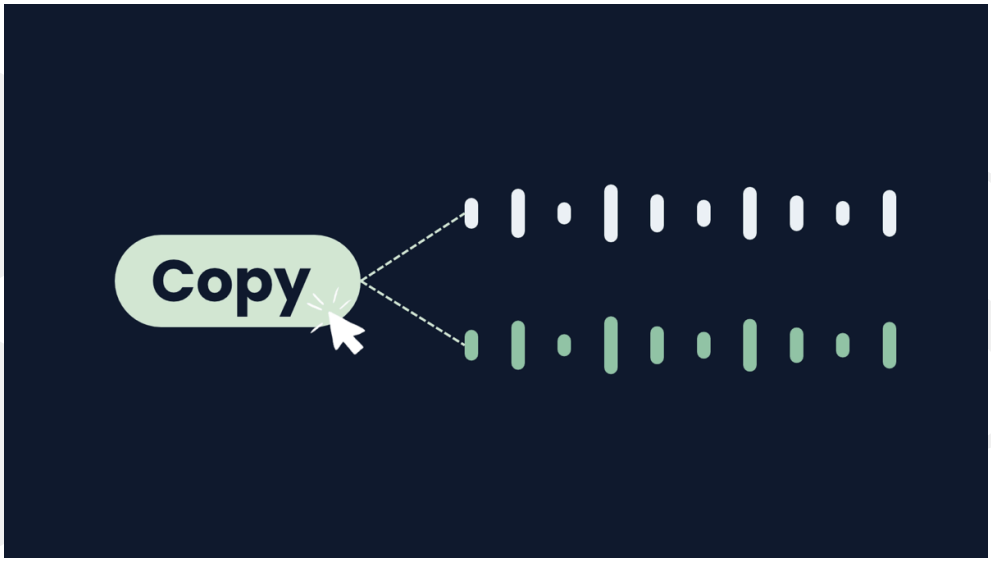
Press Copy, Become a Regulated Adviser? The Fine Line in Automated Trading Signals

25 NOVEMBER 2026

Iveta Dimitrova Ivanova



One press on Copy mirrors every later order. Illustration by the author, with a cursor icon from Canva.

It takes one tap. A customer opens a trading app for futures and commodity options, picks an experienced trader with a long winning streak (the leader) and presses Copy. From then on, the app mirrors each of the leader's orders in the customer's account and the customer is not asked to approve any of them. Does the company behind the button (the platform) become a commodity trading adviser (an adviser) that must register, or can it use the exemption for advisers who do not direct accounts? This article asks whether the one-time press counts as the "specific authorization" that the Commodity Futures Trading Commission (the Commission) requires in its rules.

Three questions are easy to run together. Is the company an adviser at all? If it is, may it use the exemption? And who holds the authority to cause the trades, the platform, the leader or both? The press alone does not make a company an adviser. The customer receives the advice, while the statute asks whether a person advises others for compensation or profit. Under

this article's reading of the rules, an adviser who can cause trades without specific authorisation can lose the exemption. A standing opt-in can give that authority, but the sources reviewed leave open who holds it.

On 29 August 2023 a federal court in Texas entered a consent order settling the Commission's case against a company selling trade signals and automated trading services for binary options, as well as its owner. Commissioner Caroline Pham dissented from the settlement (*Commodity Futures Trading Commission v. Cartu*, 2023; Pham, 2023). The article stays with the Commodity Exchange Act and the Commission's rules for advisers, with Regulation 4.14(a)(9)(i) as its focus. It leaves paragraph (ii), on advice tailored to particular clients, aside. Section 1 reads the rule texts. Sections 2 and 3 test them against staff letters, a notice of the National Futures Association, two consent orders and the dissent. Section 4 asks who holds the authority.

1. What the Rules Ask

The first question is whether a person is an adviser. The Commodity Exchange Act covers anyone who advises others, for compensation or profit, on trading in futures, commodity options and certain other products, including through electronic media (Commodity Exchange Act, 2026, § 1a(12)(A)(i)). An adviser who uses the mails or interstate commerce must register, unless an exception applies, such as advising no more than 15 persons in the preceding twelve months without offering itself to the public at large as an adviser (Commodity Exchange Act, 2026, § 6m(1)). The second question is whether an exemption applies. Regulation 4.14(a)(9) offers one to a person who neither directs client accounts nor gives advice drawn from or tailored to particular clients' circumstances. Regulation 4.10(f) says what "direct" means: an agreement under which a person may cause transactions in a client's account "without the client's specific authorization" (Commodity Pool Operators and Commodity Trading Advisors, 2026, §§ 4.14(a)(9)(i), (ii), 4.10(f)).

Regulation 4.10(f) does not ask whether the client approved a trade. It asks whether somebody can trade without that approval. For transactions effected by intermediaries such as introducing brokers, another Commission rule defines specific authorisation in terms of the customer specifying the precise commodity interest and the exact amount for each transaction (Customer Protection Rules, 2026, § 166.2(a)). It does not say that it governs Regulation 4.10(f), but it uses the same phrase and treats a written authority to trade "without the customer's specific authorization" as an alternative (Customer Protection Rules, 2026, § 166.2(b)), which suggests reading the two provisions together. On that reading, pressing Copy specifies none of the later trades and so does not amount to specific authorisation. Standing authority is not itself unlawful, but on this reading it can cost an adviser who holds it the exemption.

2. A Similar Arrangement Before 2023

The question of specific authorisation predates modern copy-trading apps. In 2003, Commission staff considered a developer of a trading programme whose clients signed a letter of direction, instructing a broker to trade the client's account on the programme's signals. A letter of direction was in effect the copy button of its day. The staff saw an "informal arrangement" that the exemption was never meant to cover and wrote that either the broker or the developer had to register (Division of Clearing and Intermediary Oversight [Division], 2003, para. 7). The letter's reasoning extends beyond paragraph (i), as it recalls that the Commission intended paragraph (ii) to cover advisers who informally manage their clients' trading even if they cannot execute trades without the client's specific authorisation (Division, 2003, para. 5).

The National Futures Association, the industry's self-regulatory organisation, described the same setting in a notice adopted in 2004 and in force since 2005. It wrote that a broker wholly independent of the system developer generally does not have to register separately as an adviser if it cannot deviate from the developer's recommendations. A broker that can select which trades to execute, however, may have to register (National Futures Association, 2020). In 2005, the Division considered several factors, including whether and the extent to which a broker modified or deviated from a developer's recommendations. The broker shared owners with the developer and all its customers had signed letters of direction. The Division found that the broker exercised discretionary authority and did not qualify for the exemption covering advice provided solely in connection with its brokerage business (Division, 2005, pp. 2–3). A footnote adds that a broker "directing accounts" also fails Regulation 4.14(a)(9) (Division, 2005, p. 3, n. 6).

The same letter treated the developer differently. The Division said it would not recommend enforcement against the developer, provided the broker registered and gave customers a disclosure document (Division, 2005, pp. 3–4). It left open whether the developer could use the exemption (Division, 2005, p. 3, n. 6). Staff letters reflect only the Division's view (Division, 2003, para. 9; Division, 2010, p. 2).

A court addressed a similar arrangement in 2006. Nexgen Software Systems sold signals by subscription and sent them to the futures commission merchants that held the subscribers' accounts. Each subscriber had signed a letter of direction instructing the merchant to trade on those signals. The order states that the merchant had no discretion to deviate from them (*Commodity Futures Trading Commission v. Novak,* 2006, pp. 3–4). It further concludes that Nexgen operated as an adviser because, under its subscription agreements with clients, it caused trades by sending signals that it knew would be executed without "specific authorization of each trade" (*Novak*, 2006, p. 5). The order does not distinguish between being an adviser and

directing accounts. Its injunction bars failing to register while "directing client accounts," a term the order defines by reference to Regulation 4.10(f) (*Novak*, 2006, p. 6). The defendants consented, so this is not a contested ruling.

3. The 2023 Order and What It Leaves Open

The 2023 order concludes that the company, BareIt Media LLC, advised others on trading commodity options for compensation or profit without registering (*Cartu*, 2023, p. 6). It never mentions Regulation 4.14(a)(9) or the definition of "direct." That silence settles little, as a consent order records what the parties accepted, not how the Commission would treat a company that claimed the exemption. Pham quoted a 2015 notice by the exchange Nadex, which said that a provider of software that places orders on signals and trader-chosen parameters is unlikely to need registration, because "the trade advice does not originate from the technology provider" (Nadex, 2015, as cited in Pham, 2023, para. 5). She argued that the order may be read to make technology providers that do not originate signals register, which in her view would change the Commission's longstanding interpretation without public comment (Pham, 2023, paras. 6, 8).

4. Who Holds the Authority?

Although the sources reviewed do not settle the third question, they point to two distinct issues. The first is who originates the advice, which bears on whether someone is an adviser. According to the Nadex notice, a technology provider is unlikely to need registration when the advice does not come from it (Nadex, 2015, as cited in Pham, 2023). The second is who may cause the trades, which bears on whether an adviser directs accounts. Here, the National Futures Association and the 2005 letter examine the extent to which a broker can select, modify or deviate from a developer's recommendations, while *Novak* treats the seller of signals as having caused the trades. The platform, the leader or both could meet either test, because Regulation 4.10(f) does not say that only one person can hold the authority. A platform that only relays orders resembles the broker, while the leader resembles the developer, although the sources do not directly address copy trading.

Retail foreign exchange (forex) has its own registration test and therefore serves only as an illustration. Under the statute and the Commission's rules, someone who holds discretionary authority over trading in a retail forex account, or has written authorisation to hold it, must register as an adviser (Commodity Exchange Act, 2026, § 2(c)(2)(C)(iii)(I)(bb); Off-Exchange Foreign Currency Transactions, 2026, §§ 5.1(e)(1), 5.3(a)(3)(i)). In 2010 the Division wrote that a registered introducing broker did not need additional registration as an adviser for a paid forex copy service. The customers chose among leaders whom the firm had contracted and paid, with the option to

change the controls at any time. The Division viewed the firm as a conduit for their trades (Division, 2010, pp. 1–2). The letter covers only that firm and leaves the leaders' status open, while suggesting why customer control over trading settings may matter (Division, 2010, p. 2, n. 3).

Conclusion

Does pressing Copy make a company a regulated adviser? Not by the press alone. The customer stays the client and any adviser status of the company comes from advice given for compensation or profit. Where the press gives an adviser authority to cause later trades without specific authorisation, it can cost that adviser the exemption in Regulation 4.14(a)(9)(i). The findings have limits. The letters do not bind the Commission, *Novak* is a consent order, forex uses a different test and no source says whether the platform, the leader or both hold the authority. A platform that sells signals should not assume that the exemption protects it, while one that only supplies a tool with customer-chosen settings stands closer to the Nadex notice and the 2010 letter. The Commission could resolve the uncertainty through notice-and-comment rulemaking, which Pham asks for before the adviser definition is interpreted differently (Pham, 2023, para. 7). Until it does, the tap takes a second while the question behind it stays open.

References

Commodity Exchange Act, 7 U.S.C. §§ 1a(12), 2(c)(2), 6m (2026). https://uscode.house.gov/us/usc/119-124/t7/

Commodity Futures Trading Commission v. Cartu, No. 1:20-cv-00908-RP (W.D. Tex. 2023) [Consent order]. https://cftc.gov/media/9186/enfryanmastenconsentorder082923/download

Commodity Futures Trading Commission v. Novak, No. 4:04-cv-02947 (S.D. Tex. 2006) [Consent order]. https://www.cftc.gov/sites/default/files/idc/groups/public/@lrenforcementactions/documents/legalpleading/enfnexgenorder.pdf

Commodity Pool Operators and Commodity Trading Advisors, 17 C.F.R. pt. 4 (2026). https://www.ecfr.gov/current/title-17/chapter-I/part-4

Customer Protection Rules, 17 C.F.R. pt. 166 (2026). https://www.ecfr.gov/current/title-17/chapter-I/part-166

Division of Clearing and Intermediary Oversight. (2003, May 30). *CFTC Letter No. 03-26* [Staff letter]. Commodity Futures Trading Commission. https://www.cftc.gov/sites/default/files/tm/letters/03letters/tm03-26.htm

Division of Clearing and Intermediary Oversight. (2005, November 10). *CFTC Letter No. 05-22* [Staff letter]. Commodity Futures Trading Commission. https://www.cftc.gov/sites/default/files/idc/groups/public/@lrlettergeneral/documents/letter/05-22.pdf

Division of Clearing and Intermediary Oversight. (2010, October 25). *CFTC Letter No. 10-36* [Staff letter]. Commodity Futures Trading Commission. https://cftc.gov/csl/10-36/download

National Futures Association. (2020). *NFA Bylaw 1101, Compliance Rules 2-9 and 2-29: Guidelines relating to the registration of third-party trading system developers and the*

responsibility of NFA members for promotional material that promotes third-party trading system developers and their trading systems [Interpretive notice 9055, adopted 2004, in force 2005]. NFA Manual. https://www.nfa.futures.org/rulebook-sql/rules.aspx?RuleID=9055&Section=9

Off-Exchange Foreign Currency Transactions, 17 C.F.R. pt. 5 (2026). https://www.ecfr.gov/current/title-17/chapter-I/part-5

Pham, C. D. (2023, August 29). *Dissenting Statement of Commissioner Caroline D. Pham on CTA interpretation in an enforcement action* [Statement]. Commodity Futures Trading Commission. https://www.cftc.gov/PressRoom/SpeechesTestimony/phamstatement082923

EPIS