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Czech Republic (CNB) vs Cyprus (CySEC): prop firm rules compared

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In short: The Czech Republic (CNB): regulator's position demo-only models outside scope (reported), licensed-route capital €750,000 (own-account investment firm), compensation none for challenge fees. Cyprus (CySEC): regulator's position no formal position, licensed-route capital €750,000 (own-account investment firm), compensation none for challenge fees. Figures as of November 2026.

This page sets the two regimes side by side, using the same headings for each. It does not say which is ‘better’: that depends on the business model and on who the traders are. The full rules, sources and FAQs are in the Prop firm license in the Czech Republic and Prop firm license in Cyprus guides.

Side by side

	Czech Republic	Cyprus
Regulator	Czech National Bank (CNB)	Cyprus Securities and Exchange Commission (CySEC)
Regulator's position	No formal guidance. The CNB told the trade press in 2024 that funded-trader business models take various forms, some of which may be subject to MiFID, and later that platforms where traders use only demo (simulated) accounts do not need authorisation.	No formal position. CySEC's chairman said in 2024 that prop trading firms would face more scrutiny and would probably fall under a regulatory framework at some point; in June 2026 he said that, to his knowledge, ESMA was not in substantive discussions about regulating retail prop trading.

	Czech Republic	Cyprus
License	No licence for evaluation-only (simulated) programmes as such; a MiFID II investment firm authorisation where the business provides investment services to clients or deals on own account outside the exemptions	No licence for evaluation-only (simulated) programmes as such; a MiFID II investment firm authorisation where the business provides investment services to clients or deals on own account outside the exemptions
Legal basis	Directive 2014/65/EU (MiFID II), applied in the Czech Republic by the Czech National Bank (CNB); Directive (EU) 2019/2034 (IFD) for capital; EU consumer law for challenge fees	Directive 2014/65/EU (MiFID II), applied in Cyprus by the Cyprus Securities and Exchange Commission (CySEC); Directive (EU) 2019/2034 (IFD) for capital; EU consumer law for challenge fees
Minimum capital (licensed firms)	Under the Investment Firms Directive, an investment firm authorised to deal on own account needs initial capital of €750,000. A firm that only receives and transmits orders, executes orders or gives advice, and may not hold client money, needs €75,000; other investment firms need €150,000. A firm that trades only its own money can be outside MiFID II altogether (Article 2(1)(d)), unless it is a market maker, has direct electronic access to a trading venue or is a member of one, uses high-frequency algorithmic trading, or deals on own account when executing client orders.	Under the Investment Firms Directive, an investment firm authorised to deal on own account needs initial capital of €750,000. A firm that only receives and transmits orders, executes orders or gives advice, and may not hold client money, needs €75,000; other investment firms need €150,000. A firm that trades only its own money can be outside MiFID II altogether (Article 2(1)(d)), unless it is a market maker, has direct electronic access to a trading venue or is a member of one, uses high-frequency algorithmic trading, or deals on own account when executing client orders.
Application fee	Set nationally by the CNB. Not confirmed.	Set nationally by CySEC. Not confirmed.
Decision time	MiFID II gives the authority six months from a complete application to decide on an investment firm authorisation.	MiFID II gives the authority six months from a complete application to decide on an investment firm authorisation.
Local substance	An investment firm must have its head office in the member state where it has its registered office, and its business must be effectively directed by at least two persons of sufficiently good repute with sufficient knowledge, skills and experience.	An investment firm must have its head office in the member state where it has its registered office, and its business must be effectively directed by at least two persons of sufficiently good repute with sufficient knowledge, skills and experience.

	Czech Republic	Cyprus
Consumer protection	EU consumer law applies when challenges are sold to consumers. The Unfair Commercial Practices Directive bans misleading claims, for example about pass rates or earnings. The Consumer Rights Directive gives a 14-day right of withdrawal for online contracts, which can be lost once a service has been fully performed with the consumer's express consent.	EU consumer law applies when challenges are sold to consumers. The Unfair Commercial Practices Directive bans misleading claims, for example about pass rates or earnings. The Consumer Rights Directive gives a 14-day right of withdrawal for online contracts, which can be lost once a service has been fully performed with the consumer's express consent.
Live trading and payouts	Evaluation accounts are usually simulated, so no trader money sits with a broker. Where trades are copied to or placed in live markets, the executing broker's licence and client asset rules protect the broker's own clients; they do not cover challenge fees paid to the prop firm.	Evaluation accounts are usually simulated, so no trader money sits with a broker. Where trades are copied to or placed in live markets, the executing broker's licence and client asset rules protect the broker's own clients; they do not cover challenge fees paid to the prop firm.
Compensation scheme	None for challenge fees or promised payouts. Investor compensation schemes cover clients of authorised investment firms (at least €20,000 per investor under the EU directive) when the firm cannot return their money or investments; a challenge fee is a purchase, not an investment held for the buyer.	None for challenge fees or promised payouts. Investor compensation schemes cover clients of authorised investment firms (at least €20,000 per investor under the EU directive) when the firm cannot return their money or investments; a challenge fee is a purchase, not an investment held for the buyer.
Serving traders abroad	An authorised investment firm can serve clients across the EU and EEA after notifying its home authority. An evaluation business without a licence has nothing to passport; it is governed by consumer, company and tax law in each country where it sells.	An authorised investment firm can serve clients across the EU and EEA after notifying its home authority. An evaluation business without a licence has nothing to passport; it is governed by consumer, company and tax law in each country where it sells.
Public register	the CNB list of regulated and registered entities (JERRS) [2]	CySEC's register of Cyprus investment firms [4]

Each figure is sourced in the license guide, where every line carries its own reference.

Frequently asked questions

Which license costs more to hold, the Czech Republic or Cyprus?

The Czech Republic: Under the Investment Firms Directive, an investment firm authorised to deal on own account needs initial capital of €750,000. A firm that only receives and transmits orders, executes orders or gives advice, and may not hold client money, needs €75,000; other investment firms need €150,000. A firm that trades only its own money can be outside MiFID II altogether (Article 2(1)(d)), unless it is a market maker, has direct electronic access to a trading venue or is a member of one, uses high-frequency algorithmic trading, or deals on own account when executing client orders. Cyprus: Under the Investment Firms Directive, an investment firm authorised to deal on own account needs initial capital of €750,000. A firm that only receives and transmits orders, executes orders or gives advice, and may not hold client money, needs €75,000; other investment firms need €150,000. A firm that trades only its own money can be outside MiFID II altogether (Article 2(1)(d)), unless it is a market maker, has direct electronic access to a trading venue or is a member of one, uses high-frequency algorithmic trading, or deals on own account when executing client orders. Capital is only the floor: running costs (staff, audit, compliance, technology) usually exceed it.

What do the two regulators say about funded-trader firms?

The Czech Republic: No formal guidance. The CNB told the trade press in 2024 that funded-trader business models take various forms, some of which may be subject to MiFID, and later that platforms where traders use only demo (simulated) accounts do not need authorisation. Cyprus: No formal position. CySEC's chairman said in 2024 that prop trading firms would face more scrutiny and would probably fall under a regulatory framework at some point; in June 2026 he said that, to his knowledge, ESMA was not in substantive discussions about regulating retail prop trading.

What happens to challenge fees if the firm fails?

The Czech Republic: None for challenge fees or promised payouts. Investor compensation schemes cover clients of authorised investment firms (at least €20,000 per investor under the EU directive) when the firm cannot return their money or investments; a challenge fee is a purchase, not an investment held for the buyer. Cyprus: None for challenge fees or promised payouts. Investor compensation schemes cover clients of authorised investment firms (at least €20,000 per investor under the EU directive) when the firm cannot return their money or investments; a challenge fee is a purchase, not an investment held for the buyer.

Can a licensed firm serve traders in other countries?

The Czech Republic: An authorised investment firm can serve clients across the EU and EEA after notifying its home authority. An evaluation business without a licence has nothing to passport; it is governed by consumer, company and tax law in each country where it sells. Cyprus: An authorised investment firm can serve clients across the EU and EEA after notifying its home authority. An evaluation business without a licence has nothing to passport; it is governed by consumer, company and tax law in each country where it sells.

See also

- Prop firm license in the Czech Republic
- Prop firm license in Cyprus
- UK (FCA) vs Czech Republic (CNB): prop firm rules compared
- UAE (CMA / DFSA / FSRA) vs Cyprus (CySEC): prop firm rules compared
- All 11 licenses in one table

References

1. Official Czech National Bank (CNB) . Czech Republic. Accessed November 2026.
2. Official the CNB list of regulated and registered entities (JERRS) . CNB. Accessed November 2026.
3. Official Cyprus Securities and Exchange Commission (CySEC) . Cyprus. Accessed November 2026.
4. Official CySEC's register of Cyprus investment firms . CySEC. Accessed November 2026.

General information, not legal or investment advice. Figures as of November 2026; confirm with the regulator before applying or opening an account.

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