PropFirmLicenseWiki
The free, sourced encyclopedia of prop firm licensing and regulation
propfirmlicensewiki.com

Prop firm license in Cyprus

From PropFirmLicenseWiki, the free encyclopedia of prop firm licensing · Last updated 28 November 2026

Independent information service. PropFirmLicenseWiki is not a regulator, a prop firm, a broker or a licensing agent. It is not affiliated with the Cyprus Securities and Exchange Commission (CySEC). The only authoritative record of who holds a license is the regulator's own public register: CySEC's register of Cyprus investment firms .

Prop firms in Cyprus



Flag

Regulator	Cyprus Securities and Exchange Commission (CySEC) [1]
Regulator's position	No formal position [2] [9]
Licence	No licence for evaluation-only (simulated) programmes as such [3] [8]
Legal basis	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 [3] [4] [5] [6]
Licensed-route capital	€750,000 (own-account investment firm) [4] [8]
Consumer protection	EU consumer law [5] [6]
Compensation scheme	None for challenge fees [7]
Serving traders abroad	Only for licensed firms [3]
Prop firm register	No prop firm register [1]
Public register	CySEC's register of Cyprus investment firms

In short: 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. [3] [8] Regulator's position (CySEC): no formal position. [2] [9] Capital for the licensed route: €750,000 (own-account investment firm). [4] [8] Compensation if the firm fails: none for challenge fees. [7] As of November 2026.

Cyprus is the EU's main base for retail CFD brokers, which are licensed by the **Cyprus Securities and Exchange Commission (CySEC)** as Cyprus investment firms under MiFID II. There is no licence for evaluation prop firms as such. Several brokers have launched prop trading brands next to their licensed business, and CySEC's warnings have included a prop trading provider operating without Cypriot authorisation.

Regulator's position

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. [2] [9]

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

Business models and licences

In Cyprus: 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. [3] [8] Legal basis: 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. [3] [4] [5] [6]

- **Evaluation (funded-trader) firm** – sells paid challenges on simulated accounts and shares simulated or replicated profits with traders who pass; not licensed as such
- **Own-account trading firm** – trades the firm's own capital in real markets; may be exempt from MiFID II or need an investment firm licence with €750,000 initial capital
- **Prop firm linked to a broker** – a prop brand next to a licensed investment firm that offers live accounts; the investment firm is licensed, the challenge usually is not

Capital for the licensed route

Minimum capital in Cyprus (2026): 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. [4] [8]

Application fee: Set nationally by CySEC. 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: MiFID II gives the authority six months from a complete application to decide on an investment firm authorisation. [3] The usual steps are:

1. Decide the model: simulated evaluations only, live trading of the firm's own capital, or services to clients.
2. Take advice on whether the model falls within MiFID II. Regulators have said that some funded-trader models may.
3. For a licensed route, apply to the Cyprus Securities and Exchange Commission (CySEC) with the programme of operations, capital, governance (at least two directors), AML/CFT, conflicts of interest and client asset arrangements.
4. For an evaluation business, make terms clear and avoid misleading profit claims (consumer law), check identities and screen payouts (AML and sanctions), and protect trader data (GDPR).
5. Check the requirements of platform, payment and broker partners. Platform providers have cut off prop firms over clients in restricted countries.

Substance and governance

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. [3]

Trader protection

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

Protection	Rule in Cyprus
Consumer protection for challenge fees	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. [5] [6]
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.
Compensation if the firm fails	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. [7]
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. [3]

Public registers

There is no public register of evaluation prop firms. Authorised investment firms are listed on CySEC's register of Cyprus investment firms. [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

In January 2025 CySEC added a recently launched prop trading provider linked to a Seychelles-licensed broker to its list of websites operating without authorisation. [10]

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: CySEC's register of Cyprus investment firms . 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

Do prop firms need a licence in Cyprus?

There is no licence for evaluation-only programmes as such. A business that provides investment services to clients, or deals on own account outside MiFID II's exemptions, needs authorisation from the Cyprus Securities and Exchange Commission (CySEC).

Can I get my challenge fee back?

Only under the firm's own terms or consumer law. The 14-day withdrawal right for online purchases can be lost once the challenge has started with your express consent, and no compensation scheme covers challenge fees.

As of November 2026. Rules and regulators' positions change; confirm with the CySEC 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 the Czech Republic
- Prop firm license in Spain
- Prop firm license in Italy
- Prop firm license in Belgium
- 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 Cyprus Securities and Exchange Commission . CySEC. Accessed November 2026.
2. Exclusive: "Prop Trading Will Fall under Robust Regulation at Some Point", CySEC Chair . Finance Magnates (16 July 2024). Accessed November 2026.
3. Official Directive 2014/65/EU on markets in financial instruments (MiFID II) . EUR-Lex. Accessed November 2026.
4. Official Directive (EU) 2019/2034 on the prudential supervision of investment firms (IFD) . EUR-Lex. Accessed November 2026.
5. Official Directive 2011/83/EU on consumer rights . EUR-Lex. Accessed November 2026.
6. Official Directive 2005/29/EC on unfair business-to-consumer commercial practices . EUR-Lex. Accessed November 2026.
7. Official Directive 97/9/EC on investor-compensation schemes . EUR-Lex. Accessed November 2026.
8. Official MiFID II Article 2: Exemptions (Interactive Single Rulebook) . European Securities and Markets Authority. Accessed November 2026.
9. Prop Trading Slips Down Paris' Agenda as the US Steps Up . Finance Magnates (26 June 2026). Accessed November 2026.
10. This CFD Broker Recently Launched Prop Trading Brand, Now Lands on CySEC Warning List . Finance Magnates (8 January 2025). Accessed November 2026.

Source: https://propfirmlicensewiki.com/prop-firm-license/cyprus/
Version: last updated 28 November 2026. Check the online version for later changes.

© 2026 PropFirmLicenseWiki. PropFirmLicenseWiki is a free, independent encyclopedia of prop firm licensing: what each regulator says about funded-trader (evaluation) firms, which licences apply to prop trading, and what traders are and are not protected by, across 11 jurisdictions. General information, not legal or investment advice. Confirm with the regulator or a qualified adviser before acting.