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Prop firm license in Australia

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Prop firms in Australia



Flag

Regulator	Australian Securities and Investments Commission (ASIC) [1]
Regulator's position	Monitoring (reported, 2024) [2]
Licence	No licence for evaluation-only programmes as such [1]
Legal basis	Corporations Act 2001, Chapter 7; Australian Consumer Law for challenge fees [1]
Licensed-route capital	Depends on licence
Consumer protection	Australian Consumer Law
Compensation scheme	None [3]
Serving traders abroad	No
Prop firm register	No prop firm register [1]
Public register	ASIC's registers (professional register and AFS licensees)

In short: No licence for evaluation-only programmes as such; an Australian financial services (AFS) licence for dealing in or issuing derivatives such as CFDs to retail clients. [1] Regulator's position (ASIC): monitoring (reported, 2024). [2] Capital for the licensed route: Depends on licence. Compensation if the firm fails: none. [3] As of November 2026.

Australia has no licence for evaluation prop firms as such. Dealing in CFDs and other derivatives for retail clients needs an **Australian financial services (AFS) licence** from **ASIC**, which said in 2024 that it is monitoring prop trading firms linked to CFD trading. Some Australian brokers, such as Axi, have launched their own prop trading brands.

Regulator's position

No formal guidance. ASIC told the trade press in August 2024 that it is monitoring the emergence of prop trading firms or services relating to CFD trading. [2]

A regulator's silence is not approval. Where we found no public statement, this article says so.

Business models and licences

In Australia: no licence for evaluation-only programmes as such; an Australian financial services (AFS) licence for dealing in or issuing derivatives such as CFDs to retail clients. [1] Legal basis: Corporations Act 2001, Chapter 7; Australian Consumer Law for challenge fees. [1]

- **Evaluation (funded-trader) firm** – sells challenges on simulated accounts; not licensed as such
- **AFS-licensed broker** – issues CFDs or deals in derivatives for retail clients; some run prop brands

Capital for the licensed route

Minimum capital in Australia (2026): Depends on the AFS licence authorisations. Not confirmed.

Application fee: Not confirmed.

Capital is only the regulatory floor. Staff, audit, compliance, risk management and technology usually cost more than the capital itself.

Setting up

Decision time for a licence: Not confirmed. The usual steps are:

1. Take advice on whether the model involves a financial service under Chapter 7 of the Corporations Act.
2. For a licensed route, apply to ASIC for an AFS licence with the needed authorisations and join AFCA.
3. For an evaluation business, comply with the Australian Consumer Law, AML/CTF rules and privacy law.

Substance and governance

An AFS licensee must have adequate resources, competent responsible managers and dispute resolution arrangements, including AFCA membership. [1] [3]

Trader protection

What protects traders in Australia, as of November 2026. See Trader protection for the same points in every jurisdiction.

Protection	Rule in Australia
Consumer protection for challenge fees	The Australian Consumer Law applies to services sold to consumers; not confirmed how it applies to challenge fees.
Live trading and payouts	Where an AFS-licensed broker executes live trades, its client money rules apply to its own clients. Not confirmed for challenge fees.
Compensation if the firm fails	None. Australia has no general compensation fund for retail derivatives clients; complaints against AFS licensees go to AFCA. [3]
Serving traders abroad	No.

Public registers

There is no register of prop firms. AFS licensees are listed on ASIC's registers.[1]

A regulator's register is the only current source of who holds a licence. A prop firm's website saying it is “regulated” is not.

Recent changes

Australian broker Axi has launched a prop trading arm, Axi Select, one of several brokers combining brokerage and prop trading.[4]

How to check a prop firm

1. Find the exact legal name, registered address and company number of the entity that sells the challenge, usually in the terms and conditions or the website footer.
2. Check whether that entity, or the broker that executes live trades, appears on the regulator's register: ASIC's registers (professional register and AFS licensees) . Most evaluation firms will not appear, because they are not licensed.
3. Search the regulator's warnings and IOSCO's I-SCAN alerts for the firm's name and website.
4. Read the rules on payouts, refunds, account closure and restricted countries before paying, and keep copies.

Frequently asked questions

Does ASIC regulate prop firms?

Not evaluation programmes as such. ASIC licenses firms that deal in derivatives for clients and has said it is monitoring prop trading firms linked to CFD trading.

As of November 2026. Rules and regulators' positions change; confirm with the ASIC or a qualified adviser before you set up a prop firm or pay for a challenge. Where we could not confirm a point from an official source, this article says so.

See also

- Prop firm rules compared
- Prop firm license in India
- How to check a prop firm
- All jurisdictions

References

Entries marked **Official** are the regulator, the law or another public body. Trade press is used only where no official text exists, and is named.

1. Official Australian Securities and Investments Commission . ASIC. Accessed November 2026.
2. Exclusive: "ASIC Is Monitoring the Emergence of Prop Trading Firms" (14 August 2024) . Finance Magnates. Accessed November 2026.
3. Official Australian Financial Complaints Authority . AFCA. Accessed November 2026.
4. Prop Trading Slips Down Paris' Agenda as the US Steps Up . Finance Magnates (26 June 2026). Accessed November 2026.

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