Tactical Permission Exit Policy

Production policy — June 2026

Version 1.11.0

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Scope

The tactical permission layer reads options-market structure and stress to decide when the automated execution layer may act. This note covers exit policy when permission is withdrawn - a governance choice that affects how quickly the book de-risks when conditions turn hostile.

Macro permission and tactical permission are separate. Either can block new entries; this document focuses on what happens to existing exposure when tactical permission flips from allow to block.

Default behaviour (production)

When tactical permission blocks while the system holds a long:

– Main long positions - exit per the locked production exit rules (protective stops and strategy-defined exits). Permission withdrawal alone does not force an immediate market flatten unless the locked definition says so.

– Bear-market short satellite - a smaller, regime-specific short overlay active only when macro and tactical conditions align for defensive positioning. When permission blocks, satellite positions follow the satellite exit rules defined in the production release.

When tactical permission blocks while flat:

– No new entries until permission returns.

– No retroactive changes to closed trade history.

Why this matters for allocators

Forced flatten on every permission flicker would increase turnover and trading costs. Holding through a block assumes the macro layer and protective stops still govern tail risk. The trade-off is explicit: slower de-risking versus lower churn.

Smooth Brains documents the locked behaviour in the production strategy fingerprint. Changes require formal promotion, parity checks, and republished artifacts - not silent toggles.

Relationship to the macro layer

The macro permission layer can veto long, short, or all exposure independently. Tactical permission can block even when macro still permits. Both must align for new entries in the standard pipeline.

What we do not publish

– Thresholds, indicators, or data feeds used inside the tactical layer.

– Internal test matrices comparing alternative exit-on-block policies.

Those are proprietary. Allocators can observe outcomes on the published backtest and live paper track.

Disclaimer

Not financial advice. Exit policy affects drawdown path and turnover; past simulation does not guarantee future behaviour.