VelarisX Systems

VELOX

Strategy Logic

Complete System Architecture & Execution Mechanics

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Important Notice

This document provides a comprehensive overview of how the Velox trading system operates, including its execution model, risk management framework, and core mechanics. Proprietary signal generation algorithms, specific entry condition parameters, and detailed technical implementation details are kept confidential to protect competitive intellectual property. This document is intended for educational purposes and to build client confidence in the system's discipline and structure.

Contents

System Overview

Velox is an institutional-grade, rule-based automated trading system engineered to trade XAUUSD (gold) with mechanical discipline, predetermined execution, and rigorous risk controls. The system operates continuously on the 24/5 forex market without emotional bias or manual intervention.

System Characteristics

- Fully Automated: Zero manual intervention; all decisions follow encoded rules

- Rule-Based: Mechanical execution with no discretion or override capability
- Risk-First Architecture: Maximum loss defined before entry; never recalculated mid-trade
- Consistent Application: Identical rules applied across all market conditions
- Full Transparency: All trades and results verifiable on broker account

Core Philosophy & Principles

Velox is built on three foundational principles that shape every trading decision:

Principle 1: Structure Over Prediction

Velox does not attempt to predict market direction. Instead, the system responds reactively to current price structure and volatility conditions. The system identifies when structural conditions (price action, volatility patterns, directional bias) favor profitable trading and pauses when conditions are unfavorable. This removes the burden of being 'correct' about direction and instead focuses on trading what is happening now.

Principle 2: Risk First

Every trading decision begins with risk definition, not profit potential. Position size is calculated backwards from maximum acceptable loss. This ensures that regardless of account size, market volatility, or trade outcome, your maximum loss per trade equals your selected risk percentage (1%, 2%, or 3%). Risk discipline is non-negotiable and structural to the system.

Principle 3: Discipline Always

The system executes rules mechanically with zero override capability or discretionary exceptions. This rigid adherence is a feature, not a limitation, it removes the temptation to deviate based on emotion, hope, or 'special circumstances.' Consistency emerges from relentless rule-following, even when rules appear suboptimal in the moment.

Execution Model

5-Position Structure

Rather than entering a single monolithic position, Velox executes trades as five equal-sized positions entered simultaneously at the same price. This is not averaging or scaling in all five positions enter at identical price and time.

Example: If system calculates 0.5 lot position → enters as five 0.1 lot positions simultaneously

Advantages of 5-Position Structure:

- Structured Profit-Taking: Each leg exits at predetermined level, reducing slippage and locking profits early
- Risk Distribution: Losses are distributed across multiple legs; early exits reduce total exposure
- Trend Capture: Remaining positions trail higher, allowing participation in extended moves
- Psychological Benefit: Partial wins feel incrementally better than single large position losses
- Smoother Equity Curve: Reduces volatility of account equity drawdowns

Trade Structure

Take Profit Ladder (TP Structure)

Each of the five positions has a predetermined take-profit level. Together, they form a structured exit ladder designed to lock profits progressively while maintaining upside exposure.

Position	TP (Pips)	Volume %	Action	Next Phase
1	100	20%	Exit	Position closed
2	150	35%	Exit	Activate BE
3	200	25%	Trail/Exit	BE + Trail
4	250	10%	Trail/Exit	BE + Trail
5	300	5%	Trail/Exit	BE + Trail

Ladder Design Benefits:

- Early Profit Lock: 60% of position exits at 100–150 pips, securing profit before deeper reversals
- Managed Exposure: Remaining 40% (positions 3, 4, 5) can capture extended trends while protected

- Slippage Reduction: Smaller orders on final positions reduce market impact and slippage

Fixed Stop Loss

All five positions share a single stop-loss level set at 250 pips from entry price. If price moves against the trade and hits this level, all remaining positions close simultaneously.

Stop Loss Function:

- Maximum Loss Ceiling: Regardless of market conditions, loss cannot exceed fixed amount
- Execution Certainty: No ambiguity about when positions close on losing trades
- Risk Quantification: Enables precise position sizing based on maximum loss

Break-Even Protection

After Position 2 (150 pips) exits, remaining positions (3, 4, 5) have their stop-loss moved to break-even at entry price. This mechanism activates after securing 150 pips of profit across first two legs.

Break-Even Benefit:

- Risk-Free Continuation: Remaining positions cannot result in net loss on the trade
- Profit Protection: Profits locked from positions 1–2 are mathematically protected
- Asymmetric Payoff: Remaining legs offer upside with no downside (after TP150)

Position Sizing & Risk Management

Risk Percentage Model

Velox uses a percentage-based risk allocation model. The user selects a risk level (1%, 2%, or 3%), and the system automatically calculates position size to ensure maximum loss per trade equals that percentage of account equity.

Position Sizing Formula:

Position Size (lots) = (Risk % × Account Equity) / (Stop Loss in Pips × Pip Value)

Worked Example: $1,000 account at 2% risk, 250-pip stop-loss

- Maximum acceptable loss = 2% × $1,000 = $20
- Position size = $20 / (250 pips × $10/pip) = 0.08 lots
- If 250-pip stop-loss hits, loss = exactly $20 (no more, no less)

Three Risk Levels

Level	Risk per Trade	Expected Drawdown	Best For
Conservative (0.50)	1%	12–15%	Low volatility preference
Balanced (1.00) ★	2%	24–30%	Most users
Aggressive (1.50)	3%	35–45%	High-risk traders

Key Risk Features

- Dynamic Scaling: As account equity grows, position sizes increase proportionally; as equity shrinks, positions reduce
- Compounding: Profits automatically reinvest as larger position sizes, enabling exponential growth
- Consistency: Regardless of account size or market volatility, maximum loss remains equal to selected percentage

Entry & Exit Overview

Entry Conditions

Velox enters trades when all system criteria are simultaneously satisfied. Entry conditions are based on price structure and market conditions, not predictions. The system does NOT:

- Predict market direction
- Use lagging indicators
- Wait for multi-timeframe confirmation
- Override rules based on news or events

Exit Mechanics

Exits are fully automated and predefined:

- Positions 1–2: Exit at take-profit (100/150 pips)
- Positions 3–5: Exit at take-profit OR trailing stop (after break-even activation)
- All positions: Exit immediately if 250-pip stop-loss is hit

Trading Behavior & Frequency

Expected Trade Frequency

Metric	Value
Expected per week	2–3 trades
Range	0–5+ depending on conditions
Monthly typical	8–12 setups

Pause Conditions

Velox prioritizes quality over quantity. The system pauses (executes zero trades) when:

- Low Volatility: Price movements are confined to narrow ranges without directional conviction
- Consolidation: Price oscillates between support/resistance levels without defined structure
- Major News Events: Central bank decisions, economic data, geopolitical events increase market uncertainty
- Structural Breakdown: Previous trends have exhausted; new trends not yet established
- Weekends/Holidays: Reduced liquidity, wider spreads, potential overnight gapping

Zero trades is healthy. It indicates the system is protecting capital by waiting for favorable conditions.

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Backtest Performance

Velox was backtested on historical XAUUSD data from January 2026 to March 2026 (3 months).

Metric	Result
Total Entries	28
Winning Entries	21 (75%)
Losing Entries	7 (25%)
Period	3 months (Jan–Mar 2026)

Interpretation

- 75% Win Rate: Approximately 3 out of 4 entries generate profit
- Distributed Wins: Wins spread throughout period; no extended losing streaks
- Realistic Results: Not 100% win rate. Losses are normal and embedded in system design.

Expected Results by Account Size & Risk

Account	1% Risk	2% Risk ⭐	3% Risk	Recommendation
$500	~$1,200	~$2,400	~$3,600	1% or 2% max
$1,000	~$2,400	~$4,800	~$7,200	2% recommended
$2,000	~$4,800	~$9,600	~$14,400	Any level OK

⚠ Disclaimer: These projections are based on historical backtest performance. Live results depend on broker execution quality, market conditions, spreads, and slippage. Past performance does not guarantee future results.

System Limitations & Risks

Operational Constraints

- Broker Execution: Live performance depends on broker execution quality, slippage, and spread environment

- Extreme Events: Black swan events (sudden massive moves) can exceed designed risk if prices gap through stop-loss
- Extended Losing Streaks: 4+ consecutive losses possible during unfavorable market regimes
- Platform Failures: Broker outages, requotes, or account restrictions can disrupt trading
- User Error: Manual trading on XAUUSD while Velox active, or changing settings mid-operation

Drawdown Expectations

Account	1% Risk	2% Risk	3% Risk
$500	$60–$75	$120–$150	$180–$225
$1,000	$120–$150	$240–$300	$360–$450
$2,000	$240–$300	$480–$600	$720–$900

Drawdown is temporary. Recovery is expected. Larger accounts experience smoother equity curves due to better position scaling precision.

Conclusion

Velox's competitive advantage derives from systematic discipline combined with structured multi-position execution. The system removes emotion, enforces predetermined rules, and scales risk dynamically with account growth. Long-term success in trading comes from relentless adherence to rules, not from prediction or cleverness.

Your Role: Enable the system. Monitor account health. Trust the discipline. Don't override rules. Don't manage trades. Don't hope for exceptions.

For More Information

- Setup Guide: Complete activation and configuration walkthrough
- FAQ: Comprehensive answers to 50+ client questions
- Website: https://www.velarisxsystems.com/