IOSCO Publishes Final Reports on Finfluencers, Online Imitative Trading Practices and Digital Engagement Practices

May 29, 2025

By Peter Y. Malyshev
Partner | Financial Regulation

By Nikita B. Cotton
Associate | Financial Regulation

On May 19, 2025, the International Organization of Securities Commissions ("IOSCO") published its **Final Reports** on Finfluencers, Online Imitative Trading Practices and Digital Engagement Practices (the "Reports"), as part of its **Roadmap for Retail Investor Online Safety**. The Reports identify the good practices that regulators should consider when managing potential risks to retail investors that may arise from the evolving securities and derivatives markets towards a trend of **"retailification" – *i.e.*, the significantly growing transaction volumes of retail participants in these markets**.

The Reports focus on three key areas:

1. the growing role of **financial influencers** (or "finfluencers") in shaping investment behavior;
2. the regulatory aspects and risks associated with **online imitative trading practices**; and
3. the gamification and other **digital engagement practices** of digital trading platforms.

First, the Final Report on Finfluencers acknowledges that there are many influencers on social media platforms (*e.g.*, X, Instagram, Discord, TikTok, Facebook and YouTube) who may not necessarily be employed by, affiliated with or even controlled by a regulated entity (such as a broker-dealer or commodity trading adviser), but who nevertheless may be promoting information that the public may not be able to distinguish from professional investment advice or otherwise influencing the public towards doing business with these regulated entities. IOSCO notes that both finfluencers and the market intermediaries who use them are subject to regulatory requirements, which generally involve the appropriate disclosure of advertisements and conflicts of interest.

To that end, we note that while this emerging category of finfluencers may not necessarily fall within the traditional definition of, *e.g.*, an associated person ("AP"), they nevertheless may serve some of the similar functions of an AP. Recently, the National Futures Association ("NFA"), a self-regulatory organization ("SRO"), **proposed an interpretive notice** setting for the first time minimum requirements for the supervision of APs, a designation that may take on new significance in light of the evolving retail landscape. The designation of APs is especially important as the NFA prepares to register new digital commodity market participants under **the draft federal digital asset legislation currently being considered in Congress**. However, the NFA withdrew the proposed guidance, which is indicative that the CFTC may not necessarily agree **with** the NFA's proposed expansion of requirements for AP supervision.

Second, the Final Report on Online Imitative Trading Practice also addresses new business models that are geared towards retail participants who may be interested in participating in forms of "copy" trading, which is a rapidly growing industry in the U.S. and overseas. The report addresses some of the risks to retail investors of engaging in copy trading and proposes certain good practices for both regulators and market intermediaries to address these risks, which primarily focus on monitoring trader and investor behavior, marketing, and assessing the provision of investment advice in the context of existing regulatory schemes to ensure compliance.

Third, the Final Report on Digital Engagement addresses the "gamification" of trading websites and apps, and other technologies that make it drastically easier for retail participants to participate in commodity derivatives and securities markets. In the new reality of 24/7/365 exchange trading and apps that attempt to capitalize on "gamification" features that offer investors instant gratification (e.g., badges, rewards, celebratory messages), there is a lot less regulated intermediary involvement. IOSCO notes that this “gamification” affects investors’ evaluation of risk, thus potentially leading to worse outcomes.

In the traditional model where a trader must pick up the phone and call their broker (i.e., a futures commission merchant) to place a futures trade on an exchange, there is an intermediary or a professional participant who could mitigate risky behavior, or at least act as a buffer for the system. IOSCO set forth good practices to address these emerging risks, including investor education, disclosure, and risk management monitoring.

The overall theme of the Final Reports is that new technologies dramatically broaden access points for retail participants into commodity derivatives and securities markets, and SROs and regulators should stay vigilant in their efforts to assess and address emerging risks. Even if the CFTC or SROs do not immediately implement the recommendations provided in the Final Reports, it is certain that these recommendations will have an impact on retail markets, especially in the context of CFTC’s expanded jurisdiction for crypto retail products.