PAPER TRADING: THE RULES OF ENGAGEMENT

Vajgrt Labs - Education - Lesson 31 of 72 - 6 min read - Updated Oct 21, 2026

TL;DR

- The paper account is funded with your Stage 0 number - the dollar figure whose total loss you certified you could absorb. If that figure is still $0, use the course's $10,000 example figure and say so in the journal. A million-dollar simulator teaches millionaire habits.

- The eight rules: written plan first; limit orders only; course sizing (0.5-1%); friction charged on every trade; daily and weekly brakes on; journal the same day; first review at 30 trades, verdicts at ~200; and no reset without a written post-mortem.

- Paper fills are generous and paper losses are painless, so the simulator can certify mechanics and process - never nerve. Stage 10's tiny-live stage exists precisely because of that gap.

THE TAKEAWAYS

- Where to run it: your broker's simulator if it offers one, or TradingView's built-in Paper Trading - free, and on the same charts Stage 3 taught you to read. The platform genuinely does not matter; the rules are the course. Stage 4's paper trades are SPY shares - the mechanics Stage 2 taught (limits, stops, fills, settlement) at share scale. Options join the paper account in Stages 5-7's assignments, once contracts exist to practise on.

- Friction must be simulated because the simulator will not do it for you: log every entry at the ask and every exit at the bid, read from the real quote at that moment (Stage 2's spread), because most simulators cheerfully fill at the last price or the mid. If the simulator filled you better than the quote allowed, your log corrects it - the journal, not the simulator, is the record this course grades. A paper P&L that never paid the toll is a fairy tale with charts.

- The reset rule protects the only irreplaceable thing paper trading produces: evidence. A blown paper account is the most valuable data of the stage - which rule broke, at which trade, costing what, in whose handwriting. Before any reset, that post-mortem gets written and filed. Reset first and you have deleted the evidence and kept the habit, which is the precise opposite of training.

- Know when the simulator has taught what it can: when the mechanics are boring - orders placed correctly without thinking, sizes coming out of the division by reflex, the journal written the same day without being chased - and Lesson 6's process grade holds across a real sample. What remains untaught at that point is the honest trio on the graphic: real fills, real friction, and the feeling of real loss. Stage 10 is the bridge built for those three, at the smallest size that can teach them.

RULE: Paper trading under course rules is training; paper trading without them is a video game with a brokerage skin. Same account size as real life, same plan, same size, same journal - or it doesn't count.

COMMON MISTAKES

- Funding the simulator with the default fantasy balance. Your Stage 0 figure is the account; anything else trains somebody else's habits.

- Market orders 'because it's only paper'. The order-type habit is the cargo; the fill is not.

- Letting the simulator’s fills stand uncorrected. Mid-price fills on every trade quietly delete the toll Stage 2 measured, and the method you ’validate’ is one that never existed.

- Counting a lucky paper month as a verdict. Lesson 3’s arithmetic applies to simulators too: at 20 trades, the range of luck is –22 points wide.

DO IT - OPEN THE ACCOUNT, FILE ENTRY #0

Open the paper account under the eight rules: your Stage 0 figure (or the declared $10,000 example), brakes configured, sizing default set at 0.5-1%. Then write journal entry #0 - date, platform, figure, the rules adopted, your daily and weekly brake amounts in dollars - and file the Personal Risk Sheet (Downloads) completed and signed beside it. With Lesson 4’s plan artefact, two thirds of Stage 4’s gate is now paperwork you actually hold.

Education only - not financial advice. Risk figures are arithmetic on the lessons’ labeled example numbers. Drawdown figures: SPY daily closes via Yahoo Finance, cross-checked against Nasdaq data, Oct 15, 2026. Streak probabilities are exact probability arithmetic on stated win rates, not predictions. Vajgrt Labs - Education.