THE BOOK, THE BAD DAY, AND THE REVIEW

Vajgrt Labs - Education - Lesson 57 of 72 - 9 min read - Updated Oct 21, 2026

TL;DR

- Positions don’t experience the market one at a time. Three of this course’s own structures held together - the 765/760 credit spread ($396), the 773/775 debit ($142), the 780/785 debit ($296) - sum to $834 of total open worst case, and because all three lean bullish on the same ticker, one bad SPY week walks them toward their caps together. The curriculum’s line stands: five SPY trades = one SPY trade. The book is the unit the brakes actually govern.

- The bad day is a protocol, not a mood: the day brake (-2%) reached means exits only, no new tickets; the week brake (-4%) reached means the week closes and gets reviewed before another trade exists; and the revenge trade - planned after a loss, in the same session, sized to win the loss back - is stopped by a circuit-breaker: after a -1R day, the next trade is half-size or paper. None of these are character traits. They are rules with numbers, rehearsed in this lesson before the day they’re needed.

- Every closed trade gets a review that grades the management, in R, beside the money: four grades (match, entry discipline, door execution, book discipline), the realised R set against the doors’ counterfactuals where they can be priced, and one PlayBook line - the single rule this trade revised. That page, repeated trade after trade, is Stage 8’s gate artefact and Stage 9’s entire raw material: the craft stage doesn’t start from your memories of trading; it starts from these pages.

THE TAKEAWAYS

- Total open risk, computed the course way: worst cases summed, then interrogated for correlation. $396 + $142 + $296 = $834 gross. Now the honest haircut that ISN’T available: in a sharp selloff the two debit verticals die by their bands while the credit spread dies through its shelf - different mechanics, same weather - and the realistic bad-week loss is most of the $834. (In a flat week the same book can win on all three at once; correlation is symmetric, which is exactly why it’s a risk fact and not a mood.) Then the book rule - a course convention, labeled as one: total open worst case never exceeds the WEEKLY brake. On the $25,000 account that line is $1,000 (this book passes at $834); on the $10,000 account it’s $400, and the same book fails - even the two debits alone ($438) breach it. One line goes on every plan card from now on, checked before any new ticket: ’book after this trade: $___ of $___ allowed.’

- Buying power is the book’s shadow: brokers reserve roughly a vertical’s maximum loss against the account while it’s open (spread margin; in a cash account, a credit spread’s worst case is cash-secured outright) - so the $834 book has $834 spoken for until the trades close. The trap the reservation hides: a trader who sizes by available cash (’there’s $9,000 free’) can stack worst cases far past the brakes, because reservations measure collateral, not danger. The division (Stage 4) counts danger: worst cases against brakes. Two ledgers, two questions - never let the collateral ledger answer the danger question.

- The bad-day protocol, in operational language: (a) DAY BRAKE TOUCHED (-$200 on the $10,000 account / -$500 on the $25,000, counting the day’s closed losses plus any position sitting at its max-loss door): no new entries. Existing trades keep their doors - the protocol never overrides a door; it only forbids adding risk. (b) WEEK BRAKE TOUCHED (-$400 / -$1,000): the

trading week ends; the review below happens before the next ticket; new positions wait for a plan written cold. (c) THE REVENGE CIRCUIT-BREAKER: any urge whose plan-sentence contains 'win back', 'make up', or a size derived from a loss amount ends the trading day automatically, and the next session's first trade is half the normal division or paper. The arithmetic that justifies it: after the credit spread's -1R (-$396), winning it back on an identical spread takes 3.8 clean wins - or one doubled position whose identical loss is -$792: a -2R day and most of the weekly brake in a single trade. The circuit-breaker exists because that second sentence, at 1pm on a red day, sounds reasonable.

- The review - management graded, money recorded: five lines per closed trade. (1) MATCH - did the structure express the view (Lesson 1)? (2) ENTRY - ceiling respected, one ticket, size by the division? (3) DOORS - every exit at its written trigger, no committees (Lessons 2-3)? (4) BOOK - total open risk inside the book rule throughout? (5) RESULT - dollars and R, recorded beside the grades and never instead of them: a +0.34R trade with a bent door is a BAD trade that paid; a -0.23R trade with four yeses is a GOOD trade that cost (Stage 4's grading, with Stage 8's full checklist). Then the management line - realised R against the priced counterfactuals where they exist: Lesson 3's door (-0.23R realised vs -1.00R ridden = +0.77R of management value on that path); Lesson 2's convention (+0.13R at the 50% door vs +0.26R held = -0.13R of convention cost on that path). Estimates, labeled as such - whose SUM over 30 trades is the only honest answer to 'is my management adding anything?'. And finally the PlayBook line: one sentence, written as a rule for a future trade, filed where Stage 9 will build the book from them.

RULE: Size the book like one trade, brake the day like a machine, and grade the management in R - the money is the last line of the review, never the first.

COMMON MISTAKES

- Summing nothing: three 'small' defined-risk trades totalling $834 of one-directional risk - each legal alone, the book illegal at your account's brake. The market grades the sum.

- Sizing new trades by available cash (the collateral ledger) instead of worst cases against brakes (the danger ledger). Reservations are the broker's arithmetic; the division is yours.

- Letting the protocol improvise exits: the day brake forbids NEW risk; it never overrides an existing trade's doors. Brakes govern entries; doors govern positions.

- Writing reviews that lead with the money. Result-first reviews teach result-first trading - and the PlayBook line, the only part of the page that compounds, never gets written.

DO IT - PRODUCE THE GATE'S THREE PAGES

From your paper log, assemble Stage 8's gate artefacts: (1) one complete lifecycle page for your best-documented trade - regime, view, match, entry, checkpoints, the fired door, the five-line review, one PlayBook sentence; (2) your current book calculation - every open worst case summed, the correlation sentence, the book rule's verdict at your weekly brake, reservations noted; (3) your door ledger - doors' realised R against priced counterfactuals across your logged trades, conventions restated and kept or revised with numbers. If your log can't produce a page, that IS the finding - the missing page is your next paper assignment. Paper only. Stage 9 builds the PlayBook from exactly these pages; bring them.

Education only - not financial advice. Management figures are recomputations on Stage 7's own structures - the 765/760 put credit spread (credit 1.04), the 773/775 debit vertical at its 1.42 fill, and the 780/785 debit vertical (debit

2.96) - with scenario marks labeled as the lessons' example numbers. Assignment and exercise mechanics: the OCC's (Rule 805 exercise-by-exception at $0.01 in-the-money; contrary instructions under Rule 805(b); allocation of exercise notices by the broker's disclosed method) - checked Oct 15, 2026. SPY distribution: State Street's declared September 2026 distribution, $1.8888 per share. Margin-rate range: Fidelity's published schedule, checked Oct 15, 2026. Vajgrt Labs - Education.