FREE

THE NUMBERS. **THE BEHAVIOR.** 1 RULE.

The Prop Risk Playbook.

FOR PROP FIRM TRADERS

Risk on an evaluation and a funded account, for NQ, MNQ, ES, MES and gold. What the numbers say, what traders do with them under pressure, and 1 rule you can follow with a racing heart.

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Educational only, not financial advice. Check your own firm's rules.

Risk is behavior, not math.

The formula takes 30 seconds. Following it at 10:45 ET after 2 losses is the hard part.

Most traders know the rule. Risk a small amount per trade. Then a trade goes green and the next one is double size. Or 2 losses land before 10:00 ET, and the 3rd trade is the one that has to win it back.

Same rules. Different person.

So every page here does 3 things. It shows you the numbers on a typical 50K futures evaluation. It shows what traders actually do with those numbers when they're under pressure, with the research behind it in plain words. Then it gives you 1 rule, written as something you do, with numbers in it.

The example account we use throughout: a 50K futures evaluation with a $3,000 profit target, a $2,000 trailing drawdown, and a $1,000 daily loss limit. Firms differ and change their rules often, so swap in your own numbers.

STEP 1

Fill in your risk card on page 11. It takes 5 minutes.

STEP 2

Check how much room you have left to your drawdown floor today.

STEP 3

Write down when you stop for the day, in losses, not feelings.

STEP 4

Size every trade from its stop before you click.

DO IT BEFORE 9:30 ET

Decisions made before the open are made calm. Decisions made after 2 red trades are made by a different version of you. Psychologists call this the hot-cold empathy gap: when we're calm, we underestimate how differently we'll act when we're stressed or excited (Van Boven & Loewenstein, 2003). So the numbers get written down while you're cold, and you follow them when you're hot.

> **3 losses is a normal Tuesday.**
> **3 losses at double size is a breach.**

01

Your risk per trade.

The amount you lose if your stop gets hit. Pick it before the open, in dollars.

WHAT IT IS

Risk per trade is how much money you lose on one trade if price hits your stop. It's usually written as a % of the account. On a 50K evaluation, 1% is $500 and 0.5% is $250.

WHY 0.25% TO 1%, AND WHICH END

That's the range most traders use. On a prop account, what matters is the % of your drawdown, not the account. A $2,000 drawdown is only 4% of 50K, so 1% a trade uses a quarter of your room in a single loss. That's why the low end is usually the safer one.

50K EVALUATION, $2,000 TRAILING DRAWDOWN, $1,000 DAILY LOSS LIMIT

RISK PER TRADE	IN DOLLARS	LOSSES TO THE DRAWDOWN	LOSSES TO THE DAILY LIMIT	
0.25%	**$125**	16 losses	8 losses	Room for a normal streak
0.5%	**$250**	8 losses	4 losses	Room for a normal streak
0.75%	**$375**	5 losses	2 losses	Too tight
1%	**$500**	4 losses	2 losses	Too tight
2%	**$1,000**	2 losses	1 loss	Too tight

WHAT IT DOES TO YOU

"1% a trade" sounds careful, because everyone says it. So traders pick it without checking it against the room their firm gives them. At $500 a trade, 4 losses in a row end the evaluation, and page 7 shows how normal 4 in a row is.

THE RESEARCH

People follow what others around them do, especially when they're unsure. A popular number feels safe because it's popular, not because it fits your account.

Cialdini (2001), Influence: Science and Practice

YOUR RULE

Before 9:30 ET, write your risk per trade in dollars. Start at 0.5% of the account ($250 on 50K). Only risk more if your drawdown divided by it still gives you at least 8 losses. On a $2,000 drawdown, $250 is the most.

02

Size from the stop.

Choose the loss first. Your stop decides the number of contracts.

Most traders pick their contracts by feel: 2 because it felt normal last time, 4 because they want to pass faster. The problem is that the same number of contracts means a very different risk depending on where the stop is. 5 MNQ with a 50 point stop risks $500. 5 MNQ with a 150 point stop risks $1,500.

THE FORMULA

Contracts = risk per trade ÷ (stop distance × $ per point). Always round down, never up, so you never risk more than you chose.

WORKED EXAMPLE: 50K EVALUATION, $250 RISK (0.5%)

MARKET	$ PER MOVE	STOP	1 CONTRACT RISKS	CONTRACTS AT $250	ACTUAL RISK	AT $500
MNQ	$2 a point	25 points	$50	**5**	$250	**10**
NQ	$20 a point	25 points	$500	**0 (too big)**	Use the micro	**1**
MES	$5 a point	8 points	$40	**6**	$240	**12**
ES	$50 a point	8 points	$400	**0 (too big)**	Use the micro	**1**
MGC	$10 per $1	$5 move	$50	**5**	$250	**10**

Point values: CME contract specs. MGC (micro gold) moves $10 per contract for every $1 move in gold. Stops are examples, not advice.

WHAT IT DOES TO YOU

Look at NQ and ES. At $250 risk, 1 contract is already too big, so the honest answer is 0. Traders take 1 anyway, because 1 feels like the smallest possible size. That 1 contract risks $500 or $400, double the plan.

THE RESEARCH

In a classic experiment, people spun a wheel of fortune, then guessed a number. Their guesses stayed close to whatever the wheel landed on. We anchor on a starting number and adjust too little. For futures traders, 1 contract is that anchor.

Tversky & Kahneman (1974), Science

YOUR RULE

Put your stop where the idea is wrong, then run the formula. If the answer rounds down to 0, take the micro, or skip the trade. Comment CALC on our Instagram and the free calculator does this in 30 seconds.

03

Daily loss limit.

How many losses your day really allows, and when to stop before the firm stops you.

WHAT IT IS

A daily loss limit is the most you can lose in 1 day. Hit it, and the account is either locked until tomorrow or failed, depending on the firm. Some futures firms have one, some don't. If yours doesn't, set your own.

HOW IT WORKS

Divide the limit by your risk per trade and you get the number of full losses that fit in a day. Slippage, a stop that fills a few ticks late, or a news candle can make one loss bigger than planned. That's why you stop 1 loss before the limit, not on it.

$1,000 DAILY LOSS LIMIT

RISK PER TRADE	IN DOLLARS	LOSSES THAT FIT	YOUR STOP FOR THE DAY	LOST AT THAT POINT
0.25%	**$125**	8 losses	**7**	$875
0.5%	**$250**	4 losses	**3**	$750
0.75%	**$375**	2 losses	**1**	$375
1%	**$500**	2 losses	**1**	$500

Your stop for the day = 1 loss fewer than the limit allows, so slippage can't push you over. At 1% risk only 2 losses fit, so 1 loss is the stop.

WHAT IT DOES TO YOU

The limit starts to feel like a target. Down $600 with $400 left, the next trade isn't a setup anymore. It's a way to finish the day at 0. That's when traders size up, move the stop, or take the trade they'd normally skip.

THE RESEARCH

Across 94 studies, people who wrote a plan as "if this happens, then do that" followed through far more often than people with a general goal. The "if" does the deciding, so you don't have to in the moment.

Gollwitzer & Sheeran (2006), Advances in Experimental Social Psychology

YOUR RULE

Write it as an if-then before the open: "After 3 losses at $250, close the platform and the browser for the day." Count losses, not dollars. You will always believe you can win back dollars.

04

Static vs trailing drawdown.

Same account, same trades. A trailing floor gives you less room every time you give back profit.

STATIC DRAWDOWN

The floor is fixed at your starting balance minus the drawdown. On a 50K account with $2,000, the floor is $48,000 and it never moves. Profit you make adds to your room.

TRAILING DRAWDOWN

The floor follows your highest balance up, and never moves down. End of day trailing updates it at the close. Intraday trailing can follow your open profit too. Most firms stop trailing once the floor reaches your starting balance, so check yours.

WORKED EXAMPLE: 50K, $2,000 DRAWDOWN, END OF DAY TRAILING

	BALANCE	STATIC FLOOR	ROOM	TRAILING FLOOR	ROOM	LOSSES AT $250 (TRAILING)
Start	$50,000	$48,000	**$2,000**	$48,000	**$2,000**	8
Day 1: +$1,200	$51,200	$48,000	$3,200	$49,200	**$2,000**	8
Day 2: gives it back	$50,000	$48,000	**$2,000**	$49,200	$800	3

Same balance at the end of day 2 ($50,000). On static you have $2,000 of room. On trailing you have $800, because the floor moved up on day 1 and stayed there.

WHAT IT DOES TO YOU

After a green day, the profit feels like a cushion, so the next day gets looser. On a trailing drawdown that profit was never a cushion. The floor already moved up behind it, and giving it back costs you real room.

THE RESEARCH

After a gain, people take bets they would normally refuse, because losing "the house's money" feels like it doesn't count.

Thaler & Johnson (1990), Management Science

YOUR RULE

Every morning, recount your room: balance minus floor, divided by your risk per trade. If the answer is under 6 losses, halve your risk for the day ($250 becomes $125).

05

Win rate, risk to reward and losing streaks.

Your win rate decides if you make money. Your losing streak decides if you're still there to collect it.

A. AVERAGE RESULT PER TRADE, IN R (R = WHAT YOU RISK ON 1 TRADE. AT $250, +0.50R = +$125)

RISK TO REWARD	30%	35%	40%	45%	50%	55%	60%	65%	70%	BREAK-EVEN
1:0.5	-0.55R	-0.48R	-0.40R	-0.33R	-0.25R	-0.18R	-0.10R	-0.03R	+0.05R	67%
1:1	-0.40R	-0.30R	-0.20R	-0.10R	0.00R	+0.10R	+0.20R	+0.30R	+0.40R	50%
1:1.5	-0.25R	-0.13R	0.00R	+0.13R	+0.25R	+0.38R	+0.50R	+0.63R	+0.75R	40%
1:2	-0.10R	+0.05R	+0.20R	+0.35R	+0.50R	+0.65R	+0.80R	+0.95R	+1.10R	33%
1:3	+0.20R	+0.40R	+0.60R	+0.80R	+1.00R	+1.20R	+1.40R	+1.60R	+1.80R	25%

Each cell = win rate × reward − loss rate × 1. Teal makes money over many trades, red loses it. Break-even win rate = 1 ÷ (1 + reward): 1:1 needs 50%, 1:2 needs 33%, 1:3 needs 25%. Before costs and commissions.

B. HOW MANY TRADERS HIT AT LEAST THIS MANY LOSSES IN A ROW IN 1 MONTH (40 TRADES, 2 A DAY)

WIN RATE	3 IN A ROW	4 IN A ROW	5 IN A ROW	6 IN A ROW	8 IN A ROW
40%	Nearly all 99.5%	9 in 10 93.2%	8 in 10 75.7%	5 in 10 53.9%	2 in 10 21.8%
45%	Nearly all 98.5%	9 in 10 86.0%	6 in 10 62.0%	4 in 10 38.8%	1 in 10 12.5%
50%	Nearly all 96.1%	8 in 10 75.2%	5 in 10 46.9%	3 in 10 25.7%	7 in 100 6.6%
55%	9 in 10 90.9%	6 in 10 61.1%	3 in 10 32.6%	2 in 10 15.5%	3 in 100 3.2%
60%	8 in 10 82.1%	5 in 10 46.3%	2 in 10 20.9%	9 in 100 8.6%	1 in 100 1.4%

Simulation by Mind vs The Market. Illustrative. 200,000 runs per cell, fixed seed. Red = half or more of traders hit it. At a 55% win rate, about 6 in 10 hit 4 losses in a row at least once.

$2,000 ÷ $500 = 4 losses

Your drawdown ÷ your risk per trade = how many losses in a row end your account.

$2,000 ÷ $250 = 8 losses

Same trader, same strategy, half the size. Twice the streak fits.

WHAT IT DOES TO YOU

The streak feels like proof the strategy stopped working. So traders change the strategy, or size up to end it faster, right in the middle of a normal run.

THE RESEARCH

People expect a short run of results to look like the long-run average, so a streak of 4 losses at a 55% win rate feels like something is broken. It's just what random looks like.

Tversky & Kahneman (1971), Psychological Bulletin

YOUR RULE

Size so the streak most traders hit fits inside your drawdown with room to spare. In table B, find the longest streak that 25% or more of traders hit at your win rate. Add 2 losses of room, divide your drawdown by that number, and round down. At 50%: 6 + 2 = 8, and $2,000 ÷ 8 = $250.

06

The 4 risk traps.

2 make you risk too much. 2 make you risk too little. All 4 cost you the payout.

TRAP 1

Sizing up after a win

10:12 ET. You're up $600 on MES and it feels easy. The next setup shows up and 6 contracts turn into 12. Nothing about the setup changed. You did.

WHAT IT DOES TO YOU

A win makes the next loss feel cheaper, as if you're only losing money you just won. Your size creeps up exactly when your judgment is loosest, and one loss at double size takes back 2 wins.

THE RESEARCH

In their experiments, students who had just won money were far more willing to take a coin-flip bet than students who hadn't. Psychologists call it the house money effect.

Thaler & Johnson (1990), Management Science

YOUR RULE

Your size is set before 9:30 ET and stays the same all session. A green trade can't change it until tomorrow's pre-market.

TRAP 2

Sizing up to win it back

10:45 ET. Down $500 on NQ micros after 2 stops. The next trade has to get you back to 0 by lunch, so 5 MNQ turn into 10, and the stop moves a little wider to give it room.

WHAT IT DOES TO YOU

Getting back to even feels like it erases the morning. So the trade after a loss becomes the biggest trade of the day, taken in the worst state of mind.

THE RESEARCH

After a loss, people chose risky bets that offered a chance to break even. Traders at the Chicago Board of Trade who lost money in the morning took more risk in the afternoon.

Thaler & Johnson (1990); Coval & Shumway (2005), Journal of Finance

YOUR RULE

After 2 losses, the next trade is half size or no trade. Never trade more contracts than your first trade of the day.

TRAP 3

Closing winners early near the target

2:47 p.m. ET. You're $220 from the $3,000 target, up $150 on a trade with $400 planned. It pulls back to +$60 and your hand closes it. It feels like protecting the evaluation.

WHAT IT DOES TO YOU

Cutting winners shrinks your average win while your losses stay full size. Look at table A on page 7: drop from 1:1.5 to 1:0.5 at the same 55% win rate, and you go from making money to losing it.

THE RESEARCH

Looking at 10,000 brokerage accounts, investors sold winning stocks about 1.5 times more readily than losing ones. Locking in a gain feels good now, even when holding is the better trade. This is called the disposition effect.

Odean (1998), Journal of Finance

YOUR RULE

Set the stop and the target when you enter. Within $500 of the profit target, trade the same size with the same exits as on day 1, and let the target close it.

TRAP 4

Skipping setups after a loss

11:30 ET. 2 losses this morning. A clean setup appears, exactly what your plan trades. You hover, then let it go. It runs to target without you.

WHAT IT DOES TO YOU

Your win rate only exists if you take every setup. Skip only after losses and you mostly skip the trades that would have ended the streak, so your real win rate drops below your tested one.

THE RESEARCH

After a loss was actually closed and "made real", people took less risk on the next choice than after a loss that was still open on paper. A closed loss makes people play small.

Imas (2016), American Economic Review

YOUR RULE

If a setup is on your checklist and you're above your stop for the day, take it at your planned size. Log every skipped setup in your journal with 1 line: why.

07

The consistency rule and the first payout.

One huge day can push your payout further away, not closer.

WHAT IT IS

Many futures firms have a consistency rule. In plain words: your best single day can't be more than a set share of your total profit, often 40% to 55%, before you pass or before a payout. Some apply it on the evaluation, some only on the funded account, and the % changes. Check your firm's current rules.

HOW IT WORKS

With a 50% rule, if your best day is $1,800, your total profit has to reach at least $3,600 before you qualify. So a $1,800 day on a $3,000 target means you need $600 more than the target, and more trading days to get there.

WORKED EXAMPLE: 50% CONSISTENCY RULE

BEST DAY	TOTAL PROFIT NEEDED	VS THE $3,000 TARGET
$1,000	$2,000	Target already covers it
$1,500	$3,000	**Exactly the target**
$1,800	$3,600	$600 more to go
$2,500	$5,000	$2,000 more to go

Total needed = best day ÷ 50%. Rules vary by firm.

WHAT IT DOES TO YOU

Close to the target or the first payout, everything speeds up. More trades, bigger size, setups you'd normally skip. The big day that feels like progress either breaks the consistency rule or the account.

THE RESEARCH

Customers with a coffee loyalty card came in more often the closer they got to the free coffee. The nearer the reward, the harder it pulls. Psychologists call it the goal gradient.

Kivetz, Urminsky & Zheng (2006), Journal of Marketing Research

YOUR RULE

Keep the same number of contracts until your first payout, however well it's going. Stop for the day once you're up 3 wins ($750 at $250 risk and 1:1), so no single day gets near half your target.

08

Your risk card.

Fill it in before 9:30 ET. Keep it next to your screen.

Account and firm
e.g. 50K evaluation / funded account

Drawdown type and floor today
static or trailing, end of day or intraday

Room to the floor ($)
balance minus floor

Risk per trade ($)
0.5% of the account to start

Losses to the floor
room ÷ risk per trade. Under 6? Halve your risk

Daily loss limit ($) and losses it allows
limit ÷ risk per trade

Your stop for the day (losses)
1 fewer than the limit allows

Contracts: MNQ / NQ / MES / ES / MGC
risk ÷ (stop × $ per point), round down

Daily profit stop
e.g. 3 wins

News times today (ET)
flat a few minutes before

THE 4 RULES, AT A GLANCE

1. Size is set before the open and stays the same all session. 2. After 2 losses, half size or no trade. 3. Within $500 of the target, same size, same exits. 4. If it's on the checklist and you're above your stop, take it.

The research behind it.

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6. Topstep Help Center, Maximum Loss Limit: trails on end of day balance and locks at the starting balance (checked October 2026). Page 6.
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10. Coval, J. & Shumway, T. (2005). Do behavioral biases affect prices? Journal of Finance. Page 8.
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13. Kivetz, R., Urminsky, O. & Zheng, Y. (2006). The goal-gradient hypothesis resurrected. Journal of Marketing Research. Page 10.
14. Consistency rules: Topstep Help Center program overview; Apex payout consistency rule changed to 50% in March 2026 (runvigil.app, April 2026). Rules change often. Page 10.

This playbook is education about how traders behave around risk. It isn't financial advice or a trading strategy, and nothing in it promises a result. The example account is a typical 50K futures evaluation, not any one firm's. Times are Eastern Time. Prop firm rules differ by firm and change often, so always check your own firm's current rules.

Now make it automatic.

You know the numbers. The next step is never doing them by hand at 10:45 ET.

FREE POSITION SIZE CALCULATOR

Pick your market, type your entry and stop, and it gives you the contracts, rounded down. It also checks how many losses your daily limit and drawdown can take.

Comment CALC

on our Instagram @mindvsthemarket (follow us first so the DM lands).

THE PART A CALCULATOR CAN'T DO

The calculator gives you the right size. Holding that size after 2 red trades, or at 85% of the profit target, is a different problem. That's a pattern, and most traders have one that shows up under pressure. The 12 Week Blueprint: Your Path to Funded walks you through finding yours and building the routine that holds it, week by week, through the evaluation and into the funded account. It's on our website, guide.mindvsthemarket.com.

NOT SURE WHICH WAY YOU LEAN?

Some traders risk too much (sizing up after a win, chasing it back). Others risk too little (closing winners early, skipping setups). Comment QUIZ and our free trader quiz shows you which pattern is yours.

> **Write the rule on Sunday.**
> **Make it simple enough for Tuesday.**

Stay funded.