

All★Star Trading Plan

Jeffrey Ziegler's Personal Credit Spread Trading Plan.

You have not been promised a profit by applying these trading rules and if you decide to apply these trading rules you agree to hold harmless Jeffrey Ziegler (AKA - Jeff Ziegler) and The Ziegler Group, LLC. Past performance is not indicative of future performance. Always consult with a licensed broker before making any purchase or sale of any stock or option and never trade with funds you cannot afford to lose.



Pre-Game

I trade stocks that are in a strong trend or with a continuation of the trend off a support or resistance bounce.
I never take a counter trend trade!

I will plan my trade, and then I will trade my plan. Never will I allow my emotions to dictate whether or not I will place a certain trade.

I will never trade more than two stocks in any one industry group.

I never trade Biotech or other stocks that have a previous track record of gapping.

I will always close out my positions prior to any major news or earnings announcement.

I will put the probability of success in my favor by only selling call and put options with an 85% probability of expiring. NO EXCEPTIONS!



Analyze the Rate of Return

The lowest acceptable return is 10%. If I cannot get at least 10% on the trade, I will not take it. The only exception to this rule is if I can be at least 10% away from the price of the stock and still get a minimum of 8% ROI on the option I plan on selling.



Allocate Precise Capital

I understand that capital preservation is the number one thing that will keep me in the game. Therefore, my money management rule states that I will only risk 3% of my entire portfolio on any one credit spread regardless of how good it looks.



Pull the Trigger

I never chase a trade, and I always use limit orders to place credit spread trades. I look for Profit Zone set ups (pullbacks of 3 – 5 days). The CD-Rom will help this become crystal clear.

I will always calculate my breakeven price before placing the trade.

Bull Put Entry

- I will sell puts after I have confirmation on a close above the high of the previous day off of a support bounce.

- I will sell puts once the breaks of logical points of resistance levels are tested and become new levels of support on a close above the high of the previous day.
- My favorite patterns for this trade are Ascending Triangles, Bull Flags, Pennants and Ascending Channels. These will be covered on the CD-Rom.

Bear Call Entry

- I will sell calls after I have confirmation on a close below the low of the previous day off a resistance bounce.
- I will sell calls once the breaks of logical points of support levels are tested and become new levels of resistance on a close below the low of the previous day.
- My favorite patterns for this trade are Descending Triangles, Bear Flags and Descending Channels. Check the CD-Rom for more details.



Set My Alerts

Immediately after placing the trade, I will set an alert with my broker to contact me via e-mail if my trade is close to violating the support/resistance levels that I have set.



Establish the Low Probability Exits

I ALWAYS use stops. I place my stops based off stock price not the option price that I sold. My exits are based on a violation of support/resistance that I determine before I ever place a trade.

- If the stock closes at 150% average volume past either support/resistance or the options strike price that I sold, I will buy back the options that I sold on the open of the next day.
- If the stock closes on below average volume past either support/resistance or the option strike price that I sold, I will use a time stop of 3 hours into the next trading day. If the stock has not gone back through either support/resistance I will close out the entire trade and look for a better opportunity.



Review the Trade

I make my decisions after the market closes and I let my stop losses do the hard work for me during market hours.



Buy to Get Paid

Any time before Option expiration if the options that I sold only have a value of .05 or less I will buy them back and free up the margin for a better opportunity.

JeffreyZiegler.com

Transforming Individuals into Trading All-Stars!