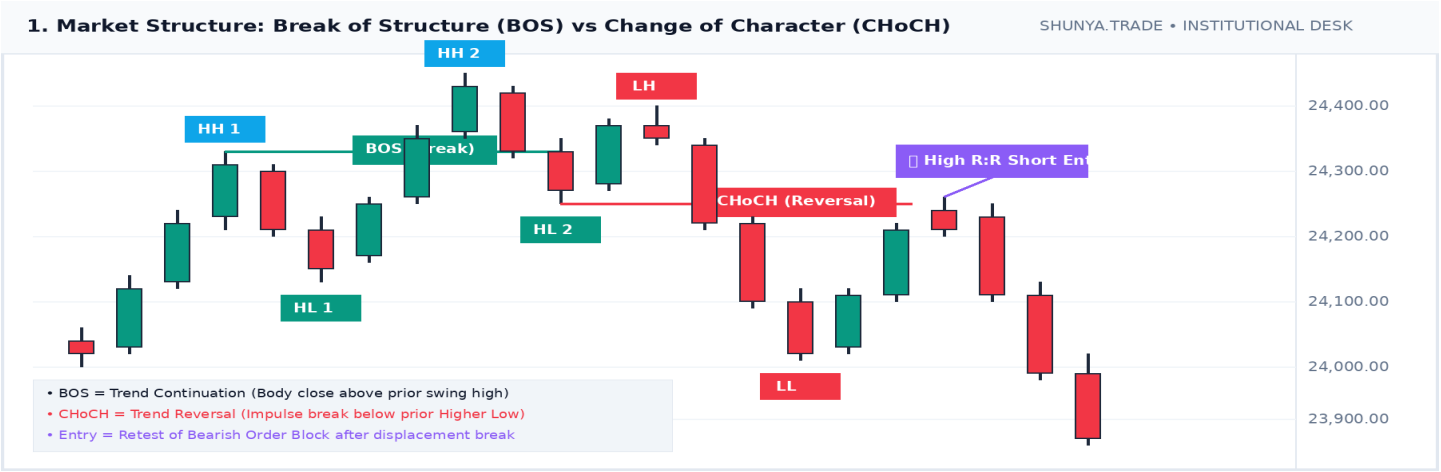
Smart Money Concepts (SMC) & ICT Master Desk Reference

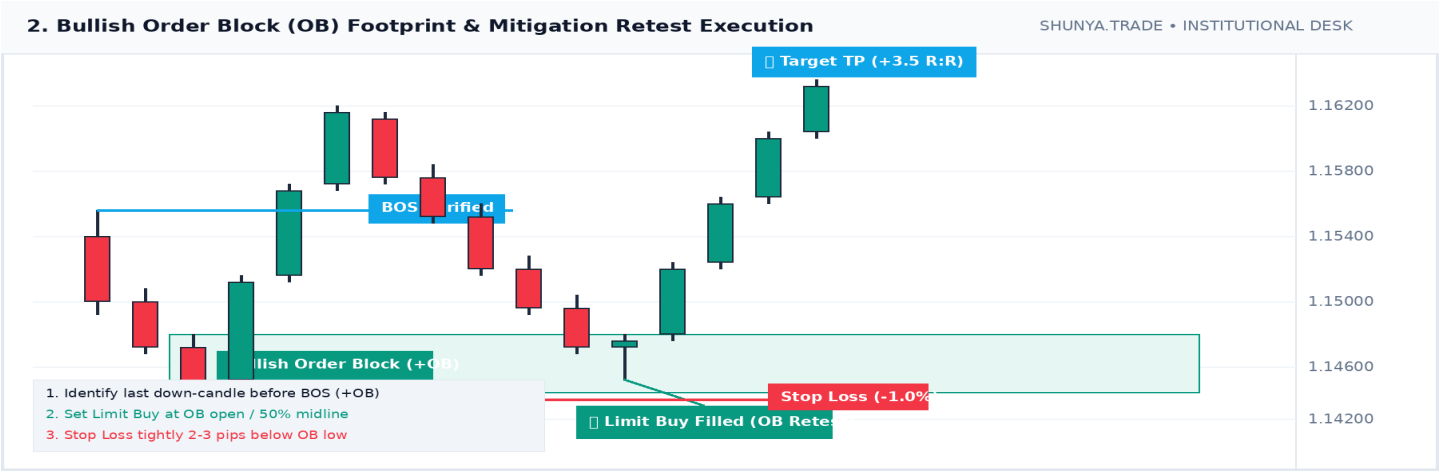
https://shunya.trade/smc-kb

1. Market Structure: BOS, CHoCH / MSS, SMS & Draw on Liquidity (DOL)



Structure Element	Anatomical Criteria (Candle Action)	Institutional Execution Rule
BOS Trend Continuation	Candle **body closes** beyond prior Higher High (uptrend) or Lower Low (downtrend). Confirmed with displacement.	Confirms macro trend continuation. Look for pullbacks into newly formed discount/premium Order Blocks.
CHoCH / MSS Trend Reversal	Displacement candle aggressively breaks and body-closes beyond the opposite Higher Low (HL) or Lower High (LH).	Signals institutional shift from accumulation to distribution. Target newly created opposing Order Blocks / FVGs.
SMS (Failure Swing) Momentum Loss	Price fails to create a higher high or lower low before breaking structure, confirming institutional exhaustion.	Early warning signal that smart money has ceased defending the trend; prepare for immediate reversal.
Draw on Liquidity (DOL) Algorithmic Magnet	The dominant target pool (Old Highs/Lows, EQH/EQL, or HTF imbalances) IPDA is currently seeking.	Every lower-timeframe trade must be positioned in the direction of the dominant macroscopic DOL.

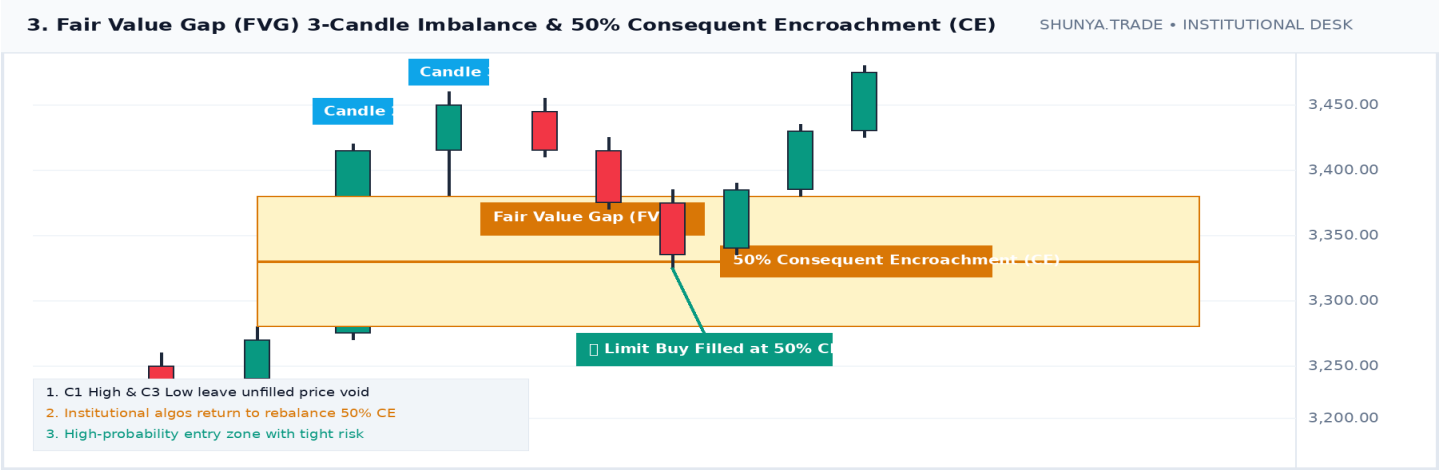
2. Dual-Zone Order Blocks (+OB / -OB), Mean Threshold (MT) & Vacuum Blocks



Block Type	Footprint Identification	Institutional Precision Rules
Dual-Zone OB Body + Wick	Origin candle before explosive displacement BOS. Separated into **Tight Body Zone** and **Full Wick Buffer**.	**Limit Entry:** Tight Body Open / 50% Midline. **Stop-Loss:** 1 tick beyond outer wick extreme.
Mean Threshold (MT) 50% Body Midpoint	The exact 50% midpoint of the Order Block body: **MT = (Open + Close) / 2**.	Institutional algorithm threshold. Candle wicks may pierce MT, but body closes beyond MT invalidate the block.
Rejection & Propulsion Absorption & Launch	Rejection Block: Long wick absorbing stops. Propulsion Block: Launch candle formed upon mitigating an OB.	Rejection blocks offer barrier support; Propulsion blocks signal aggressive momentum (retrace ≤ 50%).
Vacuum Block (VB) News / Weekend Gap	An open price gap created during high-impact news releases (CPI/NFP) or Sunday market opens.	Smart money treats VBs as high-priority imbalances, seeking rapid retracement to close the gap.

Part 2: Fair Value Gaps (BISI/SIBI), Balanced Price Range (BPR) & Sweeps

3. Fair Value Gaps (BISI / SIBI), Balanced Price Range (BPR) & Inversion FVGs



Imbalance Pattern	Candlestick Anatomy & Delivery Mechanics	Institutional Execution Rules
BISI & SIBI Bullish / Bearish FVG	**BISI:** Buyside Imbalance Sellside Inefficiency. **SIBI:** Sellside Imbalance Buyside Inefficiency. 3-candle void.	Price retraces to restore two-sided balance. Enter at near boundary or **50% Consequent Encroachment (CE)**.
Balanced Price Range (BPR) Double-Imbalance Zone	Formed when an aggressive BISI expansion is immediately engulfed by an opposite aggressive SIBI (or vice versa).	Highest-conviction institutional support/resistance. The overlapping imbalance pocket acts as an impenetrable barrier.
Inversion FVG (IFVG) Polarity Flip	An FVG completely disrespected and closed through by candle body displacement, flipping its polarity.	Failed Bullish FVG becomes dynamic Bearish Resistance on retest; failed Bearish FVG becomes dynamic Bullish Support.
Liquidity Void (LV) Vertical Vacuum	Multi-candle consecutive explosive vertical runs with zero counter-party wick interaction.	Operates under mathematical efficiency gravity; price will inevitably retrace to fill 100% of the void.

4. Liquidity Pools (BSL/SSL), Inducement (IDM) & Breaker Blocks

Liquidity Element	Institutional Manipulation Sequence	Trading & Execution Strategy
BSL & SSL Pools Stop Clusters	Resting buy-stops above swing highs (BSL) and sell-stops below swing lows (SSL).	Smart money drives price into these pools to generate counterparty volume needed to fill massive institutional orders.
Inducement (IDM) Retail Trap	Engineered minor internal pullbacks designed to bait retail traders into entering prematurely.	Never enter on the first internal pullback; wait for smart money to sweep IDM into the true higher-timeframe POI.
Breaker Block (BRK) Sweep & Flip	An Order Block that swept liquidity first before being violated by a displacement candle.	Highest conviction polarity flip zone (A+ setup). Enter on retest of the broken block in the direction of the displacement.
Internal vs External IRL → ERL Cycle	Internal Range Liquidity (FVGs/OBs) vs External Range Liquidity (Old Highs/Lows).	Price oscillates continuously: sweeps External Liquidity → retraces to Internal Liquidity → expands to new External Liquidity.

Part 3: SMT Divergence, Silver Bullet Model & Market Maker Models (MMXM)

5. SMT Divergence (Smart Money Technique — Inter-Market Correlation Crack)

SMT Setup	Correlated Pair Action (EUR/USD vs GBP/USD or ES vs NQ)	Institutional Significance & Trade Rules
Bearish SMT Distribution	Asset A creates a **Higher High (HH)**, but correlated Asset B fails and forms a **Lower High (LH)**.	Smart money is distributing Asset B. Asset A's sweep is a liquidity trap stop-run. Enter short on Asset B's failure.
Bullish SMT Accumulation	Asset A creates a **Lower Low (LL)**, but correlated Asset B holds and forms a **Higher Low (HL)**.	Smart money is aggressively accumulating Asset B. Asset A's sweep is an engineered stop purge. Enter long on Asset B.

6. The ICT Silver Bullet 60-Minute Execution Protocol

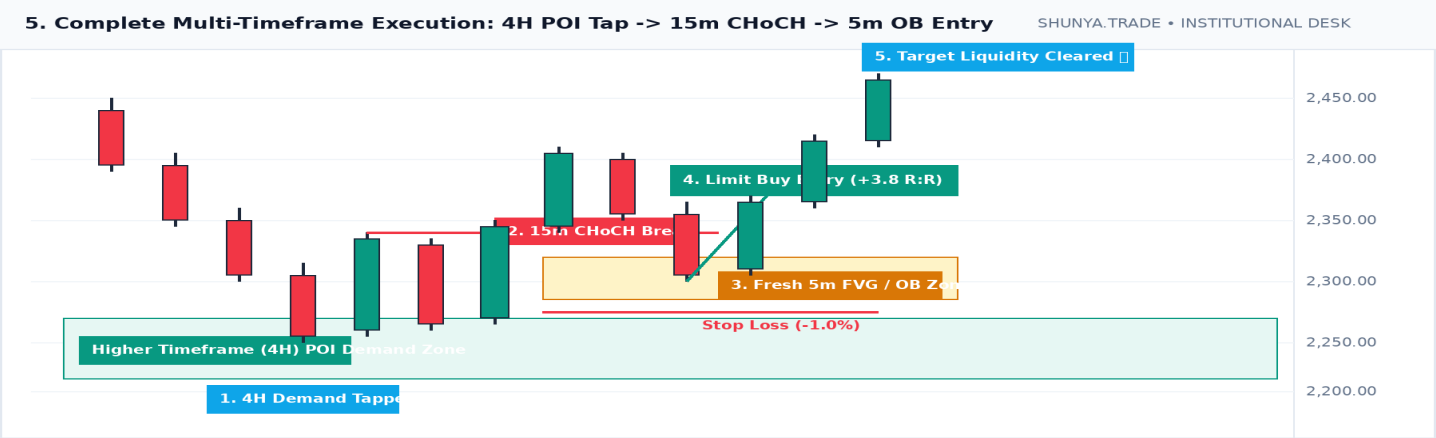
Window & Timing (EST)	The 5-Step Mechanical Execution Sequence	Target & Invalidation Parameters
London SB: **03:00 – 04:00 EST** **NY AM SB:** **10:00 – 11:00 EST** **NY PM SB:** **14:00 – 15:00 EST**	1. **Time Lock:** Trade strictly within designated 60-minute windows. 2. **Liquidity Sweep:** Price purges previous session high/low or taps HTF POI. 3. **Displacement MSS:** Impulsive 1M/5M candle breaks market structure. 4. **FVG Creation:** Leaves behind an unmitigated 3-candle imbalance (BISI/SIBI). 5. **Limit Entry:** Place limit order at FVG near edge or 50% CE.	**Profit Target:** Fixed 10–15 pips (FX) or 20–40 handles (NQ/ES) to Draw on Liquidity. **Stop-Loss:** 1 tick beyond the swing invalidation wick. **Expectancy:** High win-rate mechanical algorithmic delivery.

7. Market Maker Models (MMBM / MMSM), CRT & Turtle Soup

Model	Algorithmic Lifecycle & Stages	Key Trading Execution Rule
MMBM Buy Model	Original Consolidation → Sell-Side Curve distribution stages → Smart Money Reversal (SMR at HTF POI) → Buy-Side Curve re-accumulation.	Target: Full liquidity run back to the Original Consolidation high. Enter at SMR or stage 1 re-accumulation.
MMSM Sell Model	Original Consolidation → Buy-Side Curve pump stages → Smart Money Reversal (SMR at HTF Premium POI) → Sell-Side Curve redistribution.	Target: Full liquidity run back to the Original Consolidation low. Enter at bearish MSS or stage 1 redistribution.
CRT Candle Range Theory	Decomposes HTF OHLC candles into Open → Manipulation Wick (Judas) → Expansion Body → Close Retracement Wick.	Enter on lower timeframes once the manipulation wick completes to capture the powerful expansion body.
Turtle Soup 20-Bar SFP	Price pierces a 20-bar swing high/low by 5–15 pips, then aggressively snaps back and closes inside the range.	Direct counter-trend trade. Enter on candle close back inside range, stop at sweep wick extreme.

Part 4: Session Killzones, 20-Min Macros & 12-Point Checklist

8. The 6-Step Multi-Timeframe Funnel (HTF Bias → 1H POI → 1M/5M Trigger)



9. Session Killzones, True Daily Open (TDO) & ICT 20-Minute Macros

Asian Killzone 19:00 – 00:00 EST Builds daily liquidity range. Sets Asian High/Low boundaries.	**London Open (LOKZ)** 02:00 – 05:00 EST *Judas Swing* sweeps Asian range; forms true High/Low of day.	**New York Open (NYKZ)** 07:00 – 10:00 EST Peak liquidity; news events; aggressive expansion or reversal.	**London Close (LCKZ)** 10:00 – 12:00 EST Desk fixing; profit taking; mean-reversion into equilibrium.

Time Anchor / Macro	Algorithmic Window	Institutional Function & Pricing Rule
Midnight Open (TDO)	**00:00 EST (Midnight)**	True Daily Open baseline: Buy strictly in Discount (< TDO); Sell strictly in Premium (> TDO).
CBDR Projections	**14:00 – 20:00 EST**	Standard deviation multipliers (1σ – 4σ) from Asian extremes project the exact High/Low of the day.
Key 20-Min Macros	**08:50–09:10 | 09:50–10:10** **10:50–11:10 | 13:10–13:40**	Hourly algorithmic execution cycles injecting rapid volatility to purge liquidity and fill unmitigated FVGs.

10. The 12-Point Institutional Pre-Trade Checklist

• 1. HTF Directional Bias established via confirmed BOS. • 2. Draw on Liquidity (DOL) clearly identified. • 3. Setup strictly in Discount (Long) or Premium (Short). • 4. POI (OB/FVG/BPR) caused impulsive structural break.	• 5. POI is unmitigated (virgin zone). • 6. Liquidity pool (EQH/EQL) or Inducement swept. • 7. Active Session Killzone or 20-min Macro. • 8. SMT Divergence verified on correlated pair.	• 9. Price fully entered POI (no front-running). • 10. LTF CHoCH confirmed with body close. • 11. Stop-loss 1 tick beyond invalidation wick. • 12. Fixed 0.5%–1.0% risk with min 1:3 R:R.

 • © 2026 Shunya.Trade. All rights reserved. For institutional educational purposes only • Full Guide: https://shunya.trade/smc-kb