

Forum: [Hack Forums](#)

Thread: [Stock Legalities/Requirements \(information\)](#)

thales - February 25, 2016, 2:53 pm

Just thought I'd share some information for stocks when it comes to what's legal and what's not + requirements. THIS IS US ONLY.

Day trading: Defined as someone who makes 4+ trades within a week (5 day business week) is considered a pattern day trader.

Requirements for this: You are required legally to have an account balance of at least \$25,000 to do this.

Does not apply to Forex trading

Stock advice: It is ILLEGAL to offer PAID stock advice (fee or flat amount) without specific licenses and applications filled out.

Requirements: <https://www.sec.gov/about/laws/iaa40.pdf> (read more here)

Margin Accounts: By law MUST have a minimum balance of \$2,000.

Requirements: \$2,000 to open a margin account.

Will add more if requested.

vexius - February 25, 2016, 3:05 pm

Should be said that these rules only apply to US citizens, and the first one doesn't apply to forex trading

However, thanks for posting :)

thales - February 25, 2016, 3:48 pm

(Feb 25, 2016 04:05 PM)vexius Wrote: [\[CITE\]](#) Should be said that these rules only apply to US citizens, and the first one doesn't apply to forex trading

However, thanks for posting :)I'll add those in, thanks =)

K?ng - February 25, 2016, 6:12 pm

(Feb 25, 2016 03:53 PM)thales Wrote: [\[CITE\]](#) Just thought I'd share some information for stocks when it comes to what's legal and what's not + requirements. THIS IS US ONLY.

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Will add more if requested.

I know you're mainly talking about US but this may be good to add for Canadian residents:

PDT rule does not apply to Canadians at all. No minimum to day trade and no time is needed for the funds to settle (meaning you can trade using \$100 an infinite amount of times provided you don't lose and no commissions).

For the advice, you need a license and an entity backing you up in the case that you are held liable.

Margin accounts: I believe it is a minimum of \$1000 (lowest I've ever seen on any Canadian broker).

Decade501 - February 25, 2016, 7:46 pm

Should post some tax requirements / limitations as well ;p

thales - February 25, 2016, 8:50 pm

(Feb 25, 2016 07:12 PM)K?ng Wrote: [\[CITE\]](#) I know you're mainly talking about US but this may be good to add for Canadian residents:

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Margin accounts: I believe it is a minimum of \$1000 (lowest I've ever seen on any Canadian broker). This is us stuff only ?