

## Conditions to choose a forex broker

What can you expect from a forex broker ?

### What is a forex broker ?

A forex broker is a company or an institution which acting as an intermediary between currency buyers and sellers. They are the counterpart of all forex transactions.

We are focused on what we call the retail market which interests the individuals like you and me. Indeed, the forex brokers are called retail brokers. They are not working with the banks or institutions of any kind. Moreover, those brokers only work on the spot market (actual exchanged currency prices what everybody follows on a day-to-day basis).

We have seen an explosion of the forex market as an investment instrument during the last decade. This evolution was possible with the increase of the number of brokers on the market. It resulted in more competition thus better spreading conditions for traders. As a consequence, more and more individuals were interested in this attractive market.

Now the question is : what are the conditions to look at before selecting a forex broker ?

### Selection criteria ?

When you first get interested in forex trading, you discover a impressive number of forex brokers ads while searching information on the web. Indeed, brokers spend a lot a money in marketing and adversing to attract new clients in a fast growing market with newcomers every day.

The first mistake to avoid is falling for the more visible brokers, communicating on very tight spreads, which is often one of the more important thing you are looking at while opening forex positions. Today, all brokers compete on offering the best possible spreads, working with more and more bank partners. So you have to take into account other aspects of their service.

At first, you will take some time to look for the reputation of the broker you are interested in. There is a bunch of websites online which review the most important wellknown brokers, comparing them on different aspects.

For exemple, you may take a look at these websites :

[Forex Broker Comparisons](#)

[Forex Finder](#)

[Forex Broker Guide](#)

[Brokers Matrix](#)

A good reputation takes time to be acknowledged. A broker has to be around for some time (the longer the better) so a lot of people know about them. Moreover, it's better if the broker is registered with some regulated organisms like NFA in the United States or FSA in Great Britain. This kind of registration offers some garanties to the potential client who knows that the broker is loyal with a good financial situation.

A non registered broker is not necessarily a bad one as it may offer very good services but you will have less assurance of its ability to follow market regulations and considerations.

Beyond the reputation aspect, you have to consider the conditions of your live account in terms of accessibility, opening procedure, transaction costs, trading platform. It's why it is very important to open a virtual account before starting trading for real. It will allow you to check a few things :

Spreads level in different market conditions (during news release for exemple)

Margin requirement conditions (maximum authorized leverage)

Execution speed

Order options (trailing stop, OCO etc.)

Account types (standard, mini, micro)

Account management (deposit and withdrawal methods etc.)

General platform use (easy-to-use etc.)

One last thing you may check before signing with your broker is the transaction mode with the bank partners. Some brokers propose a "no dealing desk" mode which ensures that your transaction is not transparent for the operating banks. The broker sends an anonymous list of their clients orders so they won't be able to know how you are trading individually. This opaqueness is very important in particular if you operate with a big account size. It avoids some market manipulations by the operators.

Your broker should give you this information.

Forex trading involves a high level of risk because of this market specificities so you have to be wise choosing your broker who is the partner of your trading activities.

You may try 2 or 3 good ones and decide the one you feel comfortable with for many reasons.

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