

Prop Firm Challenge EA Playbook

A prop firm challenge is not a profitability contest; it is a rules-compliance exam with a profit target attached. Most EAs fail it on rules, not on returns. This playbook maps the rules that end challenges and the configuration discipline that survives them.

1. The rules that actually end challenges

Rule	Typical form	How EAs break it
Daily loss limit	4–5% of starting balance, often on equity incl. open trades	Grid/basket EAs whose floating loss crosses the line mid-day
Overall loss limit	8–12%, sometimes trailing	Martingale recovery that "always worked" on a private account
Consistency rule	No single day may exceed X% of total profit	One lucky news trade making most of the target
News restriction	No opening/closing within minutes of red-folder events (some firms)	EA with no news filter trading the release
Weekend holding	Some firms restrict or penalise	Swing EA carrying positions over the gap
Prohibited strategies	HFT, latency arbitrage, tick scalping, third-party EAs on some firms	Running any EA before reading the firm's own EA policy

2. Challenge maths before the EA runs

- ☐ Write the target, the daily limit and the overall limit in money on your account size. Percentages hide; money decides.
- ☐ Size so one worst day of your EA's tested behaviour uses at most half the daily limit. The other half is for the day the test didn't show you.
- ☐ If the EA's tested maximum drawdown is more than half the overall limit, the EA does not fit this challenge at this size — no setting changes that ratio honestly.
- ☐ Plan the calendar: how many trading days remain, what daily profit the plan needs, and which days (payrolls, FOMC) the plan simply skips.

3. Configuration checklist

- ☐ Hard equity stop set inside the firm's daily limit, in the EA or as an external guard — tested once on demo to prove it fires.
- ☐ News filter on, with the firm's restricted-event list loaded, not just the defaults.
- ☐ Friday close rule matches the firm's weekend policy.
- ☐ Maximum total exposure capped so a correlated basket cannot cross the daily limit in one move.
- ☐ One EA, one account, one magic number set: challenge accounts are the worst place for robots to share an account.

The playbook rule: pass like an auditor, not a gambler. The firm is buying proof you can control loss; the profit target is just where they set the bar to watch you do it.

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