TRADER GP

Trader GP Challenge - Rules and Objectives

Phase 1 - Prove Your Trading Strategy

Rules & Objectives for a $10,000 Account:

- Profit Target: $800 (8% of $10,000)
- Maximum Daily Loss: $500 (-5% of $10,000)
- Maximum Overall Loss: $1,000 (-10% of $10,000)
- Minimum Trading Days: 5 days
- Time Limit: Unlimited
- Platform Options: MT4 | MT5
- Leverage: 50:1

Phase 2 - Validate Your Consistency

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Understanding Risk: Equity-Based Drawdown

To successfully manage risk and meet the Trader GP Challenge objectives, it's critical to understand Equity-Based Drawdown and how it is calculated.

What is Equity-Based Drawdown?

- Equity-Based Drawdown measures the reduction in your account's equity value, factoring in both closed trades and unrealized losses from open positions.
- This approach provides a real-time view of your account's performance and enforces stricter risk management.

How is it Calculated?

1. Identify the highest equity value achieved during trading.
2. Subtract the lowest equity value, factoring in unrealized losses from open trades.
3. Express the result as a percentage of the highest equity value:

(Highest Equity - Lowest Equity) / Highest Equity × 100 = Equity-Based Drawdown (%)

Example for a $10,000 Account:

- Highest Equity Value: $10,000
- Lowest Equity Value: $9,000 (including unrealized losses from open trades)
- Equity-Based Drawdown Calculation:

(10,000 - 9,000) / 10,000 × 100 = 10%

When is Equity-Based Drawdown Breached?

A breach occurs when your account's equity value drops below the defined thresholds, even if losses are unrealized.

Example Breach Scenario:

- Starting Equity: $10,000
- If your equity falls to $9,000 or below, including open positions,
you will breach the Equity-Based Drawdown limit and fail the challenge.