AI TRADE GUY • PROP FIRM STARTER GUIDE

Day One

The Complete Prop Firm Starter Guide

Everything you need to walk into your first futures prop firm evaluation with a real plan — futures mechanics, platform setup, drawdown rules, the most common ways evaluations fail, and exactly what to do in your first trading session.

Built for traders who have never opened a futures platform before. No prior trading experience assumed.

This guide pairs with the interactive Day One workbook, the Prop Firm Risk Guard, the Trade Review Scorecard, and the Trade Reset Kit — all available at aitradeguy.com/products.html

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MODULE 1 OF 10

What You're Actually Buying Into

Before you spend a dollar on an evaluation, you should understand exactly what you're signing up for. This module clears up the basics that almost nobody explains clearly.

What is a prop firm evaluation?

A **prop firm** (short for proprietary trading firm) lets you trade with their money instead of your own. To get access to that money, you first have to pass an **evaluation** — a test where you trade a simulated account and have to hit a profit target without breaking any of the firm's rules.

Pass the evaluation, and the firm gives you a funded account. You trade it, and you keep a percentage of the profits — usually 80–100% depending on the firm. The firm keeps the rest, or in some cases keeps nothing and just earns from the evaluation fees themselves.

Evaluation vs. funded — what actually changes

Evaluation	Simulated money. You're proving you can follow the rules. If you fail, you lose the fee you paid (usually $50–$200) and can try again.
Funded	Real firm money. You keep a share of any profit. The rules are usually the same or similar to the evaluation — the difference is now there's real money and a real payout on the other side.

This matters because a lot of beginners treat the evaluation like practice and the funded account like “the real thing.” In reality, the rules don't change much between the two. If you build sloppy habits during the evaluation, those same habits will get a funded account closed just as fast.

How prop firms make money

This isn't a conspiracy theory question — it's just good to know so you go in with realistic expectations. Firms generally make money two ways:

- **Evaluation fees.** Most traders fail their evaluation. The firm keeps the fee either way.
- **The cut of funded profits.** When a funded trader makes money, the firm usually keeps a small percentage.

Neither of these is unfair on its own. But it does mean the firm has no obligation to make passing easy. The rules exist to filter out undisciplined traders before real money is on the line — not to trick you.

> **WHY MOST EVALUATIONS FAIL IN WEEK ONE**
>
> It's almost never one bad trade. It's almost always the same pattern: a trader sizes up too early, doesn't know their daily stop, and gives back days of progress in one afternoon. The good news: every one of those problems is fixable with a plan — which is exactly what the rest of this guide builds toward.

MODULE 2 OF 10

Futures Mechanics for Complete Beginners

Before you can manage risk, you need to understand what you're actually buying and selling. This module covers the math in plain numbers.

What is a futures contract?

A **futures contract** is an agreement to buy or sell something at a set price on a future date. You're not buying barrels of oil or shares of a stock index — you're trading on which direction the price moves. If you're right, you make money. If you're wrong, you lose money.

Prop firms use futures because they're traded on regulated exchanges with clear, transparent pricing — which makes them easier for a firm to monitor and manage risk on.

Going long vs. going short

Every trade you place is a bet on direction. **Going long** means you're betting price will go up — you buy first, and plan to sell later at a higher price. **Going short** means you're betting price will go down — you sell first, and plan to buy back later at a lower price. This might sound backwards if you've never traded before, but the math works the same way in both directions.

You go long 1 MNQ at 18,000	—
Price rises to 18,020 (20 points)	—
Your profit (20 pts × $2/pt)	**= $40.00**

If you had gone short instead at 18,000 and price rose the same 20 points, you would have lost $40.00 — the exact same math, just in the opposite direction. Neither direction is “safer” or “riskier” on its own. What matters is whether your bias (covered in Module 6) matches the direction you actually take.

Tick value and point value

Every futures contract moves in small steps called **ticks**. Each tick has a dollar value attached to it. This is the single most important number to understand before you place your first trade, because it tells you exactly how much money is at stake for every bit the price moves.

MNQ (Micro Nasdaq) — 1 point	= $2.00
MES (Micro S&P) — 1 point	= $5.00
If MNQ moves 10 points against you	**= $20.00 loss**

This is why “I'll just hold a bit longer” can turn a small loss into a big one fast. The math is doing the damage, not the market being unfair.

Micro vs. mini contracts

Most instruments come in two sizes: **micro** and **mini**. A micro contract is usually one-tenth the size (and one-tenth the risk) of the mini. Beginners should almost always start with micros — one mini contract can move your account by the same amount that ten micro contracts would, and a brand new trader has no business taking on that much risk per trade before they've proven they can manage a smaller one.

Stop-loss orders and what happens when a trade is force-closed

A **stop-loss order** is an order you set in advance that automatically closes your trade if price moves against you to a level you choose. You decide this level before you enter, not after the trade is already losing money. A stop-loss is what turns “I hope this works out” into a trade with a known, limited downside.

Separately, a **force-closed position** (sometimes called a margin call close-out) happens when your account balance drops below a level the firm or platform requires, and the system closes your trade automatically — whether you wanted it closed or not. This is different from a stop-loss: a stop-loss is a tool you choose to use; a force-close is something that happens to you because risk limits were exceeded.

The practical takeaway: if you always use a stop-loss at a sensible distance, you should rarely if ever experience a force-close. Force-closes are a sign the risk plan broke down well before the platform stepped in.

Margin, balance, and buying power

Balance	The actual dollar amount in your account right now.
Margin	The amount the firm sets aside to “hold” a position while you're in a trade. It's not money you've lost — it's reserved, not spent.
Buying power	How much room you have left to open new positions after margin is set aside.

A common beginner panic moment: you open a trade and your balance display drops slightly even though the trade hasn't lost money yet. That's margin being reserved, not a loss. It frees back up the moment you close the position.

MODULE 3 OF 10

Getting Your Platform Connected

You've paid for an evaluation. Now what? This module walks through the generic setup steps that apply no matter which firm or platform you're using.

Platform vs. data feed

A **platform** is the software you look at and click buttons in. A **data feed** is the service that sends live prices into that software. Without a connected feed, your platform just sits there with no moving prices.

Most prop firms partner with a specific feed provider (commonly Rithmic or CQG) and let you choose from a short list of supported platforms (commonly NinjaTrader, Tradovate, or a web-based platform). When you sign up, the firm tells you exactly which platform-feed combination to use — you don't have to figure this out yourself.

What happens in the first 24–48 hours

After you pay for an evaluation, most firms don't activate your account instantly. Expect:

- An email with your login credentials — sometimes immediately, sometimes within a few hours
- A separate step to download or connect to the trading platform
- A short delay (often overnight) before your account actually shows a balance and is ready to trade

This delay is normal. It does not mean something went wrong.

The generic setup checklist

This sequence works regardless of which firm or platform combination you were assigned.

- Received login credentials from the firm by email
- Downloaded and installed the platform the firm told you to use
- Connected the data feed using the credentials provided
- Confirmed the account balance shown matches what I paid for
- Placed one test trade in sim/practice mode before trading the real evaluation

Sim account vs. your real evaluation account

Many platforms open in a practice/simulation mode by default, separate from your actual evaluation account. These can look identical at a glance. Before every session, confirm you're looking at the correct account — check the account name or number shown in the platform, and compare it to the one in your firm's confirmation email.

What your first chart will actually look like

When you open a chart for the first time, you'll most likely see a row of small shapes called **candlesticks**. Each one represents a fixed block of time and shows four things: where price opened that period, where it closed, and the highest and lowest points it touched along the way.

Green / up candle	Price closed higher than where it opened during that time block.
Red / down candle	Price closed lower than where it opened during that time block.
Wick	The thin line above or below the candle body — shows the high and low that were touched but didn't hold.

The **timeframe** setting controls how much real time each candle represents. A “5-minute chart” means every candle covers 5 minutes; a “1-hour chart” means every candle covers an hour. Most platforms let you change this with a dropdown near the top of the chart. Beginners often watch a timeframe that's too fast (like 1-minute) and mistake normal short-term noise for a meaningful move. Starting with a 5-minute or 15-minute chart for your main view, with a higher timeframe like the 1-hour or 4-hour for overall bias, is a more stable starting point than watching the fastest chart available.

> **WHERE TO GET FIRM-SPECIFIC HELP**
>
> This guide intentionally doesn't walk through exact click-by-click setup screens, because every firm and platform combination looks a little different and those screens change over time. Your firm's own support documentation or onboarding email is the right place for that — this guide gives you the concepts so those instructions actually make sense when you read them.

MODULE 4 OF 10

How Funded Accounts Actually Get Blown

This is the module that prevents the most damage. Drawdown rules are simple math, but they're the single biggest reason evaluations fail.

Two types of drawdown

Drawdown is the maximum amount your account can drop before you fail the evaluation or lose the funded account. There are two common types:

EOD trailing	“End of day” — your floor only moves based on your balance at the close of each trading day. A bad moment intraday doesn't move your floor if you recover before the day ends.
Intraday trailing	Your floor moves in real time, all day, based on your highest balance reached — even for a few seconds. This is stricter and catches people off guard.

Knowing which type your firm uses changes how you should manage an open trade. On an intraday trailing account, locking in a quick profit can be the safer move — even a small one — because it raises your floor and protects the account.

The “floor” — not the same as your balance

Your **floor** is the point below which your account fails. It is not your starting balance, and it's not zero. Here's a simple example with round numbers:

Starting balance	$50,000
Drawdown limit	$2,000
Your floor	**$48,000**

If your balance touches $48,000, the account is over — regardless of how much you started with or how well last week went.

Why most fails are bad math, not bad trades

Here's the pattern that ends most evaluations: a trader risks more per trade than their floor can absorb. Simple example:

Daily loss limit	$1,000
Risk taken on ONE trade	$1,000
Trades planned that day	**3**

One losing trade and the entire day's limit is gone — with two more planned trades that can no longer happen safely. This isn't about being a bad trader. It's about the size of the bet not matching the size of the limit. Fixing this is just division: daily limit ÷ number of planned trades = safe risk per trade.

THE GOOD NEWS

This is the single most preventable mistake in this entire guide. The Risk Guard tool (covered in Module 8) does this division for you automatically, every single morning, before you place a trade.

MODULE 5 OF 10

Choosing a Firm Before You Pay

Not all prop firms are the same. This module covers what to actually look for before you commit money to an evaluation.

How to read a firm comparison table

When you look at a table comparing prop firms, here's what actually matters, in order of importance for a beginner:

- **Drawdown type** — EOD trailing is generally more forgiving for beginners than intraday trailing
- **Profit target** — how much you need to make to pass the evaluation
- **Daily loss limit** — the most important number for your day-to-day risk planning
- **Consistency rule** — covered below, this one catches almost every beginner off guard
- **Evaluation cost** — what you pay to attempt it, and whether retries cost less

Our Firm Comparison page at aitradeguy.com lays these out side by side for the most common firms, updated regularly.

Consistency rules — explained simply

A **consistency rule** says no single day can count for more than a certain percentage of your total profit when it's time to get paid. Here's why this catches beginners off guard with simple numbers:

Total profit earned	$2,000
Consistency rule	30% max per day
Maximum any single day can count for	**$600**

If one incredible day made $1,400 of that $2,000, the firm may not pay out the full amount — because that one day blew past the 30% limit. This rule rewards steady, repeatable trading over lucky home runs. Our Consistency Rule Calculator at aitradeguy.com checks this for you automatically.

Questions to ask before paying for any evaluation

- What type of drawdown does this firm use — EOD or intraday trailing?
- Is there a consistency rule, and what's the percentage?
- How many trading days minimum before I can request a payout?
- What's the cost to retry if I fail the first time?
- What platform and data feed does this firm require?

MODULE 6 OF 10

ICT Basics, Beginner Pace

You'll hear ICT concepts mentioned constantly in prop trading communities. This module gives you just enough to understand what people are talking about — not full mastery.

What is ICT?

ICT (Inner Circle Trader) refers to a framework of concepts for reading price charts — not a single strategy, and not something you can master in one sitting. Think of it as a vocabulary and a way of looking at charts, not a magic formula. This module covers the three most foundational ideas.

Bias

Bias is simply your opinion on which direction price is more likely to go, based on the bigger picture (like the daily or 4-hour chart) rather than the small moves on a 1-minute chart. Having a bias before you trade means you're not just reacting to whatever you see in the moment — you have a plan for which direction you're looking to trade.

Liquidity

Liquidity refers to price levels where a lot of other traders have orders sitting — often stop-loss orders. Price has a tendency to move toward these levels before reversing, because there's a pool of orders there that gets triggered. Identifying a likely liquidity target before you enter a trade gives you a realistic idea of where the move might go.

Killzones

A **killzone** is a specific time window when a market tends to be most active and most likely to produce a clean, tradeable move — rather than choppy, directionless price action. The most commonly referenced killzones are the London session, the New York AM session, and the New York PM session. Our Killzone Session Guide at aitradeguy.com maps out the exact times for each.

Fair value gaps and order blocks

A **fair value gap** is a gap left behind when price moves fast in one direction. An **order block** is the candle or area where a big, decisive move began. Both are used as reference points — places on the chart where price might return to before continuing in its original direction. Our Order Blocks & FVG guide at aitradeguy.com covers this with visual examples.

> **THIS MODULE IS ORIENTATION, NOT MASTERY**
>
> You do not need to be an ICT expert to start trading an evaluation responsibly. You need to recognize these terms when you hear them, and know where to go for depth when you're ready. The risk-management habits in the rest of this guide matter more, on day one, than any specific entry strategy.

MODULE 7 OF 10

The Most Common Ways Evaluations Fail

Almost every failed evaluation falls into one of these seven patterns. Recognizing them in yourself before they happen is the entire point of this module.

Mistake 1 — Oversizing because “the account is so big”

A $50,000 account feels like a lot of buying power. Beginners take 5x the position size they should because the number on screen feels large.

The fix: the account size is not your risk budget. Your daily loss limit is. Size every trade against that number, not the account total.

Mistake 2 — No daily stop, on the day it mattered

Most days don't need a hard stop because nothing goes wrong. Then one day does, and there was no rule in place to stop trading.

The fix: decide your stop-trading number before the session starts, every single day, even on days that feel calm.

Mistake 3 — Revenge trading after the first loss

A loss feels like it needs to be “won back” immediately. The next trade gets taken in a rush, without the same setup quality — and often loses too.

The fix: a loss is information, not an emergency. Step away for a few minutes before the next decision.

Mistake 4 — Trading outside the planned session

A setup “looks good” outside the killzone you planned to trade, so the rule gets broken just this once.

The fix: the rule exists because outside-session setups are statistically less reliable, even when they look convincing in the moment.

Mistake 5 — Not knowing the consistency rule existed

A trader makes most of their profit in one or two big days, requests a payout, and finds out the consistency rule caps how much of that counts.

The fix: know your firm's consistency rule before you start — not when you request your first payout.

Mistake 6 — Chasing a missed entry

Price moves without you. Instead of waiting for the next valid setup, a trader jumps in late at a worse price just to “not miss out” — with a smaller margin for error and a less favorable risk-to-reward than the original setup offered.

The fix: a missed trade costs you nothing. A bad entry chasing a missed trade can cost you real money. There will always be another setup.

Mistake 7 — Ignoring scheduled news events

Certain scheduled economic releases (like a Fed interest rate decision or a major jobs report) can cause sudden, erratic price spikes in both directions within seconds. A trader holding a position through one of these, without knowing it was coming, can see a normal-looking trade turn into an outsized loss almost instantly.

The fix: check an economic calendar before your session. If a major release falls inside your planned trading window, avoid trading in the minutes immediately around it — covered in detail below.

What “red folder” news actually means

Red folder is a term that comes from how economic calendars color-code scheduled releases by expected impact: red for high impact, orange for medium, yellow for low. A red folder event is one the market is watching closely, and it's the category that causes the sharp, erratic moves described above. For futures index traders (MNQ, MES, NQ, ES), the releases that matter most are:

- **CPI** (Consumer Price Index) — the primary US inflation report
- **FOMC rate decisions** — the Federal Reserve's interest rate announcement, followed by a press conference
- **NFP** (Non-Farm Payrolls) — the monthly US jobs report, released the first Friday of most months
- **PPI** (Producer Price Index) — a secondary inflation report, usually a smaller mover than CPI

The avoidance window — and what it doesn't mean

The safe approach is a narrow window around the release time itself, not avoiding the whole session. As a starting rule for a complete beginner: **avoid entering a new trade from 15 minutes before a red folder release until 15 minutes after it.** For FOMC specifically, extend that to 30 minutes after, since the press conference that follows the rate decision often moves price more than the number itself.

Fifteen minutes is intentionally wide. The actual reaction to a release rarely happens in one clean instant — an initial spike, a brief reversal as the market reassesses the number, and a second move in the "real" direction can play out over several minutes, not one. A wider window costs you a missed trade at worst. A window that's too narrow can put you right back in the market just as the second leg starts, which is the exact outcome the rule exists to prevent. As you gain screen time and a feel for how your specific instrument reacts to specific releases, some experienced traders narrow this to a 5-minute window. That's a judgment call worth earning, not a starting point — stick with 15 minutes until you've watched enough releases to know what you're looking at in real time.

Outside that narrow window, your normal session plan still applies. If your NY AM session runs 9:30–11:00am and CPI prints at 10:00am, the rule only affects roughly 9:45–10:15am — you can still trade the rest of that session normally, before and after. This rule is not "don't trade on news days." It's "don't have a new position open in the few minutes where the outcome of the release is still being priced in."

If you're already in a trade when a release is about to hit, the safer choice is usually to close or reduce the position before the release rather than hold through it and hope.

WHERE TO CHECK

The ForexFactory economic calendar (forexfactory.com/calendar) is the most commonly used free calendar in retail trading and is the original source of the red/orange/yellow color convention — filter it to "High Impact" and your local time zone before each session. TradingView also has a built-in economic calendar panel in its bottom dock, which is a convenient first-party alternative if you'd rather not check a separate site. Third-party chart indicators that overlay release times directly on your candles also exist, but treat those the way you'd treat any third-party script — verify it's still maintained before relying on it, since a free calendar website is the more durable, zero-maintenance option to build the habit around.

MODULE 8 OF 10

Your First Session, Step by Step

This module walks through exactly what to do the morning of your first real evaluation session — using the same tools real funded traders use every day.

Step 1 — Open the Risk Guard before you open a chart

Before you place a single trade, the Prop Firm Risk Guard answers one question: how much can you safely risk today? You enter your account balance, your floor, and your daily loss limit. It tells you exactly how much room you have and suggests a safe risk-per-trade amount. This takes about 2 minutes and should happen every single morning, before anything else.

Step 2 — Take your first trade with that number already decided

The number the Risk Guard gives you is not a suggestion to think about — it's the number you use. Decide it before you're in the trade, not while you're watching it move.

Step 3 — Score the trade immediately after it closes

Open the Trade Review Scorecard right after the trade closes — not at the end of the day, not tomorrow. You'll check off whether you followed your bias, your entry timing, your risk plan, and your execution. It gives you a score and tells you honestly whether that trade was repeatable or just lucky.

WHAT “GOOD” LOOKS LIKE IN WEEK ONE

It is not a big profit number. A good first week is one where every trade had a plan before it was taken, every trade got scored afterward, and you never blew past your daily stop. Profit follows good process — not the other way around.

If it feels like a lot to manage

That's completely normal in week one. If you start to feel overwhelmed, or notice you're breaking your own rules more than once, the Trade Reset Kit has a structured system for exactly that moment — including a pause rule and a reset protocol designed to get your process back on track before it costs you the account.

MODULE 9 OF 10

Emotional Regulation Basics

Before your first losing trade happens, it helps to know what a normal reaction feels like versus a warning sign. This module is about the moment between the trade and your next decision.

A loss is going to feel like something — that's normal

The first time a trade goes against you, you will probably feel a jolt — a tightening in your chest, a flash of frustration, maybe an urge to immediately “fix it” with another trade. This reaction is normal and it happens to every trader, including experienced funded traders. The goal of this module isn't to make you feel nothing. It's to help you recognize the difference between a normal reaction and a reaction that's about to cause a mistake.

Normal reaction vs. warning sign

Normal	You notice frustration or disappointment, you take a breath, and you can still calmly check whether the next setup matches your plan.
Warning sign	You feel an urge to act immediately, you're already reaching for the next trade before you've evaluated whether it's a real setup, or you notice you want to “make it back” rather than follow your plan.

The difference isn't whether you feel something — it's whether the feeling is making the decision for you.

A simple pause before your next decision

You don't need a complicated system for this on day one. A simple, repeatable pause is enough: after any losing trade, physically step back from the platform for at least one to two minutes before looking for the next setup. Ask yourself one question — “Does this next trade match my plan, or am I trying to feel better?” If you're honestly not sure, that uncertainty is itself useful information. Wait longer.

THIS IS NOT ABOUT SUPPRESSING EMOTION

Trying to feel nothing after a loss isn't realistic and isn't the goal. The goal is to create just enough space between the feeling and the next click that your plan gets a vote, not just your emotion. A two-minute pause does almost all of the work here.

When this becomes a bigger pattern, not just a single moment

One emotional trade is normal and recoverable. A pattern of skipping your pause, session after session, is a sign your process needs more structure than a personal reminder can provide. That's exactly what the Pause Rule and Reset Protocol in the Trade Reset Kit are built for — covered briefly in Module 8 and worth returning to once you've traded a few real sessions and have a feel for your own patterns.

MODULE 10 OF 10

Your 30-Day Starter Checklist

Here's your roadmap for the first month. Print this page and check items off as you go.

Week 1 — Setup

- Chose a firm using the Firm Comparison page
- Completed platform and data feed setup
- Ran my first risk check in the Risk Guard before any live trade

Week 2 — First scored trades

- Scored my first 10 trades in the Scorecard, honestly
- Never exceeded my daily stop, even once

Week 3 — Review patterns

- Reviewed my week of scores for patterns — not just the wins and losses
- Looked into the Reset Kit if my process started slipping

Week 4 — Evaluation readiness check

- I know my firm's consistency rule by heart
- I have never traded outside my planned session
- I size every trade against my daily loss limit, not the account total

YOU'VE COMPLETED DAY ONE

When you're ready, the Risk Guard, Scorecard, and Reset Kit are built to be used together, every single trading day. Find them all at aitradeguy.com/products.html

Important Notes

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