

OANDA fxTrade Margin Rules

The OANDA fxTrade 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 fxTrade 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 fxTrade account with OANDA, 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 limit associated with the asset class that you wish to trade. For example, if you were trading with leverage set 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 LTD's margin rates

Different asset classes have different maximum leverage limits and therefore different margin rates. A list of margin rates applicable to each asset class is found on the [OANDA Europe 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. On OANDA fxTrade, 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 fxTrade 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 indeed, 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.

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 fxTrade 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 getting a margin closeout on your account. For example:

- Monitor the status of your account continuously.
- Use a lower leverage so that you can impose higher margin levels 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.
- 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 fxTrade 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 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.

For example, if you get a margin warning, reduce the size of all your open positions by 10%. This effectively lowers the amount of margin required, giving you more breathing room.

- 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, subject to prescribed maximums.
- Transfer additional funds into your account. Note, however, that the time it takes to add funds could mean your funds arrive too late.