Commission models: raw versus all-in

> **COMMISSION ACCOUNT MODELS**
>
> Brokers charge for FX in two shapes: an all-in account with a wider spread and no separate fee, or a raw account with a near-market spread plus a fixed commission per lot. Neither is cheaper by nature - the crossover depends on the spread gap and the commission, and the honest comparison prices both on your own trade, in your own currency.

Two brokers advertise the same pair. One shouts about zero commission. The other shouts about raw spreads from 0.0 pips. Both are describing the same bill with different line items, and both are hoping you compare labels instead of totals.

What are the two models actually charging?

The all-in model builds the broker's take into the spread. You see one number, pay one number, and the mark-up over the interbank spread is invisible unless you know what raw pricing looks like.

The raw model passes something close to the interbank spread through and charges its take as commission, a fixed amount per lot, usually quoted round-trip. The spread number looks beautiful. The bill has a second line.

How do you compare them honestly?

Price a round trip on each, at your size, in your currency. The all-in cost is its spread times your pip value. The raw cost is its spread times your pip value, plus the commission times your lots. Two multiplications and an addition, and the labels stop mattering.

The comparison moves with trade size in one direction only: commission is fixed per lot while spread cost scales with pip value, so the raw account's advantage - where it has one - holds at any size. What changes the answer is the spread gap between the two accounts on the pair you actually trade, at the hours you actually trade it. A raw account that is cheaper on EUR/USD at 2pm can be dearer on an exotic cross at midnight.

Which one is right for a beginner?

Run the arithmetic and take the cheaper total for how you actually trade - and if the totals land close, take the all-in account, because one visible number is easier to track honestly than two. What you should not do is choose by headline. Zero commission is not zero cost, and 0.0 pips is not free either.

Worked example - figures in USD

One lot of EUR/USD both ways: the raw account quotes 0.2 pips plus $7.00 round-trip commission per lot; the all-in account quotes 1.1 pips with no commission.

1. Price the raw account's spread: 0.2 pips at 1 lot costs $2.00.
2. Add its commission: $7.00 per lot makes the raw account's true round trip $9.00.
3. Price the all-in account: 1.1 pips at the same size costs $11.00, with nothing to add.
4. Compare $9.00 against $11.00 - the totals decide, and the answer is specific to this pair, this size and these two quotes.

What this means for you

Do this comparison once for the pair you trade most, on the accounts you are actually choosing between, at the hour you usually deal. Ten minutes of arithmetic, and the marketing on both sides stops working on you. Repeat it if your pair or your hours change, because the answer is attached to those, not to you.

Try it yourself with the fees-comparison calculator: https://ticksprout.com/tools/fees-comparison

Check your understanding

1. A broker advertises zero commission. What does that tell you about total cost?

a. Nothing by itself - the broker's take is in the spread instead
b. It is the cheaper option
c. It is the dearer option

Answer: a. All-in accounts charge through a wider spread, so the absence of a commission line says nothing about the total. It can land cheaper or dearer than a raw account; only pricing a round trip on both tells you which.

2. What is the honest way to compare a raw account with an all-in account?

a. Compare the advertised spread numbers
b. Price a full round trip on each at your size: spread times pip value, plus commission where charged
c. Choose the one with more regulation

Answer: b. Only totals compare. Advertised spreads ignore the commission line entirely, and regulation - which matters for other reasons - tells you nothing about cost.

3. Why can the comparison flip between pairs or sessions?

a. Commission changes with the session

b. The spread gap between the two account types varies by pair and hour, and the gap is what the commission is competing against

c. Pip values change between account types

Answer: b. Commission is fixed per lot and pip value is a property of the pair and your account currency, identical on both accounts. The moving part is how much wider the all-in spread is than the raw one - a gap that varies by pair and by hour.