

Forex Broker Checklist

Introduction

The following is a list of questions you may like to consider before opening an account with a broker. You can use this checklist to narrow down your selection of brokers that fit your requirements.

Referrals

- What do other traders say about the broker?
- What is their customer service/dealing desk like?

Customer Protection

- Is the broker regulated?
- What regulatory organizations are they registered with and what protections does this afford you?
- Are client funds insured against fraud?
- Are client funds insured against bankruptcy?

Account

- What is the minimum balance required to open an account?
- What is the minimum trade size? e.g. 1 unit, 1,000 units, 10,000 units or 100,000 units?
- Can you adjust the standard lot size traded?
- Can you earn interest on the unused margin balance in your account?

Margin Requirements

- What is the margin requirement? e.g. 0.25% (max 400:1 leverage), 0.5% (max 200:1 leverage), 1% (max 100:1 leverage), 2% (max 50:1 leverage), etc.
- Does it change for different currency pairs or days of the week?
- Will the broker increase it in volatile market conditions?
- At what point will the broker issue a margin call or close open positions?
- Is it the same for standard and mini accounts?

Trading Platform

- How reliable is it during fast moving markets and news announcements?
- How many different currency pairs can you trade?
- Do they offer an Application Programming Interface (API) to allow you to automate your trading system?
- Does it offer any other special features? (e.g. One click dealing, trading from the chart, trailing stops, mobile trading etc.)

Spread, Slippage and Commissions

- How tight is the spread?
- Is it fixed or variable?
- How much slippage can be expected in normal markets?
 - fast moving markets?
- Do they charge commissions? (Generally, market makers commissions are built into the spread, whereas ECN's will charge a small fee)

Execution

- What business model do they operate? i.e. Are they a Market Maker, ECN or no-dealing desk broker?
- If they are a no-dealing desk broker or ECN, do the counterparties to your trade see your resting orders? i.e. Stop-losses and limit orders
- How fast is their order execution?
- Are orders manually or automatically executed?
- What is the maximum trade size before you have to request a quote?
- Are all clients trades offset?

Rollover Policy

- Is there a minimum margin requirement in order to earn rollover interest?
- What are the swap rates for going long or short in a particular currency pair?
- Are there any other requirements or conditions for earning rollover interest?