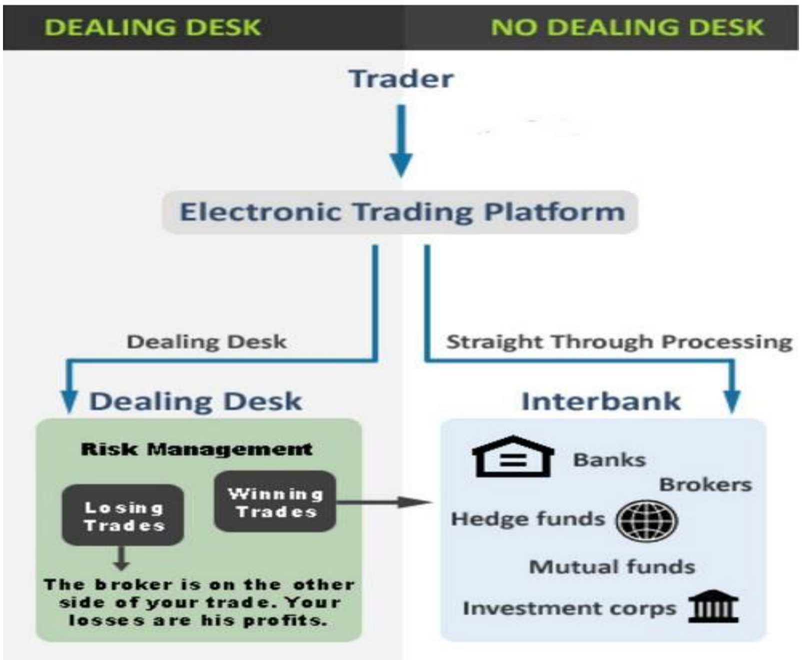
Types of Forex Brokers



DD - Dealing Desk: A dealing desk broker is a **market maker**. Market makers typically offer fixed spreads and may elect to quote above or below actual market prices at any time. Market makers are always the counterparty of the trader, who doesn't trade directly with the liquidity providers. Market makers get paid through the spreads, and they usually also take the opposite trades of their clients prior to covering themselves (or not) with regards to the liquidity providers.

NDD - No Dealing Desk: An NDD forex broker provides direct access to the interbank market; it can be an STP or STP+ECN broker (see below for STP and ECN broker definitions). With a genuine No Dealing Desk broker, there is no requoting of prices, which means that you can trade during economic announcements without any restrictions. The spreads offered are lower, but they are not fixed, so they can increase significantly when volatility is increasing during major economic announcements. An NDD broker can either charge a commission on each trade or choose to increase the spread.

STP - Straight Through Processing: In STP mode, transactions are fully computerised and are immediately processed on the interbank market without any broker intervention.

ECN - Electronic Communication Network: ECN brokers provide and display real-time order book information (featuring the orders that were processed and the prices offered by banks on the interbank market). They thereby improve market transparency by providing information to all market participants. ECN brokers usually make their money by charging a commission on the traded volume. With ECN brokers, all transactions are directly processed on the interbank market in No Dealing Desk mode.

MTF (Multilateral Trading Facilities): An MTF exchange ensures that buyers and sellers of financial instruments can come together according to non-discretionary rules. An MTF is not a regulated exchange, but it operates under the same rules. MTF rules are transparent and ensure a fair-trading system. The broker guarantees price efficiency and the clearing of transactions. Compared to a traditional exchange, a multilateral trading facility provides greater discretion, faster order execution speed and reduced brokerage fees.