

OANDA fxTrade Margin Rules

Avoid margin closeouts. Know about margin and how it works.

The OANDA fxTrade platform supports **margin trading**, which means you can enter into positions larger than your account balance. One advantage of margin-based trading is that you can strongly leverage the funds in your account and potentially generate large profits relative to the amount invested. The downside is that you can potentially incur significant losses in your margin capital very quickly.

What is Margin?

To ensure you can cover any losses you might incur on your positions, OANDA requires sufficient collateral. This collateral is typically referred to as **margin**. Although there is no minimum deposit required to open an fxTrade account with OANDA, the [Margin Available](#) in your account will limit the size of the positions you can open.

The term **leverage** is often used to describe the margin requirements. For example, leverage of 50:1 corresponds to a margin requirement of 2% (1 divided by 50 is 0.02 or 2%). A 2% margin requirement means that, if you wish to open a new position, then you must have 2% of the size of that position available as margin. Another way of saying the same thing: for each dollar of margin available you can make a \$50 dollar trade.

OANDA Canada Margin Requirements

The Investment Industry Regulatory Organization of Canada (IIROC) establishes margin rates, which may vary from time to time. Margin requirements also vary given the base currency of your account.

[See the Canadian margin rates list.](#)

How Margin is Calculated

When you have open trades for many different currency pairs, your account's margin requirement is calculated by weighting the margin requirements for the various trades at their respective sizes and rates.

If this calculation is less than the margin requirement for the leverage set on your account, it takes precedence (if it is higher, then your default leverage is used).

For example, if you are trading pairs with a minimum 3% margin rate (or 33:1 leverage) and you've set your leverage at 10:1, the required margin will be 10% rather than the 3% minimum required by regulation.

See more detailed information on [how to calculate margins](#).

What Happens with a Margin Closeout?

You must maintain sufficient margin in your account to support your open positions. You are responsible for monitoring your account to prevent margin closeouts.

A margin closeout will be triggered in the following circumstances:

- When the [Margin Closeout Value](#) declines to half, or less than half, of the [Margin Used](#). The fxTrade platform will try to alert customers who are signed in to the fxTrade platform when the Margin Closeout Value falls within 5% of a margin closeout, and again when the Margin Closeout Value falls within 2.5% of a margin closeout. When the Margin Closeout Value declines to half, or less than half, of the Margin Used, all tradable open positions in the account will automatically close using the current fxTrade rates at the time of closing. If trading is unavailable for certain open positions at the time of the margin closeout, those positions will remain open and the fxTrade platform will continue to monitor your margin requirements. When the markets reopen for the remaining open positions, another margin closeout may occur if your account remains undermargined.

Please note: in a fast moving market, there may be little time between warnings, or there may not be sufficient time to warn you at all. Be mindful of the "[Margin Closeout Percent](#)" field in the Account Summary of the fxTrade user interface. The closer the Margin Closeout Percent is to 100%, the closer you are to a margin closeout.

- OANDA will send daily emails to accounts that fall below margin requirements at 3:45 p.m. Eastern time. When an account remains undermargined for 6 consecutive **trading** days, all tradable open positions in the account will automatically close using the current fxTrade rates at the time of closing. Any remaining open positions will

automatically close at the current fxTrade rate when the markets for those instruments re-open.

Margin Requirement is checked at 3:45 p.m. ET. Even if the account satisfies the Margin Requirement during the day but falls below for the 3:45 p.m. ET check, the account will be considered undermargined. Saturday and Sunday do not count towards the 6 consecutive days as trading is not available on weekends (see [OANDA Hours of Operation](#)). If the account recovers by 3:45 p.m. on a trading day, before the end of 6 consecutive trading days, a new count will start again from the day the account falls below margin requirements. For example, if your account is undermargined on Monday at 3:45 p.m., recovers and is adequately margined on Wednesday at 3:45 p.m., and then falls below margin requirements again on Friday before 3:45 p.m. and continuously remains undermargined, a margin closeout will occur 10 days later on Monday starting at 3:45 p.m.

See more detailed information on [how to calculate margin](#).

How to Avoid Margin Closeouts

Take proactive measures to avoid getting a margin closeout on your account. For example,

- Monitor the status of your account continuously.
- Use a lower leverage so you can impose a higher margin requirement on yourself. This way, you will not be tempted to enter into positions beyond your comfortable leverage level. You will also be aware of a potential margin closeout sooner, and be able to increase leverage as a last resort to head it off.

Note: If you choose a lower leverage, constant monitoring is still required to avoid margin closeouts.

- Specify a stop-loss order for each open trade to limit downside risk. You can specify the stop-loss rate at the time you issue a trade, or add a stop-loss order at any time for any open trade. You can also change your stop-loss orders at any time to take current market prices or other conditions into account, (click on an open trade in the “Trades” table, then click “Modify” in the pop-up window to change the stop-loss).

Note: Your trade is closed at the current fxTrade rate, which may vary from your stop-loss price - especially when trading resumes after periods of market closure.

If you happen to be close to a margin closeout, the unique features of the fxTrade platform provide some simple strategies to avoid it:

- Incrementally reduce the size of your positions as you get close to a margin closeout. (fxTrade allows you to trade in arbitrary units, as opposed to fixed lots, which makes this simple to do.)
- Close individual positions to reduce the amount of margin required.
- If you are using a lower leverage, you can increase the leverage on your account as a last resort.
- Transfer additional funds into the account from another sub-account.
- Add funds to the account. Note, however, that the time it takes to add funds could mean your funds arrive too late.

The Commodity Futures Trading Commission (CFTC) limits leverage available to retail forex traders in the United States to 50:1 on major currency pairs and 20:1 for all others. OANDA Asia Pacific offers maximum leverage of 50:1 on FX products and limits to leverage offered on CFDs apply. Maximum leverage for OANDA Canada clients is determined by IIROC and is subject to change. For more information refer to our [regulatory and financial compliance section](#).