

CHoCH Trading (Change of Character); Protected Swing Rule + Free PDF

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A CHoCH (Change of Character) is the first break of market structure against the current trend. In an uptrend, it happens when price breaks below the most recent higher low. In a downtrend, it happens when price breaks above the most recent lower high. It is an early warning that the trend may be ending, not proof that a new trend has started.

KEY TAKEAWAYS

- ✓ A bearish CHoCH breaks the last higher low of an uptrend. A bullish CHoCH breaks the last lower high of a downtrend.
- ✓ A CHoCH signals a possible trend change. A break of structure (BOS) in the new direction is what confirms it.
- ✓ A common filter is a candle body close beyond the level, because wicks often poke through and snap back.
- ✓ A CHoCH carries more weight when it breaks a major swing with strong displacement at a higher-timeframe level.
- ✓ A common approach is to wait for a pullback into the order block or fair value gap left by the break instead of chasing it.

What Is a Change of Character (CHoCH)?

Market structure is the sequence of swing highs and swing lows that price leaves on a chart. In an uptrend, price prints higher highs and higher lows. In a downtrend, it prints lower lows and lower highs. This is the classic swing-based definition of a [market trend](#).

Every trend has one swing that keeps it intact. In an uptrend, it is the **most recent higher low**, the low that launched the latest higher high. In a downtrend, it is the most recent lower high. Traders often call this the protected swing.

A Change of Character is the moment price breaks that protected swing, so its direction is always the opposite of the trend it interrupts:

- Bearish CHoCH: in an uptrend, price breaks below the most recent higher low.
- Bullish CHoCH: in a downtrend, price breaks above the most recent lower high.

CHoCH is a core term in Smart Money Concepts (SMC) and [ICT-style market structure analysis](#). It does not predict how far price will travel. It tells you that the **trend has lost its structure** and that the other side of the market is now worth watching.

Why Is It Called a "Change of Character"?

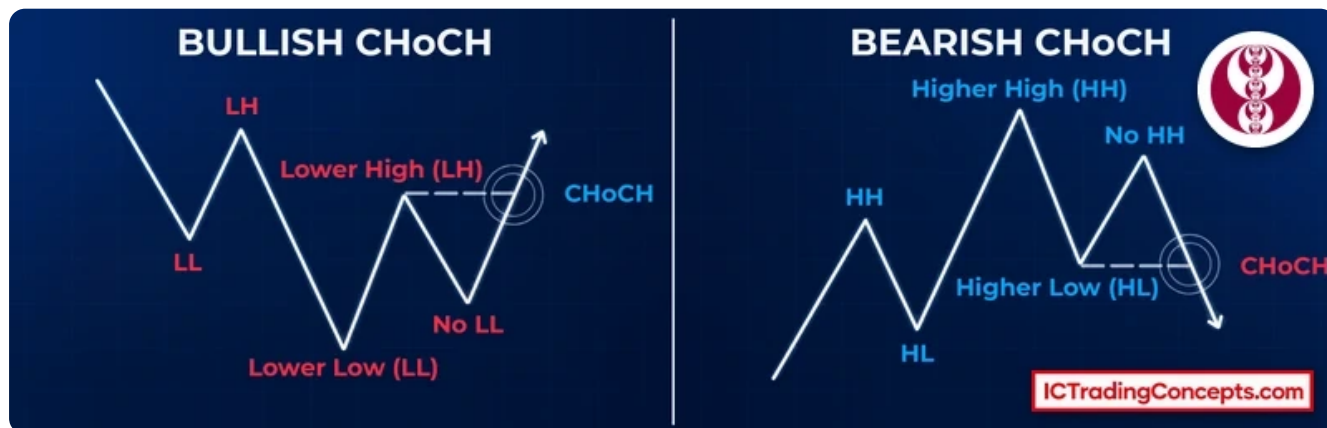
"Character" describes how price has been behaving. In an uptrend, the character is simple: pullbacks hold above the previous higher low, and each rally makes a new high. When price breaks the higher low instead, it is doing something an uptrend does not do. The behavior has changed, so the trend's character has changed.

So the CHoCH meaning is a change in behavior, not a confirmed new trend. That distinction shapes how the signal is used in practice.

How a CHoCH Forms

A CHoCH needs an existing trend to interrupt, so it always builds on top of clear swing structure. It forms in three stages:

1. Trend: price makes at least two higher highs and higher lows (or two lower lows and lower highs), so there is a structure to break.
2. Failed continuation: the next push loses momentum. Price either fails to make a new extreme or makes one that does not hold.
3. Break: price reverses through the protected swing. That break is the CHoCH.

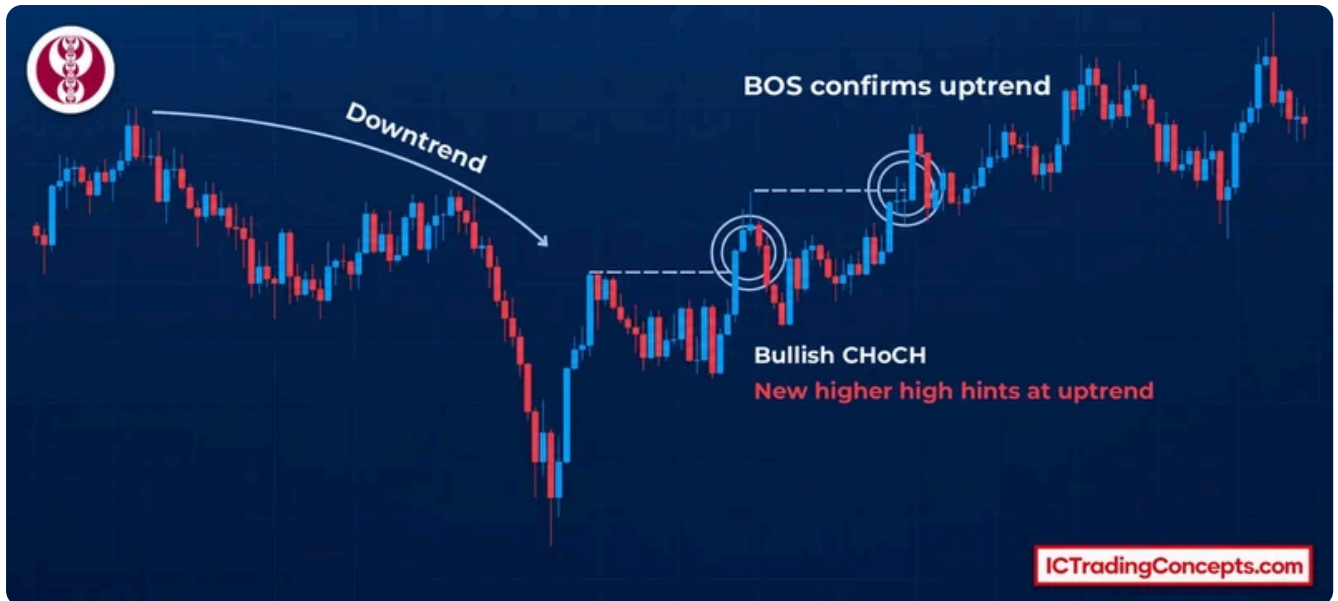


Bullish CHoCH breaks the last lower high; bearish CHoCH breaks the last higher low.

Bullish CHoCH

A bullish CHoCH forms at the end of a downtrend. Price has been making lower lows and lower highs, then rallies above the most recent lower high. That is the **first higher high** after a series of lower highs, and it shows sellers could not defend the level the downtrend depended on.

After a bullish CHoCH, rallies are no longer treated as selling opportunities. The focus shifts to whether the next pullback forms the first higher low of a new uptrend. The change of character example below shows this break, followed by a BOS in the new direction.



Bullish change of character: the first break up; the next BOS confirms the new uptrend.

Bearish CHoCH

A bearish CHoCH forms at the end of an uptrend. Price has been making higher highs and higher lows, then drops below the most recent higher low. That is the first lower low after a series of higher lows, and it shows buyers could no longer hold the low that supported the uptrend.

After a bearish CHoCH, dips are no longer treated as automatic buying opportunities. The focus shifts to whether the next rally forms a lower high.



The bearish CHoCH breaks the last higher low; the next BOS confirms the downtrend.

How to Identify and Mark a CHoCH Correctly

Many CHoCH errors come from marking the wrong swing rather than from missing the break. Use this process on the timeframe you are analyzing:

1. Confirm there is a trend. Look for at least two higher highs and higher lows, or two lower lows and lower highs. Without a trend, there is no character to change.
2. Find the **protected swing**. In an uptrend, take the higher low that produced the latest higher high. In a downtrend, take the lower high that produced the latest lower low. Small pauses inside a leg do not count.
3. Mark its extreme. Draw a horizontal line at the low of that higher low (uptrend) or the high of that lower high (downtrend).
4. Wait for the break. A common filter is a candle body close beyond the line. A wick that pokes through and closes back inside is not treated as a confirmed break.
5. Label the break as a CHoCH and note whether it broke a major swing or a minor one inside a larger leg.

The last step matters because structure exists at two levels. Internal (minor) structure is made of the small swings inside one leg of the trend. Swing (external) structure is made of the larger highs and lows that define the trend itself. An internal CHoCH can be nothing more than a pullback within the bigger move, while a **swing CHoCH** breaks the level the whole trend relied on.

BULLISH CHoCH

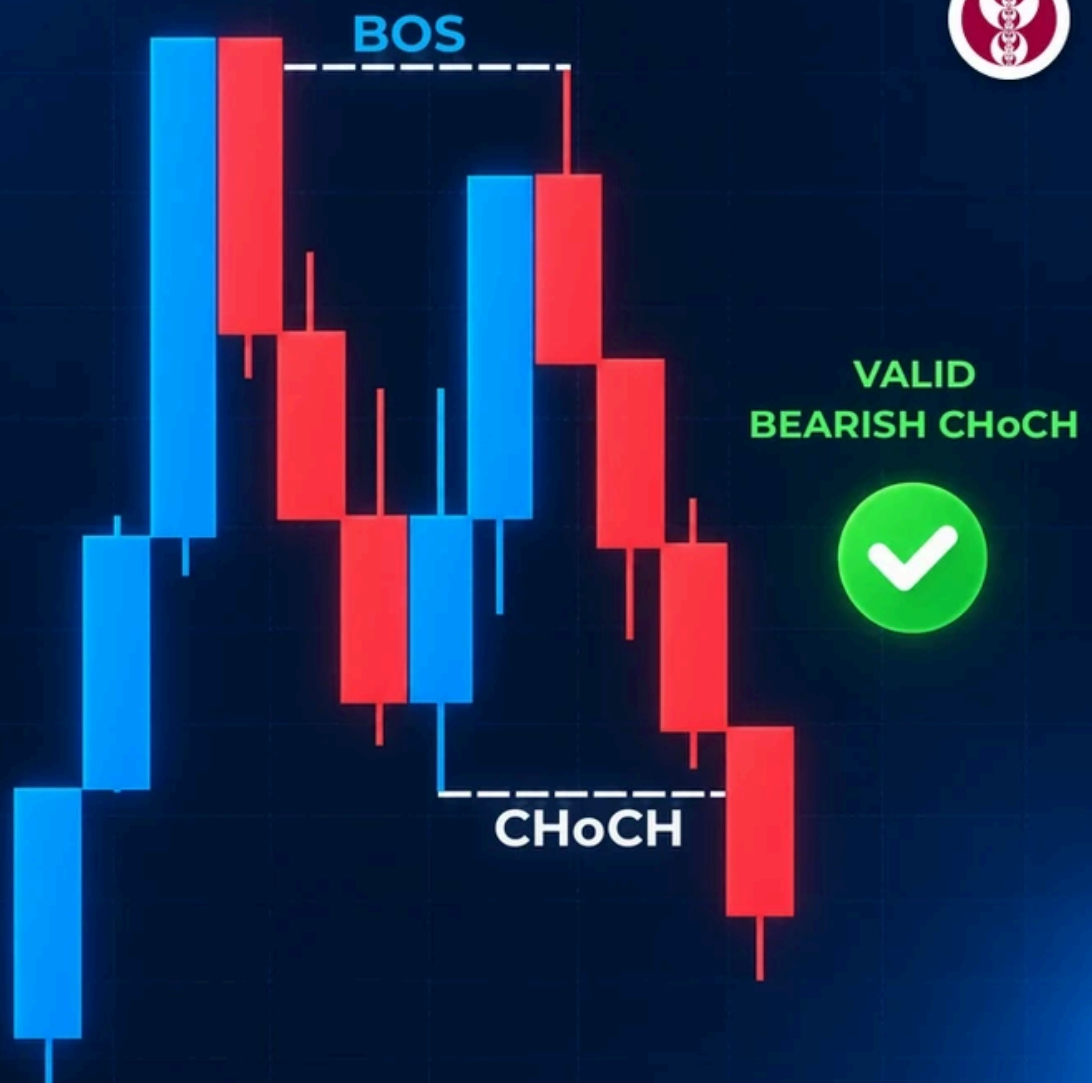


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Bullish CHoCH level: the lower high that made the last lower low; wait for a close above.

The same rule applies in reverse for a bearish CHoCH. The line goes at the low of the higher low that created the latest higher high, not at the nearest minor dip inside the last rally.

BEARISH CHoCH



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Bearish CHoCH level: the higher low that made the last higher high; close below confirms.

Why Does a CHoCH Matter?

In a healthy trend, each push breaks structure in the trend's direction and each pullback holds above (or below) the previous swing. A CHoCH means that pattern failed: the expected continuation did not come, and the opposite side was strong enough to take out the level the trend relied on. That is why it is read as a **shift in order flow**, even before a new trend is visible.

For a trader, that shift has three practical uses:

- Early warning: it flags a possible trend change before a full reversal is obvious on the chart.

- Bias shift: after a CHoCH, entries in the old trend direction become riskier, and setups in the new direction become worth watching.
- Clear invalidation: the swing that produced the CHoCH gives a defined level where the idea is wrong.

The limit is timing. A CHoCH is early by design, so some turn out to be deeper pullbacks inside the original trend. The next section covers how to separate stronger signals from weaker ones.

Strong vs Weak CHoCH: What Makes the Difference

Two CHoCHs can look alike on a chart and still carry very different weight. The difference comes from how price broke the level, which swing it broke and where the break happened:

Factor	Stronger CHoCH	Weaker CHoCH
How it breaks	Candle body closes beyond the swing with displacement (large, decisive candles)	Wick through the level, or small overlapping candles
Which swing	Swing (major) structure	Internal (minor) swing inside a larger leg
Location	At a higher-timeframe level such as an order block or fair value gap	Mid-range, with no higher-timeframe reference
What came before	A sweep of an obvious high or low	No liquidity taken before the break
What comes after	Price holds beyond the level, and a BOS follows in the new direction	Price quickly reclaims the broken level
Market condition	Clear prior trend	Choppy, sideways price action

None of these factors guarantees a result. They raise or lower the weight you give the signal. **Displacement** is often the easiest to see: a strong break often leaves a fair value gap behind it, which later becomes a reference for entries.

Liquidity Sweep as Added Context

A liquidity sweep is a quick move beyond an obvious high or low, where stop orders tend to cluster, followed by a reversal. At the end of an uptrend, for example, price may push just above the last high, trigger the buy stops resting there and then fall through the protected higher low.

When a CHoCH follows a sweep like this, the story is clearer: the trend's last push took liquidity and then failed. A liquidity sweep can provide **additional context** for a CHoCH setup, but it is not part of the definition. A CHoCH without a prior sweep is still a CHoCH.

How to Spot a Fake CHoCH

A fake CHoCH breaks the protected swing but fails to follow through, and price returns to the original trend. It often shows one or more of these warning signs:

- The break is a wick, or a small candle that barely closes beyond the level.
- Price reclaims the broken level within a few candles.
- It breaks only an internal swing while the higher-timeframe trend stays intact.
- It forms during a news spike or in quiet, low-participation hours.

When price closes back beyond the broken level and then makes a BOS in the original trend direction, the CHoCH has failed. Treat that **reclaim as your invalidation** rather than waiting for the reversal to resume.



Bullish fake CHoCH: the break up fails; a BOS below the major low resumes the downtrend.

The same trap appears in an uptrend. Price breaks below the last higher low, sellers fail to follow through, and a BOS above the high that started the drop shows the uptrend is still in control.



Bearish fake CHoCH: the break down fails; a BOS above the major high resumes the uptrend.

CHoCH vs BOS and MSS

CHoCH is often confused with two nearby labels. All of them describe breaks of swing points, but they answer different questions about the trend:

Term	What breaks	What it suggests
BOS (Break of Structure)	A swing in the trend's direction: a new higher high in an uptrend or a new lower low in a downtrend	The trend is continuing
CHoCH (Change of Character)	The protected swing against the trend: the last higher low in an uptrend or the last lower high in a downtrend	The trend may be changing
MSS (Market Structure Shift)	A swing point against the trend, broken by a body close with displacement (ICT's term)	A shift in structure; usage overlaps with CHoCH

CHoCH vs BOS

A BOS is a continuation signal: price breaks a swing in the same direction as the trend. A CHoCH is the first break against it. The two often appear in sequence. First, a CHoCH shows that the old trend's structure has broken. Then the first BOS in the new direction shows that price is building a new trend.

Put simply, the CHoCH is the warning and **the BOS that follows is the confirmation.**



CHoCH vs MSS

Market Structure Shift (MSS) is the ICT term for a break of structure against the trend. Many educators use MSS and CHoCH almost interchangeably. On this site, an MSS also needs displacement, so its closest SMC equivalent is a CHoCH made with clear displacement.

For practical use, **the label matters less than the details**: which swing was broken, and how decisively.

How CHoCH Is Used in Practice

In practice, a CHoCH is used for bias and timing rather than as a standalone entry trigger. It tells you which side of the market to focus on, and the entry comes later, when price pulls back.

Entries After the Break: Order Blocks and FVGs

The displacement move that breaks the protected swing often leaves two reference zones behind:

- **Order block**: the last opposite-colored candle (or small group of candles) before the displacement move.
- Fair value gap (FVG): a three-candle imbalance where the wicks of the first and third candles do not overlap.

A common approach is to wait for price to **pull back into one of these zones** rather than entering on the break itself. Waiting keeps the invalidation point closer: the stop can sit beyond the swing high or low that started the CHoCH move, and the target is often the opposite liquidity, such as a previous high or low. If price never returns to the zone, there is no entry. Chasing the break tends to mean a wider stop and a weaker risk-to-reward.



CHoCH trading entry: after the bullish CHoCH, the imbalance pullback gave the entry.

After a bearish CHoCH, the same logic runs in reverse. Price rallies back into the bearish order block or FVG left by the drop, and the stop goes above the swing high that started the move.



After the bearish CHoCH, the short entry came on the retest of the bearish order block.

Reading the Signal Across Timeframes

A CHoCH can form on any timeframe, but its meaning scales with the timeframe. A CHoCH on the daily or 4-hour chart points to a broader shift, while one on the 5-minute chart may only mark a short-term turn inside a bigger move. Lower timeframes also print more CHoCHs, and more of them fail.

There is no single best timeframe for CHoCH. One common multi-timeframe approach splits the work across three layers:

Timeframe role	Typical charts	What it is used for
Higher timeframe	Daily, 4-hour	Trend direction and key zones (order blocks, FVGs, major highs and lows)
Setup timeframe	1-hour, 15-minute	Watching for a CHoCH when price reaches a higher-timeframe zone
Entry timeframe	5-minute, 1-minute	Refining the entry on the pullback after the CHoCH

The key rule: a **lower-timeframe CHoCH against the higher-timeframe trend** is often just a pullback. It carries more weight when it forms at a higher-timeframe zone and points in the direction that zone suggests.

Different Markets and Sessions

Because a CHoCH is built from swing highs and lows, the same logic applies to forex, stock indices, futures, gold, crypto and individual stocks. What changes between markets is liquidity and volatility, which affect how clean the swings and breaks look.

Timing matters too. In forex, trading is concentrated in a few centers: in the [BIS Triennial Survey of April 2025](#), sales desks in the United Kingdom and the United States accounted for about 38% and 19% of global FX trading. That concentration helps explain why the **London and New York sessions** are typically the most active hours for major pairs. A CHoCH that forms while those sessions are active often comes with more participation than one formed in quiet hours, when thin trading makes small breaks easier to reverse.

Common Mistakes to Avoid

Many CHoCH mistakes come from reading the break without its context. These five come up again and again:

1. Calling every counter-trend break a CHoCH. Breaking a minor swing or a random support level is not the same as breaking the protected swing. Check which swing actually held the trend.
2. Acting on a wick. A wick through the level that closes back inside is not a confirmed break. Wait for the candle to close.
3. Ignoring the higher timeframe. A 5-minute CHoCH against a strong daily trend is more likely to be a pullback than a reversal.
4. Treating the CHoCH as a confirmed reversal. It is an early warning. Entering on the break itself, before any pullback or BOS, often means a wide stop and a poor risk-to-reward.
5. Looking for a CHoCH in a range. In sideways price action there is no clear trend, so there is **no character to change**. Breaks inside a range flip back and forth and mean little.

Indicators That Mark CHoCH Automatically

An indicator can mark swing points and label BOS and CHoCH for you, which helps with consistency and backtesting. Each tool uses its own fixed swing rules, so its labels will not always match a manual read. Use them to **check your marking, not to replace it**. Three relevant options on TradingView:



FREE

Market Structures SMC (BOS/CHoCH Major & Minor)

Labels CHoCH and BOS on both major and minor structure, so the difference between swing and internal CHoCHs is easy to see.

[View on TradingView](#)



FREE

Market Structure CHoCH/BOS (Fractal)

Detects CHoCH and BOS from fractal swing points and shows the related support and resistance levels.

[View on TradingView](#)



FREE

CHoCH Pattern Levels

Plots the levels where CHoCH breaks occur and keeps them on the chart as potential reaction zones.

[View on TradingView](#)

Conclusion

A CHoCH is the first break of the swing that holds a trend together: the last higher low in an uptrend or the last lower high in a downtrend. It warns that the trend may be ending, and it gives a clear level where that view is wrong.

Its value depends on the details. **Mark the protected swing**, not the nearest minor one. Look for a body close, displacement and a higher-timeframe reason for the break. Then let price confirm with a pullback and a BOS in the new direction before treating the reversal as real.

Sources

- 2022 ICT Mentorship, Episode 2: [ICT, YouTube](#)
- OTC foreign exchange turnover in April 2025, Triennial Central Bank Survey: [Bank for International Settlements](#)
- Market trend: [Wikipedia](#)

TAGS

BOS

CHoCH

FVG

COMMON QUESTIONS

Frequently asked questions

01 Does a CHoCH always mean the trend has reversed?

No. A CHoCH shows that the trend's structure has broken, but some CHoCHs turn into deeper pullbacks and the old trend resumes. A reversal is better supported once price forms a new swing and breaks structure (BOS) in the new direction.

02 What is the difference between a CHoCH and a normal pullback?

A pullback moves against the trend but holds above the protected higher low (or below the protected lower high). A CHoCH breaks that level. As long as the protected swing is intact, the move is still a pullback, however deep it looks.

03 Is CHoCH an ICT concept or an SMC concept?

CHoCH is a core Smart Money Concepts (SMC) term and is also widely used in ICT-based analysis. ICT teaching more often uses Market Structure Shift (MSS) for a similar idea. Both describe structure breaking against the trend.

04 Is a CHoCH a leading or lagging signal?

It depends on what you compare it with. It lags the actual top or bottom, because price must already have moved far enough to break a swing. But it comes earlier than waiting for a full new trend, which is why it is treated as an early warning.

05 What happens after a CHoCH?

After a CHoCH, price tends to follow one of three paths. It pulls back and then breaks structure in the new direction, so a new trend begins. It pulls back and reclaims the broken level, so the CHoCH fails. Or it moves sideways into a range. The first pullback after the break shows which path is forming.

06 Where do traders place the stop-loss after a CHoCH?

A common placement is beyond the swing high or low that started the CHoCH move. After a bearish CHoCH, that is above the high that preceded the drop. After a bullish CHoCH, it is below the low that preceded the rally. If price takes out that point, the structure behind the setup is no longer valid.

07 How reliable is a CHoCH on its own?

There is no fixed success rate for CHoCH, because results depend on the market, the timeframe and the context. On its own, it is a thin basis for a trade. It becomes more useful when it forms at a higher-timeframe level, breaks a major swing with displacement and is followed by a BOS.

08 Can beginners use CHoCH?

Yes. The rule itself is simple: the last higher low breaks in an uptrend, or the last lower high breaks in a downtrend. The hard part is choosing the right swing. Starting on higher timeframes, where swings are clearer and there is less noise, makes that easier.

09 Can I rely on a CHoCH indicator?

An indicator is useful for consistency, but it applies fixed swing settings that may not match the structure you see. Different settings can label the same move as internal or swing structure. Use the labels as a check, and confirm the swing and the close yourself.