

Forex Broker: Choosing the right Forex Broker

1. Is it regulated?

The first question you have to ask yourself is: is the broker I want to use Regulated ? There must be no doubt about this first point. All regulated brokers must submit financial reports to regulatory authorities, and when they fail to do it, authorities have the right to fine them or terminate their membership. This enforces Forex brokers to keep transparent financial reports.

The brokers must be regulated by their local regulatory authorities, for instance, for brokers based in the US , they must be regulated by the NFA (National Futures Association) and CFTC (Commodity Futures Trading Commission), Swiss based brokers must be regulated by the FDF (Swiss Federal Department of Finance) and so on.

Also when a Forex broker is regulated allows investors to dispute any resolution, increasing the investor protection.

2. Trading Conditions

This point refers to the features of the trading platform and the trading conditions with the chosen broker. Amongst the most important factors are:

Spread - Obviously the smaller the spread on currency pairs the better the conditions are for investors and traders.

Platform execution - Trading execution refers to how fast and consistent are the execution of trades. Some brokers guarantee fast and transparent executions during normal market conditions.

Fractional trading - Some brokers allow investors and traders to trade on a fractional basis, instead of trading full lots "100,000 units" or "300,000 units", they allow you to trade "163,345 units" or "325,911 units". This is very helpful for trades risking certain percentage of their balance on each trade.

Safety of funds - We need to make sure our trading funds are kept in a segregated account or at least insured.

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