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Prop firm license in the United Kingdom

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Prop firms in the United Kingdom



Flag

Regulator	Financial Conduct Authority (FCA) [1]
Regulator's position	No policy; warnings on some firms [4]
Licence	No FCA authorisation for simulated evaluations as such [1] [2]
Legal basis	Financial Services and Markets Act 2000 and the Regulated Activities Order; consumer law for challenge fees [1] [6] [7]
Licensed-route capital	£750,000 (own-account investment firm) [2] [3]
Consumer protection	UK consumer law [6] [7]
Compensation scheme	None for challenge fees [5]
Serving traders abroad	No
Prop firm register	No prop firm register [1] [4]
Public register	FCA Financial Services Register

In short: No FCA authorisation for simulated evaluations as such; FCA authorisation where the firm carries on regulated activities for clients (for example dealing, arranging or managing investments), or deals on own account outside the MiFID exemption. [1] [2] Regulator's position (FCA): no policy; warnings on some firms. [4] Capital for the licensed route: £750,000 (own-account investment firm). [2] [3] Compensation if the firm fails: none for challenge fees. [5] As of November 2026.

The **United Kingdom** has no licence for prop firms as such, and the **Financial Conduct Authority (FCA)** has not published a policy on funded-trader challenges. A firm needs FCA authorisation if it carries on regulated activities for clients, and its Warning List has included funded-trader websites it believes may be providing financial services without permission.

Regulator's position

No published policy statement on funded-trader programmes. The FCA's Warning List includes at least one funded-trader website that the FCA says may be providing or promoting financial services without permission. [4]

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

Business models and licences

In the United Kingdom: no FCA authorisation for simulated evaluations as such; FCA authorisation where the firm carries on regulated activities for clients (for example dealing, arranging or managing investments), or deals on own account outside the MiFID exemption. [1] [2] Legal basis: Financial Services and Markets Act 2000 and the Regulated Activities Order; consumer law for challenge fees. [1] [6] [7]

- **Evaluation (funded-trader) firm** – sells paid challenges on simulated accounts; not authorised as such
- **Own-account trading firm** – trades its own capital; may be exempt or need FCA authorisation with £750,000 permanent minimum capital
- **Prop firm linked to a broker** – a prop brand next to an FCA-authorised or overseas broker that offers live accounts

Capital for the licensed route

Minimum capital in the United Kingdom (2026): An FCA investment firm with permission to deal on own account has a permanent minimum capital requirement of £750,000; most other MIFIDPRU investment firms need £75,000 or £150,000. A firm that only trades its own money can fall outside MiFID-derived authorisation, subject to conditions such as not being a market maker or executing client orders. [2] [3]

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. Decide the model: simulated evaluations only, live trading of own capital, or services to clients.
2. Check the perimeter with advisers, using the FCA's Perimeter Guidance (PERG 13).
3. If authorisation is needed, apply through FCA Connect with the business plan, capital, governance, AML and conduct arrangements.
4. For an evaluation business, comply with consumer law, AML checks on payouts and data protection, and make no misleading earnings claims.

Substance and governance

Authorised firms must meet the FCA's threshold conditions, including adequate resources and suitable, fit and proper management based in the UK. [1]

Trader protection

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

Protection	Rule in the United Kingdom
Consumer protection for challenge fees	UK consumer law applies to challenges sold to consumers: a 14-day cancellation right for online services (which can be lost once the service has been fully performed at the consumer's request), and a ban on misleading and aggressive commercial practices. [6] [7]
Live trading and payouts	Evaluation accounts are usually simulated. Where a broker executes live trades, the broker's FCA client money rules protect its own clients, not the prop firm's challenge buyers.
Compensation if the firm fails	None for challenge fees. The FSCS protects investment business of authorised firms, up to £85,000 per person per firm, when the firm fails; challenge fees paid to an unauthorised business are not covered. [5]
Serving traders abroad	No. Since leaving the EU, a UK authorisation covers UK business only.

Public registers

There is no register of prop firms. Authorised firms are listed on the FCA Register, and firms the FCA believes are operating without permission are listed on its Warning List. [1] [4]

> 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

A UK Parliament petition has asked the government to require FCA regulation of proprietary trading firms that offer funded accounts. [8]

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: FCA Financial Services Register . 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

Are prop firms regulated by the FCA?

Evaluation-only prop firms are not authorised by the FCA as such. The FCA authorises firms that carry on regulated activities, and its Warning List includes some funded-trader websites it believes may be acting without permission.

Does the FSCS cover my challenge fee?

No. The FSCS covers investment business of authorised firms; a challenge fee paid to an unauthorised business is not covered.

As of November 2026. Rules and regulators' positions change; confirm with the FCA 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 Italy
- 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 Financial Conduct Authority . FCA. Accessed November 2026.
2. Official PERG 13.5: Exemptions from MiFID (own account dealing, Q39 to Q40C) . FCA Handbook. Accessed November 2026.
3. Official MIFIDPRU 4.4: Permanent minimum capital requirement . FCA Handbook. Accessed November 2026.
4. Official Warning List: Funded Trader (funded-trader.net) . FCA. Accessed November 2026.
5. Official Investments: what FSCS covers . Financial Services Compensation Scheme. Accessed November 2026.
6. Official The Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013 . legislation.gov.uk. Accessed November 2026.
7. Official Digital Markets, Competition and Consumers Act 2024 . legislation.gov.uk. Accessed November 2026.
8. Official Petition 754761: Require FCA regulation of proprietary trading firms operating in the UK . UK Parliament Petitions. Accessed November 2026.

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