

08 Jul 2024 Consob warning on

Communication Consob for investor protection

Consob has received reports regarding the spread of a phenomenon known as "funded trading", "financed trading accounts" or "shadow investment game" that involves companies that define themselves as "proprietary firms" (or, in short, "prop firms").

According to the scheme that emerged, savers would be offered online training courses and/or financial information services essentially useful for allowing them to carry out trading operations in a simulated, trial environment, without using their own capital, on demo accounts activated for savers at foreign companies that define themselves as "proprietary firms" or "prop firms".

The "prop firms" then offer savers the opportunity to carry out the theoretically best performing virtual trading operations, and which therefore exceed the so-called trading challenges specifically organised, the possibility of seeing these virtual operations replicated on real trading platforms, using the accounts opened by the same "prop firms" with their capital, for the alleged purpose of generating earnings to be shared with savers.

In spite of that which is proposed to savers, the described operating scheme exposes them to various risks as it requires an outlay of money for the use of a training course and/or subscription to a financial information service, as well as the passing of a test (challenge) that would give the saver the opportunity to see their trading operations replicated, actually carried out, by the "prop firms".

But the challenge is designed in such a way that it is not easily overcome and there may be an increasing level of difficulty of the trading challenges to be accessed with further outlays from savers.

From the reports received, it has emerged that the savers who have adhered to these initiatives, for example, by paying for training courses and/or for a financial information service, have not been paid any economic benefit by the "prop firms".

Moreover, these risks are amplified by the gaming effect inherent to challenges and the widespread presence of the phenomenon on social media also due to the activity of third parties that promote "prop firms".

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