

OANDA Europe Limited Margin Rules

The OANDA platform supports trading with leverage, meaning that you can enter into positions larger than your account balance and trade without depositing the full value of your position in advance. One of the benefits of trading with leverage is that you could potentially generate large profits relative to the amount invested. On the other hand, trading with leverage could also result in significant, rapid losses to your capital. In order to open a position on your OANDA account you need to have sufficient funds available to cover margin.

What is margin?

OANDA takes a form of security (or deposit) against any losses that you may incur when you trade using leverage, this collateral is typically referred to as margin. Although there is no minimum deposit needed to open an OANDA account the funds available in your account will limit the size of the position(s) that you can open.

The margin needed to open each trade is derived from the leverage ratio associated with the asset class that you wish to trade. For example, if you were trading an instrument with leverage at 30:1, you would be asked to deposit margin of 3.3% of the full value of the trade that you wished to enter into (1 over 30 is 0.03 or 3.3%). In other words, when trading with leverage of 30:1, you can open a £30 trade for each pound of available funds to cover margin on your account.

OANDA Europe Limited's margin rates

Different asset classes have different leverage levels and therefore different margin rates. A list of margin rates applicable to each asset class is found on the [OANDA Europe Limited margin rates page](#).

What is margin closeout?

In order to keep a position open, you are required to maintain a minimum amount of money in your account, this is known as the margin requirement. The margin requirement is 50% of the margin needed to place a trade. You are required to maintain this margin requirement on your account. If the funds on your account fall below the margin requirement, then your positions will be closed. This is known as margin closeout.

The "[Margin Closeout Percent](#)" field on your account indicates how close your positions are to margin closeout. The OANDA platform will try to alert customers who are signed in to the platform when the value of their positions fall to within 5% of a margin closeout, and again when they fall to within 2.5% of a margin closeout.

Please note that in a fast-moving market there may be little or no time between warnings and there may not be sufficient time to warn you at all. Be mindful of the Margin Closeout Percent field in the Account Summary section of the user interface. The closer the Margin Closeout Percent is to 100%, the closer you are to a margin closeout.

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

If trading is unavailable for certain open positions at the time of the margin closeout, those positions will remain open and the OANDA platform will continue to monitor your account funds in relation to margin requirement. When the markets reopen for those remaining positions, they will be subject to margin closeout if the funds on your account remain below the margin requirement.

You are responsible for monitoring your account to prevent margin closeouts.

Ways to avoid margin closeout

Take proactive measures to avoid undergoing margin closeout on your account. For example:

- Monitor the status of your account continuously.
- Specify a stop-loss order for each open trade to limit downside risk. You can specify the stop-loss rate at the time you open 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 consideration. 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 OANDA rate, which may vary from your stop loss price, especially when trading resumes after periods of market closure and when prices are subject to slippage (gapping).

If you happen to be close to a margin closeout, a number of features on the OANDA platform enable some simple strategies to avoid it:

- Incrementally reduce the size of your positions as you get close to a margin closeout. OANDA allows you to trade in arbitrary units, as opposed to fixed lots, which makes this simple to do.
For example, if you get a margin warning, you could reduce the size of all your open positions by 10%. This would effectively lower the amount of margin required, giving you more breathing room.
- Close individual positions to reduce the amount of margin required.
- Transfer additional funds into your account. Note however, that the time it takes to add funds could mean your funds arrive too late.