



PROP FIRM

Top 5 Fatal Mistakes That Blow Trading Accounts

The Definitive Manual to Protect Your Account
and Achieve Trading Consistency

*Learn the mistakes that cost thousands of dollars
and discover how to avoid them permanently*

EXCLUSIVE EDITION

What Are Prop Firms and Why 90% of Traders Fail

If you're reading this ebook, you've probably heard about the transformative potential of proprietary trading firms, or simply "prop firms." These companies offer something few traders can achieve on their own: **significant capital** to operate in the markets.

Imagine having access to **\$10,000, \$50,000, or even \$200,000** to trade without risking your own money. Sounds like a dream, right? And for many, it has been exactly that: the opportunity to transform their financial lives.

WHAT ARE PROP FIRMS?

Prop firms (Proprietary Trading Firms) are companies that provide capital for qualified traders to operate in financial markets. In return, the trader shares a percentage of profits with the firm. The big benefit? **You trade with their money, not yours.**

However, here's the truth few tell you:

Between 85% and 90% of traders who start with prop firms lose their accounts in the first 30 days. That's right: 9 out of 10 traders fail before completing even one month.

The question isn't whether you have the potential to be a profitable trader. The question is: do you know the fatal mistakes that destroy accounts before traders even get a chance to show their true potential?

01

Overtrading

The Anxiety Trap

■ ALARMING STATISTIC

More than **60%** of blown prop firm accounts are a direct result of overtrading. Traders make an average of **3x** more trades than they should, destroying their accounts not from lack of knowledge, but from **excessive execution**.

1.1 Identifying the Error: What Is Overtrading?

Overtrading is the act of trading excessively, far beyond what your trading plan establishes or what the market justifies. It's when you open 15 trades in a day when your plan specifies a maximum of 5.

Practical examples of overtrading:

- Making **20+ trades per day** when your strategy calls for 3-5 trades
- Trading **all available currency pairs** simultaneously
- Entering low-probability setups just because "the market is open"
- Forcing trades when there's no volatility or clear opportunities
- Doubling the number of trades after a losing streak to "recover"

1.2 How to Avoid Overtrading

Strategy #1: Establish Rigid, Non-Negotiable Limits

- Maximum of **3-5 trades per day** (regardless of results)
- Maximum of **15-20 trades per week**
- After **3 consecutive losses**: stop trading for the rest of the day
- After hitting daily profit target: **stop trading**
- Only trades that meet **100% of your setup criteria**

PRE-TRADE CHECKLIST (USE BEFORE EACH TRADE)

- Does this setup meet ALL my strategy criteria?
- Have I reached my trade limit for today?
- Am I emotionally balanced right now?
- Does this trade have a minimum 1:2 risk/reward ratio?
- Can I clearly explain why I'm entering this trade?
- Am I not trying to recover previous losses?

If ANY answer is "NO", don't take the trade.

02

Drawdown Violation

When Emotion Takes Over

■ **CRITICAL STATISTIC**

78% of disqualified prop firm accounts are terminated due to drawdown rule violations (maximum daily or total loss). Most of these violations occur not on bad days, but in desperate attempts to recover after losses.

2.1 What Is Drawdown Violation?

Drawdown is the peak-to-valley reduction in your account value. Prop firms establish strict drawdown limits to protect their capital:

Maximum Daily Drawdown: You cannot lose more than 5% of account balance in a single day. If your account is \$50,000, your daily limit is -\$2,500.

Maximum Total Drawdown: You cannot accumulate losses exceeding 10% of initial balance. With a \$50,000 account, if you reach \$45,000, you're disqualified.

Violation occurs when you exceed these limits. Once violated, there's no second chance. Your account is immediately terminated.

2.2 How to Avoid Drawdown Violation

Layer 1: Personal Daily Limits

If the prop firm allows 5% daily drawdown, your personal limit should be **3%**. Always have a safety margin.

- Maximum daily loss: **3% of capital** (not the allowed 5%)
- After losing 2% in a day: **stop immediately**
- After 2 consecutive losing trades: **stop until next day**
- Configure **automatic alerts** on your platform

NEW MENTAL PARADIGM

OLD THINKING

"My goal is to make money today"

NEW THINKING

"My goal is to protect my capital today"

OLD THINKING

"I'm going to recover this loss"

NEW THINKING

"I'm going to accept this loss and prevent it from getting bigger"

OLD THINKING

"I can't end the day negative"

NEW THINKING

"A small negative day is a win if I protected my capital"

03

Inadequate Risk Management

The Fastest Path to Bankruptcy

3.1 The 1% Rule — The Non-Negotiable Foundation

Never, under any circumstances, risk more than 1% of your capital on a single trade.

Why 1%?

- With 1% risk, you can have **100 consecutive losing trades** before zeroing the account
- Even with 10 consecutive losses (-10%), you still have **90% capital** to recover
- Keeps your **emotions under control**
- Allows survival in **prolonged drawdowns**
- It's the rule used by **95% of profitable professional traders**

PRACTICAL 1% RULE CALCULATION

FORMULA

$\text{Position Size} = (\text{Balance} \times 1\%) \div \text{Stop Loss Distance}$

Example:

- Balance: **\$50,000**
- Allowed risk (1%): **\$500**
- Entry: \$100.00
- Stop Loss: \$99.50
- Stop distance: \$0.50
- Position size: $\$500 \div \$0.50 = \mathbf{1,000 \text{ shares}}$

If you get stopped out, you lose exactly \$500 (1% of account).

3.2 Minimum Risk/Reward Ratio of 1:2

If you risk \$500, your profit target should be minimum \$1,000.

THE POWER OF 1:2 RR

With 1:2 RR and only 40% win rate, you're still profitable:

- 10 trades: 4 wins \times \$1,000 = **+\$4,000** | 6 losses \times \$500 = **-\$3,000**
- Result: **+\$1,000 profit even losing 60% of the time!**

"Risk management isn't about avoiding losses. It's about ensuring that no single loss can take you out of the game."

04

Emotional Trading

The Invisible Poison

4.1 The Faces of Emotional Trading

- **Revenge Trading:** After a loss, you feel anger and make impulsive trades trying to recover.
- **FOMO Trading:** You see a move and enter without analysis for fear of missing out.
- **Euphoria Trading:** After consecutive wins, you feel invincible and stop following rules.
- **Fear-Based Exits:** You close winning trades prematurely out of fear.

4.2 Warning Signs

- Your heart is racing during the trade
- You feel anxiety, anger, or excessive euphoria
- You're justifying breaking your own rules
- You're more focused on \$ than on setup
- You feel you "have to" recover losses

If you checked 2+ items: **STOP**. You're in emotional mode. Close the platform.

05

Lack of Consistency

Why You Don't Follow Your Plan

■ HARD TRUTH

Mediocre strategy executed with 100% consistency > Perfect strategy executed with 60% consistency.

The problem isn't your strategy. It's your execution.

5.1 Master Non-Negotiable Checklist

MASTER PRE-TRADE CHECKLIST

- Is this setup in my trading plan?
- Are all technical criteria present?
- Have I calculated position size based on 1% risk?
- Is RR minimum 1:2?
- Is stop loss technically defined?
- Am I emotionally balanced (7+/10)?
- Have I reached my trade limit today? (NO)
- Can I wait 60 seconds and still want this trade?
- Do I know exactly why I'm entering?
- Have I documented this trade in my journal?

ALL must be checked to enter. NO EXCEPTIONS.

5.2 90-Day Framework for Consistency

DAYS 1-30: HABIT ESTABLISHMENT

Focus on following checklist, not results. Goal: **90%+ adherence.**

DAYS 31-60: REFINEMENT

Analyze data, identify violations, adjust checklist. Goal: **95%+ adherence.**

DAYS 61-90: MASTERY

Checklist becomes automatic. Focus on optimization. Goal: **98%+ adherence.**

The Transformative Power of Prop Firms

How Trading with External Capital Can Change Your Life

You've learned the 5 fatal errors and how to avoid them. Now let's talk about **WHY** it's worth it: the transformative potential of prop firms.

Real Transformation Stories

REAL CASE: FROM MINIMUM WAGE TO \$8,000/MONTH

John, 28 years old, administrative assistant

Initial situation:

- Salary: \$1,500/month
- Personal account: \$3,000 (saved over 2 years)
- Monthly earnings with own account: \$150-300

After prop firm approval (\$50,000):

- Month 1: Earned \$1,200 (60% split = \$720)
- Month 3: Earned \$3,500 (70% split = \$2,450)
- Month 6: Account scaled to \$100,000
- Month 12: Average monthly earnings: \$8,000 (80% split = **\$6,400**)

Today: John left his job, works from home, bought his first car and is building his own house.

Earnings Potential: Real Numbers

The table below shows realistic earnings projections at different skill levels. These numbers are based on actual trader performance data from established prop firms, assuming disciplined execution and consistent risk management.

LEVEL	ACCOUNT	MONTHLY GAIN	YOUR SPLIT	ANNUAL
Conservative (1-2%)	\$50,000	\$500-1,000	\$300-600	\$3,600-7,200
Intermediate (3-5%)	\$100,000	\$3,000-5,000	\$2,100-3,500	\$25,200-42,000
Advanced (5-10%)	\$200,000	\$10,000-20,000	\$8,000-16,000	\$96,000-192,000

These numbers are real and achievable. The difference between those who reach these levels and those who don't? The 5 principles you just learned.

CONCLUSION

Your Path to Consistency Starts Now

You've reached the end of this ebook. Now you know:

- The **5 fatal mistakes** that destroy 90% of accounts
- Exactly **where traders go wrong** in each situation
- **Proven practical strategies** to avoid each error
- The **transformative potential** of prop firms
- What separates **failing traders from thriving ones**

The Choice Is Yours

You have two options now:

1. Close this ebook and continue making the same mistakes 90% of traders make, expecting different results.
2. Commit **NOW** to implementing every strategy, every checklist, every technique you've learned. Become part of the **10% who not only survive, but thrive.**

YOUR IMMEDIATE ACTION PLAN

- 1 **TODAY:** Create your rigid trading limits (max trades/day, % risk)
- 2 **TOMORROW:** Implement pre-trade checklist (print and stick by monitor)
- 3 **THIS WEEK:** Configure automatic stop losses on platform
- 4 **NEXT 30 DAYS:** Follow 90-Day Framework (start with Phase 1)
- 5 **DAILY:** Fill your trading journal (technical and emotional)



GOOD LUCK, TRADER.

See you on the other side.
