

CNP HOL TRADING FRAMEWORK

Specification Type: Algorithmic Architecture Protocol

Candle Frequency: 1-Minute (Absolute Range)

Core Asset Focus: NIFTY50 Options Execution (Buy Only)

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1. Foundations & Metric Formulations

The CNP HOL framework establishes a strict structural mapping mechanism utilizing three specific entities: **NIFTY50-INDEX** (N), representing baseline market sentiment; **INDEX-OPTIONS-CE** (C), tracking Call options; and **INDEX-OPTIONS-PE** (P), tracking Put options. The strategy operates strictly within an Options-BUY paradigm, where directions are derived directly from the directional adjustments of N .

1.1 Equal-Weighted Cumulative Moving Average (Custom VWAP)

Rather than utilizing volume-weighted standard matrices, the framework enforces an intentional equal-weighted Volume Weighted Average Price calculation. This functions as a Cumulative Moving Average (CMA) of the Typical Price, resetting strictly at session boundaries. For each 1-minute candle:

$$\text{Typical Price (TP)} = (\text{High} + \text{Low} + \text{Close}) / 3$$

$$\text{Cumulative Typical (Cum_Typical)} = \Sigma(\text{TP})$$

$$\text{Cumulative Volume Counter (Cum_Vol)} = \Sigma(1)$$

$$\text{Candle VWAP (O)} = \text{Cum_Typical} / \text{Cum_Vol}$$

1.2 Anchor Candle Architecture (T1, T2, T3)

- **T1 Candle:** The definitive initial candle of the trading day's session. It establishes the baseline reference levels: High (H), Low (L), and Orange (O).
- **T2 Candle:** The first subsequent candle whose entire absolute structural range (both High and Low) forms entirely outside and does not touch the $T1$ VWAP (O).
- **T3 Candle:** The first candle forming chronological to $T2$ that maps onto the exact opposite side of $T1$'s VWAP, ensuring that the Orange line (O) remains structurally positioned directly between $T2$ and $T3$.

2. Macro Geometric Boundaries (HOL Partitioning)

The three horizontal reference vectors established by $T1$ (High, Orange, Low - **HOL**) partition the price landscape into 6 non-overlapping structural zones. The intervals between major boundaries are divided into two precise mathematical halves via an Upper Midpoint (M_U) and a Lower Midpoint (M_L).

$$M_U = (H + O) / 2 \quad | \quad M_L = (O + L) / 2$$

LEVEL: T1 HIGH (H)	
HU	High Up: Price acts strictly above <i>H</i> . Sky-free structural zone. No historical overhead resistance.
HD	High Down: Upper channel top zone. Price is bounded between <i>H</i> and <i>M_U</i> [$H \geq \text{Price} > M_U$].
LEVEL: UPPER MIDPOINT (M_U)	
OU	Orange Up: Upper channel bottom zone. Price is bounded between <i>M_U</i> and <i>O</i> [$M_U \geq \text{Price} > O$].
LEVEL: T1 ORANGE / VWAP (O)	
OD	Orange Down: Lower channel top zone. Price is bounded between <i>O</i> and <i>M_L</i> [$O \geq \text{Price} > M_L$].
LEVEL: LOWER MIDPOINT (M_L)	
LU	Low Up: Lower channel bottom zone. Price is bounded between <i>M_L</i> and <i>L</i> [$M_L \geq \text{Price} > L$].
LEVEL: T1 LOW (L)	
LD	Low Down: Price acts strictly below <i>L</i> . Abyss structural zone. No underlying localized support.

3. Dynamic Support & Resistance Vectors

The HOL boundaries represent dynamic barriers whose polarity flips instantly upon a definitive crossover by a formed 1-minute candle:

- **Ascending Trajectory:** When climbing upwards (*L* → *O* → *H*), an approaching barrier serves as structural **Resistance**. Once a candle closes completely above that barrier, the level immediately converts into **Support**, and the next sequential line higher becomes the active target Resistance.
- **Descending Trajectory:** When descending downwards (*H* → *O* → *L*), an approaching barrier serves as structural **Support**. Upon a clear break below the level, it converts into active **Resistance**, and the next lower vector becomes target Support.
- **Velocity Escape:** When candles exit structural boundaries into either *HU* (ascending) or *LD* (descending), they enter anchor-free momentum regimes and run unhindered until opposing tracking data dictates structural exhaustion.

4. Actionable Co-Alignment Matrix (The Slog)

To ensure optimal transaction probability, execution is restricted to regimes where **C** and **N** are in clean operational co-alignment, while **P** is strictly inversely aligned. This filters out structural consolidation and range-bound chop.

4.1 Call Options Buying Archetypes (Bullish Order Flow)

Slog Token	N State	C State	P State	Strategic Execution Mechanics & Context
CHU-NHU-PLD	HU	HU	LD	Momentum Breakout Execution: Absolute sky-free regime for both Nifty and Call premium. Put premium has fully broken below the floor into the abyss. Maximum velocity premium expansion.
CHD-NHD-PLU	HD	HD	LU	Resistance Grid Entry: Price action is grinding through the top quadrant of the upper channel. Concurrently approaching major H resistance. High win-rate if volume expansion confirms.
COU-NOU-POD	OU	OU	OD	Value Pullback / VWAP Support: Confirmation that N and C have flipped the Orange line (O) into dynamic support. Optimal structural entry point for trend generation.

4.2 Put Options Buying Archetypes (Bearish Order Flow)

Slog Token	N State	C State	P State	Strategic Execution Mechanics & Context
CLD-NLD-PHU	LD	LD	HU	Panic Momentum Execution: Nifty and Call metrics are flushing structural floors into the lower abyss. Put premiums are trading in sky-free territory. Velocity premium expansion.
CLU-NLU-PHD	LU	LU	HD	Support Grid Entry: Price action is driving down through the bottom quadrant of the lower channel toward the absolute floor (L). Put option is testing its upper bounds.
COD-NOD-POU	OD	OD	OU	Value Entry / VWAP Rejection: Nifty and Call structures have failed to sustain levels above the Orange line (O), mapping a structural rejection. Put options have secured VWAP support.

5. Programmatic Execution Protocol

For direct ingestion into automated trade routing engines or rule-based AI processing pipelines, the state evaluation loop must execute precisely at the close of every 1-minute candle interval:

```
// State Engine Evaluation Routine executed every 60 seconds
void EvaluateCNPHolState(Candle nCandle, Candle cCandle, Candle pCandle)
{
    string nZone = CalculateZone(nCandle, nHOL);
    string cZone = CalculateZone(cCandle, cHOL);
    string pZone = CalculateZone(pCandle, pHOL);

    string slogToken = $"{cZone}-{nZone}-{pZone}";

    switch (slogToken)
    {
        case "CHU-NHU-PLD":
            ExecuteOrder(Buy, OptionsCE, StrategyMode.MomentumBreakout);
            break;
        case "CHD-NHD-PLU":
            ExecuteOrder(Buy, OptionsCE, StrategyMode.ResistanceApproach);
            break;
        case "COU-NOU-POD":
            ExecuteOrder(Buy, OptionsCE, StrategyMode.VwapSupportHold);
            break;

        case "CLD-NLD-PHU":
            ExecuteOrder(Buy, OptionsPE, StrategyMode.MomentumBreakout);
            break;
        case "CLU-NLU-PHD":
            ExecuteOrder(Buy, OptionsPE, StrategyMode.SupportApproach);
            break;
        case "COD-NOD-POU":
            ExecuteOrder(Buy, OptionsPE, StrategyMode.VwapResistanceReject);
            break;

        default:
            // Non-aligned state maps to immediate neutral bypass mode
            MaintainNeutralPosition(Reason.RegimeInversionOrChop);
            break;
    }
}
```