

Online brokers best for most investors

Investors willing to trade online have a number of appealing choices. The 10 below are listed alphabetically and broken out by trading system.

Web browser-based brokers are generally best for the occasional trader, while software-based brokers often represent the best option for frequent traders.

The broker landscape has changed, spurred by mergers, new entrants, and a trend toward increasingly sophisticated online trading. Change has been swift. In 2006, Ameritrade combined with TD Waterhouse to form TD Ameritrade (\$15; NASDAQ: AMTD), while E*Trade Financial (\$22; NASDAQ: ETFC) purchased BrownCo last year and Harrisdirect in 2005. In January, two upstart brokerages came online.

Banking giants like Wells Fargo (\$35; NYSE: WFC) and Bank of America (\$51; NYSE: BAC) are on the attack, offering free online trades to customers who meet certain account minimums. Meanwhile, average commission rates have dropped considerably over the past year. When choosing a broker, keep the following in mind:

- Unless you don't own a computer or need help placing orders, an online broker is probably your best choice. Online brokers offer convenience, timely stock quotes, advanced research tools, better order execution and tracking, and improved reporting capabilities.
- If you're not trading online, you're paying too much in commissions. At deep-discount online brokers, you can trade 100 shares of a stock for a commission as

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Web browser-based brokers	Basic Commission Schedule		- Min. Invest. -		Phone No. (800)	Web Address
	Stocks	Mutual Funds ‡	Regular	IRA		
Charles Schwab	\$12.95	NTF/ \$49.95	\$2,500	\$2,000	435-4000	schwab.com
E*Trade	\$6.99 to \$12.99	NTF/ \$19.99	1,000	0	387-2331	etrade.com
Fidelity Investments	\$8.00 to \$19.95	NTF/ \$75.00	2,500	2,500	353-4881	fidelity.com
Muriel Siebert	\$14.95	NTF/ \$35.00	0	0	872-0711	msiebert.com
Scottrade	\$7.00	NTF/ \$17.00	500	500	619-7283	scottrade.com
TD Ameritrade	\$9.99	NTF/ \$49.99	2,000	0	454-9272	tdameritrade.com
TradeKing	\$4.95	\$14.95	0	0	495-5464 *	tradeking.com
Software-based brokers						
Interactive Brokers	\$0.005 per share (\$1.00 min.)	NA	5,000	4,000	442-2757 *	interactivebrokers.com
MB Trading	\$0.01 per share (\$1.00 min.)	\$50.00	1,000	500	628-3001 †	mbtrading.com
thinkorswim	\$0.015 per share (\$5.00 min.)	\$15.00	3,500	0	839-1100 †	thinkorswim.com

* Area code 877. † Area code 866. ‡ NTF No Transaction Fee — there is no charge to trade select funds.

low as \$1. Online investors using a traditional discount broker can expect to pay anywhere from \$5 to \$20 per trade.

- Consider a software-based broker if you trade frequently, require sophisticated investment tools, or need speedy order execution and information. These brokers target serious trading enthusiasts who require minimal customer support.
- A few online brokers, particularly software-based brokers, focus on specific niches that may best meet your investment needs. For instance, thinkorswim is a solid choice for options traders, while Interactive Brokers is a good pick for those looking to invest overseas.
- Look beyond commission rates, as not all brokers are created equal. Take into account the types of investments that can trade online, the quality of research tools to screen investments, the ability to customize the trading interface, and overall ease of use.