

XU EFFECT v2.14

Pure VWAP Edition + Account Protection Layer

Version 2.14 | February 2026

Revolutionary Change: v2.14 eliminates the King Line entirely, trading directly from VWAP. This is not a downgrade—it is a purification. VWAP is the only benchmark that matters to institutions. The system now speaks their language fluently.

1. WHAT'S NEW IN v2.14

1.1 Removed Components

Component	Reason for Removal	Replacement
King Line	Redundant with VWAP; added complexity without edge	Pure VWAP as sole benchmark
Trench Ribbon	Visual clutter; bands provide same information	VWAP Standard Deviation Bands
Mirror Trench	Distracting; ATR bands more actionable	VWAP ATR Bands

1.2 Added Components

Component	Purpose	Default Setting
Account Protection Layer	Automatic lockout on daily loss limits	Enabled, 5% daily limit
Consecutive Loss Counter	Pause after 3 consecutive losing signals	3 losses
Post-Loss Cooldown	Wait 5 bars after loss before new signals	5 bars
Pure VWAP Sniper Dots		Enabled

Entries at VWAP touch/close
rejection

2. THE VWAP AS SOVEREIGN BENCHMARK

Why VWAP? Volume Weighted Average Price is the institutional benchmark. Large funds execute orders relative to VWAP. Price above VWAP = accumulation. Price below VWAP = distribution. The closer price is to VWAP, the more "fair" the value. Extremes away from VWAP represent dislocation—opportunity.

2.1 VWAP Visual Elements

Element	Visual	Interpretation
Daily VWAP	 Gold Dashed Line	Institutional fair value for the session
VWAP Upper Band	 Gray Dashed	+1 Standard Deviation (institutional selling zone)
VWAP Lower Band	 Gray Dashed	-1 Standard Deviation (institutional buying zone)
VWAP ATR Upper	 Orange Dotted	Extended overbought (mean reversion zone)
VWAP ATR Lower	 Orange Dotted	Extended oversold (mean reversion zone)
VWAP Midline	 Dark Gray Dotted	Visual reference for VWAP center

2.2 VWAP Trend State

The system calculates trend purely from VWAP position:

Condition	Trend State	Candle Color
$\text{Close} > \text{VWAP} + (\text{ATR} \times 0.1)$	Bullish	 Blue
$\text{Close} < \text{VWAP} - (\text{ATR} \times 0.1)$	Bearish	 Pink
$\text{Close within VWAP} \pm (\text{ATR} \times 0.1)$	Neutral	 Gray

3. THE ACCOUNT PROTECTION LAYER

⚠ CRITICAL SAFETY FEATURE ⚠

The Account Protection Layer is your circuit breaker. It automatically locks out new signals when your account hits predefined loss thresholds. This is not optional—it is survival architecture.

3.1 Protection Mechanisms

Daily Loss Limit (Default: 5%)

When daily P&L reaches -5% of starting balance, the system locks out all new signals.

Visual: Status bar shows "⚠ ACCOUNT LOCKOUT: DAILY LOSS LIMIT: -5.00% ⚠" in crimson.

Consecutive Loss Limit (Default: 3)

After 3 consecutive losing signals, the system pauses to prevent revenge trading.

Visual: Status bar shows "[Loss Streak: 3/3]" in orange, then locks out.

Post-Loss Cooldown (Default: 5 bars)

After any losing signal, the system waits 5 bars before generating new sniper signals.

Visual: Status bar shows "[COOLDOWN: 5 bars]" counting down.

3.2 Account Protection Inputs

Input	Description	Default
InpEnableAccountProtection	Master switch for protection layer	true
InpMaxDailyLossPercent	Maximum daily loss % before lockout	5.0
InpMaxConsecutiveLosses	Number of consecutive losses before pause	3
InpCooldownBarsAfterLoss	Bars to wait after loss before new signals	5

InpReduceSizeOnHighDelta	Visual warning when $\Delta\text{Vol} > 1.5$	true
InpPositionSizeDeltaThreshold	ΔVol threshold for size warning	1.5

4. PURE VWAP SNIPER SIGNALS

The New Sniper Logic: Instead of King Line crossovers, v2.14 identifies high-probability entries where price touches VWAP and rejects—the classic institutional entry pattern.

4.1 Sniper Trigger Conditions

Signal	Conditions	Visual
Bullish Sniper	- Trend = Bullish (close > VWAP) - Low touches or penetrates VWAP - Close above VWAP - Deviation from VWAP $\leq$ threshold	 Lime Dot below candle
Bearish Sniper	- Trend = Bearish (close < VWAP) - High touches or penetrates VWAP - Close below VWAP - Deviation from VWAP $\leq$ threshold	 Magenta Dot above candle

4.2 Sniper Input Parameters

Input	Description	Default
InpFilterSniperByZone	Only show snipers in valid zones	true
InpShowSniperInVirgin	Allow snipers in Virgin territory	false
InpSniperVWAPDeviation	ATR multiplier for VWAP touch threshold	0.5

Sniper Validation: All sniper signals must pass the 3-Bar Coordination Buffer (if enabled) and are suppressed during Crimson Lockout or Account Lockout.

5. THE THREE-SIGMA ZONES (EXTENSION METRICS)

The Dual HUD displays price position relative to VWAP in two dimensions:

5.1 Extension (EXT) - Price Distance from VWAP

Zone	EXT Value	Status	Psychology
Virgin	< 50%	Safe Discovery	Normal price discovery
King	50% - 100%	Early FOMO	Institutions entering
Tyrant	100% - 300%	Structural Stress	Trend under pressure
Lie	$\geq 300\%$	Statistical Fiction	Mean reversion imminent

5.2 Overextension (OVR) - ATR Distance from VWAP

Zone	OVR Value	Truth Status	Action
Truth	< 50%	Honest Move	Trade with trend
Stretched	50% - 100%	Structural Stress	Reduce size, tighten stops
Stressed	100% - 300%	High Volatility	Consider counter-trend
Lie	$\geq 300\%$	Statistical Fiction	Mean reversion trade

6. OBSERVATIONS (PURE VWAP LOGIC)

v2.14 observations are triggered by VWAP-based conditions, not King Line crossovers:

6.1 Observation 1: Momentum Flush

Direction	Trigger Conditions	Visual
Bullish	• Previous trend $\neq$ Bullish • Current trend = Bullish • Close > VWAP • $\Delta\text{Vol} \geq 1.5x$	Blue highlight
Bearish	• Previous trend $\neq$ Bearish • Current trend = Bearish • Close < VWAP • $\Delta\text{Vol} \geq 1.5x$	Pink highlight

6.2 Observation 2: Continuation

Direction	Trigger Conditions	Visual
Bullish	• Previous trend = Bullish • Current trend = Bullish • Close > VWAP • EXT > Virgin threshold	Blue highlight
Bearish	• Previous trend = Bearish • Current trend = Bearish • Close < VWAP • EXT > Virgin threshold	Pink highlight

6.3 Observation 3: Memory Flip

Direction	Trigger Conditions	Visual
Bullish	• Yesterday was bearish • Price > Yesterday's Close • Trend = Bullish • ΔVol in Equilibrium-Running range	Blue highlight
Bearish	• Yesterday was bullish • Price < Yesterday's Close • Trend = Bearish • ΔVol in Equilibrium-Running range	Pink highlight

Gray Candle Reset: All observations persist until a Gray Candle (neutral trend) appears. Gray = No Edge = No Trade.

7. DELTA VOLUME (ΔVOL) STATES

ΔVol Range	Status	Color	Implication
< 0.5	COMPRESSION	 Blue	Volatility collapse imminent
0.5 - 0.8	EXHAUSTED LIE	 Green	Snap-back probable—strike zone
0.8 - 1.2	EQUILIBRIUM	 White	Normal regime—standard tactics
1.2 - 2.0	RUNNING LIE	 Yellow	Momentum continuation—don't fade
≥ 2.0	VOLATILITY SHOCK	 Crimson	Black Swan—system lockout

8. THE 3-BAR COORDINATION BUFFER

Purpose: Prevents false signals by requiring 3 consecutive bars of confirmation before validating a sniper signal.

8.1 Buffer Requirements

Input	Description	Effect
InpEnable3BarBuffer	Master switch	Enable/disable buffer
InpRequireExpansion	RangeRatio must expand	Each bar must show increasing range
InpRequireCleanRecord	No Gray Candles allowed	Gray Candle resets buffer

8.2 Buffer Status Display

- **[BUFFER: 1/3]** - Signal initiated, awaiting confirmation
- **[BUFFER: 2/3]** - Two bars confirmed, one remaining
- **[BUFFER: VALIDATED]** - Signal confirmed, tradeable

9. CRIMSON ΔVOL LOCKOUT

Black Swan Protection: When $\Delta Vol \geq 2.0$, the system detects a volatility shock. All signals are suppressed until ΔVol normalizes below 1.2 (Equilibrium).

9.1 Lockout Behavior

Condition	System Response
$\Delta Vol \geq 2.0$ detected	Lockout activated, alert sent
During lockout	No sniper signals generated
ΔVol drops below 1.2	Lockout released, normal operation resumes

9.2 Crimson Inputs

Input	Description	Default
InpEnableCrimsonLockout	Enable Black Swan protection	true
InpSuppressSignalsOnCrimson	Block signals during shock	true
InpRequireCooldown	Require normalization before release	true

10. MEMORY MODULE (YESTERDAY'S DATA)

v2.14 retains the Memory Module from v2.11, analyzing price action relative to yesterday's range:

10.1 Memory Status Types

Status	Condition	Color
BREAKING MEMORY (Confirmed)	Price beyond yest range + RangeRatio > 1.2 + ΔVol > 1.2	Lime/ Crimson
FALSE BREAK (Fade)	Price beyond yest range but RangeRatio < 0.8 or ΔVol < 0.8	Orange
Testing PDH/PDL	Price at yesterday's high/low	Yellow
Bullish Acceptance	Price above yesterday's close, within range	Dodger Blue
Bearish Acceptance	Price below yesterday's close, within range	Deep Pink
At Settlement	Price at yesterday's close	White

11. COMPLETE INPUT REFERENCE

11.1 Operation Mode

Input	Default	Description
InpMaxCalcBars	5000	Maximum bars to calculate
InpCalculateHistory	false	Calculate full history on load

11.2 VWAP Settings

Input	Default	Description
InpSkipWeekendReset	true	Skip weekend VWAP reset

InpMaxGapHours	72	Max hours for gap detection
InpShowVWAPBands	true	Show standard deviation bands
InpBandMultiplier	1.0	Band width multiplier
InpShowATRBands	true	Show ATR-based bands
InpATRMultiplier	1.5	ATR band multiplier
InpShowVWAPMidline	true	Show VWAP center line

11.3 Session-Static ATR

Input	Default	Description
InpEnableMTFStaticATR	true	Use M4 ATR reference
InpM4ATRPeriod	360	M4 ATR calculation period
InpUseSessionStaticATR	true	Session-based ATR calculation

11.4 Volatility Delta Module

Input	Default	Description
InpEnableDeltaVol	true	Enable Δ Vol calculation
InpDeltaVolPeriod	60	1H ATR period for reference
InpFilterSnapByDelta	true	Filter snap-back by Δ Vol

11.5 Memory Module

Input	Default	Description
InpEnableMemoryModule	true	Enable yesterday's data analysis
InpShowMemoryHUD	true	Display memory dashboard
InpUseYesterdayATR	true	Use yesterday's ATR for context
InpShowRangeRatio	true	Display RangeRatio metric
InpEnableMemoryFlip	true	Enable Observation 3

11.6 3-Bar Coordination Buffer

Input	Default	Description
InpEnable3BarBuffer	true	Enable signal validation buffer
InpRequireExpansion	true	Require RangeRatio expansion
InpRequireCleanRecord	true	No Gray Candles in buffer

11.7 Crimson ΔVol Lockout

Input	Default	Description
InpEnableCrimsonLockout	true	Enable Black Swan protection
InpSuppressSignalsOnCrimson	true	Block signals during shock
InpRequireCooldown	true	Require normalization

11.8 Account Protection Layer

Input	Default	Description
InpEnableAccountProtection	true	Master protection switch
InpMaxDailyLossPercent	5.0	Daily loss limit %
InpMaxConsecutiveLosses	3	Max consecutive losses
InpCooldownBarsAfterLoss	5	Post-loss cooldown bars
InpReduceSizeOnHighDelta	true	Size warning on high ΔVol
InpPositionSizeDeltaThreshold	1.5	ΔVol threshold for warning

11.9 Dual HUD

Input	Default	Description
InpShowDualHUD	true	Show EXT/OVR visualizers
InpHUDHistoryBars	20	History for max tracking

InpSnapBackAlert	true	Alert on zone transitions
InpMaxDecayFactor	0.995	Max value decay rate

11.10 Three-Sigma Zone Thresholds

Input	Default	Description
InpTruthThreshold	50.0	Virgin zone boundary
InpLieThreshold	300.0	Lie zone boundary (3σ)

11.11 Sniper Settings

Input	Default	Description
InpFilterSniperByZone	true	Zone-based filtering
InpShowSniperInVirgin	false	Allow Virgin snipers
InpSniperVWAPDeviation	0.5	VWAP touch threshold (ATR)

11.12 Audio & Alerts

Input	Default	Description
InpUseTickSound	true	Enable tick sounds
InpMobileAlert	false	Mobile push notifications
InpPushNotification	false	Push notifications
InpDesktopAlert	false	Desktop alert popups
InpAlertInterval	10	Minimum seconds between alerts
InpAlertOnNeutral	false	Alert on neutral transitions

12. TRADING WORKFLOW

12.1 Pre-Session Checklist

- ☐ Check Account Protection status—ensure not locked out
- ☐ Review yesterday's range and close (Memory HUD)
- ☐ Note overnight gap relative to VWAP
- ☐ Identify key VWAP levels (bands, ATR extensions)

12.2 Active Session Protocol

- ☐ Monitor ΔVol continuously—watch for Crimson warnings
- ☐ Wait for VWAP Sniper Dots—do not anticipate
- ☐ Confirm 3-Bar Buffer validation before entry
- ☐ Check EXT/OVR zones—avoid entries in Lie zone
- ☐ Respect Gray Candle resets—no edge means no trade

12.3 Entry Criteria (ALL must be true)

- ☐ VWAP Sniper Dot appears (Lime or Magenta)
- ☐ 3-Bar Buffer shows VALIDATED
- ☐ Account not locked out
- ☐ Not in Crimson Lockout
- ☐ EXT zone is Virgin, King, or Tyrant (not Lie)
- ☐ ΔVol is Equilibrium or lower (not Running/Crimson)

12.4 Exit Criteria

- ☐ Price reaches opposite VWAP band
- ☐ Gray Candle appears (observation reset)
- ☐ Stop loss hit (below/above signal candle)
- ☐ Target reached (1:2 risk-reward minimum)

13. RISK MANAGEMENT FRAMEWORK

The v2.14 Safety Stack:

1. Account Protection Layer (5% daily limit)
2. Consecutive Loss Limit (3 losses)
3. Post-Loss Cooldown (5 bars)
4. Crimson Lockout ($\Delta\text{Vol} \geq 2.0$)
5. 3-Bar Coordination Buffer
6. Zone-based position sizing

13.1 Position Sizing by Zone

Zone	Position Size	Rationale
Virgin	100%	Normal conditions, standard risk
King	75%	Early extension, reduce slightly
Tyrant	50%	High stress, significant reduction
Lie	0% or Counter-trend only	Mean reversion zone, avoid trend

13.2 Stop Loss Placement

- **Aggressive:** Below/above signal candle wick
- **Standard:** Below/above VWAP band
- **Conservative:** Below/above VWAP ATR band

14. TROUBLESHOOTING

Issue	Possible Cause	Solution
No sniper signals appearing	Account locked out, Crimson active, or buffer not validated	Check status bar; wait for cooldown
VWAP bands not showing	<code>InpShowVWAPBands = false</code>	Enable in inputs
ΔVol stuck at 1.0	1H ATR handle failed	Reload indicator; check symbol has 1H data

Memory HUD blank	InpEnableMemoryModule = false	Enable in inputs
Alerts not firing	InpDesktopAlert = false	Enable desired alert types

15. FINAL PRINCIPLES

1. **VWAP is Truth:** All analysis flows from price relative to VWAP. There is no higher authority.
2. **Protection First:** The Account Protection Layer exists because markets can destroy capital faster than you can react. Respect the lockouts.
3. **Patience Validates:** The 3-Bar Buffer forces patience. Good trades will wait for validation.
4. **Volume Confirms:** Δ Vol separates real moves from noise. Never trade against extreme volume without confirmation.
5. **Memory Guides:** Yesterday's range provides context. Today's price action means nothing without memory.
6. **Gray Means Stop:** When the system shows no edge (Gray Candle), you have no edge. Stand aside.

XU EFFECT v2.14 | Pure VWAP Edition

King Line eliminated — VWAP Sovereign — Account Protected

"The market has a structure. VWAP is its foundation."