

# Dark Pool Analysis Checklist

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Signal Pilot Education Hub

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## Dark Pool Analysis Guide

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### From Lesson 17: They're Buying in the Dark (But You Can See the Footprints)

Use this guide to interpret dark pool activity and trade with institutional flow.

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### What Are Dark Pools?

**Dark pools** = Private exchanges where institutions trade large blocks WITHOUT showing their orders to the public market.

#### Why they exist:

- Prevent market impact (buying 500K shares publicly would spike price)
- Hide intentions from HFT front-runners
- Achieve better average prices

**The tell:** Dark pool prints eventually report to the tape. We can see WHAT happened, just not WHEN the order was placed.

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## Step 1: Identify Dark Pool Prints

### What to Look For:

- [ ] **Large block trades** (10K+ shares for stocks, varies by asset)
- [ ] **Trades executed off-exchange** (marked as "D" or dark pool venues)
- [ ] **Unusual size relative to average volume**
- [ ] **Prints occurring away from current price** (institution got better fill)

### Tools:

- Time & Sales window (TradingView, Think or Swim, etc.)
  - Dark pool scanners
  - Volume profile showing large prints
  - Flow trackers showing block trades
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## Step 2: Interpret Dark Pool Activity

### Bullish Dark Pool Signals:

#### Accumulation Pattern:

- [ ] Large buy prints BELOW current price
- [ ] Multiple dark pool buys while price is falling
- [ ] Institutions buying retail's panic selling

#### Example:

Price Action: \$100 → \$98 (falling)

Dark Pools: 50K bought @ \$99

100K bought @ \$98.50

150K bought @ \$98

**Translation:** Institutions accumulating during dip. Likely potential reversal up.

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## Bearish Dark Pool Signals:

### Distribution Pattern:

- [ ] Large sell prints ABOVE current price
- [ ] Multiple dark pool sells while price is rising
- [ ] Institutions distributing to retail FOMO buyers

### Example:

Price Action: \$100 → \$102 (rising)

Dark Pools: 75K sold @ \$101

120K sold @ \$101.50

200K sold @ \$102

**Translation:** Institutions distributing into strength. Likely potential reversal down.

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## Neutral/Noise Signals:

- [ ] Dark pool prints at current market price (likely just splitting large orders)
- [ ] Balanced buy/sell prints (no directional bias)
- [ ] Small size relative to daily volume (<1% of total)

**Action:** Ignore, not tradeable signal

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## Step 3: Confluence with Price Action

### High-Probability Setups (All Must Align):

#### Bullish Setup:

- [ ] Dark pool accumulation (buys below price)
- [ ] Price approaching support level
- [ ] Janus Atlas marks sweep of support
- [ ] Plutus Flow shows delta reversing positive
- [ ] Price reclaims above dark pool print levels

**Confidence:** ★★★★★ (Extremely high)

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#### Bearish Setup:

- [ ] Dark pool distribution (sells above price)
- [ ] Price approaching resistance level
- [ ] Janus Atlas marks sweep of resistance
- [ ] Plutus Flow shows delta reversing negative
- [ ] Price fails below dark pool print levels

**Confidence:** ★★★★★ (Extremely high)

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## Step 4: Trading Dark Pool Signals

### Entry Strategy:

**Wait for Confluence (Don't Jump on Dark Pool Print Alone):**

- 1. Identify dark pool activity** (accumulation or distribution)
  - 2. Wait for price to test the level** where prints occurred
  - 3. Watch for reversal indication:**
    - Janus sweep + reclaim
    - Delta reversal on Plutus
    - Volume spike showing absorption
  - 4. Enter on indication candle close**
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### Example Trade: Bullish Dark Pool Accumulation

#### Setup:

- Price: \$100, falling to \$98
- Dark pools: 300K shares bought \$98-\$98.50
- Price bounces to \$99, then retests \$98.50

#### Entry Trigger:

- Janus marks sweep of \$98 low
- Price reclaims back above \$98.50
- Plutus shows +6,000 delta (buying)
- Dark pool prints indicated institutional positioning

**Entry:** \$98.60 (on reclaim candle close)

**Stop:** \$97.80 (below the sweep and dark pool accumulation zone)

#### Target:

- Target 1: \$100 (1.75R)
- Target 2: \$101.50 (3.6R)
- Trail remainder

**Reasoning:** Institutions accumulated \$98-98.50. They're not buying to lose money. Retail sweep created perfect entry after their accumulation.

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## Dark Pool Interpretation Framework

### Pattern 1: Accumulation at Support

#### What You See:

- Price falling
- Dark pool buys increasing
- Retail panic selling

#### What It Means:

- Institutions using retail fear to accumulate
- They see value here
- Potential bottom forming

**Trade:** Long after sweep + reclaim

**Reliability:** Highly reliable pattern

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### Pattern 2: Distribution at Resistance

#### What You See:

- Price rising
- Dark pool sells increasing
- Retail FOMO buying

#### What It Means:

- Institutions using retail greed to distribute
- They're exiting positions
- Potential top forming

**Trade:** Short after sweep + rejection

**Reliability:** Highly reliable pattern

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## Pattern 3: Divergence

### What You See:

- Price making new highs
- But dark pool BUYING increasing (not selling)

### What It Means:

- Institutions accumulating despite high prices
- They expect continuation
- Retail might be early shorting the top

**Trade:** Long continuation (with-trend)

**Reliability:** Reliable pattern

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## Pattern 4: Fake-Out Detection

### What You See:

- Price breaks support with volume
- But NO dark pool selling

### What It Means:

- Retail panic, but institutions NOT participating
- Likely false breakdown
- Potential sweep before reversal

**Trade:** Long on reclaim (fade the breakdown)

**Reliability:** Moderately reliable pattern

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# Common Dark Pool Mistakes

## Mistake #1: Trading Dark Pool Prints Alone

### Wrong Approach:

- "I see dark pool buys, going long immediately"

### Correct Approach:

- "Dark pool buys noted. Waiting for price to test level + reversal indication"

**Why:** Dark pool prints can be hours old. Wait for price action indication.

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## Mistake #2: Ignoring Relative Size

### Wrong Approach:

- "10K share dark pool print, that's institutional!"

### Correct Approach:

- "Is 10K shares significant for THIS asset? (Compare to average volume)"

### Context Matters:

- 10K shares on SPY = noise
  - 10K shares on low-float stock = HUGE
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## Mistake #3: Not Verifying with Delta

### Wrong Approach:

- "Dark pool buys at \$100, price is \$101, going long"

### Correct Approach:

- "Dark pool buys at \$100. Price at \$101. Waiting for retest + delta indication"



**Why:** Dark pools show WHAT happened. Plutus CVD shows if buying CONTINUES.

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## Mistake #4: Fighting the Dark Pool Flow

### **Wrong Approach:**

- "Dark pools accumulated, but I think it's going down"

### **Correct Approach:**

- "Dark pools accumulated. I'll wait for price to indicate their thesis is playing out, then trade with them"

**Why:** Institutions have more information than you. Don't fight their flow.

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## Dark Pool Pre-Trade Checklist

Before taking a dark pool-based trade:

### **Setup Identification:**

- [ ] Significant dark pool activity identified (>1% daily volume)
- [ ] Activity shows clear bias (accumulation OR distribution)
- [ ] Price has reacted to the level where prints occurred

### **Confluence:**

- [ ] Janus sweep signal at the level
- [ ] Plutus delta indicating direction
- [ ] Volume shows absorption/reversal
- [ ] Multi-timeframe alignment

### **Entry:**

- [ ] Waiting for price action indication (not jumping on print alone)
- [ ] Entry on reclaim/rejection candle close
- [ ] Risk/reward minimum 2:1

### **Risk Management:**

- [ ] Stop placed beyond dark pool accumulation/distribution zone
  - [ ] Position sized for 1% account risk
  - [ ] Clear invalidation point defined
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## **Dark Pool Journal Template**

**Date:** \_\_ **Asset:** \_\_

### **Dark Pool Activity Observed:**

- Total prints: \_ shares
- Price range: \$\_ to \$\_
- Bias: Accumulation / Distribution / Neutral

**Current Price:** \$\_

### **Price Action:**

- Testing DP level? Yes / No
- Sweep occurred? Yes / No
- Reclaim/Rejection? Yes / No

### **Confluence:**

- Janus: ☐ Yes ☐ No
- Plutus Delta: +\_ / -\_
- Volume: ☐ Indicating ☐ Neutral
- HTF Alignment: ☐ Yes ☐ No

**Trade Decision:** Long / Short / Wait / Skip

### **If Traded:**

- Entry: \$\_
- Stop: \$\_
- Target: \$\_
- Result: Win / Loss / Breakeven
- R-multiple: \_

### **Lesson Learned:**

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## Pro Tips

### 1. Dark Pools Lag Price

- Prints report delayed (seconds to minutes)
- Don't assume print = RIGHT NOW
- Use as context, not trigger

### 2. Compare to Average Volume

- 50K shares meaningful on low-volume stock
- 50K shares noise on SPY
- Calculate: DP print ÷ avg daily volume

### 3. Most Powerful at Extremes

- Dark pool buys at support = very bullish
- Dark pool sells at resistance = very bearish
- Dark pool activity mid-range = less meaningful

### 4. Combine with Order Flow

- Dark pools show institution positioned
- Plutus CVD shows if they're STILL buying/selling
- Together = complete picture

### 5. Patience is Key

- Don't chase dark pool prints
- Wait for price to return to the level
- Let the setup come to you

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**Dark pools reveal institutional positioning. Price action indicates continuation. Trade when both align.**

**Follow the money. It knows more than you.**

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