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Prop firm license in Italy

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Prop firms in Italy



Flag

Regulator	Commissione Nazionale per le Società e la Borsa (Consob) [1]
Regulator's position	Public warning (2024) [2] [9]
Licence	No licence for evaluation-only (simulated) programmes as such [3] [8]
Legal basis	Directive 2014/65/EU (MiFID II), applied in Italy by the Companies and Exchange Commission (Consob); 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	Consob's registers of authorised intermediaries

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 (Consob): public warning (2024). [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.

In **Italy**, **Consob** warned the public in July 2024 about prop firm challenges, which it described as online trading "video games" that often require paid training courses. There is no licence for evaluation programmes as such; investment services to Italian clients need MiFID II authorisation from Consob and the Bank of Italy, or an EU passport.

Regulator's position

Public warning (July 2024). Consob warned against online trading "video games": paid challenges, usually tied to training courses, after which self-described prop firms offer to switch the trader to supposedly real trading with the firm's capital. [2] [9]

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

Business models and licences

In Italy: 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 Italy by the Companies and Exchange Commission (Consob); 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 Italy (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 Consob. 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 Companies and Exchange Commission (Consob) 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 Italy, as of November 2026. See Trader protection for the same points in every jurisdiction.

Protection	Rule in Italy
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 Consob's registers of authorised intermediaries. [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

Consob's July 2024 warning was shared with other securities regulators through IOSCO's international alerts network (I-SCAN). [9]

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: Consob's registers of authorised intermediaries . 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 Italy?

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 Companies and Exchange Commission (Consob).

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 Consob 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 Cyprus
- Prop firm license in Spain
- 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 Consob . Commissione Nazionale per le Società e la Borsa. Accessed November 2026.
2. Official Press release of 8 July 2024: Beware of online trading "video games" . Consob. 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. Official I-SCAN warning 33616: funded trading – prop firms (Consob) . International Organization of Securities Commissions. Accessed November 2026.

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