

Sizing in whole contracts, when the increment is chunky

CHUNKY SIZING

The platform's sizing arithmetic - budget over per-contract risk, floored - on increments large enough that the floor routinely refuses a third of the budget or the whole of it. The refused fraction is the chunkiness: visible slack when partial, a verdict when total - and the micro contracts of module 3 are its priced relief, bought when the arithmetic says so.

Four tracks have run this division. Futures run it against the largest increments on the platform - and the floor stops being a footnote and becomes a feature of every size.

The division, and what the floor refuses

Work the example: budgets that compute to 2.5 or 3.75 contracts hold 2 or 3 - the refused fraction is risk the plan wanted and the increment denied. Under-budget is the safe direction, and the slack is real: a book of positions each sized 20% under budget is a book running materially below its intended risk, which compounds into under-participation the plan never chose. The honest ledger records both numbers - the computed and the held - because module 7 will want to know which risk the record actually describes.

When the floor says zero

The commodities lesson stands: zero is an answer - a full-size contract whose per-contract risk exceeds the budget is a contract the account cannot honestly trade. The relief valve is priced: micros divide the increment - module 3's surcharge buys back the granularity, and the decision is the sizing arithmetic's, not preference's. The forbidden move is unchanged: widening the budget or shrinking the stop to make the contract fit is the sequence error every track has named - the stop belongs to the market, the budget to the plan, and the contract count is output, never input.

The two-number habit

Every futures size is two numbers: the division's answer and the floor's - and the gap between them is a standing input to instrument choice. Persistent large gaps across a plan's typical trades are the arithmetic voting for micros, whatever the cost ratio says; persistent zero-gaps at full size are the vote for the flagship's cheaper exposure. The sizing machinery, run honestly, chooses the contract variant by itself - which is the module 3 trade-off closed from the risk side, and one more decision the platform moves from preference to arithmetic.

Worked example - figures in USD

A \$100,000 account risking 1% on a domestic index future at \$50 per point, stop 8 points away.

- 1.** The budget: 1% of \$100,000 is \$1,000. The stop: 8 points at \$50 per point is \$400 per contract.
- 2.** The division says 2.5 contracts; the floor says 2, carrying \$800 - under budget by the fraction the increment refused.
- 3.** That refused fraction is the chunkiness: real slack in most sets, a full third of the budget in some. Micros shrink the increment where the gap matters - module 3 priced exactly that trade.

Check your understanding

1. A budget computes to 2.5 contracts and holds 2. What must the record capture, and why?

- a. Only the held size
- b. Both numbers: the refused fraction is risk the plan wanted and did not take, and a book of such gaps runs materially below its intended risk
- c. The margin requirement

Answer: b. Under-budget slack compounds into under-participation nobody chose. The two-number habit keeps the plan's intent and the increment's verdict both visible - module 7 reviews the gap.

2. What do persistent large computed-versus-held gaps indicate?

- a. The stops are too tight
- b. The arithmetic is voting for micros: the increment is too coarse for the plan's typical sizes, and module 3's surcharge is the priced fix
- c. The budget is too conservative

Answer: b. The sizing machinery chooses the variant when run honestly. Large refused fractions are the chunkiness bill; the micro surcharge is its market price - arithmetic against arithmetic.