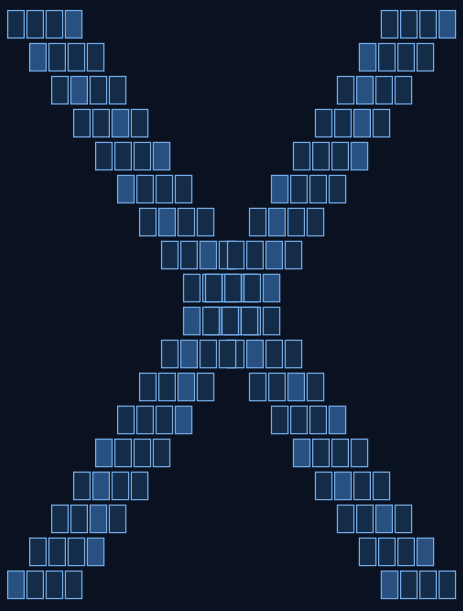
FIELD GUIDE 02 / FOUNDATIONS / FREE EDITION

Risk before reward.

A practical field guide to position size, leverage and decisions you can review.



IN THIS GUIDE

01 Define the risk

02 Work through the numbers

03 Build a repeatable journal

Independent thinking starts with a clear process.

Educational material. No investment recommendation or promise of returns. Crypto can lose all its value.

FIELD GUIDE 02 / 01 / PLAN FIRST

Start with the failure case.

You can have a plausible idea and still lose money. Write the plan before the position.

THESIS

What am I testing?

Name the asset, timeframe and evidence. A prediction without a reason is difficult to review.

INVALIDATION

What would change my mind?

Describe the condition that makes the idea wrong. Translate it into an exit plan; a stop price is not a guaranteed fill.

EXPOSURE

What loss have I planned for?

Use account risk, stop distance and estimated costs to calculate size. Margin deposited is not the same as money at risk.

EXECUTION

Can I implement the plan?

Check liquidity, order type, fees and the product's trigger and liquidation rules. Skipping a trade is an available decision.

Practice standard: if you cannot explain these four items in plain English, keep the exercise on paper.

References: [1], [2], [3].

FIELD GUIDE 02 / 02 / SIZING

One example. Every step.

Hypothetical BTC/USD spot-style long. These are teaching numbers, not market prices or a recommendation.

INPUT	ILLUSTRATIVE VALUE
Account equity	$5,000
Planned risk fraction	0.5% = $25
Entry / planned stop	$50,000 / $49,000
Estimated total cost reserve	$5
Price risk per BTC	$1,000

Size follows the loss budget.

Quantity = (risk budget - estimated costs) / stop distance
($25 - $5) / $1,000 = 0.02 BTC
Exposure at entry = 0.02 x $50,000 = **$1,000**.

If the stop fills at $49,000, price loss is $20. With the assumed $5 costs, total loss is $25. Actual costs and fills can differ. The reserve is an assumption, not a loss cap.

Scope: this formula uses a linear USD price difference per BTC. Inverse contracts, options and products with multipliers need their own calculations. The 0.5% example is not a universal safe allocation.

Reference: [1]. Calculation and cost reserve: original illustrative example.

FIELD GUIDE 02 / 03 / STOPS & FILLS

A stop is a trigger.

Execution still depends on the product, the market and the order you use.



ILLUSTRATIVE PRICE PATH / NO HISTORICAL DATA

The same position can lose more than planned.

At a $48,500 fill: 0.02 x ($50,000 - $48,500) = $30.
Add the assumed $5 costs: **$35 total loss**, above the $25 budget.

A stop-market order seeks execution after its trigger, but does not promise the stop price. A stop-limit adds a price constraint, but may remain unfilled. Trigger rules and availability vary across venues.

References: [2], [3]. Diagram: hypothetical continuation of page 3.

FIELD GUIDE 02 / 04 / LEVERAGE

More leverage. Less room.

For the same margin, a higher leverage setting creates more exposure.

LEVERAGE	MARGIN	EXPOSURE	1% ADVERSE MOVE*
3x	$100	$300	-$3
9x	$100	$900	-$9
55x	$100	$5,500	-$55
100x	$100	$10,000	-$100*
369x	$100	$36,900	-$369*

*The last column is theoretical linear price P&L before fees, funding and liquidation. At high leverage, liquidation can occur before a 1% move. The last rows are not losses that a $100 isolated position can necessarily remain open to experience.

Compare positions by exposure and risk.

If exposure stays at $1,000, a 1% price move is $10 before costs, regardless of the leverage setting. Changing leverage changes required margin and the liquidation buffer.

Maintenance margin, mark price, margin mode, fees and venue rules affect liquidation. A loss of 1 / leverage is only a rough margin-exhaustion calculation, not the actual liquidation threshold.

Reference: [3]. Linear arithmetic below is not a liquidation-price calculator.

FIELD GUIDE 02 / 05 / ORDER TYPES

Choose the trade-off.

A displayed price is not always your execution price.

MARKET

Prioritize getting a fill.

The order trades against available liquidity. Execution price can differ from the last traded price, especially in a thin or fast market.

LIMIT

Set an acceptable price.

A buy limit sets the highest acceptable price; a sell limit the lowest. Orders may fill partially or not at all. A marketable limit can execute immediately.

SPREAD

Understand the bid and ask.

The best bid is the highest displayed buy offer; the best ask is the lowest displayed sell offer. Their gap is the spread.

SLIPPAGE & COSTS

Keep the full result.

Slippage is the difference between the expected and actual fill. Record trading fees, funding or borrowing costs separately where applicable.

Avoid absolutes: neither "always market" nor "always limit" is a complete execution plan.

References: [2], [4]. General mechanics; check the venue's product rules.

FIELD GUIDE 02 / 06 / PORTFOLIO

Three trades can be one bet.

Different coin names do not guarantee independent risks.

Suppose three open positions each have a planned $25 loss on a $5,000 account. Combined planned risk is $75, or 1.5%, before extra costs and gaps. If all depend on the same market move, they may lose together.

RECOVERING A DRAWDOWN

LOSS FROM START	GAIN NEEDED TO RECOVER
10%	11.1%
20%	25.0%
50%	100.0%

Recovery gain = loss fraction / (1 - loss fraction). A 50% loss halves the account; recovering requires doubling what remains. This arithmetic does not predict future performance.

Build a pause rule before the session.

Define when you will stop adding risk: a loss limit, a broken process rule or a market condition you cannot trade reliably. A pause is a review point, not a promise of future profit.

Reference: [3]. Drawdown arithmetic and exercises: original teaching examples.

FIELD GUIDE 02 / 07 / JOURNAL

Record the decision.

Fill this out before and after a hypothetical trade. Use the same structure consistently.

BEFORE / ASSET, DIRECTION, TIMEFRAME AND DATE

THESIS / EVIDENCE / WHAT WOULD INVALIDATE IT?

EQUITY / RISK BUDGET / COST ESTIMATE / STOP DISTANCE

QUANTITY / EXPOSURE / MARGIN / OTHER OPEN RISK

AFTER / ACTUAL FILLS / FEES / NET P&L

REVIEW / DID I FOLLOW THE PLAN? WHAT SHOULD CHANGE?

Separate a good decision from a good outcome.

A winning trade can break your rules; a losing trade can follow a sound process. Review both the result and how you made the decision. A small sample does not establish a trading edge.

Worksheet: original CIX educational exercise.

FIELD GUIDE 02 / 08 / PRACTICE

Check your understanding.

Use paper calculations first. A simulator cannot reproduce every real-market risk.

QUESTION 1

What is the position size?

Risk budget $30. Estimated costs $6. Entry $100. Planned stop $97. Use a linear spot-style long.

QUESTION 2

Does 3x guarantee low risk?

Compare a $30,000 position at 3x with a $1,000 position at 9x. Which has the larger dollar move for a 1% price change?

QUESTION 3

Did the loss prove the plan was bad?

You followed a written process and lost one trade. What additional evidence would you need before changing the process?

Answers

1. ($30 - $6) / $3 = **8 units**, $800 exposure.
2. $300 versus $10. Exposure matters.
3. Review a meaningful sample, market conditions, execution and costs; one outcome is insufficient.

FIELD GUIDE 02 / SOURCES & EDITION

Check the sources.

Primary references for the factual guidance. Examples and worksheets are original teaching material.

[1] CME Group | Proper Position Size

Stop distance and account risk as inputs to sizing.

Open the original source

[2] FINRA | Stop orders in volatile markets

Trigger price, execution uncertainty and stop-limit trade-offs. Source discusses securities; crypto venue rules may differ.

Open the original source

[3] CFTC | Virtual currency trading risks

Leverage and market risk. This is not a local-law assessment or a recommendation of a venue.

Open the original source

[4] FINRA | Order Types

General market and limit-order mechanics. Product-specific rules still apply.

Open the original source

About this edition

Edition 1.0 - 20 September 2026. Newly written CIX educational material. All prices, portfolios and calculations are hypothetical. No profit target, leverage setting or risk fraction is recommended for your account.

FIELD GUIDE 02 / CONTINUE LEARNING

Think independently.
Learn together.

Practise the worksheet, then compare the reasoning with the community.
The aim is a decision you can explain and review.

JOIN THE FREE COMMUNITY

Discuss the process. Ask better questions.
Compare evidence before forming a view.

t.me/JoinCIX

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