

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 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:

Position = (Account × Risk%) ÷ (Stop Loss Pips × Pip Value)

Example: \$10,000 account, 1% risk, 50 pip stop
= (\$10,000 × 0.01) ÷ (50 × \$10) = 0.2 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.