Broker & Prop-Firm Due Diligence Checklist

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Rule #1: Never compare spreads before clearing licensing and counterparty custody checks. A zero-spread offshore shell or non-paying prop contract negates every edge on your chart.

STEP 1 — IDENTITY & SUPERVISORY REGISTER

- **[ ] Exact legal entity:** find full corporate name & registration ID in the Client Agreement footer — do not confuse a global brand with its offshore subsidiary.
- **[ ] Verify directly on supervisor's official domain:** FCA (UK): `register.fca.org.uk` · CySEC (EU): `cysec.gov.cy` · BaFin: `portal.mvp.bafin.de` · ASIC: `asic.gov.au` · CFTC/NFA: `nfa.futures.org/basicnet` · ESMA warnings.
- **[ ] Domain & clone check:** match exact URL, phone and payment beneficiary listed inside the official register (clones steal real licence numbers).
- **[ ] Check warning archives:** search firm & directors on national warning lists and riskwarnings.com.

STEP 2 — CLIENT PROTECTION & INSOLVENCY FLOOR

- **[ ] Segregated client accounts:** statutory ring-fencing in tier-1 credit institutions (not mere contractual promises).
- **[ ] Negative Balance Protection (NBP):** guaranteed retail floor at zero under ESMA / FCA / ASIC rules; verify whether waiving retail status to "Pro" removes NBP.
- **[ ] Margin Close-Out rule:** EU/UK retail mandatory close-out at 50% of required initial margin (not an arbitrary instant zero wipe).
- **[ ] Statutory investor compensation limit:** UK FSCS (£85,000), EU ICF / KDPW (€20,000–€20,100), US CFTC retail FX (no SIPC coverage — verify net capital filings).

STEP 3 — EXECUTION POLICY & REAL COST AUDIT

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All-In Cost = Spread + Slippage + Comm + (Swap × Nights)
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- **[ ] Read Order Execution Policy PDF:** confirm slippage symmetry (positive + negative), partial-fill policy and stop trigger logic (Bid vs Ask).
- **[ ] Measure live micro-account costs:** log spread + fill delay during both London open and scheduled macro releases before funding real size.
- **[ ] Compare overnight swaps:** verify Wednesday 3× rollover schedule and financing markup on the exact pairs you actually hold overnight.
- **[ ] Funded / Prop check:** verify trailing vs static drawdown trigger (equity vs closed balance), daily loss reset clock, best-day consistency caps & payout denial clauses.

STEP 4 — IMMEDIATE STOP RED FLAGS

- **STOP** if asked to pay "withdrawal taxes", "liquidity fees" or "verification deposits" in crypto or personal transfers to unlock funds.
- **STOP** if promised guaranteed monthly returns, risk-free AI bots or personal account managers urging bigger deposits.
- **STOP** if account opening routes you silently from a regulated EU/UK site to an unregulated offshore entity (St. Vincent, Seychelles, Marshall Islands) without explicit disclosure.
- **STOP** if legal entity, domain WHOIS and beneficiary bank account name fail to match the licence record.

Educational & quantitative reference only — not investment advice.