

Risk Management Checklist

Run it before every trade

Tick every box before you click buy or sell. If one stays empty, the trade waits.

1%

risk per trade (2% ceiling)

3%

max total open risk

2%

daily loss limit

1:2

minimum reward to risk

1 BEFORE EVERY TRADE

- | | |
|---|--|
| ☐ Setup matches my written trading plan | ☐ Total open risk still at or under 3% |
| ☐ Stop at a logical chart level, with a buffer | ☐ Not correlated with trades already open |
| ☐ Size calculated from the stop distance | ☐ No high-impact news in the next hour |
| ☐ Risk on this trade is 1% or less | ☐ Inside my daily and weekly loss limits |
| ☐ Reward to risk is at least 1:2 | ☐ Spread and swap costs checked |

2 DURING THE TRADE

- | | |
|---|---|
| ☐ Stop stays put, or moves only in my favour | ☐ Exit at the stop or target, not on a feeling |
| ☐ No adding to a losing position | ☐ Weekend gap risk checked before Friday close |
| ☐ Flat or smaller before big news releases | ☐ No new trade if open risk would pass 3% |

3 AFTER THE TRADE / END OF DAY

- | | |
|---|---|
| ☐ Logged in my trading journal, with a chart | ☐ Daily loss limit checked (2% = A\$200 on A\$10k) |
| ☐ Result recorded in R (P&L / amount risked) | ☐ Two losses in a row: done for the day |
| ☐ Rules I broke today written down honestly | ☐ Weekly limit (4-5%) and drawdown checked |

POSITION SIZE FORMULA

Position size (lots) =

$$\frac{\text{Account balance} \times \text{Risk \%}}{\text{Stop (pips)} \times \text{Pip value per lot}}$$

WORKED EXAMPLE: EUR/USD, AUD ACCOUNT

A\$10,000 x 1% = A\$100 at risk

25-pip stop x A\$14.30 = A\$357.50 per lot

A\$100 / A\$357.50 = 0.2797, round down: 0.27 lots

EUR/USD pip = US\$10 per lot / AUD/USD (A\$14.30 at 0.70)

DRAWDOWN RECOVERY

Loss from peak	Gain needed to get back
5%	5.3%
10%	11.1%
20%	25%
30%	42.9%
40%	66.7%
50%	100%
75%	300%

Gain needed = loss / (1 - loss)

MY NUMBERS (WRITE THEM DOWN BEFORE THE WEEK STARTS)

Account balance: A\$ _____

Risk per trade: A\$ _____

Daily loss limit: A\$ _____

Weekly loss limit: A\$ _____