



DJ FOREX VIEW: Web Site Lets Investors Hitch Ride On Trades

By Bradley Davis

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NEW YORK (Dow Jones)--For an inexperienced investor, dipping a toe in the \$3.2 trillion-a-day currency market might seem as daunting as diving off a cliff into the Pacific Ocean.

But for the increasing numbers of retail investors braving the sometimes treacherous waters of foreign exchange, the Web site Zulu Trade offers a life preserver.

Or, it must be said, a weight to drag investors under water.

On Zulu Trade, retail investors link their brokerage accounts with active traders--called signal providers, in the site's parlance. When a signal provider makes a trade, the same trade is executed in the investor's account.

Investors can trawl the hundreds of signal providers on the site, examining their performance, their trading style and their rating--out of five stars--based on what other investors think of the signal provider's performance.

"There was a time when trading was a headache," the site advertises. "Not anymore! You don't have to study or monitor the market to make a good pick, because hundreds of [the industry's] well-known experts from all over the world are doing it for you."

Even with help from signal providers, only about 40% of retail investors on the site make money, according to Zulu Trade. The site offers certain technical settings that can help limit losses, according to its founder.

Marek Grabowski of Poland is the site's most popular signal provider. Among other names, he's known as "Lowest DD" and advertises 70%-90% profitable signals. He operates multiple signal-providing accounts on the site, each focusing on different currencies or trading strategies.

Grabowski, who uses a combination of fundamental and technical analysis to determine his trades, said he first got the currency-trading bug when he heard of financier George Soros, who famously made a fortune betting against the U.K. pound.

"My golden rule is cutting losses quick and letting the profits run along with the market move," he said.

Zulu Trade doesn't actually hold the money of signal providers or individual investors; instead, the site's clients use their own retail brokerage accounts, which are plugged into Zulu Trade's computer systems.

Because the site has a direct feed into signal providers' brokerage accounts, investors know they're getting a true measure of the signal provider's performance, said Leon Yohai, a computer programmer and entrepreneur, who, among other things, started mobile phone ringtone companies in his native Greece and in the U.S., before starting Zulu Trade in 2008.

The site, which now has a monthly trading turnover of around \$3 billion and an average account size of around \$5,000, attracts signal providers by splitting a commission from the retail brokers plugged into Zulu Trade's systems, according to Yohai.

When the automated Zulu system facilitates a transaction for an investor based on the signal provider's recommendation, Zulu gets a commission from the investor's retail broker, such as Forex.com. Zulu then splits that commission with the signal provider.

The site is free to use, and investors can use the Zulu system to set certain trading limits.

Grabowski said he makes between \$20,000 and \$40,000 a month in signal-providing fees, "depending on the volatility of the market and whether I go on vacation."

Brian Dolan, chief currency strategist at Forex.com in Bedminster, N.J., one of the firms that Zulu's system plugs into, notices a crop sprouting of retail trading platforms that use technology to tap into a sort of collective investor wisdom.

"It's a pretty popular niche right now, and it seems to be growing," Dolan said, "but I really don't have any sense of whether they work."

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