

What is a brokerage account?

A brokerage account (or trading account) is a particular account that an investor opens with a stockbroker. This account allows the investor to invest in multiple markets and/or products including shares, Exchange Traded Funds, derivatives, commodities, currencies, bonds and many more interesting JSE listed products.

Without a brokerage account, an investor would not be able to invest directly on the stock market, be it via online share trading or simply phoning your stockbroker. Only a stockbroker that is an authorised member of the stock exchange can offer you a brokerage account with all its services.

What are the benefits of a brokerage account?

Owning a brokerage account offers you, the investor, the following benefits:

- » The ability to invest in a variety of investment products to help diversify and build your wealth.
- » Stockbrokers are able to offer research and trading ideas so as to assist you in making your investment decision easier.
- » Stockbrokers are able to offer educational seminars and information on the basics of investing.
- » Stockbrokers help to ensure that your money and shares are kept safely by a custodial service provider (usually a bank).
- » Market information is made available to account holders be it share prices (delayed or live pricing), corporate actions or any other information that the investor may need.
- » Many stockbrokers offer access to advanced trading and charting tools, for those investors who desire to know more about fundamental and technical analysis.
- » Some stockbrokers offer online share trading services which allow you to buy and sell shares in the comfort of your own home on your computer.
- » Stockbrokers may offer you discretionary and non-discretionary services, depending on what type of guidance you may need.

What is online share trading?

This is another way of investing on the stock market. Online share trading allows you to invest on the stock market at a click of a button. You can buy and sell investment products on your stockbroker's website whenever it suits you.

However, you can still ask your stockbroker to invest in certain investment products on the stock market by either phoning, emailing or faxing an order to your stockbroker.

What are the benefits of online share trading?

Individual investors can now gain easier access to market information and investing on the stock market, with the help of online share trading.

Some of the benefits of online share trading include:

- » Deciding to buy or sell investment products any time of the day. The transaction will however only occur when the stock market is open between 09h00 and 17h00.
- » Easy access to all records of your transactions and status of your portfolio.
- » Competitive brokerage rates and services for individual investors.

Things to consider:

- » Ensure that your computer/internet settings are secure. However, online stockbrokers offer a very secure website facility.
- » Try to make use of your own computer when investing on the stock market; this minimises any risk of unauthorised entry.
- » Don't offer your personal details when receiving an email to do so.
- » Make sure that you choose a good password, consisting of different characters and change it regularly.
- » Ensure that your stockbroker is an authorised member of the stock exchange.
- » Because online share trading is a DIY means to invest on the stock market, investment advice is generally not offered by the stockbroker.

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