

**Title:**

Find the Right Broker

**Word Count:**

692

**Summary:**

Instructions of picking a broker for trading on the FOREX Exchange.

**Keywords:**

forex, forex online, learn forex, forex trading

**Article Body:**

Most traders find that it is necessary to utilize a broker when making transactions on the FOREX exchange. A broker is a middleman that handles the actual buying and selling of orders for traders. The broker may be an individual or a company, they will often also offer advise and suggestions for their clients but they only execute orders based on the decision of the trader. Brokers earn their profit either through fees or commissions.

In the case of a FOREX broker they must be associated with a large financial institution to have access to the necessary funds for margin trades. When looking for a broker in the U.S. you need to be sure that the broker is registered as a Futures Commission Merchant by the Commodity Futures Trading Commission. This will allow you to protect yourself from fraud and abusive trade practices.

To start trading in the FOREX market you must open an account with a broker. There are a large, even overwhelming, number of brokers available on the internet. To pick the right broker yourself you need to be prepared to spend some time doing some research. This will help you understand the different services available from various brokers as well as their fees and commission structures.

As with anything else there is no better way to find out the truth about a broker than to talk to someone who actually uses them. Talk to anyone you know that is involved in the FOREX market and find out which broker they use. Then ask them what they like or dislike about their broker and any problems they may have had in dealing with them.

One way to test an online broker is to contact their help desk and see how

quickly they respond to your questions and how helpful the answers are. Be sure to keep in mind though that just as it is with many other things with FOREX brokers you may find that the level of pre-sales help is significantly better than the level of help you receive after you sign up for your account.

While customer satisfaction and safety is of paramount importance they are just a couple of factors that you should pay attention to. Just as importantly is how fast the broker can execute a trade and what level of slippage you will experience with them. Any broker that is online should provide automatic execution and be able to describe their slippage policy. They should be able to provide you detailed information on how much slippage you can expect in both normal and fast moving markets.

Another vital factor is your costs. What is the brokers spread? Is this spread fixed or can it vary. If you are looking at a mini-account do they use the same spread or do they have a higher spread. Are there any other fees or hidden costs involved? Be sure to keep in mind that the cheapest broker may not be the best, the broker that has slightly higher spreads might provide extra services that more than compensate for higher costs.

Everyone needs a margin account to effectively trade in the FOREX exchange, be sure to get the details of the broker's margin accounts and fully understand them before opening an account. What are the margin requirements? What method does the broker use to calculate margins? Does the margin vary depending on the day, the currency involved or even the account type? Many brokers have different margin policies for mini-accounts.

To be successful at trading FOREX you need good trading software and you need to be comfortable with using it. Most brokers will offer free practice accounts that function just like a real account and use the same software. Sign up for several of these and thoroughly test the software paying close attention to the reliability and speed especially when the market is moving quickly.

Some other things to look into are minimum balance requirements, interest on balances, and what currencies can be traded. You should ask about lot sizes and irregular lots and be sure to see if the client accounts are insured and to what level.