

<http://www.traderplanet.com/articles/view/168086-the-truth-about-live-futures-trading-rooms/>



## The Global Futures Trade Room Industry:

Right now – today - the global futures trade room industry is massive (currently 728) and growing (about 60 new rooms/yr); a full list is available ([www.tesseracttrading.com/#!who/c4nz](http://www.tesseracttrading.com/#!who/c4nz)). When I started to evaluate futures trade rooms in 2009, finding the most successful rooms was an intractable problem: there weren't any established guidelines; rooms could not be distinguished using search engine parameters and all glittered with success and wealth. Free room trials were still the best option but to accelerate data collection, I evaluated 3-4 rooms simultaneously each day very many years. Unworthy rooms taught me what to avoid and I set them aside quickly; worthy rooms taught me valuable and desirable criteria and I spent protracted periods of time in them. Now, having observed, analyzed and evaluated all 728 rooms, I consider myself a well-informed parrhesiastes retail trader. I offer fellow retail traders 6 truths and 3 pivotal guidelines that allowed me to find the 12 best trade rooms.

### Truths Regarding the Global Futures Trade Industry:

#### Truth 1: *Unregulated:*

The futures trade room industry is largely unregulated by FINRA, SEC or CFTC (*High-Performance Managed Futures: The New Way to Diversify Your Portfolio, Wiley Inc., Appendix 5, pg. 268, 2010*). Many rooms have get rich schemes, cherry pick results, parade unrealistic profits or promote outlandish claims of wealth. Like so many other industries - just more prevalent and outrageous here.

#### Truth 2. *Puffery:*

Exaggerated claims are the norm, so you will see hundreds of rooms promote their education, strategies, programs etc. as accurate, best, elite, exceptional, expert, high probability, novel, precise, powerful, proprietary, remarkable, revolutionary, secret, successful, stunning and wealth producing. Such claims are not intended to be valid.

#### Truth 3: *Performance puffery:*

This is harder to see and most often involves numbers, which we naturally think of as more reliable. One site claims an 89.9% win rate 5 years in a row; so what did they win? And the exact same winning trade percentage 5 years in a row – would a reasonable person believe that? The 607 trades I evaluated in that room were dismal (MarketClips 05.13.2013).

**Truth 4: All Vendor/No Trader:**

Over 500 futures rooms are sales rooms, not trade rooms. They do not trade (a fact they hide well) but instead sell mentorships, education, programs, platforms, etc. used in futures trading. The financial returns from selling are far more lucrative than trading, and while their goods and services may be effective, virtually none are calibrated for success nor substantiated for performance.

**Truth 5: Supernatural attributes:**

From my formal education in science, medicine, finance and law, marketing positions based supernatural do not exist but do in many futures trade rooms. I have seen sites specifically state that they trade with God's vision, God's rhythm, the secret code of the Illuminati, at light speed, using crystal balls or magic, Samurai strength or DNA revolutions, as well as using magnetism, time warps, spirits and laser beams. While very clever, such sensationalized claims are not real.

**Truth 6: Sciolism:**

There are many dozens of sites that claim to be universities, schools, academies, institutes, etc. but none of these are real. None are accredited (US Dept. Education), none have a faculty and none offer accredited degrees.

### **Three Guidelines to Assessing Trade Rooms**

These truths clear the air a bit and give you a good arboreal view of the futures trade industry but we still cannot answer these questions:

- How do you find the very best rooms?
- What is the definition of best?

In my opinion, fundamental questions of any trade room or site ought to be:

- Are they truthful, transparent and profitable?

I have assembled those inquiries into 3 guidelines that I apply to all rooms I have seen:

**Guideline 1:**

Do they have a detailed track record showing P/L per trade, number of contracts/trade, number of trades/day, etc.? There is no regulation, rule or law that prevents a room from posting track records; sim or cash. Records as wins/loses or targets hit are of no value; videos, student's records, a few winning days, etc. do not help either. If no track record, then no interest for me.

**Guideline 2:**

Do they net \$50K/yr on 3 contracts per trade? I use their track record to determine their yearly P/L value and see if they net  $\geq$  \$50K/yr. Why that amount? It was the median salary in the US in 2014 and would represent a reasonable living from trading. Why 3 contracts/ trade? Necessary – only a very few rooms can net \$50K/yr on 2 contracts/trade; only 1 room can do it on 1

contract. If a room posts a track record with 1 or 2 or 5 or 10 contracts/trade, I normalize their P/L to 3 contracts/trade. By using 3 as the universal denominator, I can compare the P/L of all 728 rooms in an equivalent manner.

### **Guideline 3:**

Do they show trades in real time, so you can see, understand and replicate those trades? If they hide their trades by day (tinsel traders) and post track record at night (phantom record), that is deceptive and does not count. If they call trades using gongs or text statements but I cannot see entry price, targets and stops, that does not count. I learn by watching, so for me I need to see trade set ups in real time.

Apply these 3 guidelines to your evaluation of any trade room, product or service and they will clarify your thinking on utility and should sharpen your choices as a retail trader (how could they not).

### **The Trade Titans**

Applying my 3 guidelines to all 728 rooms I have evaluated, I found 12 trade rooms. These rooms I call Trade Titans (Futures Truth #4, 2014) and additional information is available ([globaltradetitans.com](http://globaltradetitans.com)).

- CFRN
- E Mini Volume Trader
- Equity Management Academy
- Global Forces Trade Network
- Global Trade Room
- Nightly Patterns
- Revs Futures Day Trading
- RIOS Quant
- Scalping Emini
- TraderShark
- True North Trading
- Valhalla Futures

When I trade with any of these Trade Titans I am trading at the 99<sup>th</sup> percentile of performance and I am surrounded by trade competence and transparent execution within a friendly and patient room environment overlaid with didactic teaching. It is a luxury in no uncertain terms. I still continue my room evaluations and several other rooms are in active analysis as of this writing.

### **How to Use the Trade Titans in Your Trade Success**

Look at these Trade Titans as the first best place to start; initially you might make preliminary selections based on features (hours of operation, indices traded) that are aligned with your trading framework. Other things to consider in your selection process:

- Some offer monthly memberships while others only lifetime memberships
- Some teach and mentor – some do not

- Some are carbon-based/silicon execution (i.e. human-monitored robot based trading).

This will narrow the field of choices a bit and when these deliberations are complete, take a free trial and watch, look and listen. Critical questions you should ask while in any trial:

- Can I trade as they trade?
- Is my P/L per trade the same as theirs? If not why not.
- Are you comfortable with their style, number of trades per day, level of interaction, etc.?

I have found that trading in futures rooms that are truthful, transparent and profitable is the most effective environment for my success as a retail trader.

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*Dr. Handley has MS in Biochemistry; PhD in Molecular Genetics; Fellowships from Columbia and Yale Medical Schools; MBA in Finance; JD in IP/Cyber Law. Dr. Handley began trading futures in 2009, bought two educational packages and studied carefully only to lose 2 accounts without any relevant explanation. He initiated a systematic prospective evaluation of trade rooms, now at 728 and counting. The pivotal attributes of truthful, transparent and profitable emerged during his studies and Dr. Handley offers consultation to retail traders on any trade room and specific strategies to maximize P/L. All of the rooms mentioned above, their employees or their affiliates were not aware of, did not contribute to, nor approve of his studies. Dr. Handley did not receive any 3<sup>rd</sup> party compensation or gifts to conduct these studies. Inquiries: [drdhandley@yahoo.com](mailto:drdhandley@yahoo.com).*

#### **Related References**

*Handley, 667 Global Futures Trade Rooms - Seeking Truthful, Transparent and Profitable. Futures Truth #4, 2014*