Risk Management for Prop Firms

$50K account. $2K drawdown. Every number you need before you trade.

THE SIZING FORMULA

$200 ÷ (tick value × ticks to stop) = contracts

The stop defines the size. The size never defines the stop.

PER-INSTRUMENT SIZING TABLE ($200 MAX RISK)

Instrument	Micro	Tick Value	Typical Stop	$ Risk/Contract	Max Contracts
ES	MES	$1.25	8 ticks (2.0 pts)	$10.00	20
NQ	MNQ	$0.50	10 ticks (10.0 pts)	$5.00	40
GC	MGC	$1.00	25 ticks (2.5 pts)	$25.00	8
YM	MYM	$0.50	20 ticks (20.0 pts)	$10.00	20
CL	MCL	$1.00	15 ticks (0.15 pts)	$15.00	13

THE RISK FRAMEWORK

$200 / TRADE
10% of $2K drawdown

Ten consecutive max-risk losses before breach. That's runway to recover.

$400 / DAY
20% of drawdown

Five full losing days of runway. Hit the limit? Close the platform. No exceptions.

TWO-STOP RULE
2 stops same direction = step back

15-30 min pause. Reassess. The third trade is almost always the account killer.

MICROS ONLY
MES, MNQ, MGC, MYM, MCL

Granular sizing. Scale-out capability. The prop firm doesn't care what contract you used to pass.

Risk keeps you alive. The VolumeEdge course shows you where to trade.

Volume profile levels • Pre-market playbook • Entry model • The hidden layer in Module 7