A-book vs B-book

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A-book

A-Book means the client's trade is passed through to the market and filled by a liquidity provider.

Therefore, there are no conflicts of interest, a-book brokers earn the same amount of money with both winning and losing traders.

One of the ways for a broker to make money in A-Book is through commissions. Even though the prices of entry and exit were the same for both trader and broker, the trader pays commissions to the broker for the execution.

- No conflict of interests.
- Traders' loss = loss of equity for the broker.
- The client's trade is passed through to the market.

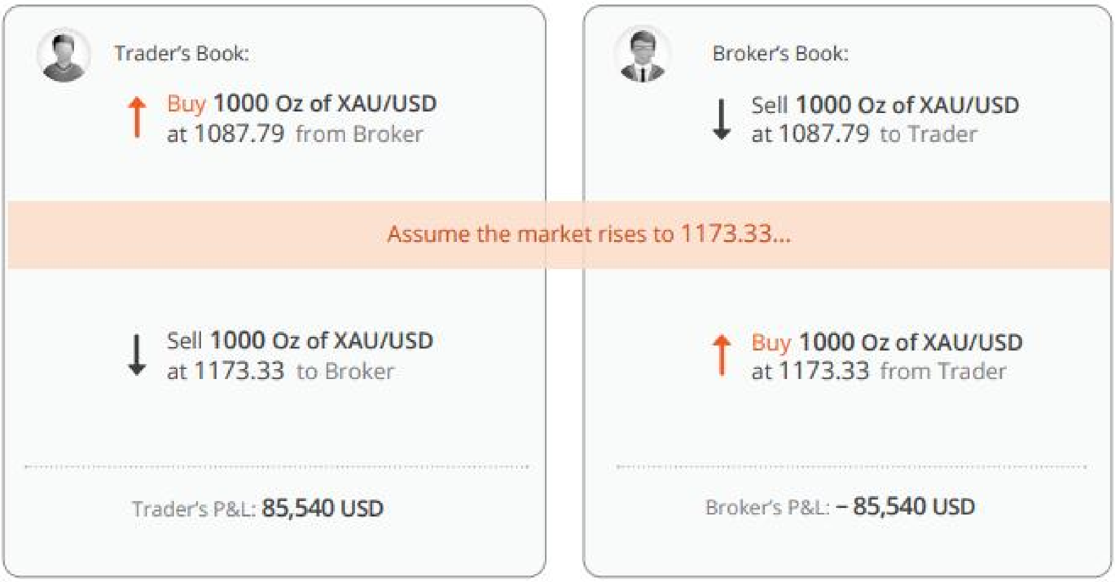
Brokers with only A-book usually set min deposits of $5000-$10000. There is such a pattern that the higher the initial deposit, the more adequately a client trades.

B-book

B-Book keeps their clients' orders internally. They take the other side of their clients' trades, which means that the brokers' profits are often equal to their clients' losses.

It is obvious that this model generates conflicts of interest between brokers and their clients. Profitable traders can cause these brokers to lose money.
Traders are often worried about being subject to the underhanded tactics of some brokers who seek to always be profitable.

- Traders' loss = Broker's win



To mitigate the risks of loss, the broker can open opposite positions

The hybrid model allows forex brokers to increase their profitability as well as their credibility. It also enables brokers to earn money off of profitable traders by dispatching their trading orders to liquidity providers.

To efficiently identify profitable traders, as well as unprofitable ones, forex brokers have software that analyses their clients' orders. They can filter traders according to the size of their deposit (the percentage of winning traders increases significantly for deposits over $10,000), the leverage used, the risk taken on each trade, the use or non-use of protective stops, etc.

Difference between post execution and pre execution?

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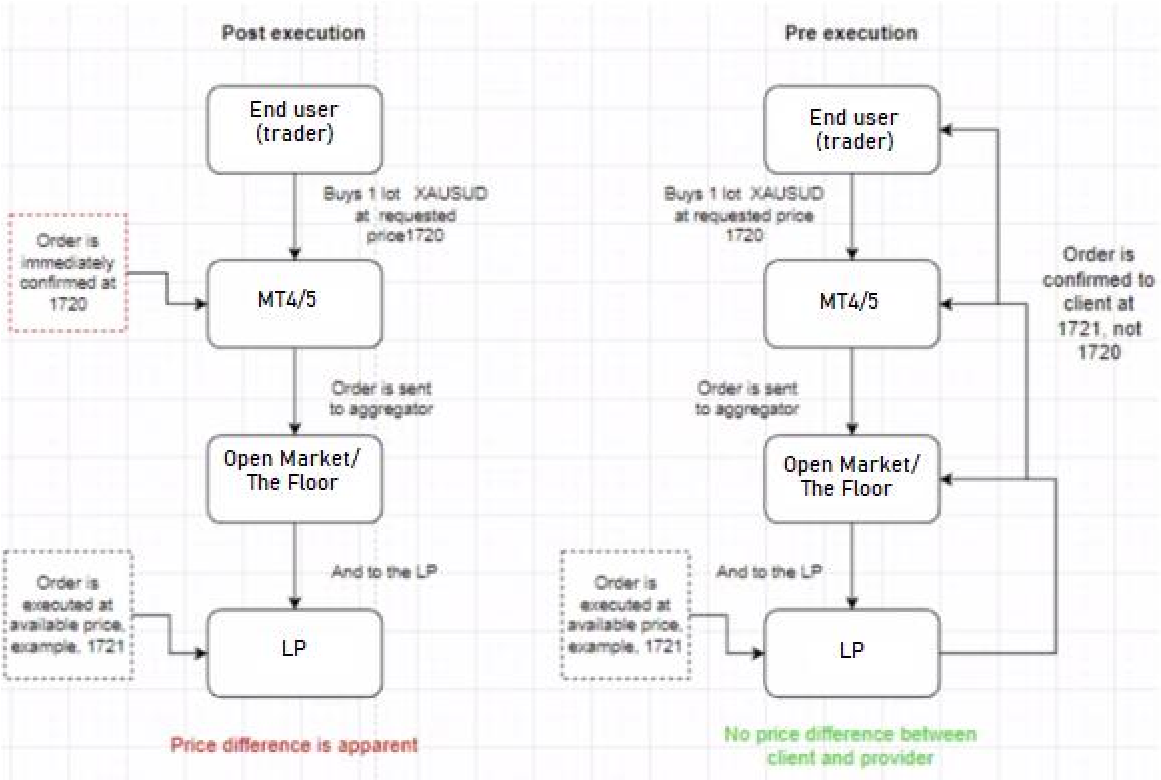
Post-execution, Spot liquidity, more risk for Exchange. ()

Pre-execution, Marginal liquidity, (cTrader, MT), user assume the risk (broker ask price before showing it to the Cx)



BlueStarFX is a **TRUE 100% "A-Book"** Forex broker, **the only one in the world** up to now to our knowledge.

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