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Choosing a Forex Broker: Differences Between Dealing Desk and Non-Dealing Desk

Categories: Forex Education Trading Platforms Education Brokers Education

Article Level: Elementry



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Modified: May 24, 2025

Comments: 0

Views: 128

6 Min

In financial markets such as **Forex market**, a broker acts as the **intermediary** between the **trader** and the market.

To make the right choice among the active **brokers** in financial markets, one must have a good understanding of the **services** provided and the way each broker operates.



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Desk category including various trading accounts such as **ECN** and **STP**.

Choosing a Forex Broker



Reviewing essential factors for choosing a forex broker

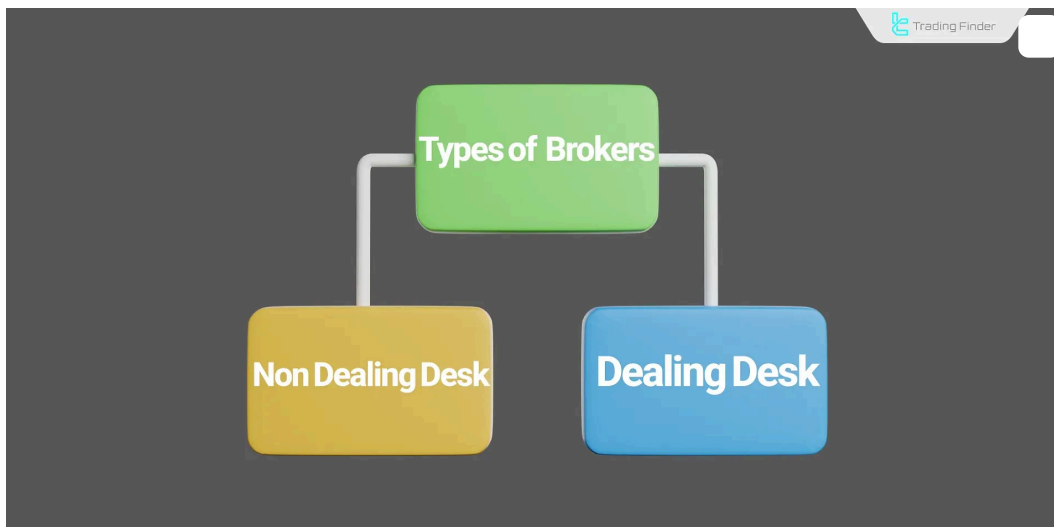
Importance of Choosing a Forex Broker

Understanding **how to choose a forex broker** is crucial because selecting a suitable broker depends heavily on your **trading strategy**, especially when considering factors like spread and commission costs.

Types of Brokers by Execution Model

Brokers are divided into **two main types**:

- ⚡ **Dealing Desk (DD)**
- ⚡ **Non Dealing Desk (NDD)**



Categorizing brokers into Dealing Desk and Non-Dealing Desk

Dealing Desk Brokers (DD)

In this type of broker, the trader deals **directly** with the broker itself. This means the broker **buys** or **sells** the trader's **requested** amount based on the type of order.

Non-Dealing Desk Brokers (NDD)

These brokers act as **intermediaries** between **traders** and **liquidity providers** and are divided into two categories:

- ⚡ **STP Brokers (Straight Through Processing)**
- ⚡ **ECN Brokers (Electronic Communication Network)**

STP Brokers

When learning **how to choose a forex broker**, it's important to understand that in STP brokers, liquidity providers are fixed and predefined.

These brokers offer **floating spreads** and may apply a markup a slight increase in spread for additional broker profit. However, **no commission** is charged for executing trades, and they provide **high-speed execution** with **moderate transaction costs**.

ECN Brokers

ECN brokers provide a network of **market makers** (**banks, other brokers, large institutions, traders, etc.**).

Orders are **automatically** matched and executed within this network. The broker charges a separate commission for connecting and completing orders.



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Comparison Between Dealing Desk and Non Dealing Desk Brokers

The business model, order handling, and connection to the **interbank market** differ between DD and NDD brokers. The table below presents a comparative overview:

Feature	Dealing Desk (DD)	Non Dealing Desk (NDD)
Order Execution	By broker (internal)	By liquidity provider
Conflict of Interest	Yes	No
Spread Type	Fixed	Floating
Chance of Requotes	Yes	Very low

Price Transparency	Lower	Higher
Suitable For	Beginners	Professionals

Criteria for Choosing a Forex Broker

After selecting a broker, its services and credibility should be evaluated based on the **following factors**:

- ⚡ Regulation and Supervision
- ⚡ Trading Platform
- ⚡ Customer Support
- ⚡ Account Types and Trading Conditions
- ⚡ Deposit and Withdrawal Methods



Key criteria for selecting a suitable broker

Regulation and Supervision

Regulation refers to the supervision of a broker's operations by an **international or regional financial authority**.

There are **three levels of financial regulators** with different levels of strictness:

- ⚡ **Tier-1 Regulators:** The strictest and most reputable global regulators;
- ⚡ **Tier-2 Regulators:** Reputable with less strict oversight compared to Tier-1
- ⚡ **Tier-3 or Offshore Regulators:** The least strict, often used by brokers serving sanctioned countries like Iran and Lebanon.

Trading Platform

The trading platform offered by a **suitable broker** should be stable, fast, and well-known. The most widely used platforms among brokers are **MetaTrader 4 (MT4)**, **MetaTrader 5 (MT5)**, and **cTrader**.

Additionally, **fast trade** execution and minimal slippage indicate a high-quality infrastructure.

Customer Support

One important aspect of **how to choose a forex broker** is access to quick, multilingual, and responsive customer support under various conditions. Ideal support factors include:

- ⚡ **24/7** availability
- ⚡ Multiple communication channels (chat, phone, email)
- ⚡ Multilingual support

Account Types and Trading Conditions

A variety of account types (**ECN, Micro, Standard**, etc.) enables traders to match their accounts to their **trading strategies**. **Important criteria include:**

- ⚡ Minimum deposit requirements
- ⚡ **Leverage** options
- ⚡ Spread levels
- ⚡ Transaction commissions

Deposit and Withdrawal Methods

Due to the volatile nature of **financial markets**, a broker should offer various deposit and **withdrawal methods** to ensure seamless transactions even during technical issues. **Common methods include:**

- ⚡ Bank wire transfers
- ⚡ Credit cards
- ⚡ E-wallets like Skrill and Neteller
- ⚡ **Cryptocurrencies**

Conclusion

Choosing a forex broker should focus on the order execution structure (**Dealing Desk** or **Non-Dealing Desk**), spread type (fixed or floating), chance of requotes, price transparency, and interbank market connectivity.

Another key element of **how to choose a forex broker** is evaluating the broker's credibility by examining regulation levels (Tier-1, Tier-2, Tier-3, or Offshore), account structures (ECN, STP, etc.), commission policies, and trading platforms. All these factors must ultimately align with the trader's personal trading strategy.

FAQs

What is a forex broker, and what role does it play in trading? ▼

A forex broker is an intermediary connecting traders to foreign markets and managing buy and sell order execution through trading platforms.

What is the main difference between Dealing Desk and Non-Dealing Desk brokers? ▼

Dealing Desk brokers process orders internally, whereas Non-Dealing Desk brokers forward orders to real liquidity providers or trading networks.

What models are included in Non-Dealing Desk brokers? ▼

Non-Dealing Desk brokers include ECN and STP models.

What role do financial regulators play users security? ▼

Regulators oversee broker operations, enforce anti-fraud regulations, and require client funds segregation.

Are brokers with Tier-3 or Offshore regulation safe? ▼

Offshore brokers face fewer regulatory obligations, making examining their performance history, financial transparency, and user reviews crucial.

What factors are essential when choosing a trading platform? ▼

System stability, fast order execution, user-friendly interface, and compatibility with both desktop and mobile devices are essential factors.



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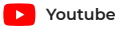



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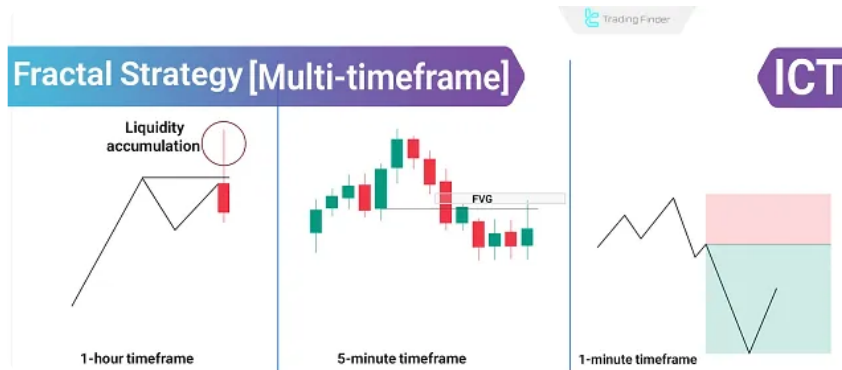
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