SCAN B

Scoring & Setup Selection Guide

A client-friendly explanation of how Scan B identifies, scores and validates swing-trading opportunities.

> **Purpose of this guide**
>
> This document explains the logic in plain English. It is designed to show what Scan B is looking for, how candidate maturity is assessed, and why a stock can be interesting without yet being VALIDATED.

SB-ITM • Scan B • Current configuration

THE BIG PICTURE

1. What Scan B is designed to do

Scan B is not a single-rule scanner. It evaluates each stock through several complementary layers and asks a simple question: does this stock currently present a high-quality swing-trading setup, with enough structure and confirmation to deserve attention?

1	2	3
Filter	**Classify**	**Validate**
Remove structurally unsuitable stocks.	Identify the setup that best describes the current price behaviour.	Measure quality and readiness before a candidate can be validated.

The result is deliberately selective. A stock may look attractive, but Scan B can still keep it in WATCH or READY status when confirmation is incomplete.

> **Important distinction**
>
> Scan B separates setup quality from entry readiness. A technically attractive structure is not automatically treated as ready for execution.

FROM THE WATCHLIST TO A VALIDATED CANDIDATE

2. The Scan B decision path

1	**Eligibility**	Liquidity, weekly trend structure, ATR range and price structure must pass first.
2	**Trend context**	Long-term and intermediate trend conditions are scored.
3	**Setup model**	The stock is evaluated as Pullback, Trend Continuation, Breakout Preparation or Liquid Momentum.
4	**Readiness**	Short-term confirmation signals determine whether the setup is mature enough.
5	**Final score**	Component quality is combined into one final score.
6	**Status**	WATCH, READY or VALIDATED is assigned according to configured thresholds.

A SIMPLE MATURITY SCALE

3. How to read the Scan B status

Status	Score	Meaning for the client
WATCH	**65–69**	Interesting structure, but the setup is not yet sufficiently mature.
READY	**70–77**	The setup is stronger and closer to actionable quality, but may still lack a final confirmation.
VALIDATED	**78+**	The configuration threshold for a fully validated Scan B candidate.

These thresholds are configuration values. A higher score does not mean that a trade is guaranteed to succeed; it means that the candidate satisfies more of the quality and readiness conditions encoded in Scan B.

> **Breakout Preparation exception**
>
> Breakout Preparation is deliberately capped below VALIDATED until the breakout is sufficiently confirmed. In the current configuration, its score cap is 77.

ELIGIBILITY GATES

4. What must be true before scoring starts

Before setup scoring is considered, Scan B requires a set of structural conditions. These are not bonus points; they are entry gates into the scoring process.

- Sufficient liquidity is required.
- Price must be above the weekly MA200.
- The weekly MA200 must be rising.
- Price structure must be valid.
- ATR must remain within the configured operating range: 0.8% to 8.0%.

> **Why this matters**
>
> The eligibility layer reduces the risk of a strong-looking short-term signal being accepted when the broader structure is weak or unsuitable.

WHAT SCAN B IS ACTUALLY LOOKING FOR

5. The four setup models

PULLBACK Priority 30

A controlled retracement inside an established trend.

What it looks for: Price has moved back toward support without losing the underlying trend structure.

Confirmation: Rebound behaviour, recent green candles, volume and relative volume contribute to readiness.

Main caution: The pullback must be deep enough to create opportunity, but not so deep that structure is damaged.

TREND CONTINUATION Priority 20

A stock already trending positively and showing enough persistence to continue.

What it looks for: Positive medium-term performance, acceptable short-term behaviour, relative strength and sufficient room before resistance.

Confirmation: Volume, green candles, momentum and positive 5-day performance contribute to readiness.

Main caution: The stock should not be too extended or too close to resistance.

LIQUID MOMENTUM Priority 10

A liquid stock with persistent momentum and enough room for continued movement.

What it looks for: Strong 20-day and 10-day performance, relative strength, raw momentum and distance from resistance.

Confirmation: Volume, relative volume, green candles and positive 5-day performance contribute to readiness.

Main caution: Momentum alone is not enough; Scan B also controls support distance, extension and room to resistance.

BREAKOUT PREPARATION Priority Preparation model

A stock building a base close to resistance before a potential breakout.

What it looks for: A constructive base, sufficient amplitude, proximity to resistance and improving momentum.

Confirmation: Volume confirmation is mandatory, with relative volume and recent positive action contributing to readiness.

Main caution: Preparation is not the same as confirmation; the setup is intentionally prevented from reaching VALIDATED before sufficient confirmation.

QUALITY FIRST, THEN MATURITY

6. How the score is built

Each setup uses its own weighted components. This is important: Scan B does not force every market structure into the same scoring recipe. The scanner changes what it emphasizes depending on the type of opportunity it sees.

Setup	Component 1	Component 2	Component 3	Component 4	Component 5	Component 6
Pullback	Trend 18%	Pullback depth 24%	Support quality 24%	Rebound 20%	Volume 8%	Extension 6%
Trend Continuation	Trend 34%	Persistence 34%	Structure 32%			
Breakout Preparation	Trend 25%	Base quality 45%	Momentum 30%			
Liquid Momentum	Trend 30%	Momentum 50%	Resistance distance 20%			

Final-score philosophy

The configuration gives 55% weight to the weakest component and 45% to the geometric mean of the components. In practical terms, Scan B is designed to avoid letting one exceptional strength completely hide a major weakness.

WHY A GOOD SETUP CAN STILL WAIT

7. Readiness is a separate concept

Readiness measures whether the setup has enough short-term confirmation to be considered mature. The exact confirmation signals vary by setup, but they include combinations of rebound behaviour, volume, relative volume, green candles, recent positive performance and momentum.

This separation is one of the most important concepts in Scan B: structure identifies the opportunity; readiness asks whether the opportunity is sufficiently confirmed now.

HOW TO INTERPRET REAL SCAN OUTCOMES

8. Three simple examples

> **Example A — Strong structure, incomplete confirmation**
>
> A stock can have an excellent pullback structure and still remain READY if the rebound or volume confirmation is not strong enough. The scanner is effectively saying: “interesting, but not fully confirmed yet.”

> **Example B — Strong momentum, poor location**
>
> A stock can show impressive recent performance but score lower if it is too extended or too close to resistance. Scan B does not reward momentum in isolation.

> **Example C — Breakout setup at 77**
>
> A Breakout Preparation candidate can look very strong and still stop at 77 because the configuration reserves VALIDATED status for a more confirmed state.

AVOIDING COMMON MISUNDERSTANDINGS

9. What Scan B is not

- It is not a prediction that a stock will rise.
- It is not a buy signal by itself.
- It does not treat all setups identically.
- It does not consider a high score sufficient if mandatory eligibility conditions fail.
- It does not eliminate market risk, execution risk or gap risk.

Scan B is a structured candidate-selection engine. Its role is to rank and qualify opportunities according to the current SB-ITM methodology before later decision and execution layers take over.

CLIENT REFERENCE

Appendix A — Current Scan B thresholds

The values below reflect the current configuration supplied for this guide. They are included for transparency, while the main body intentionally focuses on the logic rather than raw configuration syntax.

Parameter	Configured value
WATCH score	65
READY score	70
VALIDATED score	78
Maximum VALIDATED candidates	10
Breakout Preparation score cap	77
Minimum ATR	0.8%
Maximum ATR	8.0%
Final score weighting	55% weakest component + 45% geometric mean

KEY CONFIGURED CONTROLS

Appendix B — Setup-specific reference

Setup	Key controls
Pullback	Max support distance 8%; minimum amplitude 10%; max MA20 extension 1.2 ATR; minimum relative volume 1.1; minimum readiness 55.
Trend Continuation	Minimum 20-day performance 2%; minimum 10-day performance -2%; minimum 5-day performance 0%; minimum relative strength -1%; minimum resistance distance 2.5%; max MA20 extension 1.35 ATR; minimum readiness 55.
Breakout Preparation	Resistance distance 0.5% to 4%; minimum amplitude 10%; max MA20 extension 1.5 ATR; minimum relative volume 1.2; minimum readiness 70; volume confirmation required.
Liquid Momentum	Raw momentum required; max support distance 14%; minimum resistance distance 8%; max MA20 extension 1.5 ATR; minimum relative volume 1.2; minimum readiness 60.

Configuration note

These values can evolve with future SB-ITM releases. Client documentation should therefore be versioned together with the system release.

SB-ITM

Structured selection. Controlled validation. Consistent execution logic.