

 WILEY Trading



# ONE GOOD TRADE

INSIDE THE HIGHLY COMPETITIVE  
WORLD OF PROPRIETARY TRADING

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Learning to get stocks at the right price is a skill that good prop traders learn. And it's a very important skill. Do the math. If you save 1c on average for every trade, and you write two million shares in a month, how much extra will you make? That's an extra \$20k in your pocket.

If you just watch your screens patiently all day, plays will emerge. Good risk/reward setups will appear. Consistently profitable traders do not force trades. They embrace the important part of their job—just waiting for a setup to develop.

As you gain experience, you will learn that success will require more than simply opening a position in a stock that you have watched. You must establish your position at a good price with the proper timing as well.

"Patience, young fella, patience."

### **A DETAILED PLAN BEFORE EVERY TRADE**

"The best trader is a prepared trader."

—Evan Lazarus-Partner, T3 Capital

A prop firm leader identifies a new trader in a position. He has spotted his next potential victim. Slowly, this partner approaches unnoticed behind the new trader. And then, like a cobra, strikes with, "What is your trading plan?"

That is one of my favorite teaching techniques. If it takes a new trader more than two seconds to respond, then this is a bad sign. This is assuming, of course, the new trader was not just flustered by my sneak attack. A developing prop trader should in one sentence be able to explicate his detailed trading plan for every trade. Quiz yourself. The next time you are in a trade can you summarize your detailed trading plan in one sentence? Call it a trader's equivalent of corporate underlings' "Elevator Pitch" to the CEO of his firm. Let's discuss.

First, you need an exit strategy. One of our great advantages is flexibility. We can exit a position in a millisecond and even flip our position if advisable. We are not a behemoth Mutual Fund or Hedge Fund with millions of shares to unwind. It may take such a market powerhouse a month to unwind their position. We are light and nimble. You have to decide when to exit if a stock goes against you. As our good friend and author of the best-selling momentum technical analysis text in history, "Technical Analysis Using Multiple Time Frames," Brian Shannon from [alphatrends.com](http://alphatrends.com) preaches, "You must have a backup plan for every situation." And you must do this before you enter your every trade.



Praise for  
**ONE GOOD TRADE**

"Bellafiore is a committed and dedicated trader and teacher of the profession. His book shows the same attention to detail and the finer points of making a career in trading."

—Howard Lindzon, cofounder and CEO, StockTwits

"A terrific book for traders who desire to gain a complete understanding of the inner workings of proprietary trading and what it takes to become a consistently successful trader."

—Charles E. Kirk, *The Kirk Report*

"If you've ever desired to journey into the professional world of a leading proprietary trading firm—how they organize their strategies, train new traders, select stocks in play, and even fight the mental game of trading, then *One Good Trade* is certainly the book for you."

—Corey Rosenbloom, CMT, President, Afraid to Trade

"*One Good Trade* is the only book I know that truly takes readers inside the proprietary trading world and explains what it takes to achieve career-long success."

—Brett N. Steenbarger, PhD, author,  
TradeFeed blog and *The Daily Trading Coach*

"With *One Good Trade*, Mike Bellafiore gives you a front-row seat to see what it takes to become a successful trader in today's volatile markets. The stories and examples of how some traders achieve incredible wealth and how others crash and burn are great lessons for any aspiring trader."

—Tim Bourquin, cofounder, [www.TraderInterviews.com](http://www.TraderInterviews.com)

"*One Good Trade* provides an insider view to the world of proprietary trading. If you are new to trading, you will learn that successful trading requires a lot of hard work, resiliency, discipline, continuous introspection, and a courageousness to challenge yourself and adapt."

—Jason Gardner, Managing Director, Head of Trading, Kershner Trading Group

"Exceptional care coupled with a standard of excellence and attention to detail is the mantra that is at the foundation of SMB. Mike and Steve have created a unique and insightful angle to the development of new traders."

—Nadav Sapeika, Chief Operating Officer, T3 Live, LLC / T3 Capital Management, LLC

"This book is a must-read for all developing traders and those who are interested in a good read about the behind-the-scenes goings on of a successful trading business."

—Brian Shannon, author of *Technical Analysis Using Multiple Timeframes*

