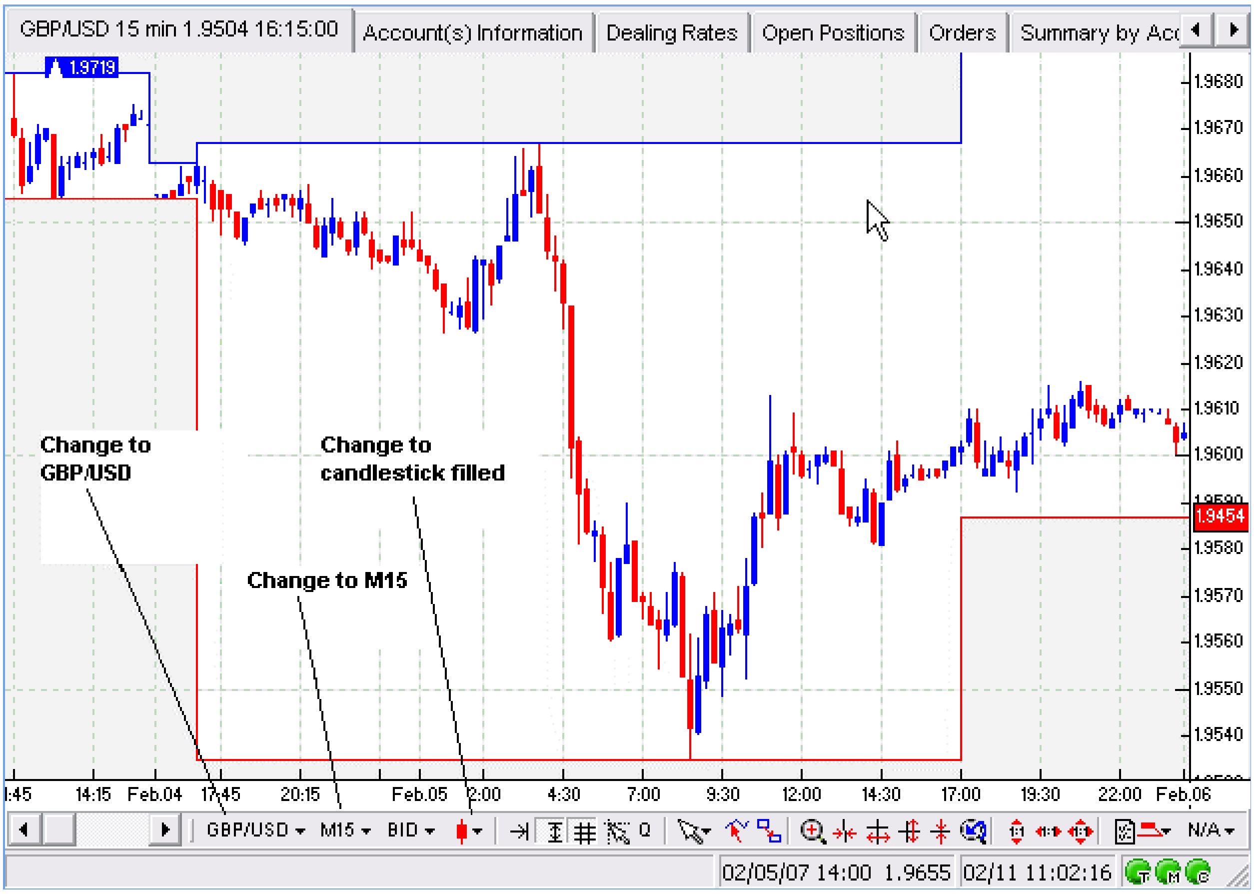
The C.O.T.L Forex Trading System

Hi and thanks for your purchase, I can assure you you will not be disappointed if you follow the rules meticulously. Below is the step by step guide to your personal moneymaking machine.
Step one:- First you need to open a forex brokers account. The broker I use is cmsfx and a link to open an account can be found here:-
http://www.cmsfx.com/en/my-account/open-live-account/
There are many other brokers but there can be differences in the prices so for simplicity sake this is the broker you should use.
Step Two:- After opening your account you need to download the desktop software (vt trader) http://www.cmsfx.com/en/trading-software/
Open up the software and change the following things:-

- **15 minute chart needs to be opened**
- **Change to CANDLESTICK/FILLED**
- **Change currency to GBP/USD**

These changes can be seen on the chart below:-



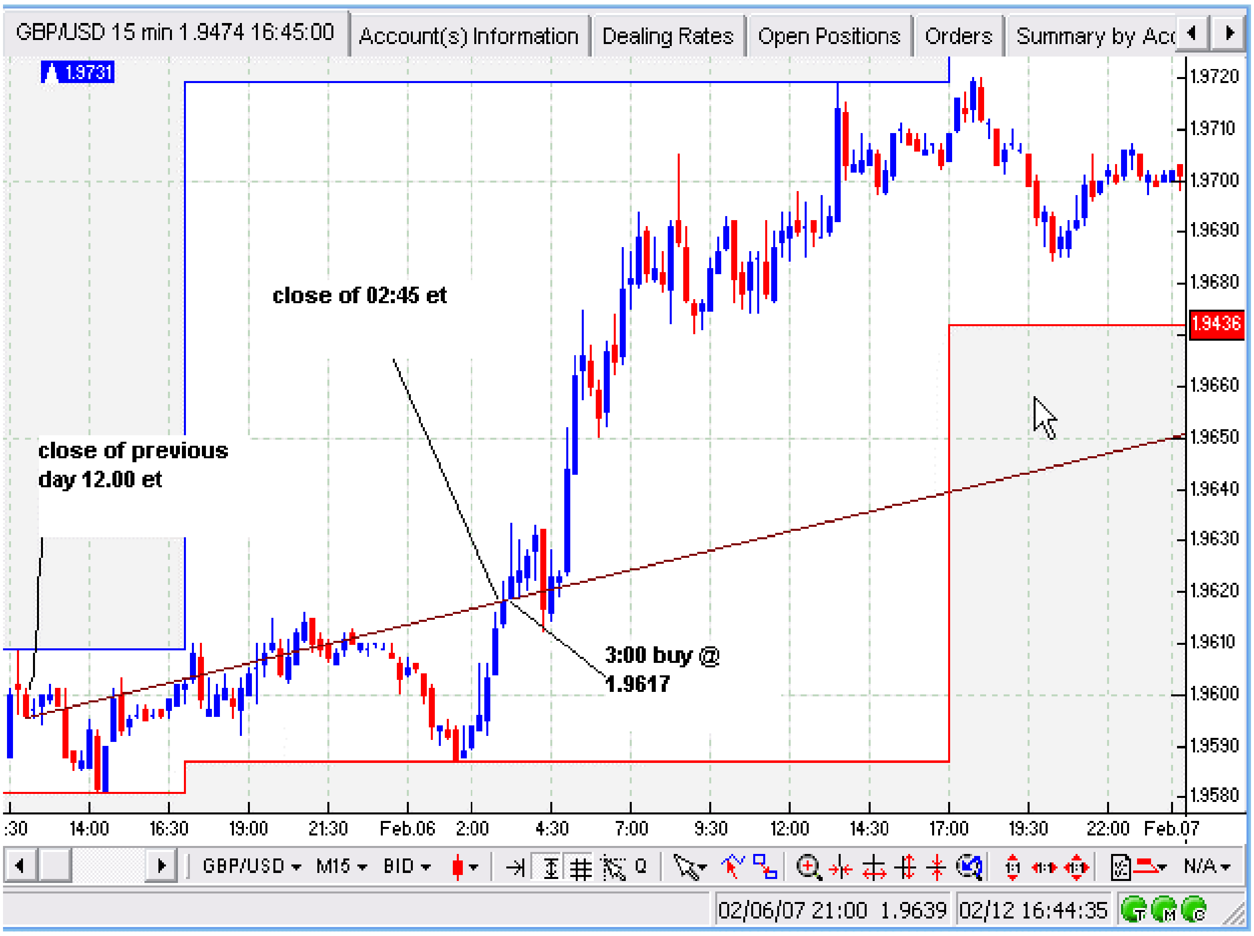
Before I explain the exact system there are a few ground rules that must be followed.

- Our first trade for each day is 03:00 et precisely, we enter our trade in the direction of the first candle open.
- We are looking for a 15 pip profit on every trade, once this is reached we place our stop loss at this point to lock in the profit.
- After the 15 pip target is reached we are now looking for a big move, if the price retracts our stop loss is hit and we exit the market with 15 pips profit but if the market continues moving we now have 2 options. 1. We trail our profit using a 15 pip leeway or 2. My personal favorite we apply the macd indicator, but not as you would normally use it we stay in the market if the macd indicator is still going our way but we exit when there are 3 consecutive lines against us on the indicator (examples will be shown later).
- After we exit the trade we now have to wait for another signal, the next buy or sell signal is the point the next candle crosses the C.O.T.L. We then enter our next trade in the direction of the candle.
- If the trade does not reach our 15 pip target and starts to retrace and cross the C.O.T.L we give the trade a 6 pip leeway before reversing the trade and entering in the opposite direction, this is to allow for spikes in the market.

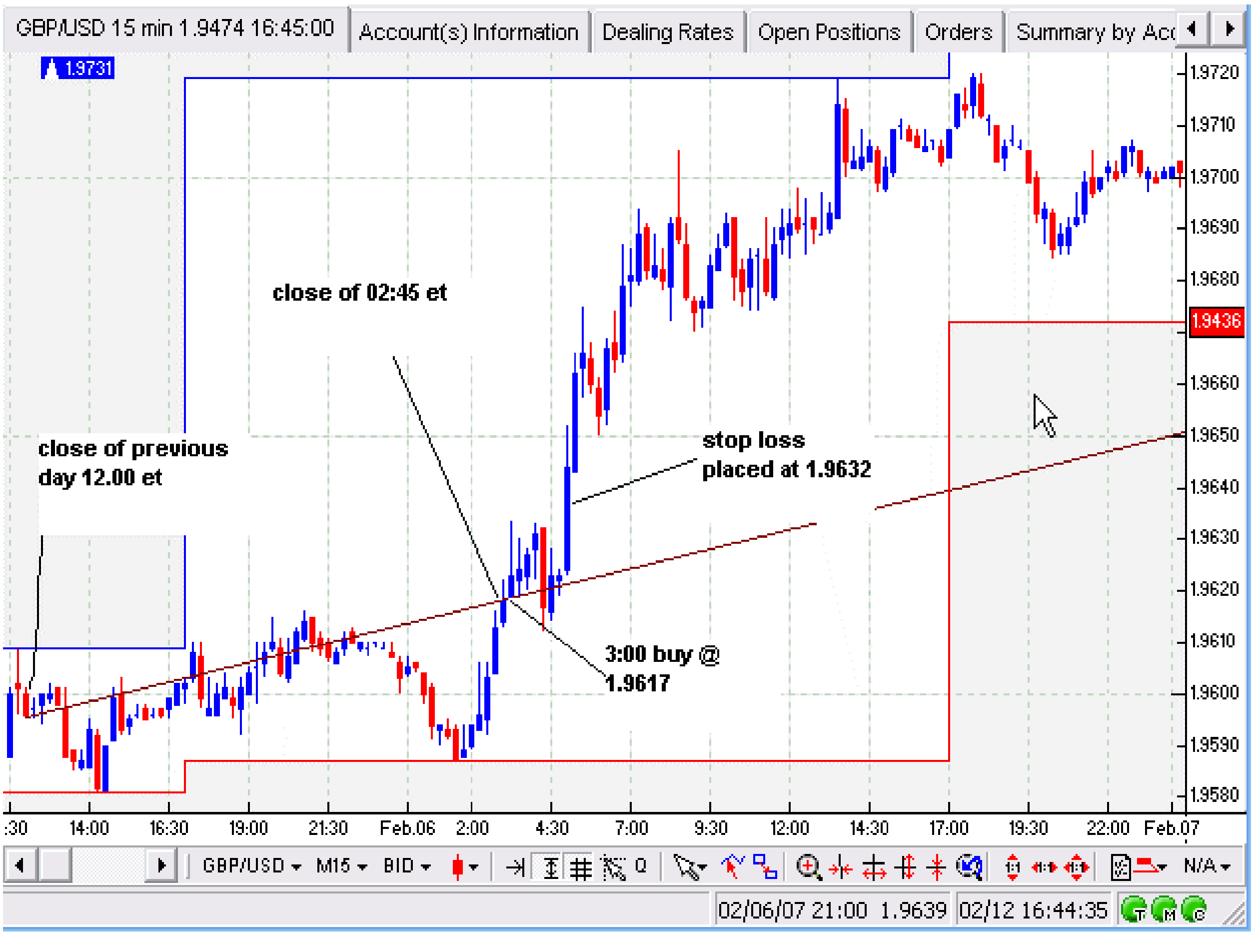
Now I will run through the system in more detail with diagrams.
The closing time of the U.K trading market is generally considered to be 17:00 gmt and the opening time is 08:00 gmt. What we need to remember is that the cmsfx vt trading softwares runs Eastern time so if you are in the U.K the opening time is 03:00 Et and the close is 12:00 Et.
Now what we need to do is get up before the start of the trading day so ideally we need to be up by 02:30 Et. Open the daily chart and wait until the close of the 02:45

candlestick now we need to draw our daily trendline from 12:00 ET (close) from the previous day to the close of the 02:45 Et candlestick this is known as the close/open trendline or C.O.T.L as shown in the chart below for **6th of February 2007**

Now when the 03:00et candle opens immediately enter in the direction of the candle so in this case we get a buy signal at 1.9617 .



Now we have to wait, what we are looking for is a 15 pip profit which we will the place our stop loss at. In this case we did not reach the 15 pips and the price starts to retrace over the C.O.T.L, we give this our 6 pip leeway and the price starts to retrace in our favour. Now we hit our 15 pip profit at 1.9632 and place our stop loss here.



We now decide on our exit strategy, either trailing stop loss by 15 pips or my preferable M.A.C.D indicator. As the M.A.C.D indicator is a lagging indicator we do not wait for the M.A.C.D to reverse completely we are only looking for 3 consecutives signals in the opposite direction from our trade.
After applying the M.A.C.D on 6th February 2007 we are now waiting for 3 consecutive downward signals, when this occurs this is our point of exit. Below is our M.A.C.D exit strategy applied to this trade we exited at 1.9680 making a profit of $630.

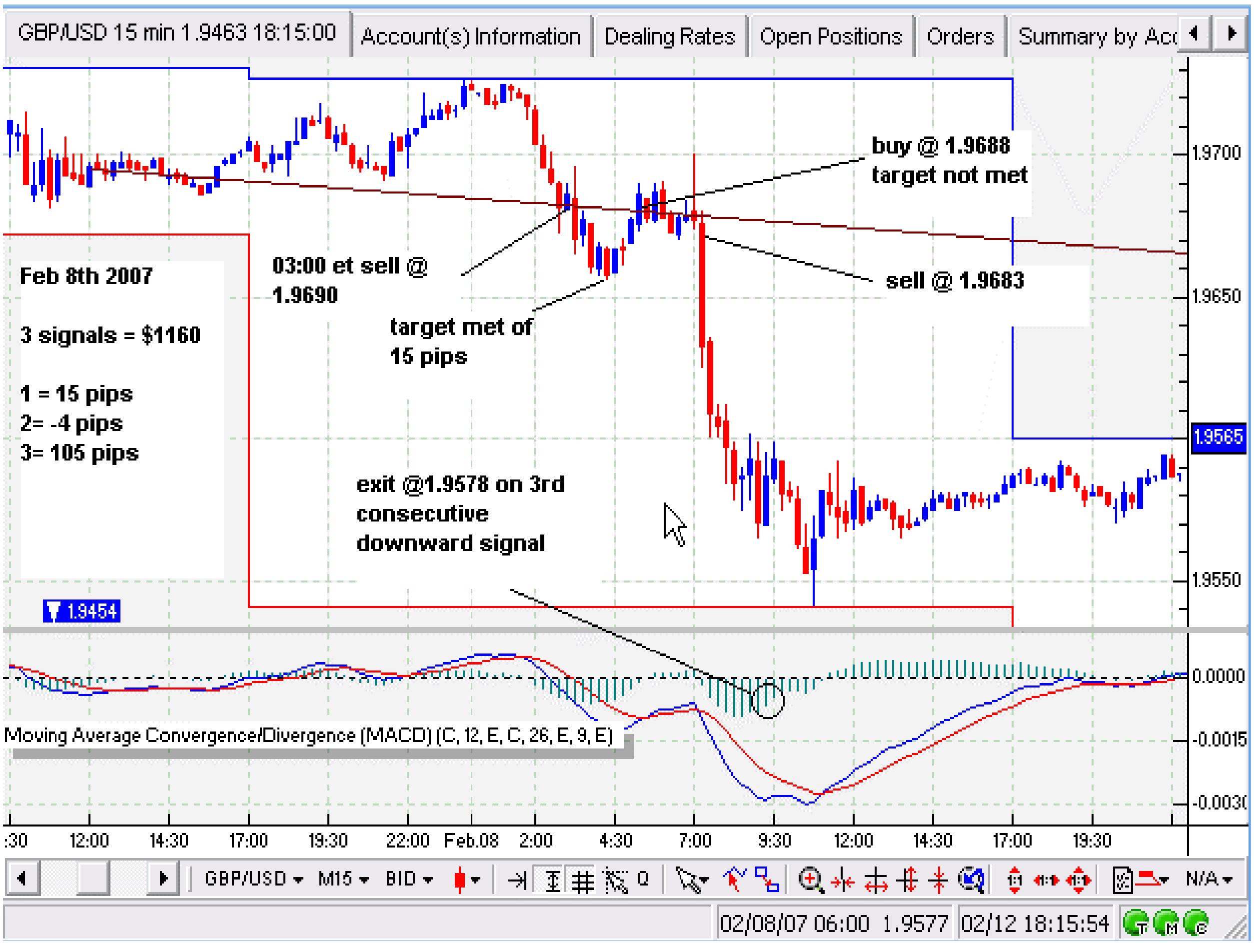
Sometimes we will get multiple signals if we study the chart below on **12th december 2006** we will see that we had 10 signals not all were profitable but we were able to see a net profit of 80 pips.

1) Our first trade (Sell 1) was a simple and a straight forward Sell Trade. We draw the C.O.T.L from 12:00 to 02:45. The 03:00 candle opens below the C.O.T.L, we enter the market short with a Sell at 1.9614 and we place our limit 15 pips away to get a profit of 15 Pips.

2) Our second trade (Buy 1) is a Buy when the 04:45 candle crosses the C.O.T.L at 1.9623 and we take our profits 15 pips away to get another 15 pips profit.
3) Our third trade (Sell 2) is a Sell at 1.9625 when the red candle crosses below the C.O.T.L and becomes a Doji. Again we take a profit of 15 pips.
4) We make a loss with our 4th trade (Buy 2). We get a Buy signal at 1.9634 but unfortunately the price does not go as far as our limit. It comes back and as soon as we see the price touching the C.O.T.L and crossing below the C.O.T.L , we exit the market straight away at 1.9630 making a loss of 8 pips.
5) Our 5th Trade, (Sell 3) is also profitable, we enter the market at the start of the 08:30 candle and take our profits 15 pips away. Please note that most of the time at 08:30 there is a News release and the price can shoot up or down very rapidly. You can take a bigger profit than 15 pips.
6) Our 6th Trade is also profitable.
7) We make a loss of 10 pips at our 7th Trade (Sell 4). We sell at 1.9649 but our exit target is not met, the price retraces back and we get another Buy Signal, 8) We buy (Buy 4) at 1.9658 but again out target is not met and we incur a loss of 7 pips.
9) We Sell (Sell 5) at 1.9654 and exit at 1.9635, get a 15 pips profit.
10) Next we get a Buy Signal (Buy 5) at 1.9660 and we exit at 1.9679. So far during this Trading Day we made 10 Trades, incurred losses in 3 trades totalling 25 Pips and got profits in 7 of the trades totalling 105 Pips. This means that our NET PROFIT was 80 Pips or $800.00 for 1 days work. I have given below some more charts for you to see what potential there are Trading The C.O.T.L.

Feb 12th 2007

Feb 8th 2007



The beauty of the C.O.T.L system is that the Losses are very low. There is no system which will give you 100% winning trades all the time. If you find one please let me know. I shall be very grateful to you.
When I am trading, I place my Stop Loss 30 pips away just in case my computer goes bust or I may be hit by an earthquake or any unforeseen circumstances, sometimes the Brokers Servers get jammed due to heavy traffic. This Stop Loss is placed straight away at the time of entering the Market as a safety measure, but my Actual Stop Loss is VISUAL on the C.O.T.L.
You also need to place a Stop Loss of at least 20 pips away from your entry in order to cover any spikes being formed against you.
If the market goes against me or if my target is not hit and the price retraces back, I exit the market when I see the price going beyond the C.O.T.L. Sometimes the price goes beyond the C.O.T.L and then comes back, therefore you have to use your own judgement by looking at the trend formation. Look at the previous 2 candles and see if they have moved up or down.
You have several options. If you want to make most of your trades profitable, then you can go for 10 pips profit instead of 15 pips. If you wish to have bigger profits then you can increase your target to more than 15 pips profit. But the number of your losing trades will be more than your winning trades.
There are 2 times that the market is great to trade. The first one is at the time of the London Open. The London Market opens at 03:00 ET and we mark our 02:45 candle and then wait for the 03:00 candle to see where the market is going to go. As soon as the market opens, a trend starts forming, the market starts going up or down. This is the best time to trade in the direction of the trend. You can get more than 15 pips

profit at the beginning of the London Session.
The second time to trade is at the time of any important Data Release by either UK or USA. There are much more Data release by the USA Government than any other country and they are mostly at 08:30 ET. This is my favourite time to trade. It is 13:30 in UK, mid day.
You can also apply the C.O.T.L system to any other pairs of currency, but I find it more profitable trading the GBP/USD.
Thats all many thanks for your purchase I look forward to hearing you performance and testimonials any questions please don't hesitate to contact me I am trading most days.
Thanks