

Day trading in Canada

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Notice/Advisory: I am not an accountant nor a day trader. The following is not advice, only notes I've taken for myself. Content may be wrong or inaccurate. Use at your own risk.

The following is a list of items and things to think about if you would like to be a day trader. I wrote it with the intent of identifying what were the requirements to be a day trader and what would be the impacts of being considered as one vs being an investor.

- Basics
 - Computer or phone
 - Internet
 - Broker
 - Money
- Do not do day trading in your TFSA/RRSP/RESP accounts
- Your gains/losses will either be categorized as capital gains (50% taxable) or business income (100% taxable) based on how you trade. In any case, since this is a day trading article, you can assume this will be business income. Here are some properties taken into account
 - Volume and frequency of trading
 - Length of ownership of securities
 - Type of securities owned
 - Your profession and level of stock market knowledge
 - If trading is your main source of income or substantially supplements it
 - * Here it is not clear what substantially represents. I would estimate that anything below 25% of your non-trading income isn't substantial.
- If you want to day trade, you will want to have access to level 2 data, which costs money depending on your broker
 - Some brokers will reimburse your data package fees if you spend a certain amount of money on commissions each month. For example, Questrade data package will cost you *90/month, but if you spend over 400 on commissions this fee will be rebated.*
- You do not need to register with the government or any agency
- You do not need a minimal amount of money, although it is suggested to have a few thousands dollars otherwise you will not make a lot of profit daily and your commissions fees are likely to eat any profit you will make
 - Some brokers have minimum account balance
- You have a trading strategy
- Track your transactions
 - Time of entry/exit
 - Cost at entry/exit
 - Symbol/Ticker

1 References

- <https://investingbasics.ca/guides/day-trading/#2-how-to-start-day-trading->
- <https://www.wealthsimple.com/en-ca/learn/how-to-start-day-trading>