

An honest and profitable approach to Forex

Forex is a unique market in that it's not traded on an exchange. This leaves open a plethora of possibilities how banks and brokers structure their Forex offerings. Typically, providers of Forex market access simply offer an increased spread. The STP model, now the most commonly accepted, takes client orders and passes them through to a number of ECNs, charging a small spread. For simplicity sake, let's use EUR/USD 1.3418 / 1.3419 which is a 1 pip spread. A broker or bank may tack on an additional 1 pip in the form of a fee or spread markup for the client order. While this doesn't seem like much, 2 pips is 200% of 1 pip. That means it's a double fee.

In 2011 while Dodd-Frank was being implemented, [Elite E Services](#) developed a fair model whereby traders were charged 5% of the trading profits with no increased spread. This was done for a number of reasons, but most importantly, through extensive testing of high frequency Forex systems, even a .1 spread increase would impact profits. Basically, the spread can be killing profitability. This is exaggerated with active systems that trade frequently.

The model was a success! Hundreds of accounts opened, some of them trading EES systems, but others, trading systems such as MDP that performed better on a fast, low spread MT4 server.

But after only about 6 months (which seems to be the unofficial time window to make money at any particular broker) bad things started happening. The broker's server crashed.

All the client losses were very fairly reversed by the broker, but the problem persisted. The servers crashed again, and again and again. Then other problems with this model surfaced, such a growing compliance department in this brokerage that thought the model undermined the spread markup

model that was key to their business. Then other IBs who are dependent on overcharging on fees, started complaining to the broker, and to the regulators, that this concept was taking away from their fee based business, and that the model was flawed because most clients are losing, so by taking 5% of the client profit, it wouldn't enable this model to be viable.

It is the schism that has developed in many industries, in the case of Forex, trading vs. marketing. The majority of those in Forex business are in the marketing business, not the trading business. Traders look at trading as a means of profitability. If you have a decent strategy, it is possible to earn a living by trading for yourself, no clients. This means that most marketing material you see on the internet advertising trading systems, is not likely profitable, or at least not sustainable. That is not to judge all who are selling systems, but simply that if you have a strategy that works, why would anyone bother marketing it and selling it?

In any event, there still is an honest and profitable approach to Forex. This is one example, there are many others. The end game of the Global Intel Hub project is to open our own Forex investment bank, where traders can participate in the Forex market in a meaningful way.

In Global Intel Hub, we not only offer members ways and means to trade Forex honestly and profitably, we post any info on other environments that provide similar circumstances. Global Intel Hub is only \$10/month for basic membership, so there's no reason not to sign up today for the hub if you are a Forex trader or are in the Forex business. In addition to this, Global Intel Hub members receive regular markets analysis based on a global macro intelligence view, and tools to help them trade such as Expert Advisors, custom indicators, access to VPS services, and training resources.

OPEN A FOREX ACCOUNT

Open Forex Account

