

Template: Forex Risk Management Checklist

Generated: 4/1/2026

Based on Article: "Risk Management in Forex: Strategies to Protect Your Capital"

Website: <https://randfx.co.za/>

A practical checklist to ensure effective risk management strategies are applied before trading in the Forex market.

Checklist Items:

- 1. Define Maximum Loss**
Decide how much of your account you are willing to lose on a single trade before entering, based on your overall risk tolerance.
Reference Section: Position Sizing and Money Management Rules
- 2. Calculate Position Size**
Use the formula `position size = account equity × risk % / stop-loss distance` to determine the correct lot size for your trade.
Reference Section: Position Sizing and Money Management Rules
- 3. Set Stop-Loss Orders**
Implement a stop-loss tied to your trade idea, not just based on arbitrary numbers, to manage potential losses effectively.
Reference Section: Stop-Losses, Take-Profits and Order Placement
- 4. Monitor Maximum Drawdown**
Keep track of the largest peak-to-trough drop in your account to understand your strategy's risk profile and resilience.
Reference Section: Foundations of Forex Risk Management
- 5. Establish Daily/Weekly Loss Limits**
Set predetermined loss caps for each trading day or week to prevent revenge trading and manage emotional responses to losses.
Reference Section: Position Sizing and Money Management Rules
- 6. Educate on Risk Types**
Familiarize yourself with different types of risks including market risk, leverage risk, liquidity risk, and counterparty risk to better manage them.
Reference Section: Foundations of Forex Risk Management
- 7. Consider Market Conditions**
Be aware of current market conditions (e.g., volatility and liquidity) and adjust your strategies and settings accordingly.
Reference Section: Psychology and Discipline in Risk Management
- 8. Use Well-Regulated Brokers**
Choose brokers that are well-regulated to mitigate counterparty risk and ensure reliable trade execution.
Reference Section: Risk Tools, Broker Considerations and Practical Checklists

- **9. Check Position Correlation**
If trading multiple pairs, assess their correlation to avoid overexposure to similar market movements.
Reference Section: Position Sizing and Money Management Rules