

## LESSON EIGHT: BROKERAGES, ACCOUNTS & TRADING PLATFORMS

An online stock brokerage site is a software platform allowing individuals to buy and sell stocks and other securities online. There are many; some deal only with stocks, while others enable trading many assets, including stocks, cryptocurrencies, and Forex. Recently, trading of stock options has been allowed on some. In this course, we will only deal with the trading of stocks. An important distinction needs to be made here. While they all allow for the buying and selling of stocks, only some allow for the connection of stock sale managing software. To do this, they must support these computer-to-computer connections. They must have an API, which is an Advanced Programming Interface. Also, the API must be sufficiently advanced to be integrated into our trade automation software; more about that later.

Here is the standard procedure that almost all of them use to create your trading account. Knowing there is no cost to set up a brokerage account is essential. Also, you can have more than one brokerage trading account. But you can only have one with each brokerage. While there are dozens of online brokerages, TradeFinder recommends starting with one called Alpaca.Markets. We recommend this one because it is simple to use, has the Advanced Programming Interface, and does not charge a commission on your trades. (We do not have any business relationship with Alpaca; we receive no commission.).

### Account Application Process

Go to Alpaca.Markets. Click on the “Create Account” button on the website. This gives you access to the internal pages of the website. These highly secure brokerage sites will issue you credentials after you create the account. It is essential to say that this is not a trading account. You will continue to set up that account after they give you access to the website.

During the trading account application process, they will ask you many questions. Provide simple, straightforward answers. They need to get this information to satisfy the federal government’s oversight of their activity. When you answer simple questions about your financial condition, remember that they will almost always approve your account. This information allows them to provide you with the correct account type.

While most accounts are approved the same day you submit your application, it may be the next day, depending on their activity levels. Your account will most likely be of the type without a trading margin. This is normal.

Once you get the credentials for your trading account, go to the Alpaca site and click around to familiarize yourself with the layout. This is especially important when locating how to access the “paper account.” This is the practice part of the site, which allows you to learn how it works.

Can you use another online brokerage site?

Of course, you can. If you already have an account at an online brokerage, you can use that. If you decide to do automated, algorithmic trading using our software, you must open an account at Alpaca. But if you do manual trading, any online brokerage site will work.

### Funding Your Brokerage Account

You will need to place trading funds into your account at some point. You will see the location where you can do that. Funding requires linking a bank account or other financial institution to your account so that an “ACH” transfer can be done. When you make a deposit, it will take a day or two for the funds to flow from your bank to the brokerage. Funds in your brokerage account will earn interest when not used for trading. The brokerage has a relationship with an American bank. The amount you fund is not essential currently. As you will see, there is a minimum amount, but it is modest.

### Brokerage Sites have Research Tools.

Once you have an account, you will have free access to the site’s library of reading material and asset information. It would be best if you took advantage of it. In addition to the brokerage website’s materials, you should become familiar with another investing site. They are free and present a wealth of information about stocks and other assets. We suggest looking at the following websites.

[WWW.Investopedia.com](http://WWW.Investopedia.com)

This site has daily market information, a stock ticker with current asset prices, and the best dictionary of investment and trading terms.

[WWW.WSJ.com](http://WWW.WSJ.com)

This non-biased business website presents news and background information on national and international matters.

[Finance.Yahoo.com](http://Finance.Yahoo.com)

Another website with current stock and other asset prices. One feature we appreciate is the search bar that, when given a stock ticker symbol, provides a large amount of information about the company both its background, current stock pricing, an explanation of what the company does, and several stock analysts' opinions of the company’s future with stock buy/sell recommendation.

After using these information sources, you will develop your procedures for researching potential trades. It is essential to choose a brokerage that aligns with your investment goals and experience level. Some platforms are designed for beginners, offering a user-friendly interface and comprehensive educational content.