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The following is my review and analysis of the Ctrader program.

Through this report, there are several key areas which are highlighted for notification.

I have reviewed the potential for business practices and revenue modeling also. My findings are included below.

The most important aspect of the software is that cTrader is simply a trade execution platform with charts, built around the C# programming code. The actual spreads, trade execution, quotes, and clearing operations will vary based on which Liquidity Provider (LP) is selected for operations.

As per Spotware, the ONLY setup requirement is to have a LP with a FIX API and \$1,000 (one time only) Integration fee. There may be costs incurred by the LP for integration, but these are charged by the LP only.

According to Spotware, full integration to be 100% operational is about 2 weeks depending on integration and branding.

Important: The actual clearing costs of the LP/Bank will be what determines the final costs, not cTrader.

cTrader charges a monthly fee minimum, with final monthly fee based on monthly round turn trade volume.

To offer all the services available, or to at least make them available, the monthly minimum cTrader fees will be \$7,000 USD, with a base minimum of \$3,000.00 USD.

Monthly volume charges will range from \$1.00 per million (based on 40+ bio) to \$5.00 usd per million (0-10 bio).

Since the initial operations will require some time to generate volume, it would be expected that actual costs for the first 6-9 months would be \$5.00 per million.

This would not include LP clearing costs. Thus, even if connecting to a LP who offers clearing services for .2 to .5 of the spread, this puts costs at the 0.70 to 1.00 pip per 100K (Based on 1 pip =\$10.00) or \$7.00 to \$10.00 per million.

If, over time, volume increased to 30 bio, then costs would typically move down to .3 cTrader and .2 LP, clearing costs will still be around 0.5 pip per 100K.

In comparison, the ONLY primary reason to adopt any platform, business resource, change business direction would be for the potential of a substantial increase in revenue.

When comparing the cTrader Business Broker model to simply acting as a referring IB platform provider, the question becomes is it better to be the broker or simply be the IB, This question essentially is defined to costs to operate versus cost of referring / giveup.

The original business model was to utilize our signal system to generate profitable trades to be executed for prop groups.

Revenue streams included:

- Mirroring successful accounts
- Sharing in a percentage of the prop group's net proceeds / profits.
- Sharing percentage of Spread fees / commissions / markup charged

Costs include:

- Training fees - monthly per user
- Clearing costs
- Online Room software costs
- Room / Advisory service costs
- Room/ Support service costs
- Travel and lodging expenses
- Computer maintenance / hardware
- Internet connectivity
- Office / operations expenses

By switching to **cTrader** and cBroker software, the original business model has changed, which provides for the opportunity of generating additional revenue but with much more responsibility and higher capital output. I can easily apply numbers to the information below to generate a full business plan outline based on proposed trading volume and business practices. However, that is not needed at this time, as I think it is more important to identify the value of the proposed business relationship, and the participation levels expected by all parties.

Computer Specs:

Specs running on a win 7 Home Premium for this test. AMD Phenom IIx4 3.20 GHz, 64 bit Operating System, with Service Pack 1.
System has 4.00 Gig memory.

Average cpu usage

Mt4 - 10.6
cT 6.5

Threads

Mt4 11
cT - 55

Disk Usage

cT **trader** is much heavier on disk than Mt4 with as much as 12x greater.

Network I/O

cT is about 3.5x greater info being pushed

Memory

cT trader uses about 2x more memory over Mt4

Observations regarding cTrader

Its a bit more robust than MT4 with a higher utilization of multi-threading, 55, as compared to MT4 (11). Also requires creates higher level of disk activity than MT4. I recorded as much as 12x greater, but that seemed to be in bursts.

I noticed a few times of the data stalling or freezing. We saw this same issue on FXDD which was a result of their modules on the MT4 server controlling the feed and fills.

This was the very same issue that FXDD was fined for doing. I have not seen it on our MT4 provider.

Just as with current ATCBrokers MT4, the cTrader has speed trading ability via built-in order window. And again, just as with MT4, cTrader provides ability to preset Take Profit, Stop, and Trailing specs. ATCBrokers MT4 platform has ability to automatically setup multi-leg entries automatically, with repeated ability for speed trading. (This is for ATCBrokers only, and is not a normal function offered by MT4). Multi-leg is not available on cTrader. Speed tests for trade execution appear to be about the same.

Both platforms have 1 click trading. I did test limit order fills vs slippage, and seemed to be within reason. On a couple limit order fills on EURUSD, executions were made in favor of the trader, thus positive slippage. Most were negative by 0.2. I also tested limit order fills on EURJPY, see my results below.

An advantage of cTrader vs MT4 is the additional charting periods, such as 2,3,4,10,12. These selections are pre-built into the period selection menu. MT4 has these and more available, however, it is a multi-step process to open charts in these or other off periods.

Execution speed of the demo seemed to be as that of MT4 demo. Of course, a live account would be different. According to ATCBrokers, their demo feed is the same as their Live feed, thus executions are of "Like Kind". It would be of interest to learn if cTrader has 2 different feeds, 1 for demo, 1 for live. Also, ATCBrokers has a true MKT (Market Feed). I do not see that option on cTrader. The advantage of MKT feed is you are filled at the price and not re-quoted. While cTrader may be filled instantly, it is more prone to slippage in light of the lack of an MKT feed. As per tests below, I did experience slippage on trading EURJPY.

Business Operations and Practices:

With that thought in mind, while a platform provider or quote provider may offer "at cost" or "zero spread", any delays in fills, or server modules causing delays in fills, even if just for a 2-5 milliseconds is sufficient enough over the life of an account to draw in additional revenue to offset any "losses" experienced in "zero spread / at cost" spread offering. There is no such thing as a zero spread. Banks do not trade at a loss, nor do brokers, platform provider and clearing house/LQ providers. The spreads may appear to be zero for an occasion or several instances, but on a zero spread, there is still costs to be incurred. These costs are made up in skewing the actual trading range of the market versus offered quotes, slippage, delays in fills by brokers/clearing houses taking the opposite side of the trade.

Typical broker platform/clearing providers who are "running the books" essentially clear Currency **Trader "A"** against Currency **Trader "B"**, with any net negative risk sent out to a counter party to clear or offset the risk. Most of this process is done automatically. An example of this would be **TraderA** (or group A) is net long 10 million EURUSD, and **Trader B** (or group B) is net short 7 million EURUSD,... the 3 million net deficit of EURUSD is sent out to counter party willing to buy 3 million EURUSD.

Odd-Lots Sizing:

If Group A has 15 traders, Group B 34 Traders, the platform provider is banking transaction fees for all transactions from all transactions, and offsetting any risk to counter parties.

The specifics to this is usually contained to an aggregate group trade of 100K lots. Trades less than 100K, ie: \$10,000, are booked and offset by in-house traders of similar lots sizes. Essentially, LP's do not conduct transactions less than \$100K. Thus all \$10K transactions are offset against internal transactions. The platform/quote provider/Broker is banking transaction fees on all offsetting transactions.

A/B Book Trading - cBroker software

A/B book module provides a broker with the means to manage customer risk e.g. : If a clients history of trading is profitable, it is likely to be assigned to A book; and where a customer's history indicates many losing trades, Broker may assign to B Book.

"A" Book enables broker to provide a price to customer and for the subsequent trade to be passed straight through to the LP. The broker's profit will be the spread difference between the price received from the LP and the price dealt on by the customer (plus any commissions charged to the customer, less any LP costs).

"B" Book enables broker to show a price the customer and for subsequent trade not to be passed through to the LP and for the broker to offset the trade either internally against other customers or run the position.

By having these types of controls, the broker, via the module back office admin, can easily increase fees added on for additional slippage.

Additionally, an advantage of having access to the back office is the ability to see the aggregate location of **trader** stops. This gives the broker who takes the opposite side of the trades / book the ability to easily identify potential risks, and adjust internal credit risks accordingly. Additionally, any trades executed at odd-lot sized orders are typically executed at prices slightly inferior to interbank spreads or contract spreads. As stated above, it is normal and customary for odd lot sizes not to be accepted by typical LP's, however, there is still a transaction fee that is generated by these transactions.

cBroker allows for an aggregate of net equity to be constantly displayed showing Broker's risk. When risk parameters are met, Broker can run the position, or decide to offset.

Revenue variables:

1. Transactions fees / commissions of traders from each book
2. Revenue generated by "Pushing / Running" Book "B"
3. Rollover: ability to create slippage and additional fees / charges via markup on overnight positions.

Ctrader DOME

In my review of the cTrader, I do not see any information regarding the system being a "what you see is what you get system". This means that even though I click on a price, it is not the price I will be filled at. This is also additional slippage. cTrader claims no re-quotes, however, they do not claim no slippage.

During demo I did not receive any re-quotes, it is a demo. Live could be different.

The cTrader has a DOME which frankly, I think is a distraction. It can be used to trade from, placing orders directly from the dome. Because the volume / order size on the DOME can be manipulated, it should not be relied upon; and if watching the charts, and indicators, as should be, the DOME becomes a distraction and thus a waste of system resources. I found it best to turn it off / hide it, which saved CPU usage. It cannot be closed completely as the Order window is built into the Pairs Index window. Certainly strategies could be built around the DOME with volume confirmations, etc. But for purposes of this analysis with regards to looking to be used for our signals program, the DOME is not needed.

The numbers of pairs offered is similar to ATCBrokers MT4 with 33 vs cTrader with 28.

A nice feature of this platform would be to include a link to a chat room we would run; This can also be done with MT4.

Spreads are comparable to MT4, with cTrader being a slight bit wider than MT4 when comparing demo to demo. Obviously the spreads can be changed and controlled.

Overall Learning curve to begin trading seems to be moderate. I was able to identify most needed functions within 30 minutes. There is a link to pre-built videos addressing various subjects of the usage of the software.

Disadvantages:

- Lose of control of data feed and spreads. We do not know the feed provider.
- Support services. We do not know the company or how responsive they are to technical issues. cTrader will provide support and technical services for the software. There will also need to be tech support for the LP connection.
- Broker Services : IE; Clearing broker: Who is holding the money? what options are available to fund an account?
- Will Broker be registered with FSA?
- What bank will be holding the funds?
- High frequency trading: most MT4 brokers / LP's do not allow HFT. How tight can stops be set against the bid/ask? I hear of horror stories whereby a broker may allow HFT but then when the traders make money, the broker finds some reason to not allow profits to be withdrawn, normally, with the broker stating that HFT was not allowed, or that the trader was cheating.
- Are there any time constraints placed by the broker / LP on how long a position must be held? Some

brokers do place minimum time requirement for a position. ATCBrokers does not. All of the above questions have been answered by and for ATC.

- Heavier on processor: cTrader requires more memory than MT4. The initial setup gave me a WINNAPP Error, requiring me to re-download the platform. I am running win7 Home Premium for this test. AMD Phenom IIx4 3.20 GHz, 64 bit Operating System, with Service Pack 1. System has 4.00 Gig memory.

- Can not use prebuilt MT4 custom indicators except via a cserver to mt4 bridge. This could be complicated process for the normal trader.

Note: CTRADER DOES NOT HAVE A BRIDGE TO CONNECT TO MT4. THIS MUST COME FROM THE LQ / QUOTE PROVIDER. cTrader does allow for the bridge to connect to their server, which is the cServer to MT4 bridge mentioned in their data sheet.

Risk Manager - cBroker module

- The only risk manager is built around the cBroker Group module. This limits the controls as compared to the module built by ATCBrokers.

- Group assignment options: All of this is available in MT4 both via ATC Admin and custom module built by ATC.

- Stop out level in %
- Ticket size - minimum and maximum
- Commissions per million traded
- Book Assignment (not available on ATC) since all trades are passed through to LP.

OVERALL: I SEE NO ADVANTAGE TO RISK MANAGEMENT USING CBROKER OTHER THAN YOU HAVE DIRECT ACCESS TO THE PLATFORM. ATCBROKERS HAS DEVELOPED A CUSTOM APPLICATION FOR CLIENT TO USE.

- New accounts created within the cBroker do not provide for ability to setup commissions, fees, charges. This is done via group assignment..

- There is a built-in cAlgo program which can create custom code / auto trader, but code experience is required. This is a big negative for most traders.

- MT4 has a built-in Tick Chart both on the Symbols list and on the Order Entry window. Tick charts data or functions is not available on cTrader (or at least I did not see the options anywhere).

- Delays in changing chart period. I created a chart, placing multiple trend lines and an RSI indicator on the chart. When changing that chart to a different time period, there was a substantial delay.

When doing the same with MT4, the change is instant. If speed trading, and needing to make a quick decision, this could be a point of frustration for the trader.

- Can not multi-leg trades

- Order inconsistency and slippage:

example: I executed a Buystop on EURJPY at 124.762 per order entry window. History Log shows entry price at 124.769, Position windows shows entry price at 124.757. I also noticed slippage on EURJPY limit

orders as much as .6 pips. I did not have slippage on EURUSD Limit orders.

- Spreads, cTrader has a slightly higher spread than ATC on EURUSD. Obviously this will vary depending on the quotation/LP provider, with a potential to reduce spread to 0.2 to 0.4 on EURUSD. Given the potential of any major LP to accept a potential offering from us to

- MT4 has built in ability to receive and connect to signal provider / system via ATC system. cTrader does not have same capabilities. This would need to be done via special written code and/or LP bridge / MT4 connectivity.

- MT4 has built-in ability to publish signals / charts. cTrader only has ability to send email notifications.

In terms of functionality comparing ATCBrokers MT4 version and cTrader, ATCBrokers MT4 has more functionality for mirroring, receiving / pushing signals.

Features Advantages:

- Shows well, with obvious bells/whistles/color

- Dome Trading, not available on MT4

- Built-in snapshot of charts which is uploaded to the web. We use this feature with a different program on MT4 / Jing combined. **ADDITIONALLY, MT4 CAN UPLOAD TO SERVER, AND PUBLISH CHARTS TO SPECIFIC FTP LOCATION. CTRADER DOES NOT HAVE THIS ABILITY.**

- Windows can be popped out of the Shell program. This can be done with MT4 but requires a special script.

Overall: If I did not know of MT4, cTrader would be ok to use. The slippage would be of concern. If the spreads are narrow, this is how they make up for narrow spreads. The test would be to use MT4 program bridged to cTrader to utilize custom indicators already built. However, the downside of that would be the two different feeds may not match in pricing, thus could cause some trades not be filled or executed for stops or entries. Would the platform be ok as a white label offered as an alternative to MT4, MAYBE. A natural extension of business to this platform would be additional coding services for custom auto traders and custom indicators.

Bottom line: is it worth looking at? Maybe.. slippage is concern, inability to use MT4 customs is A GREAT concern (Yes, the indicators can be written to the cTrader- which requires more time), that data stall is big concern. The yen pairs particularly seem to jump a lot. I cannot monitor spreads on cTrader as I can with MT4.

If you have any questions about the above, please contact me.

Bill