ForexLicenseWiki
The free, sourced encyclopedia of forex and CFD broker licenses
forexlicensewiki.com

Market maker vs agency broker

From ForexLicenseWiki, the free encyclopedia of forex licenses · Last updated 28 November 2026

In short: A market maker deals on its own account and is the counterparty to client trades; an agency (STP or ECN) broker passes orders to other liquidity providers. Regulators treat own-account dealing as higher risk: in the EU and the UK it raises minimum capital from €150,000 or £150,000 to €750,000 or £750,000. [1] [2]

How the two models differ

	Market maker (dealing on own account)	Agency / STP broker
Counterparty	The broker itself	A bank or liquidity provider
EU minimum capital	€750,000 [1]	€150,000 if holding client money [1]
UK minimum capital	£750,000 [2]	£150,000 if holding client money [2]
Main conflict	The broker can profit when clients lose; this must be managed and disclosed	Mark-ups and payment arrangements with liquidity providers

Many brokers combine both: they internalise some flow and hedge the rest. The license usually reflects the riskiest activity the firm is permitted to carry out, not what it does on a given day.

Neither model is “better” for clients in itself. What matters is how execution quality, conflicts and client money are supervised, which depends on the jurisdiction.

References

1. Official Directive (EU) 2019/2034 on the prudential supervision of investment firms (IFD), Article 9: initial capital . EUR-Lex. Accessed November 2026.
2. Official MIFIDPRU 4.4: Permanent minimum capital requirement . FCA Handbook. Accessed November 2026.

Source: https://forexlicensewiki.com/market-maker-vs-agency-broker/
Version: last updated 28 November 2026. Check the online version for later changes.

© 2026 ForexLicenseWiki. ForexLicenseWiki is a free, independent encyclopedia of forex and CFD broker licenses: what each regulator requires and what each license does and does not protect, across 25 jurisdictions. General information, not legal or investment advice. Confirm with the regulator or a qualified adviser before acting.