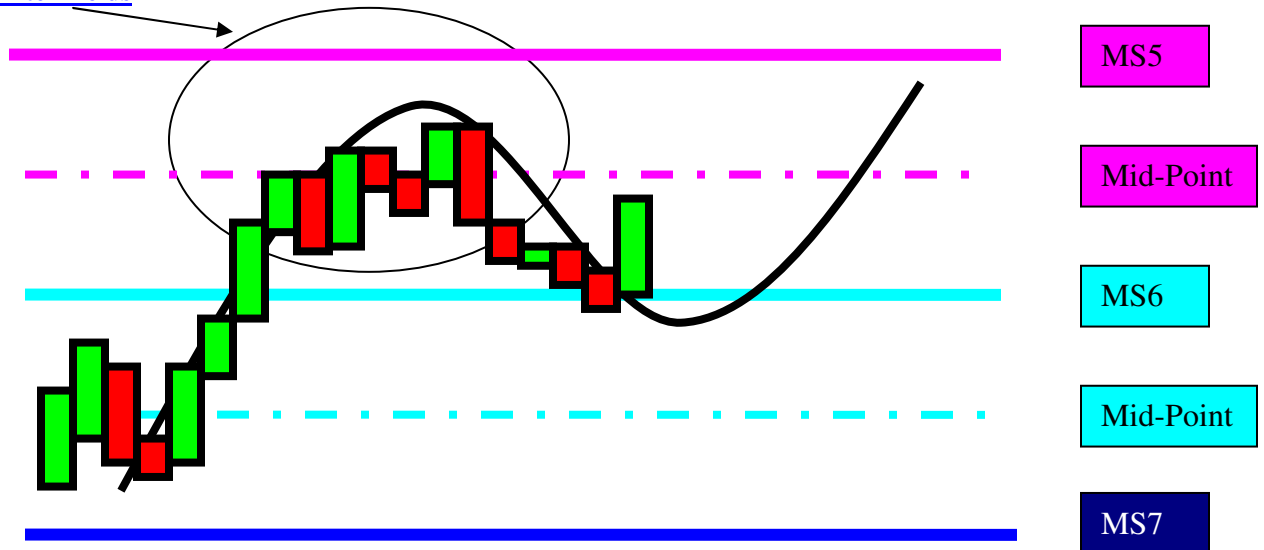
When the price is on an uptrend and the candle body fails to close above the midpoint of MS8 & MS9 and then a candle closes lower than the low of the prior candle. We are in a failed bullish breakout and expect the prices to move back to the point of control. Look to sell 1 tick below the low of the prior candle.



Rule # 27: Bullish Confirmation Zone; Distribution 3 (MS6 – MS5)

If the price stays above MS9 for a specific amount of time (time filter) then a confirmed uptrend is established and we look to buy at the first retracement. Look for 2 closes lower than the low of the prior candle to be true retrace. Then look for close higher than the high of the prior candle to generate the signal.

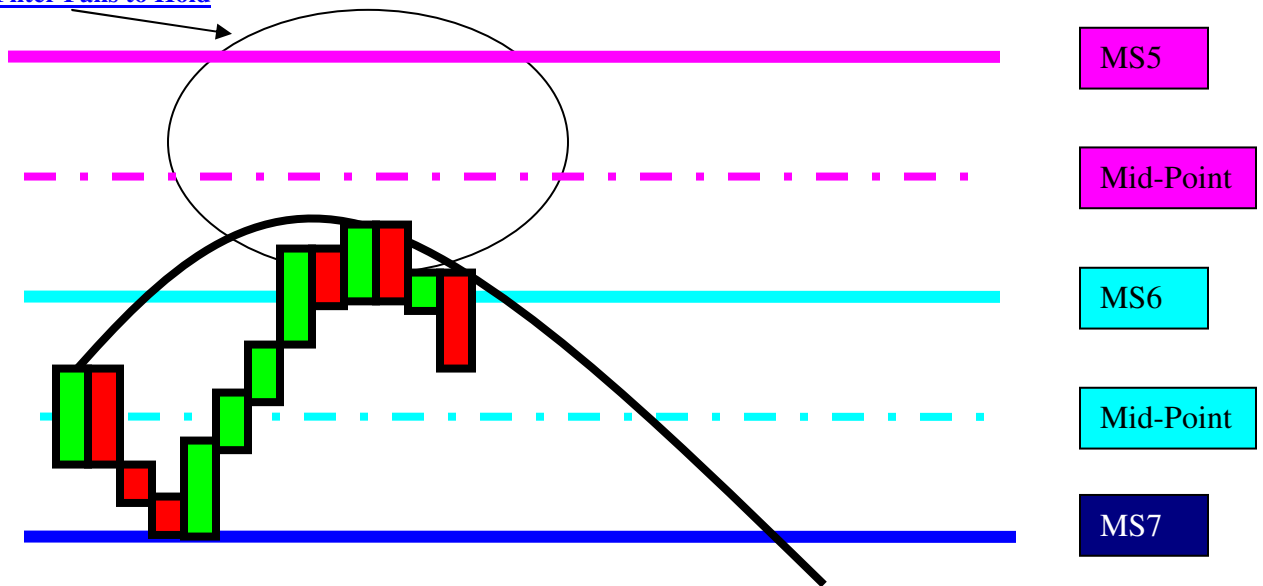
Time Filter Holds



Rule # 28: Failed Bullish Confirmation; Distribution 3 (MS6 – MS5)

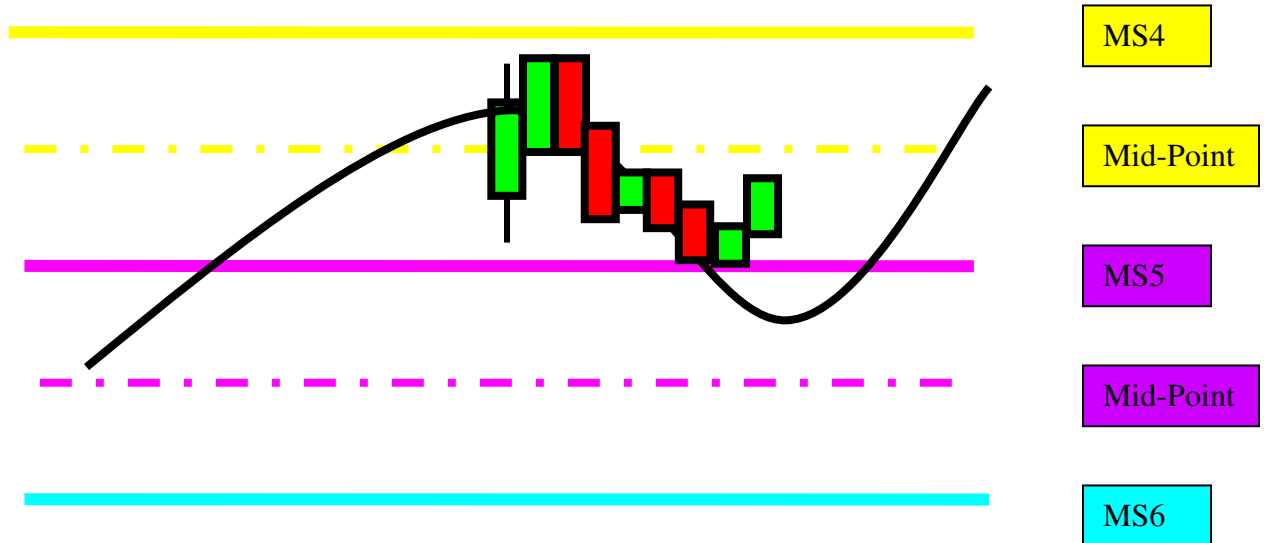
If the price breaks above MS9 and fails to hold above MS10 for a specified amount of time (time filter) and then a candle closes lower than the low of the prior candle it indicates failed bullish confirmation of an uptrend and we look to sell and for the prices to trend back towards the point of control or ZoneTrader Pivot.

Time Filter Fails to Hold



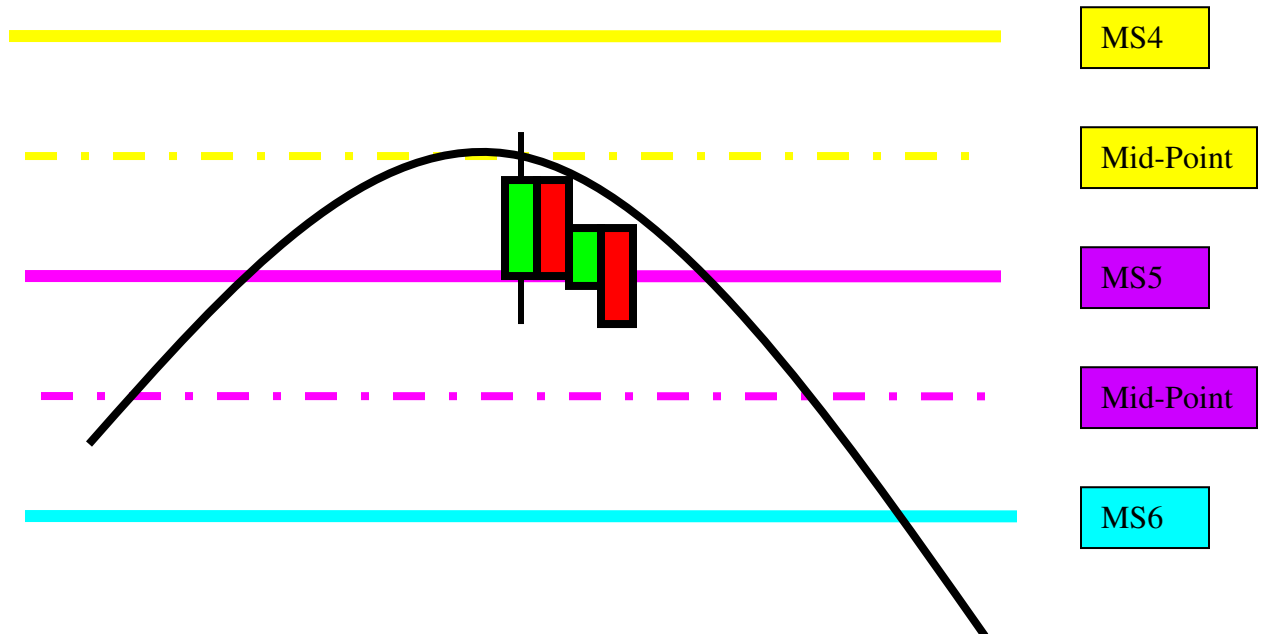
Rule # 29: Bullish Trend Extension Zone; Distribution 3 (MS4 – MS5)

If the candle body closes above the midpoint of MS10 & MS11, it indicates the start of trend extension and we look to buy at the first retracement.



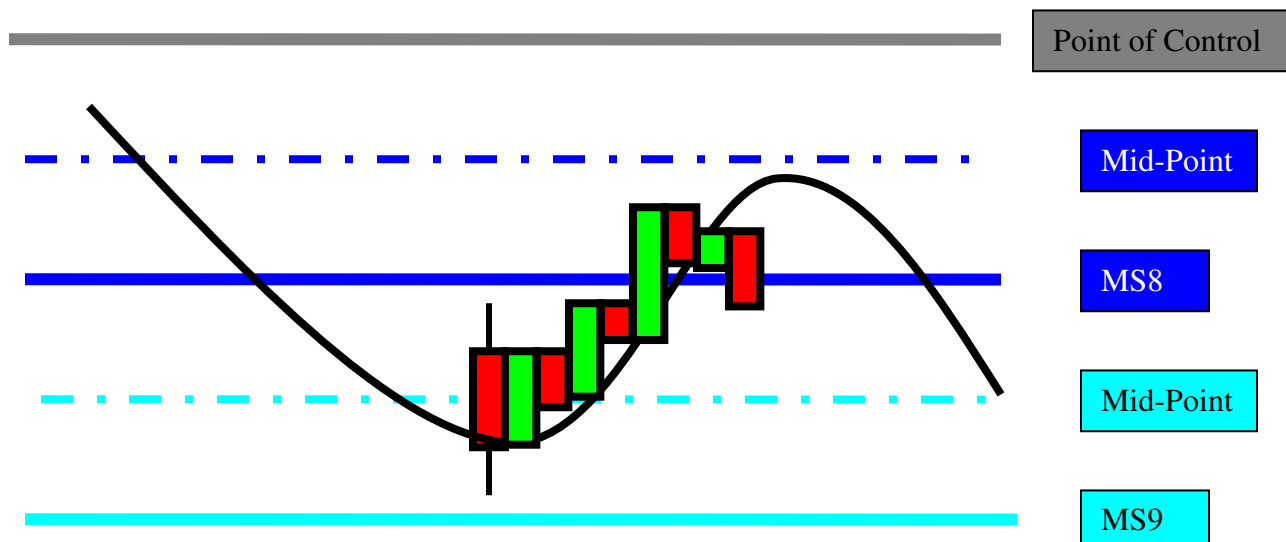
Rule # 30: Failed Bullish Trend Extension; Distribution 3 (MS4 – MS5)

If the candle body fails to close above the midpoint of MR10 & MR11, and then a candle closes lower than the low of the prior candle it indicates a failed trend extension and we expect the prices to revert towards the point of control.



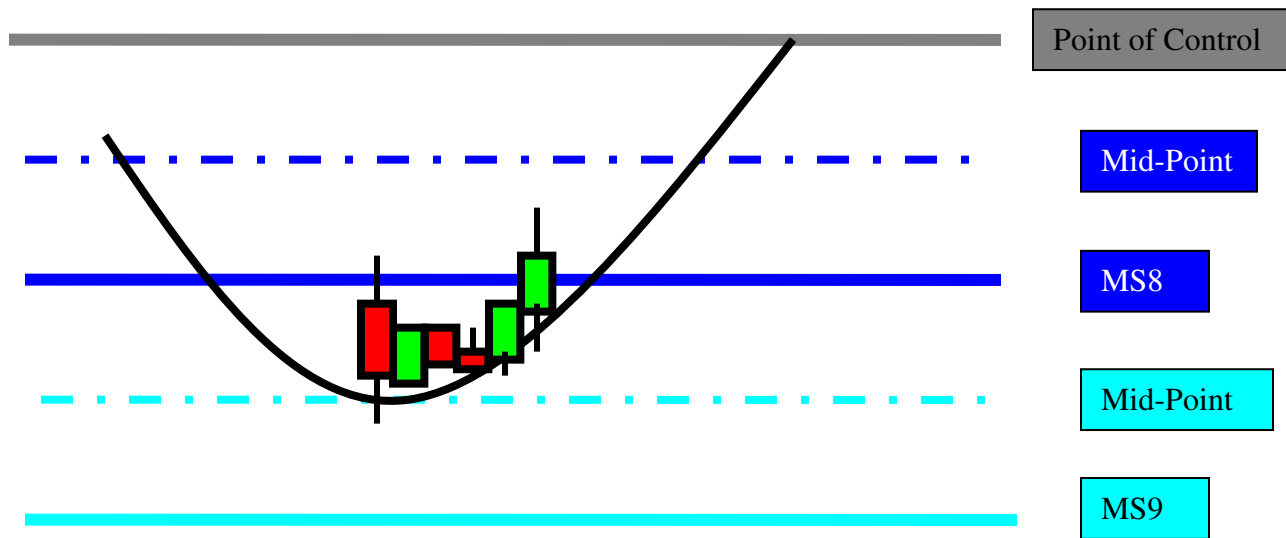
Rule # 31: Bearish Breakout Zone; Distribution 3 (MS8 – MS9)

When the price is on a downtrend and the candle body closes below the midpoint of MS6 & MS7 we are in a bearish breakout and look to place a sell order at the first retracement. Need to see 2 candles close higher then the high of the prior candle for true retracement. Then a candle has to close lower then the low of the prior candle to generate the sell signal. Sell limit 1 tick below the low of the prior candle. We can also try market sell once this condition is met for testing purposes.



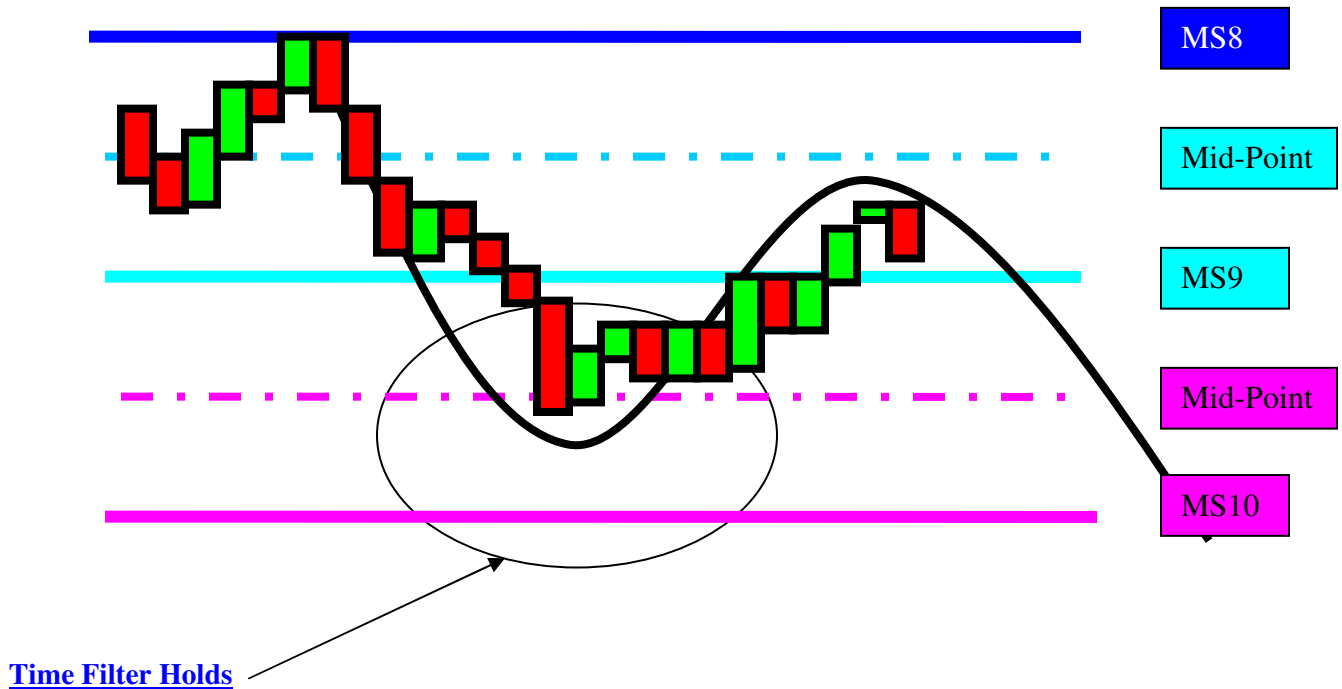
Rule # 32: Failed Bearish Breakout; Distribution 3 (MS8 – MS9)

When the price is on a downtrend and the candle body fails to close below the midpoint of MS6 & MS7 and then a candle closes above the high of the prior candle we are in a failed bearish breakout and look to buy 1 tick above the high of the prior candle and we expect the prices to move back to the point of control or ZoneTrader Pivot.



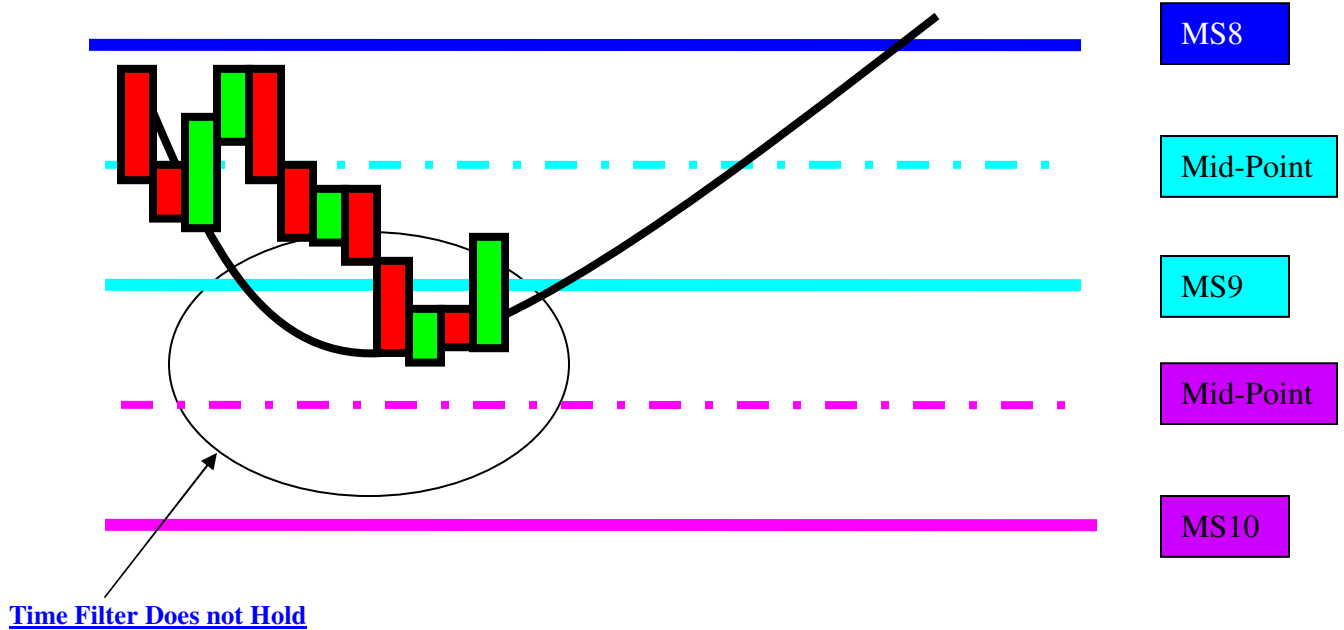
Rule # 33: Bearish Confirmation Zone; Distribution 3 (MS9 – MS10)

If the price stays below MS5 for a specific amount of time (time filter) then the market has established or confirmed a downtrend. Look to sell at the first retracement waiting for At least 2 candle closes higher then the high of the prior candle. Once retracement criteria is achieved then look for the first candle to close lower then the low of the prior candle to generate the sell signal. Sell limit 1 tick below the low of the prior candle or at the market for testing purposes.



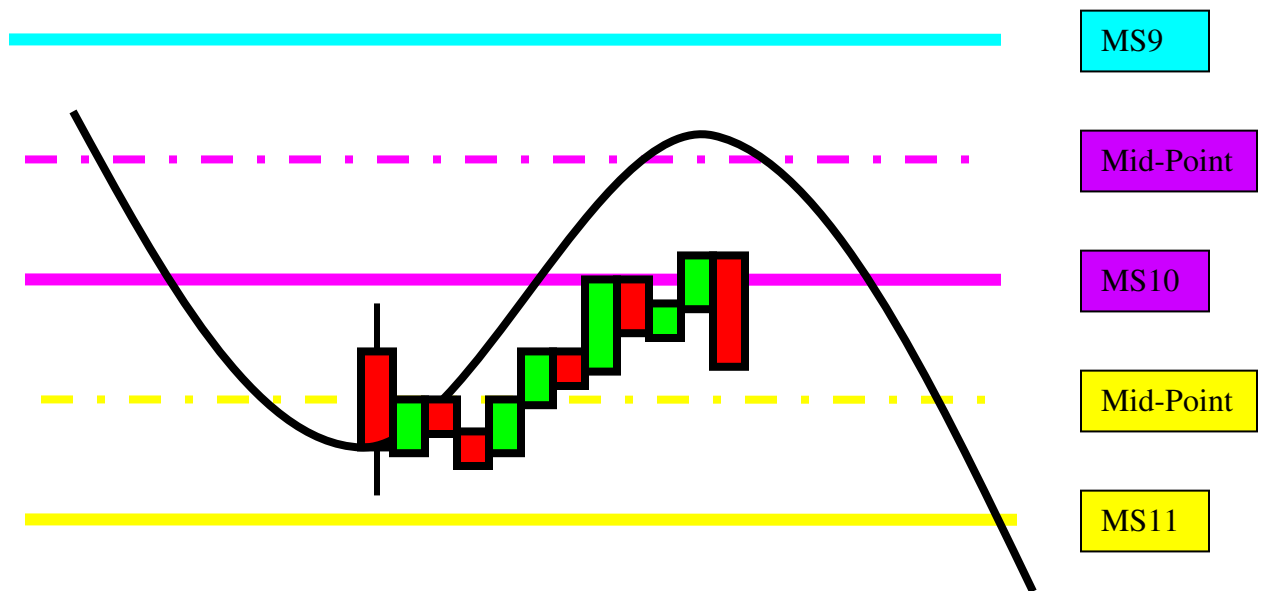
Rule # 34: Failed Bearish Confirmation; Distribution 3 (MS9 – MS10)

If the price fails to hold the time filter below MS5 for a specified amount of time (time filter) and then a candle closes higher than the high of the prior candle this indicates a failed confirmation of a downtrend and we to buy limit 1 tick above the high of the prior candle or at the market for testing purposes. Then we look for the prices to trend back towards the point of control or ZoneTrader Pivot.



Rule # 35: Bearish Trend Extension Zone; Distribution 3 (MS10 – MS11)

If the candle body closes below the midpoint of MS4 & MS5, it indicates the market has extended the trend and will attempt to break below MS4 on the next wave down. Look to sell the 1st retracement after the close below the midpoint. Need to see 2 candles close higher then the high of the prior candle for true retracement. Then need to see a candle close lower then the low of the prior candle to generate the sell signal. The reason for this is this suggest the trend is shifting back to the downside, which is what we expect, we just want to make sure that it does before we sell.



Rule # 36: Failed Bearish Trend Extension; Distribution 3 (MS10 – MS11)

If the candle body fails to close below the midpoint of MS4 & MS5, and then a candle closes higher then the high of the prior candle this indicates a failed bearish trend extension and we look to buy limit 1 tick above the high of the prior candle or at the market for testing purposes. Then we expect the prices to revert towards the point of control or ZoneTrader Pivot.

