

# THE COMPLETE PROP FIRM CHALLENGE STRATEGY GUIDE

## HOW TO USE THIS GUIDE

Most traders fail prop firm challenges because they attempt them before they're ready. This guide gives you the preparation system that ensures you're actually prepared before risking money on an evaluation.

### **The Three-Phase System:**

#### **Phase 1: Prove Your System** (page 2)

Backtest and forward test your strategy to confirm it meets the statistical requirements for passing challenges.

#### **Phase 2: Build Mental Readiness** (page 3)

Prepare psychologically through readiness assessment and anxiety management frameworks.

#### **Phase 3: Execute Your Challenge** (page 5)

Follow the daily systems and protocols that turn preparation into funded accounts.

**Complete the checklist before purchasing any challenge. (Page 6**

# PHASE 1 - PROVE YOUR SYSTEM

## Statistical Requirements for Passing

Your strategy must meet one of these minimum combinations:

- **50% win rate + 1:3 risk-reward ratio**
- **70% win rate + 1:2 risk-reward ratio**
- **60% win rate + 1:2.5 risk-reward ratio**

## Backtesting Checklist (50-100 trades minimum)

- ☐ Complete this before purchasing any challenge:
- ☐ Run strategy through historical data across different market conditions
- ☐ Document overall win rate percentage: %
- ☐ **Document average risk-reward ratio: 1:**
- ☐ Identify maximum consecutive loss streak: \_\_\_\_ losses
- ☐ Confirm results meet minimum requirements above
- ☐ Test strategy performs in both trending and ranging markets

## Forward Testing Protocol (20-30 trades, 30+ days)

- ☐ Prove you can execute your system consistently:
- ☐ Open demo account matching prop firm conditions
- ☐ Trade exactly as you would during actual challenge
- ☐ Follow entry rules without deviation
- ☐ Respect all stop losses immediately
- ☐ Exit at predetermined targets
- ☐ Maintain discipline during losing streaks
- ☐ Journal every trade with entry reason and emotional state
- ☐ Verify demo results match backtest expectations

**If demo results differ significantly from backtesting, do NOT purchase a challenge. Identify and fix the execution gap first.**

## Risk Management Setup

**Position Sizing Formula:**  $\text{Position Size} = (\text{Account Size} \times \text{Risk } \%) \div \text{Stop Loss Distance}$

**Examples:**

- \$100,000 account, 1% risk, 50-pip stop =  $\$1,000 \div 50 = 0.2$  lots
- \$100,000 account, 0.5% risk, 30-pip stop =  $\$500 \div 30 = 0.17$  lots

### **Risk Guidelines:**

- Higher timeframes (4H, Daily), 2-3 trades/week: 1% risk acceptable
- Lower timeframes (5m, 15m, 1H), 5-10 trades/week: 0.5% risk recommended
- Target: 10-20 trades per month total

## **PHASE 2 - BUILD MENTAL READINESS**

### **Readiness Self-Assessment**

Answer these three questions honestly. All three must be "yes" before purchasing a challenge:

#### **1. Can I describe my exact trading strategy in one sentence?**

- ☐ Yes (example: "I trade 4H supply/demand with 1H confirmation, 1:3 RR, London/NY sessions")
- ☐ No (strategy not clearly defined yet)

#### **2. Do I have proven statistics from 50+ trades?**

- ☐ Yes (documented win rate, risk-reward, max losing streak)
- ☐ No (insufficient data to prove edge)

#### **3. Have I demonstrated consistency on demo for 30+ days?**

- ☐ Yes (followed rules precisely, maintained discipline)
- ☐ No (execution gaps remain)

**If any answer is "No," complete additional preparation before attempting a challenge.**

### **Performance Contract Template**

Copy this and sign it before starting your challenge:

## MY CHALLENGE PERFORMANCE CONTRACT

I commit to the following rules during my prop firm challenge:

### Risk Management:

- I will risk exactly \_\_\_\_% per trade, no exceptions
- I will calculate position size before every trade
- I will set stop loss and take profit immediately upon entry

### Trade Selection:

- I will take only setups matching: \_\_\_\_\_
- I will take maximum \_\_\_\_ trades per day
- I will not force trades when criteria aren't met

### Discipline Protocol:

- If I hit my daily stop loss, I will close the platform immediately
- If I experience strong emotion (fear/excitement), I will pause before next trade
- I will journal every trade with reason and emotional state

### Break Protocol:

- After passing Phase 1: minimum 48-72 hour break before Phase 2
- After passing Phase 2: minimum 5-7 day break before trading funded account
- After hitting daily stop: minimum 24 hour break before resuming

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

## Anxiety Management Framework

When you feel performance anxiety during your challenge:

- **Step 1: Recognize the Trigger** Anxiety comes from focusing on outcomes (profit target) instead of process (execution quality).
- **Step 2: Refocus on Execution** Ask: "Am I following my strategy rules right now?" If yes, continue. If no, step away.
- **Step 3: Use Your Contract** Review your performance contract. Following it removes decision-making stress.
- **Step 4: Detach from Results** Grade yourself daily on execution quality, not profit/loss. Profits follow good execution.

## PHASE 3 - EXECUTE YOUR CHALLENGE

## Daily Trading Routine

### Pre-Market (15 minutes before session)

- ☐ Check economic calendar for high-impact news
- ☐ Identify key support/resistance levels on your timeframe
- ☐ Mark areas where your setup might appear
- ☐ Review performance contract briefly

### During Market Hours

- ☐ Wait for setup criteria (do not force trades)
- ☐ Calculate position size before entering
- ☐ Set stop loss and take profit immediately
- ☐ Walk away after trade is managed
- ☐ Respect daily maximum trade limit

### Post-Market (15 minutes after session)

- ☐ Journal each trade using template below
- ☐ Grade execution quality (not profit/loss)
- ☐ Identify any rule deviations and why they occurred
- ☐ Close platform and disconnect

## Trade Journal Template

Use this for every trade:

**Date/Time:** \_\_\_\_\_ **Pair:** \_\_\_\_\_ **Timeframe:** \_\_\_\_\_

**Pre-Trade:** Setup type: \_\_\_\_\_ Why this trade (criteria met):  
\_\_\_\_\_

**Execution:** Entry: \_\_\_\_\_ Stop: \_\_\_\_\_ Target: \_\_\_\_\_ Position size: \_\_\_\_\_ Risk: \$ \_\_\_\_\_

**Outcome:** Exit: \_\_\_\_\_ P/L: \$ \_\_\_\_\_ Risk multiple: \_\_\_\_\_ R

**Execution Grade:** ☐ Perfect ☐ Good ☐ Needs Improvement ☐ Poor

**Lesson learned:** \_\_\_\_\_

## Break Protocol

## **Mandatory breaks prevent psychological mistakes:**

### **After Passing Phase 1:**

- Close Phase 2 login email immediately
- Do not trade for 48-72 hours minimum
- Let excitement normalize before resuming

### **After Passing Phase 2:**

- Do not trade funded account for 5-7 days
- Review performance contract
- Return with same discipline as evaluation

### **After Daily Stop Loss:**

- Close platform immediately when hit
- No trade review for 24 hours
- Resume only after identifying lesson learned

### **After 3+ Winning Trades in Row:**

- Recognize overconfidence risk
- Take deliberate break before next trade
- Return to normal frequency (resist urge to increase)

## **30-DAY PRE-CHALLENGE CHECKLIST**

Complete this entire checklist before purchasing any prop firm challenge:

### **Week 1: Strategy Validation**

- ☐ Backtest strategy across 50-100 trades
- ☐ Document win rate: %
- ☐ **Document average risk-reward: 1:**
- ☐ Identify max losing streak: \_\_\_\_ losses
- ☐ Confirm meets minimum requirements (50% WR + 1:3 RR or equivalent)

### **Week 2: Demo Setup & Testing**

- ☐ Open demo account matching prop firm conditions
- ☐ Execute 10 trades following exact strategy rules
- ☐ Journal all trades with criteria and emotions
- ☐ Calculate actual performance vs backtest expectations
- ☐ Adjust if demo results differ from backtest

### **Week 3: Risk Management Practice**

- ☐ Create position sizing calculator
- ☐ Practice calculating positions before each demo trade
- ☐ Implement stop loss discipline (no adjustments)
- ☐ Test profit-taking at predetermined targets
- ☐ Verify consistent 0.5-1% risk per trade

### **Week 4: Psychological Preparation**

- ☐ Complete readiness self-assessment (all three = yes)
- ☐ Write and sign performance contract
- ☐ Create recovery protocols for losing days
- ☐ Practice outcome detachment (focus on execution)
- ☐ Confirm psychological readiness

### **Final Validation (After Week 4)**

- ☐ Complete 20-30 total demo trades across 30+ days
- ☐ Review statistics match backtest projections
- ☐ Demonstrate consistent rule-following on demo
- ☐ Sign performance contract

**NOW you're ready to purchase challenge**

## **NEXT STEPS**

## **You're Prepared. Now Choose Your Prop Firm.**

When you've completed this preparation system, choose a firm that prioritizes fast payouts and transparent rules.

**Why Fast Payouts Matter:** Trust affects your trading psychology. When you question whether you'll get paid, you're not focused on executing your strategy. Choose firms with proven payout speed and clear rules.

### **FunderPro offers:**

- 24-hour payout processing
- Straightforward challenge structure
- No hidden violations or unclear rules
- Transparent evaluation criteria

**[Visit FunderPro to start your challenge]**

### **Remember:**

Passing challenges isn't about luck. It's about preparation.

You've now completed the system that separates successful traders from those who keep failing:

- Proven strategy through backtesting
- Validated execution through forward testing
- Psychological readiness through assessment
- Risk management protocols
- Daily systems and break protocols

Follow this system. Complete the checklist. Then purchase your challenge.

You're not gambling anymore. You're executing a proven plan.