

What flags an account as “non-retail”, and what are the implications of being flagged?

November 2022

Generally, traditional retail order flow will not result in any commissions being charged. Retail order flow allows us and other broker dealers to offer most of our brokerage services without a charge. If an account has been flagged for potential non-retail trading, the client will be contacted, and the account will undergo a review process by Alpaca Trading Services. If the review finds that the account participates in non-retail trading activities, then the client will be informed that their account will be adjusted to the non-retail line.

While this list is not exhaustive, here are some things that **may** flag an account as a non-retail trader:

- Large Ticket Size: If the average order size is greater than 10,000 shares or over \$200,000 in notional value per trading day.
- Low Fill to Cancellation Ratio: Does the account have a higher-than-normal ratio of cancellations per order filled? For example, is the fill rate for an account less than 1% of all orders placed?
- Open/Close Auction: Are you actively targeting the opening and closing auction as your primary method of trading?
- Breaking Up Orders: Is the trader purposefully splitting up larger orders into smaller orders even though the size is available to fill the whole order? I.E. A 100 share order is split into 100, 1 share orders for execution when the top of book size is 20x30
- High Frequency Trading: Does the account show signs of high-frequency trading? I.e. creating and canceling orders in a rapid fashion (pinging the market)?
- Trading Professional: You are either a registered individual or conduct trading as primary means of generating income (full time or part-time). This also includes hiring a professional to trade on your behalf.