Capital on Trial

Prop-trading as another stage in the democratization of investment markets

Introduction

Prop-trading moves one of the toughest barriers in retail trading – the lack of own capital – from the level of a personal deposit to the level of demonstrable discipline. The trader no longer has to start only with the question of how much money they can deposit into an account. The modern funded account model mainly asks whether they can trade according to rules, withstand a series of losses and respect the risk limit. This is a significant shift in access to liquidity, but not the removal of risk. It is precisely in this tension between more open access to capital and stricter control of behavior that a new layer of online trading is being formed.

In this study, we focus not only on the phenomenon of prop-trading itself, but also on how it affects the entire online trading ecosystem on financial and capital markets. We also provide an overview of the available indicators of this rapidly developing sector and, for the first time in this study, we also publish our own qualified estimate of the size of the relevant market.

Using the example of the services of our company Octrado, which ranks among the proud pioneers of prop-trading, we then show how this phenomenon works in practice in cooperation with an experienced broker.

Contents

Methodological note on the measurable trend and incomplete public data

Prop-trading in its modern retail form does not yet have a unified public statistic comparable to data on stock-market capitalization, ETF volumes or the number of accounts at regulated brokers. The segment consists of a mixture of proprietary platforms, licensed brokers, technology providers, demo infrastructure, evaluation programs and funded accounts named in various marketing ways. It is therefore necessary to work with several types of sources, including market infrastructure data, macro-statistics of regulated markets, media estimates, data from technology platforms and selected samples from providers of prop infrastructure.

Such an approach does not make it possible to determine one precise size of the sector, but it does make it possible to assess the direction of movement. The common denominator of the available data is the growth in the volume of online trading, the number of applications and users, interest in funded accounts and regulatory attention. Prop-trading should therefore be understood more as a new organizational layer of capital access than as an isolated product.

Selected indicative metrics that frame the scale of the phenomenon

Metric	Value / range	Interpretation for prop-trading
Global OTC FX market	9.6 trillion USD per day in April 2025; +28% compared with April 2022 [1][2]	The liquidity toward which retail moves through brokers and funded models is enormous; prop-trading does not take a large share of it, but it is connected to the same price and data infrastructures.
Retail trading applications	more than 100 million users of stock trading applications annually; approximately 20% CAGR according to WEF/BCG [3]	Democratization first manifested itself in access to the interface and low costs. Funded accounts shift attention to access to capital.
Own synthetic estimate of market size	primary market: 4.00 to 4.50 billion USD; broader ecosystem value: around 20 billion USD [4]	Own research connects the Bottom-Up and Top-Down approach. It distinguishes the direct annual revenues of prop firms from the broader ecosystem value, which also includes related brokerage fees and nominally allocated capital.
Prop ecosystem in cTrader	40+ prop firms, 500+ active challenges and 500,000+ prop traders in the cTrader ecosystem [5]	Platform data also show that this is a separate product category, not a marginal functionality of brokers.
Estimates of the size of the retail prop sector	media-cited estimate of around 12 billion USD; Google interest in 'prop trading' grew significantly according to Business Insider [6]	The estimate should be treated with caution, but it confirms the accelerated commercialization of the segment after the pandemic wave of online trading.
Selection funnel of funded programs	a sample from FPFX Tech states that approximately 14% of accounts passed the challenge, 45% of funded accounts achieved a payout and 7% of all participants received a payout [7]	The model expands access to the chance to trade larger capital, but it does not remove selection. Most participants remain outside the final payout.

01

From the retail explosion to funded accounts and a new map of liquidity

The first wave of democratization of investment markets took place on the side of access. Fees decreased, mobile applications removed the technical barrier, fractional shares made more expensive titles accessible, and social networks changed the way trading ideas spread. This wave, however, had a clear boundary. A trader could click the same button as a professional, but usually traded with their own capital, which was smaller by orders of magnitude. Prop-trading intervenes precisely at this boundary. [8]

Macrodata show that liquidity on global markets is enormous. According to the Triennial Central Bank Survey of the Bank for International Settlements, daily turnover on the global OTC foreign exchange market reached 9.6 trillion USD in April 2025, compared with 7.5 trillion USD in 2022. This is not data about prop-trading, but about the environment from which the prop model draws price formation, volatility and trading opportunities. A retail trader does not access such a market through a physical exchange floor, but through a technological interface, brokers, liquidity providers and increasingly also through a funded account.

At the same time, the retail user base grew. WEF and BCG state in their report on retail investors that stock trading applications are used by more than 100 million people annually and that their use grew at approximately a 20% compound annual rate. This figure covers the broader retail investment space, not only active traders. For prop-trading, however, it is important mainly because it shows how quickly the market became accustomed to digital onboarding, instant account verification, applications with a simple interface and low entry costs. Funded accounts transfer this user habit into a model in which the entry filter is not capital, but trading behavior.

At the level of the prop ecosystem itself, the data are less uniform, but the direction is clear. The cTrader platform reports 40+ prop firms, 500+ active challenges and 500,000+ prop traders in its prop ecosystem. These are platform numbers, not a complete global statistic. Even so, they suggest that funded programs have changed from a marketing exception into a separate product category. The trader no longer compares only spreads, commissions or the type of account at a broker. They also compare challenge rules, drawdown limits, payout policy, permitted strategies, data latency, conditions during news and the stability of the technical infrastructure.

Our own synthetic estimate of market size supplements this picture with the direct annual revenues of the segment. The combination of the Bottom-Up model with a result of approximately 5.00 billion USD when including the broader technological ecosystem and the Top-Down model with a value of approximately 3.78 billion USD when considering purely client flows shows that the difference between the models is not a contradiction, but the result of a different scope of the calculation. [4]

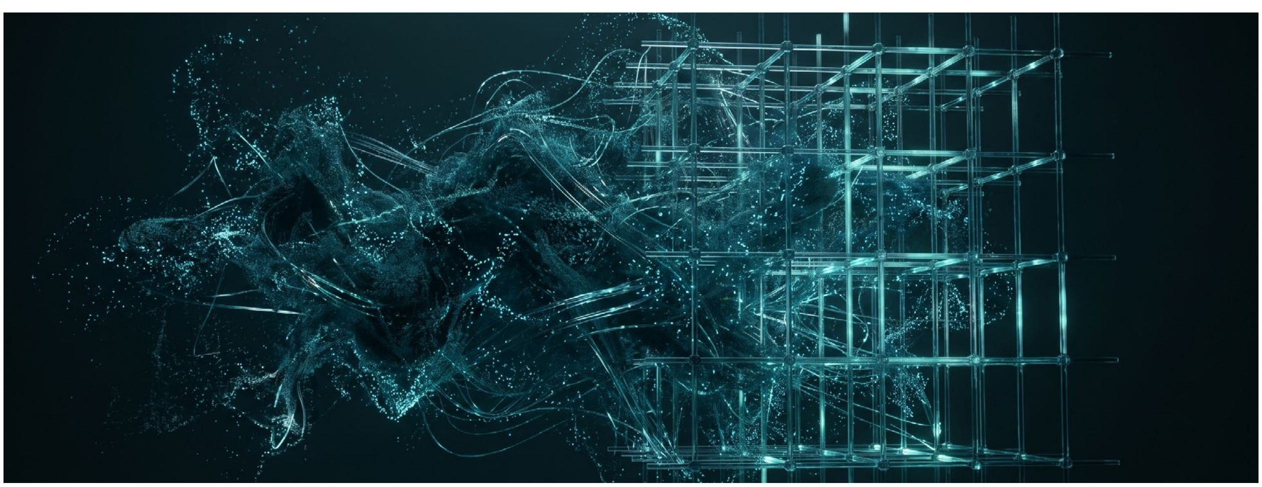
For 2026, the working expert estimate of the current global size of the primary market for retail prop-trading can be considered to be a range of approximately 4.00 to 4.50 billion USD. These are revenues generated mainly by fees for evaluation programs and retained profit shares, not the nominal capital declared on funded accounts.

With a broader interpretation, that is, as ecosystem value including related brokerage fees of partner entities and nominally allocated capital, the segment may move at an order of magnitude higher. In this broader meaning, estimates of around 20 billion USD are also defensible, but such a value no longer expresses the pure annual revenues of prop firms and should not be confused with them.

The transition from a classic broker to a funded model should therefore not be understood as retail leaving the broker world. Rather, it is an extension built on broker infrastructure. A classic broker sells access to the market and the trader bears the capital risk alone. A modern prop firm sells or intermediates an evaluation process in which the trader demonstrates consistency and only then obtains the right to a funded or simulated funded account according to the rules of the program. In the economic logic, the main scarce resource changes. With a broker it is the trader's deposit, with a prop firm it is trust that the trader can control risk.

This shift also has a cultural dimension. Retail trading was long presented as the independent activity of an individual with their own account. The prop model brings into retail an element of professional selection through a daily loss limit, an overall drawdown limit, a minimum number of trading days, a ban on or restriction of certain practices, trading during news under precise rules and the obligation to pass several phases. This approaches the risk management of institutions, although the economic relationship remains different. A retail trader is not a bank employee or a fund portfolio manager; they are a participant in a program who may receive a share in the result if they meet the defined conditions.

It is precisely here that the more precise meaning of the word democratization appears. Prop-trading does not democratize the certainty of return. Nor does it democratize the ability to beat the market. It democratizes access to greater nominal trading power for those who are willing to undergo a test of discipline. At the same time, it creates a new selection funnel in which some participants pay for the challenge, a smaller portion pass the evaluation and an even smaller portion regularly achieve payouts. Data from selected samples, for example FPFX Tech, therefore act as an important correction to the optimistic narrative. More open access to capital does not yet mean a mass transition of retail into profitable traders.



02

Capital that must first be earned – origin, purpose and internal mechanics

The origin of prop-trading is institutional. In investment banks, hedge funds, market-making firms and commodity houses, proprietary trading meant trading with the firm's own capital. The goal was clear. The firm did not trade primarily on behalf of a client, but on its own account. In such an environment, prop desks emerged with strict oversight, internal limits, access to data, technology, cheap capital and team infrastructure. The trader had company capital at their disposal, but also rules, control and immediate feedback.

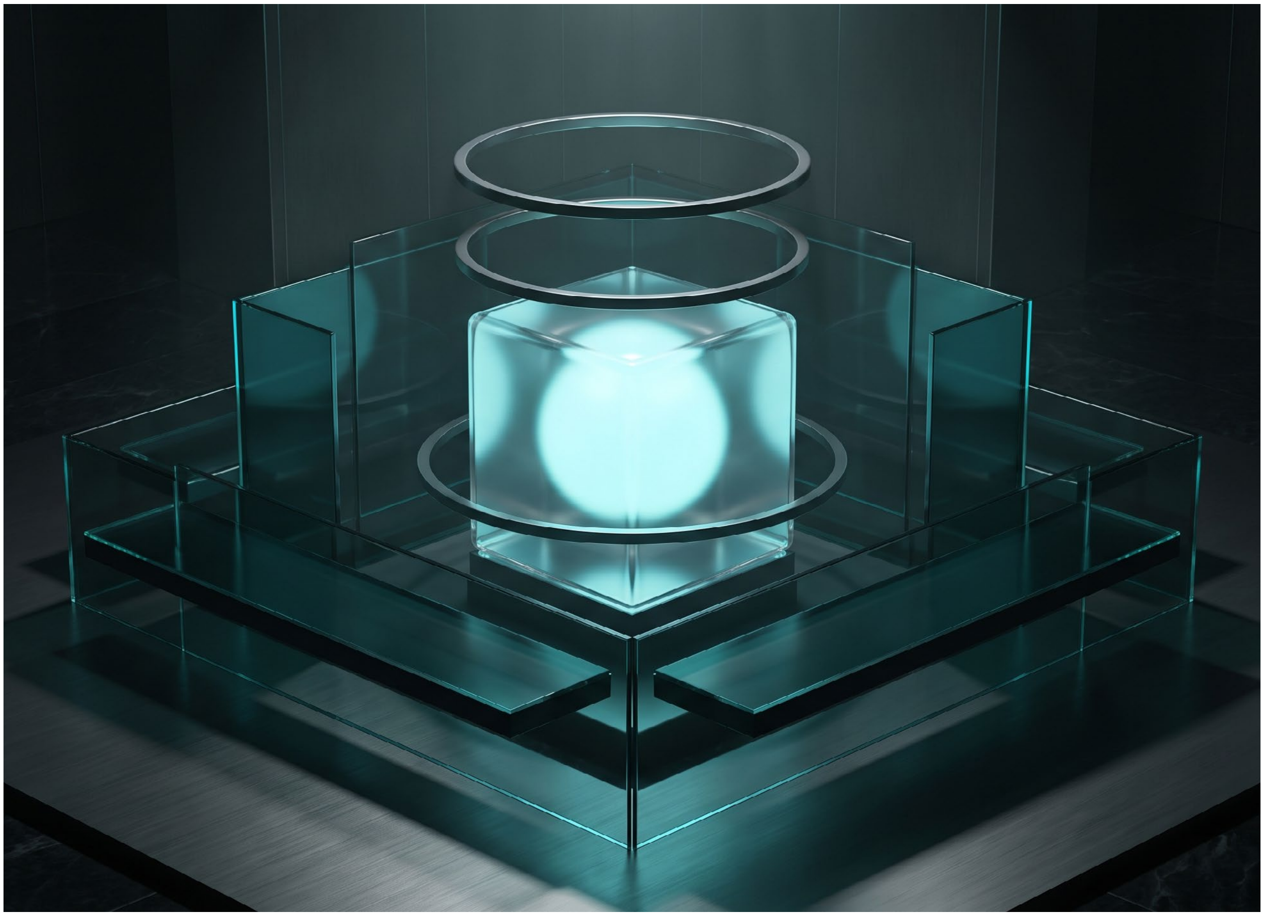
Modern retail prop-trading has adopted the vocabulary and part of the logic from this world, but not the entire legal or economic structure. Instead of an employee of a trading department, a retail trader stands at the entry point. Instead of internal recruitment, there is a public challenge or evaluation program. Instead of a permanent employment contract, the result is a payout or reward according to contractual terms. And instead of automatic access to company capital, the trader must first show that they do not exceed the limits.

The core of the model rests on three variables: capital, selection and risk control. A prop firm or platform offers the trader the opportunity to qualify for an account with a nominal size that may significantly exceed their own financial possibilities. The trader pays a fee to participate in the challenge, trades on a demo or simulated account according to the rules and must reach a profit target without breaching the limits. If they succeed, they may obtain a funded account or another phase of the program. The profit split in the sector often moves in favor of the trader, for example 80/20 or 90/10, but the specific conditions differ by firm, program and phase. [9]

Economically, this is outsourcing talent search. A prop firm does not want to finance everyone. It wants to identify traders who can generate a result within a predefined risk framework. The challenge fee reduces the cost of selection and at the same time prevents entirely free testing of an infinite number of accounts. From the trader's perspective, the challenge is an alternative to building capital exclusively from their own savings. Instead of slowly increasing an account through deposits and reinvested profit, they try to gain access to a larger account after meeting the rules.

This model solves a real problem for retail because a small account tends to be psychologically and mathematically disadvantageous. A trader with an account of 500 or 1,000 USD has limited room for maneuver, especially if they want to maintain conservative risk per trade. If they risk 1% of the account, one trade represents 5 to 10 USD. This may lead to excessive leverage, too frequent trading or ignoring the stop-loss. A funded program with a higher nominal account size makes it possible to work with more professional risk parameters, although the capital itself does not necessarily have to be actually placed on the market in every model and may be a simulated relationship with a reward according to the rules of the program.

Risk control is therefore the core of the entire system. Daily drawdown, maximum drawdown, trailing drawdown, restrictions during macroeconomic news, a minimum number of trading days and consistency rules are not merely administration. They are a substitute for



an internal risk management team. If the system is set up reasonably, it selects traders who can survive even a series of losing trades. If it is set up too aggressively or non-transparently, it can turn into a product in which most clients pay fees without a realistic chance of long-term success.

This is where the main tension of the sector arises. A good prop model should align the motivations of the trader, who wants a fair chance and clear rules, the firm, which protects capital and reputation, the technology provider, which needs stable infrastructure, and the regulator, who monitors whether the product is being misleadingly sold as an investment service or a certain path to profit. A weak model separates these motivations. The firm earns primarily from repeated fees, the trader underestimates the probability of failure and the legal documentation remains unclear.

Prop-trading therefore cannot be classified only among tools of financial inclusion. It is also a mechanism for disciplining retail behavior. In this sense, it is stricter than a regular brokerage account. A broker often allows a client to trade as long as they meet the requirements of KYC, AML, the appropriateness test and margin rules. A prop firm continuously evaluates the trader according to its own risk framework and may close their account upon a breach of the rules even when their overall result, from the broker's perspective, is still technically manageable.

03

Regulation, algorithms and selection in probable scenarios of further evolution

The further development of prop-trading will be determined by a combination of regulation, technology and consolidation. The segment has already grown to such an extent that it cannot be considered an invisible niche. At the same time, it remains legally heterogeneous. Some programs work exclusively with simulated trading and rewards according to internal rules. Others are connected to licensed brokers, real execution or a hybrid model in which part of the trades may be copied to the market. It is precisely this diversity that increases the likelihood that regulators will insist on a more precise distinction between a game with simulated capital, an educational product, trading intermediation and an investment service.

Regulatory attention is no longer theoretical. In the USA, the My Forex Funds case became a warning for the entire sector. The CFTC originally accused Traders Global Group of fraudulently collecting hundreds of millions of USD in fees from more than 135,000 customers; however, the dispute later took an unexpected turn when a federal court dismissed the lawsuit and sanctioned the CFTC for procedural misconduct. Both aspects are important for the market. Regulators will examine this segment, but at the same time it is not self-evident that every prop model automatically falls under the same legal regime as classic trading in financial instruments. [10]

In Europe, the key issue will be how prop programs touch the definitions of MiFID and possibly MiCA. In its interpretative materials, ESMA recalls that dealing on own account is trading against one's own capital that leads to transactions in financial instruments. If a program remains at the level of simulation, the legal analysis looks different than when trading signals or positions are actually executed on the market. This boundary will be one of the main points of future disputes. [11]

The first realistic scenario is soft regulation of transparency. Firms would have to state more clearly whether this is demo, simulated or real trading, what the success statistics are, how drawdown is calculated, under what conditions rewards are paid, when an account may be cancelled and which jurisdictions are excluded. Such a scenario would not mean a ban on the funded model, but a significant reduction in the space for inaccurate marketing claims.

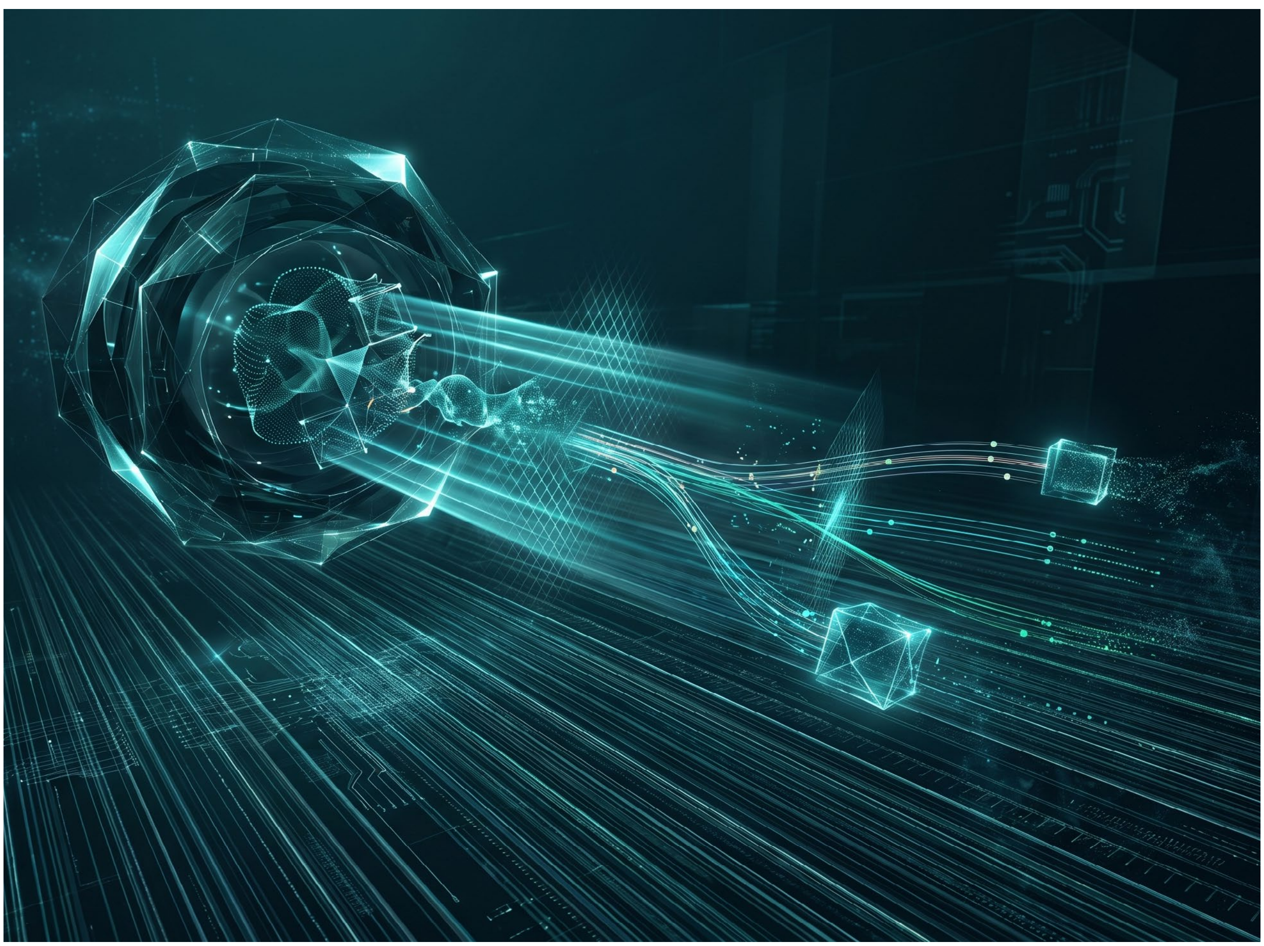
The second scenario is licensing convergence with the broker world. Prop firms could make greater use of partnerships with regulated brokers, external payment institutions, identity verification and auditable execution infrastructure. This would increase entry costs, but also trust. Smaller firms without a technical and legal background could leave the market or move under larger platforms.

The third scenario is technological consolidation. Risk assessment will increasingly rely less only on the simple result of the profit target. Platforms will monitor the distribution of trades, timing in relation to news, correlation of strategies between accounts, suspicious copying, latency arbitrage, excessive use of martingale approaches and behavior immediately before breaching limits. AI and automation will not serve here primarily to predict the market, but to predict the trader's operational risk.

Such automation has two faces. For the firm, it brings protection against abuse of the rules and better scalability. For the trader, it may bring faster evaluation, better feedback and fewer disputes over payouts. At the same time, however, the risk of opaque algorithmic decision-making arises. If the trader does not know why an account was rejected, or if the rules are interpreted retroactively, trust is lost. Future platforms will therefore compete not only in the size of the profit split, but also in the auditability of decisions.

The fourth scenario is institutionalization. An example is the shift of OANDA's prop operations toward FTMO. This is not only an individual corporate change; it shows that established broker and fintech entities see in prop-trading a product segment that requires specialized infrastructure, a brand, legal coverage and customer service. If this trend continues, the market may divide into several larger trusted players and a multitude of narrowly specialized programs. [12]

The fifth scenario is the sorting out of weak models. Firms dependent on aggressive advertising, unclear rules and repeated fees may encounter a combination of regulatory pressure, reputational damage and technological dependence on platforms. For traders this may mean a smaller number of options, but a higher standard of contractual terms. For the entire sector, this would not be a brake on growth, but rather a transition from an experimental phase to a phase of standardization.



04

Octrado in the technological layer where rules and infrastructure create trust

If prop-trading is moving from a marketing category toward a standardized market solution, the decisive factor is no longer only the size of the account offered. Infrastructure plays an important role, especially a stable data environment, unambiguous challenge rules, transparent evaluation, fast communication and a legally understandable definition of the service. In this context, the Octrado platform should be understood as a solution that seeks to occupy the space between the retail trader and the system of funded accounts.

Octrado's publicly available communication is built on the model 'Your Skill. Our Capital' and presents a simple three-phase logic based on registration, selection of a program, fulfillment of conditions and subsequent status as a funded trader with a profit split. From an analyst's perspective, what stands behind this slogan is more important. The product must show the trader in advance what is being measured, what the limits are, when a rule is breached and what the path from challenge to payout looks like.

According to the Octrado website, the communicated offer includes, for example, a profit split of up to 90%, accounts of up to 100,000 USD, leverage of up to 1:100, the possibility of holding positions overnight according to the rules, a limited weekend trading regime and rules for trading during news. These parameters are not in themselves proof of quality. Their meaning lies in the fact that they create a comparable framework for the trader. The trader knows what they receive, what nominal account size they can expect and which situations are risk-sensitive. [13]

The real added value of a similar platform, however, breaks elsewhere. In prop-trading, trust is an operational category. The trader needs to know that the rules will not be interpreted ad hoc, that a technical outage will not automatically be transferred to their responsibility, that performance reports are understandable and that the payout process has a clear schedule. In its public communication, Octrado also mentions trading reports, tracking the success rate of trades, drawdown and progress, educational materials and support. In an environment where selection is tough, precisely these elements decide whether the challenge is perceived as a fair test or as an opaque filter.

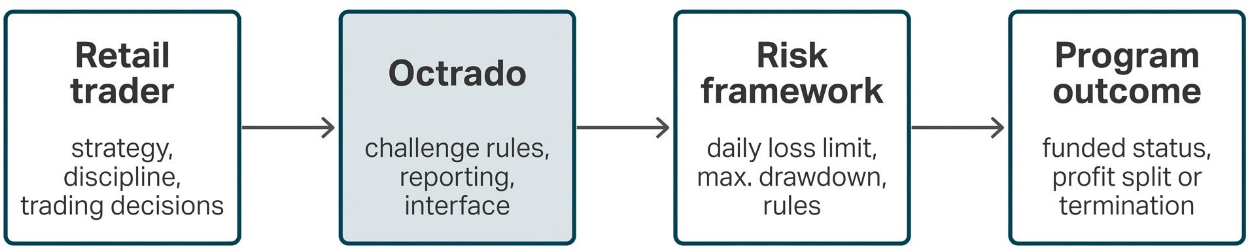
From the perspective of future regulation, it may be an advantage if the platform already today precisely distinguishes between simulated trading, a reward according to the program and an investment service. Octrado's legal statements state that the services do not constitute regulated investment services, that they do not involve the receipt and transmission of orders, portfolio management or investment advice. This definition is important, but in itself it is not enough. Credibility will depend on whether business practice, marketing and contractual documentation speak the same language. [13]

At the technological level, Octrado will face the same challenges as the entire sector. It will have to scale evaluation without turning it into a black box, protect the firm from abuse of the rules without penalizing legitimate strategies, communicate success statistics without creating the impression of an easy path to income, and set up the payout process so that it is predictable for the trader.

The professionalization of prop-trading is therefore not only a question of a nicer interface. It is the ability to create a consistent system with the same rules before the challenge and after it, clear documentation, auditable reports and a legally correct separation of simulation from the real market. If the Octrado platform can hold these layers together, its place in the ecosystem will not stand only on the marketing of funded accounts, but on the infrastructure of trust.

Graphic summary of the technological role of the platform

Diagram: Where Octrado enters the prop-trading process



The technological layer does not replace the trader’s decision-making; it measures performance within a known risk framework.

The diagram simplifies the relationship between the trader, the platform, risk rules and the result of the program. In practice, the process may be supplemented by identity verification, a payment gateway, contractual documentation, the rules of a specific trading platform and internal risk assessment.

05

Verifiability before trust – profile, contacts and legal boundaries of the service

Prop-trading is an area in which credibility cannot be derived only from the appearance of a website, the size of the account or the offered profit split. Publicly verifiable data are decisive, especially the legal entity, registration data, licensed or unlicensed status, contacts, jurisdiction and consistency of legal documentation. Where Seychelles-registered or Seychelles-licensed entities are involved, the Seychelles Financial Services Authority capital-markets register is one of the public verification points. [14]

These data should not be read as an assessment of investment quality. They are rather a minimum standard of verifiability. In services connected with trading, the user should always know with which entity they are entering into a contract, in which jurisdiction disputes are resolved, whether the service declares a simulated or real nature of trading and whether the claims in marketing correspond to the legal terms.

Democratization without the illusion of equal outcomes

Prop-trading is another stage in the democratization of markets only in a precisely defined sense. It does not mean that the retail trader has obtained the same resources as a bank, hedge fund or professional market maker. It means that part of the barrier of own capital can be replaced by demonstrating discipline in a standardized evaluation process. This is a significant shift, because it changes the order of questions. First, the size of savings is not verified, but the ability to survive within the rules.

At the same time, it would be inaccurate to describe funded accounts as a simple social elevator for retail. Data on challenge success rates and payouts indicate tough selection. Many traders pay for an attempt, a smaller portion pass the evaluation and only part of the funded accounts achieve a reward. Prop-trading therefore democratizes access to opportunity, not the outcome itself. The reputation of the entire sector will be decided in this difference.

If firms communicate risks transparently, evaluate rules fairly, invest in technology and respect the legal boundaries between simulation and an investment service, prop-trading can remain a legitimate part of the retail market ecosystem. If it relies mainly on aggressive promises and weak documentation, regulation and reputational damage will naturally narrow it. For platforms such as Octrado, it will therefore not be decisive only how large the accounts they offer are. What will be decisive is whether they can make transparency, stability and a fair risk framework a measurable part of the product.

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octrado.com