



The Complete US Forex Trading Checklist

Your Essential Guide Before Depositing Your First Dollar

⚠ Risk Warning: Forex trading involves substantial risk. This checklist is educational only. Consult a financial advisor.

Section 1: US Forex Regulations

CFTC & NFA Requirements

- ☐ **Understand CFTC Role** — Primary federal regulator for US forex
- ☐ **Know NFA Requirements** — Self-regulatory organization, enforces standards
- ☐ **Verify Broker Registration** — Check at nfa.futures.org/basicnet

US-Specific Trading Rules

- ☐ **Major Pairs Leverage** — Maximum 1:50 (2% margin)
- ☐ **Minor Pairs Leverage** — Maximum 1:20 (5% margin)
- ☐ **FIFO Rule** — Must close oldest positions first
- ☐ **No Hedging** — Cannot hold long and short on same pair
- ☐ **Negative Balance Protection** — Required for all US retail accounts

Offshore Broker Risks

- ☐ **No CFTC Protection** — Offshore brokers operate outside US jurisdiction

- ❑ **No NFA Arbitration** — Limited legal recourse if issues arise
- ❑ **High Leverage Risk** — 1:500+ leverage dramatically increases risk

Section 2: Choosing a Broker

Verification Steps

- ❑ **Check CFTC Registration** — Visit [cftc.gov](https://www.cftc.gov) to verify
- ❑ **Verify NFA Membership** — Use NFA BASIC search tool
- ❑ **Review Disciplinary History** — Check for past violations
- ❑ **Confirm US Client Acceptance** — Not all brokers accept US residents

CFTC-Registered Brokers (2026)

Broker	Min Deposit	EUR/USD	Platform
OANDA	\$0	1.2 pips	Proprietary + MT4
Forex.com	\$100	1.0 pips	Proprietary + MT5
IG Markets	\$250	0.9 pips	ProRealTime
tastyfx	\$0	0.8 pips	Proprietary
Interactive Brokers	\$0	0.5 pips	TWS
Charles Schwab	\$0	Variable	thinkorswim

Comparison Factors

- ❑ **Compare Live Spreads** — Check during your trading hours
- ❑ **Check Commission Fees** — Some brokers charge per-trade
- ❑ **Review Funding Options** — Bank, card, ACH availability
- ❑ **Test Withdrawal Speed** — Read reviews about experiences
- ❑ **Open Demo Account** — Test platform before committing



Section 3: Account Setup

Before Opening

- ☐ **Choose Account Type** — Standard, Mini, or Micro based on capital
- ☐ **Prepare Documents** — ID, proof of address, SSN for taxes
- ☐ **Understand Margin** — Know capital requirements
- ☐ **Enable 2FA** — Two-factor authentication for security

Demo Trading Phase

- ☐ **Trade Demo 30+ Days** — Don't rush to live trading
- ☐ **Practice Your Strategy** — Develop consistent approach
- ☐ **Track Performance** — Keep journal of demo trades
- ☐ **Use Realistic Sizes** — Treat demo like real money

Funding Guidelines

- ☐ **Start Small** — Only deposit what you can afford to lose
- ☐ **Recommended Capital** — \$500-\$2,000 minimum for meaningful trading
- ☐ **Separate Funds** — Don't mix with savings or emergency money
- ☐ **Document Deposits** — Keep records for taxes

Section 4: Risk Management

⚠️ The 1-2% Rule (Non-Negotiable)

Never risk more than 1-2% of your account on a single trade. This is the foundation of survival in forex trading.

Position Sizing

- ☐ **Calculate Before Every Trade** — Use position size calculator

☐ **Account for Spread** — Spread affects actual entry price

☐ **Know Your Pip Value** — Varies by pair and lot size

Position Size Formula:

$\text{Position} = (\text{Account} \times \text{Risk}\%) \div (\text{Stop Loss Pips} \times \text{Pip Value})$

Example: \$10,000 account, 1% risk, 50 pip stop
 $= (\$10,000 \times 0.01) \div (50 \times \$10) = 0.2 \text{ lots}$

Stop-Loss Discipline

☐ **Always Use Stop-Loss** — No exceptions, ever

☐ **Place at Logical Levels** — Based on support/resistance

☐ **Never Widen Stops** — Only tighten, never move further away

☐ **Accept Small Losses** — They're the cost of trading

Leverage Management

☐ **Use Less Than Max** — Just because you can use 1:50 doesn't mean you should

☐ **Recommended: 1:5 to 1:10** — Effective leverage for beginners

☐ **Monitor Margin Level** — Stay above 200% at all times

☐ **Understand Margin Calls** — Know when broker liquidates

Section 5: Trading Psychology

Emotional Control

- ☐ **Create Trading Plan** — Write rules BEFORE trading
- ☐ **Set Daily Loss Limit** — Stop after 2-3 consecutive losses
- ☐ **Avoid Revenge Trading** — Never trade to "make back" losses
- ☐ **Take Breaks** — Step away when emotional

Trading Journal

- ☐ **Record Every Trade** — Entry, exit, stop loss, take profit
- ☐ **Document Reasoning** — Why did you take this trade?
- ☐ **Note Market Conditions** — Time, session, volatility
- ☐ **Track Emotions** — How did you feel before/during/after?
- ☐ **Review Weekly** — Analyze patterns in wins and losses

Pre-Trade Checklist

Before EVERY trade, ask yourself:

- ☐ Does this fit my trading plan?
- ☐ Have I calculated proper position size?
- ☐ Is my stop-loss at a logical level?
- ☐ Am I trading with clear mind (not emotional)?
- ☐ Can I afford to lose this trade?

Section 6: Tax Preparation

Section 988 (Default Treatment)

- ☐ **Ordinary Income/Loss** — Profits taxed as regular income

☐ **Unlimited Loss Deduction** — Can offset other income

☐ **Applies Automatically** — No election needed

Section 1256 (Optional Election)

☐ **60/40 Tax Treatment** — 60% long-term, 40% short-term rates

☐ **Potentially Lower Rate** — Beneficial if profitable

☐ **\$3,000 Loss Limit** — Cannot deduct more annually

☐ **Must Elect Before Jan 1** — File before tax year starts

Record Keeping

☐ **Save Trade Confirmations** — Download from broker

☐ **Track Deposits/Withdrawals** — Not taxable events

☐ **Keep Records 7 Years** — IRS audit window

☐ **Export Monthly Statements** — Don't rely on broker

☐ **Find Forex-Savvy CPA** — Not all understand forex taxes

Final Pre-Trading Checklist

Before your first live trade, confirm ALL items below:

✓ Regulatory

- ☐ Broker is CFTC registered
- ☐ Broker is NFA member
- ☐ Understand leverage limits
- ☐ Understand FIFO rule

✓ Risk Management

- ☐ Position calculator ready
- ☐ Will never risk >2%
- ☐ Will always use stop-loss
- ☐ Daily loss limit defined

✓ Account

- ☐ Demo traded 30+ days
- ☐ Funded with risk capital only
- ☐ 2FA enabled
- ☐ Platform tested thoroughly

✓ Tax & Records

- ☐ Trading journal set up
- ☐ Understand Section 988
- ☐ Record system in place
- ☐ Tax professional identified

Need More Help?

Visit us for free tools and resources:

- ✓ Position Size Calculator
- ✓ Pip Calculator
- ✓ Broker Reviews & Comparisons
- ✓ Weekly Market Analysis

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Forex trading involves substantial risk. Past performance ≠ future results.