

INVALIDATION FRAMEWORK

Every trade starts with where it fails.

What is Invalidation

Invalidation is the point where your trade idea is proven wrong.

Not uncertain.

Not emotional.

👉 *Clearly wrong.*

Core Principle

Entry is optional.

Invalidation is mandatory.

If you don't know where you're wrong,
you don't have a trade.

How I Define It

Before entering any trade, I define:

- The level that must hold
- The structure that must remain intact
- The behavior that must continue

Example (XAUUSD)

Price is reacting from support.

Trade idea:

→ Price should move up from this level

Invalidation:

→ If price breaks and holds below support

👉 *The idea is no longer valid*

Types of Invalidation

1. Level Break

- Support or resistance fails
- Price moves beyond the level

2. Structure Break

- Higher highs / higher lows break
- Market structure shifts

3. Failed Reaction

- No rejection at key level
- Weak or no response from price

Execution Rule

If invalidation is hit → I exit immediately.

- No adjustment
- No widening stop loss
- No second guessing

What I Don't Do

- I don't move my stop loss
- I don't hold losing trades hoping
- I don't "give it more room"

Why It Matters

Small controlled losses keep you in the game.

One uncontrolled trade can erase multiple good ones.

Simple Rule

If I'm wrong, I'm out.

Reality Check

A good trade can still be a loss.

A bad trade can still be a win.

Invalidation protects you from the second one.

Final Line

I don't try to be right.

I make sure I'm wrong properly.