

When exploring forex brokers, you might come across enticing offers boasting **0.0 pip spreads**. At first glance, this sounds like a dream come true—trading without paying anything on the spreads. But the reality is a bit more complex. Even accounts advertised with 0.0 pip spreads still have costs embedded in the trading experience, often in the form of commissions or other fees.

In this article, we break down the difference between spreads and commissions, explain the hidden costs behind "raw spreads commission per lot" pricing models, and guide you through what it means in the context of top FCA-regulated brokers like **TIOmarkets (Tio Markets UK Limited)**, **Pepperstone**, and **XTB**. We'll also look at important regulatory protections such as FSCS and negative balance protection, and why leverage caps are crucial in understanding risk.

Understanding Spreads and Commissions in Forex Trading

Before unpacking costs, let's clarify the core concepts:

- **Spread:** The difference between the bid (sell) and ask (buy) price of a currency pair. This is the broker's markup on the market price.
- **Commission:** A fixed charge per lot (or per trade) that's separate from the spread.

Many brokers offer two primary pricing models:

1. **Spread-Only Accounts:** The broker includes their fee in the spread. For example, EUR/USD might have a 1.0 pip spread with zero commission.
2. **Raw Spread + Commission Accounts:** The broker charges a very tight or zero spread but adds a commission fee per lot traded.

The latter model, often referred to as *ECM/ECN pricing*, offers transparency and usually better execution. But it does mean you'll pay a commission irrespective of the displayed "0.0 pip" spread.

Raw Spreads and Commission per Lot: What You Need to Know

With brokers like **TIOmarkets (Tio Markets UK Limited)**, **Pepperstone**, and **XTB**, you'll see promotional accounts boasting raw spreads as low as 0.0 pips on major pairs like EUR/USD. This is enabled through Electronic Communication Network (ECN) or straight-through processing (STP) models integrated with powerful platforms like **MT4** <https://theenterpriseworld.com/forex-brokers/> and **MT5**.

However, the cost is not zero. Instead, you pay a commission usually expressed in monetary terms per lot of 100,000 units traded. Here's why:

- The raw spread is essentially market-driven—with no markup.
- The broker charges a fixed commission to cover their operating costs and profit margin.
- This commission can range from \$3 to \$7 per lot (one-way).

Example Cost Breakdown

Broker Spread on EUR/USD (typical) Commission per Lot (one-way) Effective Cost per Round Turn
TIOmarkets 0.0 - 0.1 pips (raw) ~\$3.50 ~\$7.00
Pepperstone 0.0 - 0.2 pips (raw) ~\$3.50 ~\$7.00
XTB Spread-only accounts: ~0.8 pips
Raw+commission accounts: 0.0 pips ~\$3.50 (raw+commission accounts) ~\$7.00 (raw+commission accounts)

Always check the broker's official site or FCA register for precise commission details—marketing fluff rarely specifies exact amounts, and I personally hate vague claims of "tight spreads" without hard numbers.

FCA Regulation and Trust Signals

One of my first steps when testing brokers—whether TIOmarkets, Pepperstone, or XTB—is to verify their FCA registration and Financial Services Register Number (FRN). All three are authorized firms regulated by the UK Financial Conduct Authority (FCA). This regulation is a key trust signal ensuring your broker operates under strict rules designed to protect retail investors.

- **Segregation of Client Funds:** Brokers must keep client money separate from their own operating funds.
- **Conduct of Business Rules:** Disciplines on fair pricing, transparent communication, and execution.
- **Risk Disclosures:** Clear risk warnings on leverage and loss potential.
- **Complaints and Redress Processes:** Fair methods to handle disputes.

If you're unsure about a broker, always check the FCA register and confirm the FRN. This is my go-to check to weed out unreliable brokers before even opening demo accounts or testing withdrawal processes.

FSCS Protection: What It Covers and What It Does Not

A pillar of trust for UK retail clients is the **Financial Services Compensation Scheme (FSCS)**, which protects clients in the event a broker becomes insolvent.



The FSCS protection offers compensation up to **£85,000 per person per firm** (updated recently to £120,000 for certain investment losses as of 2024—always verify the latest limits via the FSCS website or your broker's info pages). For the brokers mentioned:

- **TIOmarkets (Tio Markets UK Limited):** FCA-authorized, FSCS covered
- **Pepperstone:** FCA-authorized, FSCS covered
- **XTB:** FCA-authorized, FSCS covered

Important: FSCS does not cover trading losses due to market movements or poor investment choices! It only covers losses if your broker defaults or goes bankrupt. This means it acts as a safety net but is not a substitute for

understanding your trading risks.

Negative Balance Protection for UK Retail Clients

Another critical protection usually available with FCA-regulated brokers is **negative balance protection**. This means that if your losses exceed your account balance because of high volatility or slippage, your broker will not ask you for extra money (i.e., you won't owe money beyond your deposited funds).

TiOmarkets, Pepperstone, and XTB all offer negative balance protection to their UK retail clients, which is a regulatory requirement. This protection provides peace of mind, especially when trading on margin using platforms like **MT4** and **MT5**.

Leverage Caps and Understanding Risk Reality

The FCA imposes leverage caps on retail forex trading to reduce reckless risk-taking:

- Major currency pairs: maximum leverage of 30:1
- Non-major pairs, gold, and major indices: up to 20:1
- Other commodities and less liquid markets: leverage reduced further

While brokers like **Pepperstone** and **XTB** comply natively with these caps, some offshore or unregulated brokers advertise much higher leverage, which magnifies risk substantially.

Even with leverage, it is crucial to recognize that tight spreads and low commissions do not reduce market risk. Trading with minimal costs is attractive but trading discipline and risk management remain paramount.

Why a “0.0 Pip” Account Is Not Free to Trade

Summing up the key points:



1. **Zero spreads do not mean zero costs.** They often come with commissions charged per lot traded.
2. **Check the exact “raw spreads commission per lot” fees.** Brokers like **TiOmarkets, Pepperstone,** and **XTB** are transparent but always confirm via official channels.

3. **ECM or ECN pricing models offer the tightest spreads but include explicit commissions.**
4. **Trust signals such as FCA regulation, FSCS coverage, and negative balance protection are vital.** Never skip verifying these along with your broker's FRN.
5. **Trading costs are just one part of the equation.** Leverage caps and proper risk management are your best tools to safeguard capital.

Final Thoughts

When comparing spreads vs commission in forex trading, the no-spread, commission-based model offers pricing transparency at the cost of an explicit commission fee. If you see a "0.0 pip" account advertised with zero commission, treat it cautiously—as hidden fees or wider spreads elsewhere may be in play.

With FCA-regulated brokers like **TIOmarkets (Tio Markets UK Limited)**, **Pepperstone**, and **XTB**, the combination of regulated protections (FSCS protection up to £120,000 per eligible person per authorised firm), negative balance protection, and clear pricing models—especially on popular platforms like **MT4** and **MT5**—gives you both transparency and safeguards.

Always balance trading costs against the benefits of a trusted regulatory framework and robust client protections to ensure your forex trading journey is both efficient and secure.

Happy trading, and remember: the lowest spread isn't always the cheapest trade if commissions and other factors aren't clear upfront.