Special Report – Improve Your Forex Trading

How to Enhance Your Forex Trading with Free Cash Bonuses

Disclaimer

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Introduction

When it comes to trading Forex, using the right dealing firm can be the difference between success and failure. Because currency trading does not have a centralized exchange, many features differ from firm to firm, including your cost to place a trade. Although you may not realize it, at the end of the month, lowering your transaction costs could significantly increase your success.

As of right now, Forex is an unregulated industry with a very high income potential to Forex dealers. This makes it very difficult to distinguish solid dealing firms from low level bucket shops that will do everything possible to make you lose. That's why there are introducing brokers such as TradersChoiceFX. Introducing Brokers can place you with a dealing firm that best fits your requirements, and help maximize your trading experience.

Using an introducing broker (IB) costs you absolutely nothing, and the IB is compensated on the back end by the clearing firm. The dealing firm benefits from its relationship with the IB because the IB drives business to the dealing firm and is more interactive with the client. In return for working with an IB you will receive various added value services, usually at no extra cost. Some of these services may be very beneficial to your trading.

In this special report we will show you all of the intricacies and tricks of the trade to take advantage of and how to enhance your potential for success. We will also reveal valuable information that can improve your edge; regardless of the trading strategy you use.

Other than basic price movements in Forex trading, there are many factors to consider. One factor that especially plays a big part is the spread. The spread is the difference between the bid and the ask price for a particular currency pair. It's the spread that keeps traders from buying and selling immediately. The spread is also one way in which the dealing firms make money. If the spread is too high it can subtly and gradually eat your account away as you make trades. However, if you can maintain a considerably lower spread than other traders you will have a much greater shot at Forex success.

In this report we will focus on how you can stay under the radar and the importance of using a top tier introducing broker. Also, we will touch upon the importance of trading with a large clearing firm. Some traders may have a good strategy but choose a firm so small and dangerous that they can never collect on their winnings. It's amazing to see how many clients are willing to just throw their hard earned money into anything without doing thorough and diligent research. Smart traders take every angle into consideration before risking their hard earned money.

Be Careful With Your Hard Earned Money!

Forex Regulation and Stability

With so many different firms to choose from, it can be difficult to be confident in your selection of a Forex dealer. A dealing firm needs to be able to cover themselves on all trades that are processed. A good dealing firm needs to have enough capital on hand and strict dealing practices to be able to handle all of their clients properly. The NFA, which is a self regulatory organization, monitors the behaviors and dealing practices of Forex brokerage firms. A positive trend in the industry is beginning to push low level bucket shops out, however many still exist and it's important that you do not get stuck with one of them.

Finding the right dealing firm for you might seem impossible, but TradersChoiceFX has already done the hard work for you. We have done a lot of due diligence and know what's best for you when it comes to trading Forex. The NFA always makes sure that the firms have sufficient capitalization, proper trade reconciliation, ethical business solicitation, solid anti money laundering policy and much more.

There are a few key things that you can use the NFA for. You can visit their site www.nfa.futures.org. Here, there is a way to check the registration status of a firm, with the NFA Basic Service www.nfa.futures.org/basicnet/. On that page, you can put a firm's NFA ID or name and receive their registration information, the name of the principles, and prior registration of the principles. You can also see if there was any history of complaints against the firm. In our opinion, you need to take into consideration the size of the firm when it comes to complaints. The more customers a firm has the more likely they are to have a complaint. So you cannot use complaints alone as good measure, you need to take into consideration a firm's capitalization and client base.

A good place to find out how well a firm is capitalized is on the CFTC website. The CFTC is the Commodity Futures Trading Commission. Their website is www.cftc.gov. In order to look up a firm's capitalization you need to go to this website www.cftc.gov/tm/tmfcm.htm. Look at the adjusted net capital, the capital requirement, and the difference between the two. Obviously the more overcapitalized a firm is, the better.

Size and Professionalism

It's always important to look at a firm's size as at least one measure of credibility because there are so many small bucket shops out there and they have nothing to lose besides your money. A well capitalized firm (over 20 million in excess net capital) will usually hold themselves to a standard of professionalism with their customers. At TradersChoiceFX, we choose to only work with the brokers that have proven themselves to be staples in the industry today. Because of our large client base, we are able to choose which firms we want to deal with, and assure our clients that these firms are credible and safe. All of the firms we work with are U.S. based, and in our opinion, very well-capitalized; they hold a level of professionalism that we have noticed to stand out over the other firms.

Larger firms, like the ones TCFX works with, are more apt to having strong customer service departments. Being able to call up or email a clearing firm with a question or concern and having it attended to in a timely fashion is very important in an industry that has virtually no down time. In nearly all cases, larger firms have better operational execution than smaller firms, it's just common sense. TCFX has relationships with the major dealers in Forex that can make sure your trading experience is maximized.

Choosing a broker is an important step in your success as a Forex trader, but you also need to think of the costs that can sneak up on you. Those transaction costs could mean the difference between you being a success or failure in the Forex world

Enhance Your Trading Success with this Huge Forex Loophole…

Importance of Transaction Costs

Let's say you are trading the EUR/USD with a commission free broker and a spread of about 2 PIPs. On a standard lot, that spread of 2 PIPs is equal to $20 USD. Assume that you trade 2 lots a day for 25 days out of the month; that's $20 USD X 50 Trades = $1000 USD a month, in the spread alone! For the sake of this example let's assume that you generate $200 in profit for the month. Now imagine if you could receive a piece of the spread on every trade you make, let's say .4 pips, then you could have doubled your profits. $4*50 trades = $200 in cash rebates into your pocket. Now just by using an introducing broker and collecting a rebate your success has increased.

We will cover this more in depth in later sections in case you are still not clear.

It is always a good idea to make sure that the clearing firm you are placing your trades with is stable and reputable. With TradersChoiceFX, you can have the best of both worlds; a strong clearing firm along with a trade rebate program that can improve your performance and save you thousands.

Some firms may advertise and show you a consistent spread of 1-2 pips on the EUR/USD for example. However, because the firms could be low level bucket shops, they may be either: placing your trades off market, messing with your execution, or not allowing you to withdraw your profits in a timely fashion. Bigger and more stable firms, with better service may not always be the cheapest; however their customer service, execution, and platforms will be far superior. If you combine this with an IB volume rebate, you will be positioning yourself for greater success

Benefits of Using an Introducing Broker

An introducing broker is a customer catering arm for the dealing firm. As discussed earlier, the IB drives business and provides additional customer support for the dealing firm. The dealing firm, in most cases, has a close relationship with the IB and provides them with multiple perks that are then passed on to the IB's clients.

Introducing Brokers can add value to your trading through better execution of your trades, enhanced customer support, and a per trade rebate.

Receiving cash for every trade made is one huge benefit that a client can expect to receive by going through an IB such as TradersChoiceFX.

There are many IBs out there, so it's important to stick with big, reputable firms. Certain IB's do not have your best interests in mind and push you to make more trades so that their revenue can increase. They are not as concerned with your success and longevity in the market.

TradersChoiceFX has been a front runner in the pool of IB's for several years now, and has been recognized as having the ability to add significant value to client's trading. As a client of TCFX, you can expect to be paired up with the broker that best fits your needs and trading style. As discussed earlier, choosing the right broker is half the battle, of which TCFX can fight for you. On top of that, TCFX will put cash in your pocket at the same time.

Learn the Well Hidden Secret to Have Your Broker Work for You

Forex is an industry where using a middle man can actually be more beneficial to the trader than going directly to the source because of what is known as the IB volume rebate. An IB is a type of middle man that can add tremendous value to your trading. TradersChoiceFX, being one of the most popular IBs, can add serious, monetary value.

TCFX is able to rebate clients up to a half of a PIP on every trade, whether it's a win, lose, or draw. Going back to our example of making 50 trades a month using TCFX as an introducing broker, you would be eligible to receive up to $250 USD back into your pocket. It's like free money!

Just think, you have to use a dealing firm to place trades - TCFX can find the right firm for you. You need to pay the spread, no matter what broker you decide to use - why not receive a piece of that spread back on EVERY trade?

In Forex, multiple trades a day is not uncommon, and thus transaction costs can quickly add up for a trader. A reputable IB can save you large amounts on your transactions that can be the difference between a lucrative trading career and a disappointing one.

Find the Right Broker for You…

Dealing Practices

Next to safety of funds, a firm's dealing practices and the execution on your trades is the most important thing. Just like anything else, all brokers differ when it comes to execution and you need to make sure that the execution and dealing practices of the broker match to your trading style.

When you are talking about dealing practices, you need to take numerous variables into consideration. These include, price feed, dealing desk, banking relationships, net capital, platform, order type and execution.

The tricky thing is that you cannot look at each variable stand alone; they all play off each other. The best thing for you to do is determine your trading style and make a list of exactly what you need to accomplish; and then work to find a Forex dealing firm that will most closely match your requirements. Of course keep in mind that nothing will ever match your requirements perfectly. No firm will ever match your desires completely; you just need to take the best fit and work around it to create your trading set up.

Obviously some firms you need to fully steer away from based on their dealing practices, capital requirements and platforms. A good introducing broker that works with multiple platforms is a good resource to use. You don't have to pay anything to the introducing broker; the dealing firms take care of them on the back end. However one thing to keep in mind is that the IB may be biased to sending you to firms that pay the most to him.

The good thing is that nowadays most firms pay the same to the IB but it’s still good to ask so there are no issues.

Many people are scared by the dealing desk and they assume that there is someone on the other side sitting there and just looking to get them on every trade. In many cases this is true. I have seen many horror stories, like dealers getting into clients positions and manually exiting trades, slippage, re-quoting, dealer intervention and much more. What you need to keep in mind is that it's not the fact that there is a dealing desk that this happens; it's the way a desk is run. Market makers exist in all markets, even the NYSE. They have to take all trades.

The way they make money is that most traders statistically are wrong and the market maker has the advantage of the spread. This is called the auction/specialist market type. A solid market maker internally matches all orders and hedges off the net position if it becomes too large. This is called the delta hedge. With this strategy, as many buy and sell orders are internally matched as possible with the market maker picking up the spread and the remainder is hedged off.

With ECN platforms, banks and institutions provide liquidity into a platform which shows the best bid/offer prices available. These platforms charge a commission for the service. The benefit of an institutional platform like this is that you can trade in between the spreads, make your own market, scalp freely, and get tighter pricing. The only thing you need to realize before you start banging away your trades is that there is still someone providing pricing to you at the other end of the trade.

A good analogy would be to think of a poker game. If there is a guy consistently beating everybody at the table or using an unfair strategy, the other players will leave and not want to play with him or complain to the casino. So if a certain trader is using a trading method that is hard to hedge off or match up internally for the liquidity providers even on an ECN platform, they will still complain to the FCM and then the FCM will be faced with a decision. Who do I want to keep on my platform; UBS or a single trader? What do you think the answer will be?

So if you are using a particular style that may be difficult to maintain for the counterparties -- regardless of a desk or no desk, you need to come in under the radar and set your trading up properly so you do not get kicked out. Once again a solid introducing broker should be able to help you with that.

Another thing to be careful of is some firms claiming that they do not have a deal desk when in actuality they just routing all trades to another firms deal desk and getting some profit sharing. So you need to conduct some very diligent research before you pick a firm.

The first step is to identify the players involved. There's you, the client; there is the dealing firm you are using (FCM) and there are banking/prime brokerage relationships of the FCM.

Here is the way it works: you make the trades with the FCM using your online platform. The FCM matches your trade with another trader, trades in the same direction with its liquidity provider (bigger FCM/Bank) or takes the risk on itself.

With an ECN model your trades are straight through processed to the banks/liquidity provider, or internally matched with other traders electronically.

"So what's it to me?" you may ask. Well it could literally be the difference between success and failure depending on your trading style. First of all you need to classify your trading style and determine how susceptible you are to execution problems. Trading styles like trading around economic releases, scalping, and trading styles that push your margin limits are susceptible to execution problems.

I have seen firms close winning positions on traders also, but that is punishable and happens much more rarely. When it comes to slippage, re-quoting, and quoting off market there is nothing you can do but pick firms that fit your style.

Next you need to determine how big the firm is and what liquidity providers they use. Many firms can internally match most orders so they are never taking on the risk in house. Some firms have little or no liquidity providers and small credit lines and cannot place trades that would hedge your trades off and are forced to take the risk on all of your trades in house.

This creates many problems, and will make them fight against you on an individual basis. If this is the case you will start getting manual execution, slippage and all the other issues imaginable. So when evaluating a firm you need to ask, if they take risk on clients positions, who they hedge their risk with, and do they have straight through processing available.

Price feed is something that you need to take into consideration as well. Most firms use various price feeds to show their clients. Price feed can work for you and against you depending on your trading style. Some firms will quote a low spread but will be always off market by 1-2 pips. This is a market making strategy that they use.

Something like this can be used to work against them. They may quote you this way because they have a forecast of the general tendency of the market and want you to overpay in that direction.

For example, if the market is going up they will always quote you 1-2 pips higher than the true price. This should be taken into consideration when placing stops or limits in a particular direction. If you know you got in a few pips above the true market you should set a slightly tighter target than you would normally. This way when they hedge your trade, they hedge it at a lower price with their liquidity provider and pick up a few more pips.

Another thing you should look into when you are a short term trader is how dynamic a price is. That is how many times it changes during a particular time interval. Certain firms will purposely show less movement to eliminate short term scalping. The bottom line is once you have narrowed down your firms based on perceived safety and dealing practices it is a great idea to watch the feeds.

Platforms

Ease of use is equally important for beginning traders and professional money managers. Having a platform that is user friendly and easy to operate on all levels is critical. Execution has to be there of course, but platform stability and reliability is also crucial.

There are a few aspects to factor in when it comes to platforms: reporting and back office, look and feel, hosting, stability, security and functionality. Various platforms have features that coincide with particular trading styles also, so selecting a platform is important based on how you trade.

It is recommended that you first narrow your list of dealing firms to a few that you are comfortable with based on execution, regulation, capitalization, and adherence to your trading style and then demo each platform and read any necessary reviews.

There are many platforms, but one that is very versatile is called MT4. There is also a more institutional level platform called Currenex. MT4 is probably the most popular platform. Traders love it because it has its built in programming language and because of its wide use communities have sprung up where traders share various automated systems. The platform also has a nice charting tool and user friendly functionality.

In most cases with MT4 there is a standard dealing desk system behind the platform. MT4 is not FIX enabled so getting ECN prices into it is difficult. There are several firms that do offer MT4 with ECN execution, and there are more now on their way.

Choosing the right Platform

When it comes to functionality your own trading style and tools are obviously a key factor to take into consideration. For example, if you are scaling in to trades and want to be able to get out of the whole position at once you need to make sure your platform can do it.

If you are scalping you need to have the ability to do one click entries and exits, so a good way to plan when it comes to functionality is to write down every feature you need and to consult somebody at the dealing firm or a qualified introducing broker about those features. In many cases a qualified independent introducing broker that works with several firms can refer you to a specific platform based on what you need so that you don't have to waste time shopping around. Best of all they usually get compensated out of the bid/ask spread by the dealing firm so their services will cost you nothing and you can get added value.

Make sure you are comfortable with the platform in terms of exiting and entering orders. In some cases because firms make the market they will purposely make order entry or exit slightly difficult functionally so that your slippage increases as you perform a necessary action. So in certain cases you may be better off with a platform created by a third party rather than the dealing firm itself.

If you are trading automated systems and want to integrate it with your platform you need to make sure that the platform/ dealing firm has an API that you can write into and that it is FIX enabled so that you can write your system in via FIX protocol.

Another good question to ask is does the firm have an SDK kit. Below is a list of some questions to take into consideration. These are just a few examples. There are many more questions you should ask:

• How far can I place stops/limits from my current price

• Does the platform allow one-click trading

• Can I trade off the chart?

• Can I get out of positions all at once if I scale in?

• Can I hedge?

• Can I set order types where I determine maximum allowable slippage?

• Is the platform server based, if so where?

• Does the platform allow wireless trading?

• Can I flatten out all positions with one click?

• Does the platform have its own language?

• Is the platform FIX enabled (for automated systems)?

All of these questions should be considered when choosing which platform best fits your needs.

In terms of security, once again we recommend that the bigger the firm and the longer it has been around the better it is for you. If the clearing firm has been around for a while and is well capitalized, it then has much more to lose. The bigger firms have more resources to protect against any type of hacking and identity theft, which is an increasingly important factor in the online world today. When you are dealing with a small new firm with a low adjusted net capital, a red flag should go up.

When it comes to reporting and back office, once again determine how you will reconcile your trades at the end of the month and keep track. Based on that - ask any necessary questions. What kind of statements will the company provide you with at year end for tax purposes? How often do they send statements in the mail with your P/L and trades made?

Most firms show live P/L on their platforms. If you are a money manager, you need to know what kind of statements you can get for all of your sub accounts. All of this should be taken into consideration. Once again I've noticed that bigger firms do this very easily.

When we discuss particular trading styles and what to look for in a broker for each of those styles, this report will touch on more specifics for each particular style of trading. The main thing to stress in this section is create a list of what you our looking for and out of the firms that you or your introducing broker have narrowed down; find the platform that most closely fits your needs.

If you have 2 distinct trading styles for example, there is nothing wrong with opening 2 separate trading accounts at 2 separate firms, one for each style.

Learn this secret to make sure you get top notch customer service…

Just like selecting a trading platform that you can work with, you need to select a firm that you can work with. First of all, and in most cases this is available, you need to make sure that the firm has 24 hour dealing support. You need to make sure that there is a customer support staff to assist you with withdrawals and deposits and questions or issues.

Once again the bigger is better theme makes sense. If you are using a big firm, in most cases the customer support procedures have been thorough and developed properly so that you should be taken care of most times.

There are some small firms however that purely differentiate themselves on customer service. There you are more than just a number. They have boutique settings where your rep knows you by name and takes care of all your needs. Those types of firms are very rare. In many cases the smaller firms have little or no customer service. There is nothing more frustrating than calling in and getting a voicemail when you have an issue that has to do with your trading.

One way to alleviate the customer service issue is work with a large IB. To an IB, customers are everything since they do not need to worry about the dealing end of the market. A large IB usually can take care of the problem for you or direct you to someone in the dealing firm that can. Also because a large introducing broker (IB) brings in large aggregate volume the dealing firm (FCM) will go out of their way for the clients of the IB because if the clients are treated poorly the IB will pick up all clients and leave.

So using an IB is definitely a huge plus when it comes to customer service. It never costs you extra and you get added value that you would not get by going to the FCM directly