COPY TRADING AND THE RISE OF THE SHADOW INTERMEDIARY

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Abstract

Over the last century or so, stock markets, investment opportunities, and the engines of wealth generation have grown exponentially in size and complexity. Navigating this world has required more and more expertise. Those with the most expertise and the greatest resources are best equipped to profit—and have profited spectacularly. Yet most ordinary Americans lack meaningful expertise and resources—and have been largely left behind.

Copy trading—which allows investors to link their portfolios to "leaders" and replicate those leaders' portfolios automatically—offers a shortcut. Every time the leader buys or sells, so does the follower investor. Copy trading makes a tantalizing promise: simply link your portfolio to that of an expert, and let the expert make all your investment decisions for you. At least facially, copy trading provides a low-cost means for ordinary investors to "be in the club" of crypto, of private equity, and of powerful political and economic insiders. This is a deeply powerful message.

Yet in doing so, copy trading has given rise to an army of unregulated shadow intermediaries. Financial middlepersons essentially offer portfolio management services without the—or with only minimal—traditional guardrails of financial services regulation. Perils abound. The conflicts and costs presented by copy trading are well-known to the financial industry: conflicts of interest, fraud, behavioral and cognitive biases, and poor information. Yet unlike other, well-regulated parts of the financial industry, copy trading suffers from a lack of oversight, resulting in particularly pernicious harms.

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Introduction

Faith in the financial system is at a particular low.[1] Younger generations in particular are deeply pessimistic about their financial prospects, struggling to save enough to buy a home or retire comfortably.[2] Wealth inequality across the world has also increased dramatically.[3] Investors are overloaded with information and face a constant stream of decisions with respect to when to invest, how to invest, and what to invest in.[4] Nor are the answers clear.

Copy trading—which allows investors to link their portfolios to "leaders" and replicate those leaders' portfolios automatically—offers a shortcut. Every time the leader buys or sells, so does the follower investor. Copy trading platforms have proliferated in recent years and offer investments in many different financial instruments, from publicly traded equities to crypto assets to foreign currency. Copy trading platforms advertise convenience, expertise (of their leaders), and transparency. One such platform, dub, tells users to "stop picking stocks" and "start copying people," claiming that "unlike other trading apps, dub believes the future of trading revolves around investing in people and their ideas. The days of picking individual stocks and not knowing when to sell or double down are in the past. We are building a community where people can share strategies, track records, and knowledge."[5]

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[1] *See, e.g.*, Kyla Scanlon, *Why My Generation Is Turning to 'Financial Nihilism'*, Wall St. J. (Dec. 19, 2025), https://www.wsj.com/personal-finance/financial-nihilism-gen-z-gambling-meme-stocks-options-kyla-scanlon-7ae4f2aa [https://perma.cc/AFF3-PYWB] (explaining that "the postwar idea of upward mobility was always contingent on certain fundamentals: strong institutions, affordable education, accessible homeownership and stable work. Now those conditions are buckling"); Gerard Baker, *How American Institutions Went From Trust to Bust*, Wall St. J. (Sep. 8, 2023), https://www.wsj.com/opinion/american-institutions-went-from-trust-to-bust-media-schools-business-promises-43c8d18 [https://perma.cc/GP96-L62B] (describing the "collapse" of public trust in the "federal government, big business, the media, education, science and medicine, technology, religious institutions, law enforcement and others").

[2] *See, e.g.*, Scanlon, *supra* note 1; Katherine Hamilton, *Young Men Are Making Risky Bets on Crypto and Politics—and Raking It In Right Now*, Wall St. J. (Dec. 7, 2024), https://www.wsj.com/finance/investing/young-men-investing-bitcoin-stocks-sports-betting-1d44cf8c?st=M6Ukx4&reflink=desktopwebshare_permalink [https://perma.cc/85B4-WQEQ].

[3] *See* Emily Winston, *Unequal Investment: A Regulatory Case Study*, 107 Cornell L. Rev. 781, 783–84 (2022); *infra* Part II.A.

[4] Financial information is available across a range of social media and other non-traditional information sources. Investors can invest online, over the phone, across a variety of platforms, and investors can invest in every asset from traditional equities to meme coins. *See infra* Part I.E.

[5] dub, https://www.dubapp.com/ (last visited Apr. 6, 2025). Note: dub's website has since been modified with minor cosmetic changes. The version generally referenced in this Article can be found here: https://web.archive.org/web/20250408135820/https://www.dubapp.com/ [https://perma.cc/39PT-Z23M].

In this way, copy trading offers a tantalizing promise: simply link your portfolio to that of an expert, and let the expert make all your investment decisions for you. Yet dangers abound. The data from leaders is easy to manipulate, leaders (and platforms) are incentivized to maximize the number of copiers and trading volume rather than actual profit, and investors seem to blindly follow whoever is at the top of a platform's published "leaderboard" at any given time.

This Article makes two contributions. First, it shows that the phenomenon of copy trading taps into a number of deeper, potentially seismic shifts in investment behavior and market sentiment. Copy trading has arisen in response to changing demographic, social, and economic factors, and it serves a need. It responds to the sense of distrust in traditional financial institutions and a belief that those traditional means will not be sufficient to grow wealth, and offers a low-cost means for ordinary investors to "be in the club" of crypto, of private equity, and of powerful political and economic insiders.

Second, this Article demonstrates that copy trading has given rise to a kind of shadow intermediation, where a financial middleperson essentially offers portfolio management without the (or with only minimal) traditional guardrails of financial services regulation. The conflicts and costs presented by copy trading are well-known to the financial industry: conflicts of interest, behavioral and cognitive biases, and poor information. Yet unlike other, well-regulated parts of the financial industry, copy trading suffers from a lack of oversight. Without adequate oversight, copy trading is a dangerous form of delegated portfolio management without the traditional guardrails of investment adviser protections.

The remainder of this Article proceeds as follows. Part I examines the rise of copy trading and develops a typology of copy trading platforms. Part II argues that copy trading responds to a social and economic need, addressing reduced faith in institutions and the growth of social media. Part III examines the dangers of copy trading. Part IV evaluates copy trading as a form of shadow intermediation. Part V considers the way forward and possible reforms. A brief conclusion follows.

I. What is Copy Trading?

This Part describes copy trading and situates it within the broader rise of fintech, social media, and social trading. Section A provides a brief history of copy trading and describes various kinds of copy trading platforms. Section B looks at who is copied (the kinds of leaders) and who copies (the kinds of followers). Section C provides an overview of compensation schemes. Section D sets out a typology of copy trading. Section E argues that copy trading is an extension of social trading.

A. The Mechanics of Copy Trading

i. A Brief History

Beginning in the mid-late 2000s, trading platforms began to offer copy trading features, allowing users to link their portfolios to "leaders" or "signal providers" and replicate those leaders' portfolios automatically.[6] Since then, copy trading has substantially grown in popularity among retail investors, especially as retail investors increasingly invest in assets that are complex, opaque, volatile, or trade in markets that are always open.[7] The amount of effort and expertise needed to trade in such assets successfully is daunting. Copy trading offers a tempting shortcut: just link your portfolio to that of an expert, and outsource all your investment decisions to the expert.

This message clearly resonates with investors. For example, dub recently announced reaching 1 million downloads.[8] ZuluTrade, another copy trading platform, advertises its existence in over 150 countries, claims to have over 30 million accounts, and has over 2 million leaders.[9] Autopilot, another platform, has more than $450 million in assets under management as disclosed in its SEC filings.[10] And on any given platform, top leaders can have hundreds or even thousands of copiers at any given time.[11]

Copy trading has successfully positioned itself as a way for users to access what should be "superior" financial advice for a minimum amount of effort, diligence, and cost. Copiers delegate their investment decisions to leaders and in doing so, the copiers engage in a form of passive portfolio delegation.[12] Yet unlike traditional portfolio delegation, *anyone* can become a leader. As others have pointed out, this takes the concept of portfolio delegation "to the extreme . . . no endorsement or credentials are needed to become a leader: anybody can play that role, as long as somebody is willing to copy their portfolio and trades."[13]

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[6] *See* Daisuke Kawai et al., *Stranger Danger? Investor Behavior and Incentives on Cryptocurrency Copy-Trading Platforms*, *in* CHI 2024 CONFERENCE ON HUMAN FACTORS IN COMPUTING SYSTEMS 1 (2024) (providing a brief history of copy trading).

[7] *See id.*

[8] *See* Connie Loizos, *Buzzy Investing App Dub Lands $30M Series A*, TECHCRUNCH (May 1, 2025), https://techcrunch.com/2025/05/01/buzzy-investing-app-dub-lands-30m-series-a/ [https://perma.cc/Q6QD-FASV].

[9] ZULUTRADE, https://www.zulutrade.com/ [https://perma.cc/7P3D-PT9G] (last visited Apr. 25, 2026).

[10] Autopilot, Uniform Application for Investment Adviser Registration and Report By Exempt Reporting Advisers (Form ADV), (Feb. 4, 2026), https://reports.adviserinfo.sec.gov/reports/ADV/331749/PDF/331749.pdf [https://perma.cc/5TJS-GM8V].

[11] *See, e.g.*, *Differences Between Master Traders and Followers in Copy Trading*, BYBIT (Jan. 23, 2026), https://www.bytick.com/en/help-center/article/Differences-Between-Master-Traders-and-Followers-in-Copy-Trading [https://perma.cc/9MP6-X3TR].

[12] *See* Kawai et al., *supra* note 6 (describing copy trading).

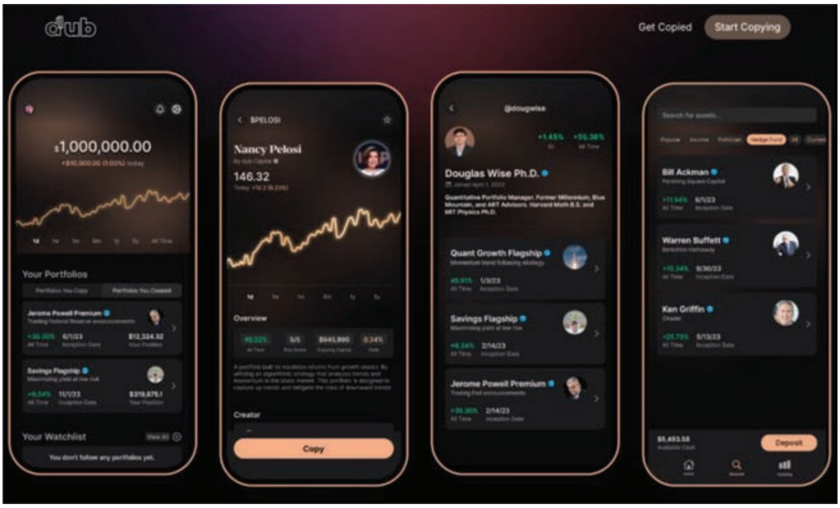
[13] *Id.*

ii. Prominent Copy Trading Platforms

A closer look at a number of copy trading platforms provides a clear sense of their positioning. For example, dub has the following opening message on its homepage:

> 87% of investors underperform the markets.
>
> So stop picking stocks.
>
> Start copying people.[14]

The colors are certainly not accidental. They underscore the message: if you invest on your own, you will lose money (be in the red). If you copy other investors, however, you will gain money (be in the green). dub goes on to say: "Copy trades automatically. Like magic."[15] In order to "experience magic," a user simply needs to (1) open a brokerage account; (2) "copy a portfolio just like buying a stock," i.e., "[c]opy politicians, hedge funds, or top traders on dub;" and (3) "automatically follow all future trades" where "[e]verything the portfolio creator buys and sells you do too. Same time, same price."[16] Featured politicians include Nancy Pelosi, with an advertised 46.32% performance, and featured hedge fund managers include Bill Ackman, with an advertised 11.54% performance.



Investors can also copy other traders, with examples such as (presumably fictional) "Bobbi Goldberger," a "Buffett disciple" and "National College

[14] DUB, *supra* note 5.
[15] *Id.*
[16] *Id.*

Investing Champion," shown with a 55.38% all-time return. Another profile, "John Lai," says "I'm the Smart Uncle in the family everyone comes to get stock advice from. Now just copy me automatically on dub." John Lai is shown with a 34.65% all-time return.[17] Finally, dub allows users to build their own portfolio and attract copiers.[18]

Recall that dub claims that "unlike other trading apps, dub believes the future of trading revolves around investing in people and their ideas. The days of picking individual stocks and not knowing when to sell or double down are in the past. We are building a community where people can share strategies, track records, and knowledge."[19] Users have the option of two subscription plans: $89.99 per year or $9.99 per month.[20]

Autopilot, another copy trading platform, claims that it allows the user to "Invest like a Politician," "+ Hedge Fund Managers, and more."[21] It describes those who are copied as "pilots," and prominently features Nancy Pelosi, touting that it was "[b]uilt by the team behind the viral Pelosi Tracker account."[22] Autopilot's marketing evokes that of a friendly neighborhood insurance company: "Investment apps these days don't actually focus on you and your financial goals. They're obsessed with management fees, upsells, and hidden charges. We're upfront about all our costs (which is a flat fee!). We show you all the holdings of every pilot. You can always change your pilot and holdings right in your brokerage. The best part is, you don't have to stress about your future - it's in good hands with people you know."[23]

AvaSocial, part of AvaTrade, lets the user "Unlock the Power of Trading Together. Connect, copy, and conquer the markets alongside expert traders, learn from their strategies, and say goodbye to trading alone forever."[24] With the line "Copy. Trade. Repeat," AvaSocial

> [C]onnects you with a community of expert traders, making it easier than ever to reach your financial goals. By replicating their strategies, you can trade alongside the masters with confidence. Browse their stats and performance and select from the very best

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[17] *Id.*
[18] *Id.*
[19] *Id.*
[20] *Id.*
[21] Autopilot, https://www.joinautopilot.com/ [https://perma.cc/WEK7-A7HD] (last visited Jan. 5, 2025). Note: Autopilot's website has since been modified. The version referenced here can be found at: https://web.archive.org/web/20250105021329/https://www.joinautopilot.com/.
[22] *Id.* At least previously, Autopilot seemed to focus on tracking investors' trades based on public disclosures. *See id.* ("All Autopilot trade activity and descriptions are based on public information . . . As soon as pilot trade activity is public, your brokerage will update to reflect some of the same holdings as your chosen pilots like Michael Burry, Nancy Pelosi, and Warren Buffett.").
[23] *Id.*
[24] *AvaSocial - Unlock the Power of Trading Together*, AvaTrade, https://www.avatrade.com/trading-platforms/avasocial [https://perma.cc/489R-3G9S] (last visited Apr. 25, 2026).

> before copying their trades. With AvaSocial, you can embrace a simplified and collaborative approach to investment. . . . With the AvaSocial app, beginners and experienced traders can navigate the markets from anywhere in the world. Beginners can fast track their learning curve while gaining exposure to the markets. Seasoned traders can save precious time, eliminating hours of daily research by copying master strategies. Whether you're looking to expand and diversify your portfolio by exploring new assets or want to copy - trade on the go, AvaSocial has you covered.[25]

ZuluTrade refers to itself as the "Social Intelligence Platform that helps you invest in a smart way."[26] It advertises its existence in over 150 countries, over 30 million accounts, and over 2 million leaders.[27] According to ZuluTrade, "Copy trading is a trading method where investors replicate experienced leaders' moves. In this way, they automatically mirror the trading activities of experienced leaders - you can find them in the Leaders section - and follow their investment strategies."[28] ZuluTrade allows trading in a variety of instruments, including stocks, cryptocurrencies, foreign currencies, and commodities.[29]

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[25] *Id.*

[26] *The Social Intelligence Platform that Helps You Invest in a Smart Way*, ZuluTrade https://www.zulutrade.com/ [https://perma.cc/7P3D-PT9G] (last visited Apr. 25, 2026).

[27] *Id.*

[28] *CopyTrading with the Power of Social Intelligence*, ZuluTrade, https://www.zulutrade.com/copy-trading [https://perma.cc/26LG-NKC2] (last visited Apr. 25, 2026).

[29] *Id.* ("Learn from other experienced leaders who have their signals strategies with trading forex, stocks, crypto or other financial instruments.").

Similarly, eToro offers: "Tap into the portfolios of real crypto, stock, and ETF investors. Whether you're just getting started or looking to diversify, find people whose strategies fit your goals and let their moves guide yours."[30] eToro charges a 1% fee for buying or selling crypto, but zero commissions on trading stock and options.[31]

FX Junction, another platform, advertises that their "Autocopy function oversees your portfolio for you; you can learn by spectating master Signal Providers strategies; [and] you are part of large community of traders all over the world."[32] For those seeking to become Signal Providers, FX Junction explains that anyone can be approved: "If you are brave enough with determination and get approved, you too can become a Signal Provider and help other aspiring traders get started investing."[33] On FX Junction, Signal Providers can "get another source of income," and "If you want recognition, you don't need your own website and advertising money, we'll do it for you."[34]

The messaging across copy trading platforms is strikingly similar: trust us (and our experts), join our community of experts, and make money. Copy trading platforms pitch their services as a transparent and effortless means to cut through the noise faced by investors. But the reality may not be so simple.

B. Who Is Copied, and Who Copies?

While leaders can vary within and across platforms, the spectrum typically includes wealthy corporate figures ("whales"), politicians or government insiders, financial influencers ("finfluencers"), and anonymous ordinary investors.

i. Whales

This category might include hedge fund billionaires, activist investors, and other Wall Street juggernauts. For example, dub's homepage has in-app screenshots marked for "for illustrative purposes" showing the ability to copy people such as Warren Buffett, billionaire hedge fund manager Bill Ackman,

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[30] *Copy Trader*, eToro, https://www.etoro.com/en-us/copytrader/ [https://perma.cc/7H2W J4DD] (last visited Apr. 25, 2026).

[31] *eToro fees explained: Crypto,* eToro, https://www.etoro.com/en-us/trading/fees/#crypto [https://perma.cc/6FCT-9Z85] (last visited Apr. 25, 2026); *eToro fees explained: Stocks & ETFs,* eToro, https://www.etoro.com/en-us/trading/fees/#stocks-etfs (last visited Apr. 25, 2026).

[32] *Social Trading has never been easier,* FX Junction, https://fxjunction.com/en/how-it-works (last visited Apr. 25, 2026).

[33] *Join the community as a Signal Provider*, FX Junction, https://fxjunction.com/en/become-a-provider (last visited Apr. 25, 2026).

[34] *Id.*

and Ken Griffin, CEO of Citadel.[35] Autopilot also advertises the ability to copy folks such as Buffett and the like.[36]

Like politicians or other public figures, whales typically do not actively choose to be copied through copy trading platforms. However, because they must disclose their investment activity through public filings, copy trading platforms can allow users to "copy" such figures once their trades become public.[37] While such information is public and not proprietary, presumably the allure lies in the platform's ability to automate such copying and remove the need for investors to monitor public filings themselves.

ii. Government Insiders

In 2020, several United States senators sold a significant amount of stock at the beginning of the COVID-19 pandemic, just before the stock market crashed on February 20, 2020.[38] In 2010, a *Wall Street Journal* article looked into the trades of Congressional staffers, finding that "[a]t least 72 aides on both sides of the aisle traded shares of companies that their bosses help oversee."[39] And in 2004, the *Wall Street Journal*, citing an academic study, reported that senators beat the market by an average of 12% per year, compared with 6% by corporate insiders.[40] The senators "also appeared to know exactly when to buy or sell their holdings. Senators would buy stocks just before the shares suddenly would outperform the market by more than 25%. Conversely, senators would sell stocks that had been beating the market by about 25% for the past year just when the shares would fall back in line with the market's performance."[41]

It is not a stretch to imagine that government insiders can time their trades in response to impending legislation, knowledge of government contracts, and

[35] dub, https://www.dubapp.com/ [https://perma.cc/TTB2-5S3W]. Note: dub's website has since been modified with minor cosmetic changes. The version generally referenced in this Article can be found here: https://web.archive.org/web/20250408135820/https://www.dubapp.com/ [https://perma.cc/UFZ3-QQSS].

[36] Autopilot, *supra* note 21.

[37] *Id.*

[38] *See* Jacob Winton, *Congressional Insider Trading: How the COVID-19 Pandemic Shed New Light on a Decades-Old Form of Corruption,* Blog Posts, Wake Forest L. Rev. (Apr. 21, 2022), https://www.wakeforestlawreview.com/2022/04/congressional-insider-trading-how--the-covid-19-pandemic-shed-new-light-on-a-decades-old-form-of-corruption%EF%BF%BC/ [https://perma.cc/F4RQ-6UXZ].

[39] Brody Mullins et al., *Congressional Staffers Gain from Trading in Stocks*, Wall St. J. (Oct. 11, 2010), https://www.wsj.com/articles/SB10001424052748703431604575522434188603198 [https://perma.cc/Y9PW-KWJ3].

[40] Jane J. Kim, *U.S. Senators' Stock Picks Outperform the Pros'*, Wall St. J. (Oct. 26, 2004), https://www.wsj.com/articles/SB109874916042455390 [https://perma.cc/5DWD-CD4A].

[41] *Id.*

certain geopolitical events, for example.[42] And for a long time, there were no clear rules preventing what appeared to be de facto insider trading by government officials.[43] The Stop Trading on Congressional Knowledge ("STOCK") Act was enacted in 2012 and was designed to prohibit congressional insider trading. It provides that "Members of Congress and employees of Congress are not exempt from the insider trading prohibitions arising under [Rule 10b-5]" and explicitly affirms "a duty arising from a relationship of trust and confidence owed by each Member of Congress and each employee of Congress."[44] Yet enforcement is limited and punishment is a negligible fine.[45]

Perhaps unsurprisingly, the idea of piggybacking on Congress's stock trades emerged. A number of ETFs now track trades by politicians, depending in part on trading disclosures mandated by the STOCK Act for their data.[46] For example, the "Unusual Whales Subversive Democratic ETF (Ticker: NANC) invests in equity securities purchased or sold by Democratic members of Congress and their spouses," which "must be disclosed pursuant to the . . . STOCK Act."[47] And "Unusual Whales Subversive Republican ETF (Ticker: GOP) invests in equity securities purchased or sold by Republican members of Congress and their spouses."[48] Relatedly, the website called Unusual Whales, which markets itself as "[t]he most complete toolset for retail traders," offers a section that tracks political portfolios, under "Unusual Tools."[49]

Copy trading platforms such as dub and Autopilot heavily advertise the ability to copy public figures. Like whales, government insiders typically do not run their own portfolios on copy trading platforms. Instead, copy trading platforms offer portfolios that *track* publicly disclosed trades of politicians and corporate insiders.[50] Nevertheless, the idea of copying government insiders taps into a number of aspects of contemporary sentiment: distrust of

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[42] *See generally* Alan Ziobrowski et al., *Abnormal Returns from the Common Stock Investments of Members of The U.S. House of Representatives*, 13 Bus. & Pol. 4 (2011) (finding that U.S. Representatives' stock purchases experienced significant positive abnormal returns).

[43] *See* Donna M. Nagy, *Insider Trading, Congressional Officials, and Duties of Entrustment*, 91 Bos. U. L. Rev. 1105, 1107 (2011) (discussing the legal status of congressional insider trading).

[44] STOCK Act § 4, 15 U.S.C. § 78u–1(g) (2012).

[45] *Id.* More recently, Congress has introduced the Stop Insider Trading Act and the Public Integrity in Financial Prediction Markets Act of 2026, both of which might further restrict insider trading by public officials.

[46] *See* Deirdre Walsh, *Stock Traders Are Trying to Beat the Market — By Copying Lawmakers*, NPR (June 6, 2024), https://www.npr.org/2024/06/06/nx-s1-4974720/congress-stock-trades-profits [https://perma.cc/MG2E-VBCT].

[47] *NANC, Unusual Whales Subversive Democratic ETF*, Subversive ETFs, https://www.subversiveetfs.com/nanc [https://perma.cc/854J-PYXE].

[48] *GOP, Unusual Whales Subversive Republican ETF*, Subversive ETFs, https://www.subversiveetfs.com/gop [https://perma.cc/AHL4-K3FK].

[49] *Portfolios Overview*, Unusual Whales, https://unusualwhales.com/portfolios. [https://perma.cc/3JLT-VMBP].

[50] *See, e.g.*, Deanna Shears, *Premium Portfolios on dub: Overview*, dub, https://support.dubapp.com/hc/en-us/articles/36497564050459-Premium-Portfolios-on-dub-Overview [https://perma.cc/2VVL-EMP4].

institutions and the belief that those in power are self-serving. Why not take advantage of their insider information?

iii. Finfluencers

Finfluencers and ordinary retail investors do actively seek to be copied. The term finfluencer refers to someone with outsized impact on investment decisions, usually due to their social media presence.[51] Finfluencers can include celebrities such as Kim Kardashian, activist investors such as Ryan Cohen, and ordinary investors with followings on TikTok and YouTube.[52] For purposes of this article, I will use the term finfluencer to refer to those with a social media presence on a platform other than the copy trading platform. For example, Kevin Paffrath, a particularly successful finfluencer on YouTube who launched his own ETF and ran for California governor in 2021,[53] might be copied on a platform such as dub. These finfluencers have social media communities not solely developed through the copy trading platform.

The term "finfluencer" is broad, and it can also include whales and ordinary investors who have a social media following. For example, Ryan Cohen, activist investor, CEO and chair of GameStop's board, and founder of the online pet supplies company Chewy.com, would be characterized as both a powerful finfluencer and whale. Called "Papa Cohen" by his followers,[54] Cohen has nearly 500,000 followers on X, who often look to his social media activity for clues as to future corporate decisions.[55]

Finfluencers typically deliberately cultivate followings and foster trust within their community. The sense of belonging to a finfluencer's community may be a large motivation for investment, which is unique to a finfluencer.[56]

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[51] *See* Sue S. Guan, *The Rise of the Finfluencer*, 19 NYU J. L. & Bus. 489, 497–508 (2023) (describing various types of finfluencers in today's markets).

[52] *See id*.

[53] *See* The Meet Kevin Pricing Power ETF, https://web.archive.org/web/20250223112438/https://www.mketf.com/ [https://perma.cc/G5H7-BRL7] (last visited Feb. 23, 2025). The ETF has since closed and the website has since been removed. *See* Ron Day, *YouTuber Paffrath's ETF Closure: 'I Took on Too Much'*, Yahoo! Finance (Feb. 12, 2025), https://finance.yahoo.com/news/youtuber-paffrath-etf-closure-took-224648186.html [https://perma.cc/Z2QW-K5DV]. Paffrath also ran for governor of California in 2021. *See* Kevin Paffrath, Ballotpedia, https://ballotpedia.org/Kevin_Paffrath [https://perma.cc/XT56-VMCS] (last visited Apr. 24, 2026).

[54] Caitlin McCabe, *The Meme Lords Who Are Taking over the C-Suite*, Wall St. J. (Aug. 27, 2021), https://www.wsj.com/articles/the-meme-lords-who-are-taking-over-the-c-suite-11630056603? [https://perma.cc/H2WT-UXY4].

[55] *See id.*; Miriam Gottfried & Caitlin McCabe, *GameStop's Ryan Cohen Wants to Be More Than a Meme-Stock King*, Wall St. J. (Nov. 19, 2022), https://www.wsj.com/articles/gamestops-ryan-cohen-wants-to-be-more-than-a-meme-stock-king-11668834015 [https://perma.cc/58WS-FMMW] (noting many investors search for clues in Cohen's social media posts for future stock price indications).

[56] *See* Sue S. Guan, *Securities Fraud and the Market for Individual Stocks*, 1 Colum. Bus. L. Rev. 227, 230–48 (2025) (detailing non-financial investment motivations, from cultural expression to political salience to simple hype).

And those seeking to copy finfluencers may not always do so just to attain financial returns. They may do so to signal loyalty or otherwise indicate their fealty to the finfluencer's community, to express cultural values or other preferences alongside non-financial goals.[57]

iv. Ordinary Investors

Finally, most copy trading platforms allow ordinary, anonymous or pseudonymous traders to become leaders. Typically, some small amount of upfront money is required to create a portfolio, and portfolio performance will attract copiers.

Often, no credentials or qualifications are needed to become a leader. Copiers follow leaders simply based on their financial returns. ZuluTrade provides that "Yes, anyone can become a Leader on our platform. However, the most suitable Leaders are the ones with a trading background and a professional business mindset."[58] On platforms such as ZuluTrade, leaders are largely pseudonymous, identified only by username.[59]

Other platforms have minimal or opaque requirements. For example, eToro requires at least two months of trading history on eToro, full name and profile picture, and certain investment thresholds.[60] On dub, in order to become a Creator, users need to fill out an application with basic information, and must answer the question: "Do you have any social medias, publicly available biographies, or anything we can read about your work or investing experience?"[61] A sample answer (provided by dub) is: "I've been an RIA managing $400 Million in assets or I've been an huge retail investor with a small following on twitter…"[62] [sic] Autopilot has a series of questions about investing background and experience, and of course, social media presence.[63]

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[57] *Id.* at 502 (discussing the importance of trust in developing a following on social media).

[58] *Become a Leader with ZuluTrade*, ZULUTRADE, https://www.zulutrade.com/become-a-leader [https://perma.cc/D5CH-JB3U] (last visited Apr. 25, 2026).

[59] *See Leaders*, ZULUTRADE, https://www.zulutrade.com/leaders [https://perma.cc/U7AT-KKBR] (pseudonyms range from "Signal Guide" to "BaseGrowth" to "FIRE GC") (last visited July 16, 2025).

[60] *Popular Investor*, ETORO, https://www.etoro.com/copytrader/popular-investor/ [https://perma.cc/8MVP-VX74].

[61] *Become a dub Creator,* DUB, https://www.dubapp.com/creators [https://perma.cc/K5NS-F44C]. Note: this page has also since been updated; the June 2025 version referenced here can be viewed at: https://web.archive.org/web/20250619121155/https://www.dubapp.com/creators.

[62] *Id.*

[63] *Looking to become a Pilot?*, AUTOPILOT, *supra* note 21.

v. Who Copies?

Overwhelmingly, retail investors are the copiers. This is not surprising. Copy trading platforms commonly message that copy trading is particularly suited for beginners or those who do not have the time or the inclination to engage in research efforts on their own. As discussed *infra* Part II, much of this messaging taps into the broader retail investor dissatisfaction with traditional financial institutions and growing interest in alternative means to grow wealth.

C. Compensation

Leaders (those who actively apply to become and are accepted as leaders) typically make money either through commissions, profit-sharing, or volume-based compensation. For example, leaders on ZuluTrade earn "0.5 pip for each closed trade executed or $5 per $100K traded."[64] Leaders on eToro's non-U.S. website "[r]eceive an annual payment of 1.5% of assets under copy, paid out monthly."[65] On ByBit, leaders can share in the profits of their followers, starting at 10% of their copiers' profits up to 15% of their copiers' profits, depending on the "level" assigned to the leader.[66] On Autopilot, each "Pilot" charges their own subscription fee, which allows a copier to buy and sell automatically based on the Pilot's portfolio.[67] A detailed table describing leader compensation schemes across varying platforms is provided in Appendix A.[68]

Platforms generally charge users fees to copy leaders. For example, dub users can choose between two subscription plans: $89.99 per year or $9.99 per month.[69] On Autopilot, each Pilot charges their own subscription fee.[70] As previously mentioned, eToro charges a 1% fee for crypto transactions, but does not charge commissions for stock and options.[71] Further detail is provided in Appendix A.[72]

D. Typology

Copy trading provides a range of services, but above all, it provides a *social* service. It purports to bring together investing communities and to link beginners and experts, seamlessly and effortlessly. As such, it can be situated against a broader spectrum of *social* trading.

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[64] *See* ZuluTrade, *supra* note 58.
[65] *Popular Investor*, eToro, *supra* note 60.
[66] *ByBit Master Trader Level System*, ByBit, https://www.bybit.com/en/promo/global/master-trader-level [https://perma.cc/Y5LZ-3RV5].
[67] *Frequently Asked Questions*, Autopilot, https://www.joinautopilot.com/faq. [https://perma.cc/KJ3Y-CDNN].
[68] *See infra* Appendix A.
[69] dub, *supra* note 5.
[70] Autopilot, *supra* note 21.
[71] *Fees,* eToro, *supra* note 31.
[72] *See infra* Appendix A.

At one end of this spectrum, followers fully cede control to pseudonymous leaders based solely on performance metrics. At this end, those leaders are identified only by username, and do not interact with copiers other than through linked, automated portfolio actions. At the other end, trading is not automated, but simply provides a service for would-be leaders to disclose their trades, giving would-be copiers the option of also copying those trades. At this end, I will refer to such platforms as social trading platforms. Social trading platforms provide a simplified onboarding mechanism for would-be finfluencers to build a following and for information sharing among social communities. And here, platforms often expressly promote interaction between leaders and followers.

In between these two ends, platforms exist on a spectrum. They include those which automate copying for known celebrities, investors, and politicians, which then by nature must rely solely on publicly disclosed trades, often with a lag. They also include platforms that automate trading for known entities in one's social community — one's friends, known finfluencers, and so forth, where those trades might not otherwise be publicly disclosed, but where the finfluencers and friends actively seek out followers and copiers. Moreover, while finfluencers and ordinary investor-leaders typically deliberately sign up to be copied and actively attempt to cultivate more copiers and followers, whales and government insiders generally do not.

The most important features of this spectrum are summarized in the below table:

Typology of Copy and Social Trading

	Type 1	**Type 2**	**Type 3**	**Type 4**	**Type 5**
Automated Trading?	Automated	Automated	Automated	Non-automated	Non-automated
Anonymous Leaders?	Pseudonymous or Anonymous	Known	Known	Known	Known
Leader Type	Ordinary investors; anonymous or pseudonymous retail traders	Typically celebrities, politicians, etc.	Typically people within one's social community	Typically celebrities, politicians, etc.	Typically people within one's social community
Leader Buy-in	Yes	Often no	Yes	Often no	Yes
Interaction Level	Low level of interaction between leaders and followers	Little to no interaction between leaders and followers	Medium level of interaction between leaders and followers	Little to no interaction between leaders and followers	High level of interaction between leaders and followers
Information Sources	N/A	Reliant on public disclosures of trading, often with a lag	N/A	Reliant on public disclosures of trading, often with a lag	N/A
Examples	ZuluTrade eToro FXJunction	Dub Autopilot	Dub AvaSocial	Iris	Iris Commonstock Public

Social investing is nothing new; seeking investment advice from one's community is as old as markets themselves. However, understanding the above typology of social trading and copy trading reveals a number of insights.

First, the expressly social nature of copy trading makes it seem familiar. Copy trading, thus framed, does not appear daunting or foreign to a beginner investor. It instead appears to be a simple way to automate a behavior the investor was engaging in already within their real-life communities or communities on social media. This immediately reduces the barriers to adoption. Investors do not believe they need to learn new behaviors or digest new material.

Second, the social aspect of copy trading is hugely appealing. Communities exist because members trust other members within those communities. As discussed further in Part II.A, trust in traditional financial institutions is at a particular low point. The idea of a community, by contrast, carries a powerful sheen of trust. And, copy trading is at its core a way to automate community-based behavior.

Finally, understood in this way, copy trading appears vastly scalable. If copy trading provides access to social, investing communities, the number of those communities—and scale of membership—is theoretically infinite. More communities can always form, so long as willing members exist. Copy trading simply provides a centralized marketplace for these communities to emerge and attract members. Nor do the platforms need to do much work to scale: so long as they have the technology to support the communities, the communities do all the work.

E. Copy Trading Extends from Social Trading

Copy trading seeks to directly translate social investing into a seamless trading mechanic. In doing so, it brings social investing to an extreme. Tracing the rise of copy trading out of the rise of social trading illustrates this powerfully.

In early 2021, meme stocks—where users on Reddit rallied around certain stocks in order to dramatically drive up their price—garnered worldwide attention.[73] GameStop provides a dramatic example. Reddit users rallied around Keith Gill, with the username "Roaring Kitty" on Reddit, who had invested $53,000 in GameStop. Gill posted about his GameStop investment and promoted the company's potential, generating heavy trading that moved

[73] *See* Matt Levine, Opinion, *The Meme Stocks Keep Coming*, Bloomberg (June 9, 2021), https://www.bloomberg.com/opinion/articles/2021-06-09/the-meme-stocks-keep-coming [https://perma.cc/66V3-TX5U].

the stock price up from $4 to around $500 per share at one point.[74] Users invoked Gill's statement, "I like the stock," as they also shared their purchases of GameStop stock on Reddit.[75] Even when GameStop's share price fell, many investors declined to sell so long as Gill did not sell, stating "if Roaring Kitty's still in, I'm still in" and encouraging each other to have "diamond hands."[76]

Concurrently, the online, social media-fueled ecosystem of stock discussion and investment communities was gaining considerable traction. The hashtags #stocktok and #fintok on TikTok had over three billion views as of early 2023.[77] Content tagged with #stocktok included investing tips, financial advice, stock picks, and lifestyle content of finfluencers, among others.[78] Retail investors increasingly look to social media platforms such as Reddit and TikTok, along with investing news websites such as Seeking Alpha, for information[79] rather than traditional sources such as equity analyst research.[80] Google's own studies report that around 40% of younger users turned to TikTok or Instagram before Google.[81] In addition to seeking out brands that reflect their personal values, retail traders also look for "community, networking and self-education within financial services that make investing a fun, recreational activity."[82] In 2015, a World Economic Forum report identified social

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[74] *See* Nathaniel Popper & Kellen Browning, *The 'Roaring Kitty' Rally: How a Reddit User and His Friends Roiled the Markets*, N.Y. Times (Jan. 29, 2021), https://www.nytimes.com/2021/01/29/technology/roaring-kitty-reddit-gamestop-markets.html [https://perma.cc/RFP9-EC8E].

[75] *See To the Moon, Part 4: Diamond Hands*, Podcasts, Wall St. J. (June 13, 2021), https://www.wsj.com/podcasts/the-journal/to-the-moon-part-4-diamond-hands/c5e48f39-6ed6-414f-a0d6-0dc9986640ba [https://perma.cc/KKF4-R5T6]; Noel Randewich, *GameStop Fan 'Roaring Kitty' to Tell Congress: 'I Like the Stock,'* Reuters (Feb. 17, 2021), https://www.reuters.com/article/us-retail-trading-testimony-reddit-idUSKBN2AH2Y2 [https://perma.cc/DD9N-WUUL] (summing up Roaring Kitty's congressional testimony in the phrase "I like the stock").

[76] *See* Popper & Browning, *supra* note 74.

[77] TikTok, https://www.tiktok.com/tag/stocktok?lang=en [https://perma.cc/HC8P-V9SV] (last visited Apr. 21, 2023).

[78] *Id*.

[79] *See* Hailiang Chen et al., *Wisdom of Crowds: The Value of Stock Opinions Transmitted Through Social Media*, 27 Rev. Fin. Stud. 1367, 1386 (2014) (discussing social media investing sources).

[80] *See* Michael S. Drake et al., *Social Media Analysts and Sell-Side Analyst Research*, 28 Rev. Acct. Stud. 385 (2023), 386, 389, 415–416 (discussing social media's "evolving role" in markets and the impact of social media equity research on sell-side equity research); *see also* Theresa Kuchler & Johannes Stroebel, *Social Finance*, 13 Ann. Rev. Fin. Econ. 37, 45 (2021) (considering the role played by social interactions in financial decisions); Eric Chartier et al., Behavioral Finance: The Impact of Artificial Intelligence and Social Media Analytics 2–3 (Feb, 27, 2021) (unpublished manuscript), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3794039 [https://dx.doi.org/10.2139/ssrn.3794039] (discussing social media influencers in the stock market).

[81] Kalley Huang, *For Gen Z, TikTok Is the New Search Engine*, N.Y. Times (Sep. 17, 2022), https://www.nytimes.com/2022/09/16/technology/gen-z-tiktok-search-engine.html [https://perma.cc/HJY7-BGM5].

[82] Svati Kirsten Narula, *What Generation Z Wants from Financial Technology*, Wall St. J. (Jan. 25, 2022), https://www.wsj.com/articles/generation-z-financial-technology-11642714326?mod=Searchresults_pos2&page=1 [https://perma.cc/3AFF-5HUR].

trading as a "key disruptive trend."[83] It explained that "a number of disruptors, from automated wealth management services to social trading platforms, have emerged to provide low cost, sophisticated alternatives to traditional wealth managers. These solutions cater to a broader customer base and empower customers to have more control of their wealth management."[84]

Trading platforms encouraged social trading in more subtle ways as well. For example, users look to Robinhood's list of its 100 most popular stocks, essentially copying other Robinhood users' trades. Stocks just added to Robinhood's "Top 100" list are far more likely to be purchased.[85] Free, zero-commission trading also facilitated social trading. One study by Professors Aggarwal, Choi, and Lee demonstrated abnormal returns for certain meme stocks when zero-commission trading became the norm in October 2019, earlier than the Reddit-fueled rallies experienced by GameStop and other meme stocks.[86] They also found that trading volume grew in both meme and non-meme stocks following the introduction of zero-commission trading.[87]

Finfluencers have only amplified these effects. Related to the rise of retail trading is the substantial influence wielded by certain individuals on social media, who offer advice around investment, stock picking, and personal money management.[88] In previous work, I have offered a framework to explain the impact of finfluencers on price discovery and stock markets.[89] Social media enables finfluencers to expand their reach and their price impact, and it allows finfluencers to leverage growing retail investor price impact that is itself being supercharged by social media. This feedback loop is changing the kinds of information that can affect stock prices.[90] And like influencers for traditional consumer goods and services, finfluencers must develop trust with their followers to be effective.[91] Relatedly, I have also written on the

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[83] *The Future of Financial Services: How Disruptive Innovations Are Reshaping the Way Financial Services Are Structured, Provisioned and Consumed*, World Econ. Forum, 125 (June 2015), https://www3.weforum.org/docs/WEF_The_future__of_financial_services.pdf [https://perma.cc/RF23-WVKH].

[84] *See id.*; *see also Gen Z and Investing: Social Media, Crypto, FOMO, and Family*, FINRA Inv. Educ. Found. & CFA Inst. 4 (May 2023), https://www.finrafoundation.org/sites/finrafoundation/files/Gen-Z-and-Investing.pdf [https://perma.cc/7NPA-HBQJ] ("Gen Z investors learn about investing and finances primarily through social media (48 percent), internet searches (47 percent), parents/family (45 percent), and friends (40 percent).").

[85] *See* Roberto Stein, The Top 5 Predictable Effects of New Entries in Robinhood's '100 Most Popular' List 1 (Sep. 17, 2020) (unpublished manuscript), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3694588 [https://dx.doi.org/10.2139/ssrn.3694588].

[86] Dhruv Aggarwal, Albert H. Choi & Yoon-Ho Alex Lee, *Meme Corporate Governance*, 97 S. Cal. L. Rev. 1419, 1423, 1434–39 (2024).

[87] *Id.* at 19. *See also id.* at 4 ("Furthermore, the emergence and the significance of zero-commission trading on the meme stock phenomenon implies more fundamental changes that can happen at other public companies.").

[88] *See* Guan, *supra* note 56.

[89] *See id.*

[90] *See id.*

[91] Alexandra J. Roberts, *False Influencing*, 109 Geo. L. J. 81, 83–84 (2019).

ability of finfluencers (and retail price impact) to create demand for individual stocks.[92] A finfluencer's community and social influence can, by itself, generate demand for stock that may be unrelated to achieving financial returns. Finfluencers and their followers might be motivated to select stocks as they might select traditional consumer goods and services—for purposes of self-expression, or to signal cultural, political, and other non-financial preferences, for example.[93]

In this ecosystem, it is natural for investors to seek to follow and be guided by others within their social community, whether due to perceived expertise, trustworthiness, or due to simple hype. This is especially true given the information overload in today's digital investment landscape.[94] The World Economic Forum has gone so far as to say that "advisers serve as 'money doctors' who employ empathy, judgement and efficiency in their roles to help individuals reach financial stability."[95]

Thus, social trading platforms developed, with the goal of facilitating information sharing within communities. For example, the platform Commonstock marketed itself as "a social network that amplifies the knowledge of the best investors, verified by actual track records for signal over noise."[96] Posts could receive upvotes, which theoretically help retail investors identify good information "through all the noise and the meme and troll accounts that are on other platforms."[97] Commonstock had a Leaderboard with top investors and top followers,[98] as well as "% of mentions" (how frequently an asset

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[92] *See* Guan, *Securities Fraud*, *supra* note 56, at 5–17 (arguing that investors select stocks as they might select traditional consumer goods and services—for purposes of self-expression, or to signal cultural, political, and other non-financial preferences, for example).

[93] *See id.* at 5–17 (describing how demand for individual stocks arising from non-financial reasons can shape investment decisions).

[94] *See* Hallie Spear et al., *The Future of Financial Advice*, World Econ. F. (July 2024), 11–12, https://www3.weforum.org/docs/WEF_The_Future_of_Financial_Advice_2024.pdf [https://perma.cc/5XKU-DB3R] (explaining that increased access to markets has also "ushered in a new era of information overload"); Guan, *Securities Fraud*, *supra* note 56, at 23–25 (describing the increasingly decentralized and multidirectional nature of information generation in today's stock markets, where "market participants previously deemed passive information recipients increasingly and persistently produce information").

[95] *Id.* at 12.

[96] Commonstock, https://web.archive.org/web/20230201021152/https://commonstock.com/ [https://perma.cc/3N6L-PCTX] (last visited Feb. 1, 2023). Commonstock has since been acquired by Yahoo. *See Yahoo Acquires Commonstock to Expand Community, Deepen Insights For Yahoo Finance Users*, Yahoo! (Aug. 23, 2023), https://www.yahooinc.com/press/yahoo-acquires-commonstock-to-expand-community-deepen-insights-for-yahoo-finance-users [https://perma.cc/7RUR-5N6S].

[97] Natasha Dailey, *Social-Investing App Commonstock Wants to Be the 'Bloomberg Terminal of Main Street' and Weed Out the Meme-Stock Trolls*, Bus. Insider (Oct. 9, 2021), https://markets.businessinsider.com/news/stocks/commonstock-app-weed-out-meme-stock-trolls-retail-investors-reddit-2021-10 [https://perma.cc/8UG2-DYNE] (quoting David McDonough, CEO and Founder of Commonstock).

[98] Commonstock, https://web.archive.org/web/20221204024939/https://commonstock.com/leaderboard [https://perma.cc/747Y-P77Z] (last visited Dec. 4, 2022).

is mentioned).[99] Similarly, the Public Trading App claimed to have a "community of millions of investors, creators, and analysts" and allowed users to follow others in their social circles as well as their investing portfolios.[100]

Iris, built by the same creators as Autopilot, allowed users to "Invest together with your family, friends, and brilliant people all over the world. Get real-time notifications when others make trades and copy their moves!"[101] Users could see what "your friend," "your fraternity," "your coworker," and "your family," among other social media influencers, are "investing in, right now."[102] With the line "Talk stocks. With magic," Iris laid out the following steps: "Follow your friend's portfolios, Get real-time trade notifications, Chat with your friends, Share your best trade ideas, Follow influencers and professionals, Study retail stock sentiment."[103] Iris also allowed users to "Get verified and build a following, Teach other people how to invest, Monetize your portfolio and trades."[104] The platform Prime XBT explains: "In social trading, you're not automatically copying the trades of other traders, but rather exchang[ing information] which can benefit your personal trading performance."[105] However, Prime XBT identifies a "large drawback": "Social trading is not automated. Rather, it's a platform for exchanging knowledge, research, and ideas, but you have to manually open the trades."[106]

In the world described above, those who seek financial advice through social channels still must take independent action. They must still "manually open the trades."[107] For example, a finfluencer claims on TikTok that a stock is "going to the moon," and the finfluencer's followers go out and purchase that stock.[108] This is a two-step process. But what if that independent

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[99] *Id.*

[100] *See, e.g.*, *Investing Platform Public Announces Global Launch*, Bus. Wire (Nov. 4, 2022), https://www.businesswire.com/news/home/20221104005108/en/Investing-Platform-Public-Announces-Global-Launch [https://perma.cc/76NU-SR6L].

[101] Iris, https://web.archive.org/web/20250907201306/https://beta.iris.finance/ [https://perma.cc/KZV4-B8HF] (last visited Sep. 7, 2025).

[102] *Id.*

[103] *Id.*

[104] *Id.*

[105] *What is Copy Trading?* PrimeXBT, https://primexbt.com/for-traders/what-is-copy-trading [https://perma.cc/598X-5YHB].

[106] *Id.*

[107] *Id.*

[108] This example is not merely hypothetical. In 2023, Ryan Cohen was sued for precisely this. In 2022, Cohen responded to a CNBC tweet about Bed Bath & Beyond's poor financial prospects, which included a picture of a woman with a shopping cart at Bed Bath & Beyond. Cohen's response was: "At least her cart is full 🌝." Cohen was sued because retail investors allegedly interpreted the smiling moon emoji to be a statement by Cohen that Bed Bath and Beyond's share price was "going to the moon," i.e., going to rise dramatically, causing those investors to purchase Bed Bath and Beyond's stock. Their purchases pushed the stock price up nearly 70%, at which point Cohen sold his entire stake in Bed Bath and Beyond, which was roughly 10%, making about $68 million. *In re Bed Bath & Beyond Corp. Sec. Litig.*, 687 F. Supp. 3d 1, 2 (D.C.C. 2023).

decision-making point or action (of purchasing the stock) could be eliminated? That is precisely what copy trading does: it makes this process completely seamless. In other words, copy trading *automates* social trading.

Indeed, the story of Autopilot neatly illustrates this evolution from non-automatic social trading to automatic copy trading:

> The team founded a social investing app Iris, in 2020, which allowed investors to follow friends' investment portfolios. In 2022, they built the popular X account, Nancy Pelosi Tracker, which tracked former House Speaker Nancy Pelosi and other politicians' trades, and built a tracker of Pelosi's trades into Iris. Iris users requested portfolios of other top investors and instantaneous trades through the app, so the team launched Autopilot in 2023 to fulfill this feedback.[109]

II. Copy Trading Serves a Need

This Part argues that copy trading responds to a need. Specifically, the phenomenon of copy trading taps into a number of deeper, potentially seismic shifts in investment behavior and market sentiment—which explains its growth and popularity among retail investors. The spectrum of copy trading—from whales and politicians like Nancy Pelosi, to finfluencers and anonymous leaders on copy trading platforms—reflects that need. It provides a low-cost means for ordinary investors to "be in the club" of crypto, of private equity, of powerful political and economic insiders. This is a deeply powerful message.

Section A discusses rising wealth inequality and the pervasive distrust of financial institutions as well as intermediaries. Section B looks at the role played by capital market regulations in fostering the wealth gap and perceived exclusion of ordinary investors. Section C investigates how social media can launch alternatives to these institutions, and Section D argues that copy trading is perfectly positioned to respond to these forces.

A. Wealth Inequality and Growing Distrust in Institutions

The sense that the stock market's traditional institutions are broken, and serve only the elites, is pervasive. Younger generations in particular are deeply pessimistic about financial prospects.[110] More and more believe that

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[109] Nicolas Straut, *What Is Autopilot: The Investment App that Tracks Politicians?*, Forbes (Apr. 19, 2024), https://www.forbes.com/sites/investor-hub/article/what-is-autopilot-investment-app [https://perma.cc/GZ3H-JUDV].

[110] *See, e.g.*, Katherine Hamilton, *Young Men Are Making Risky Bets on Crypto and Politics—and Raking It In Right Now*, Wall St. J. (Dec. 7, 2024), https://www.wsj.com/finance/investing/young-men-investing-bitcoin-stocks-sports-betting-1d44cf8c?st=M6Ukx4&reflink=desktopwebshare_permalink [https://perma.cc/2WLP-VAF4].

the "system is rigged" against them.[111] The traditional means of accumulating wealth – real estate, a steady job – have grown increasingly out of reach.[112] Younger generations especially struggle to achieve traditional markers of financial security, such as homeownership.[113] Wealth inequality has also increased dramatically.[114] As Professor Emily Winston has reminded us:

> The average U.S. family in the top 1% of the wealth distribution has 274 times the wealth of the median American family. Meanwhile, millions of American families have no wealth at all or even negative wealth. This wealth gap has been growing persistently since the 1980s, and Black and Hispanic families are disproportionately represented on the losing side of the wealth gap. The social consequences of this gap have come into sharp relief during the COVID-19 pandemic as economic inequality has proven to be an indicator of COVID-19 deaths. This trend is deeply troubling not only for those Americans who must make do with very little today, but also because of what it suggests about the future. Persistent and increasing economic inequality can lead to diminished social mobility. Indeed, it has become increasingly difficult in the last several decades for Americans born into less wealthy families to climb into better economic circumstances.[115]

In particular, investing in the stock market, while championed as a great wealth builder and equalizer, can feel like anything but.[116] Rules seem to favor those who already have wealth, and building wealth becomes exponentially easier as one becomes wealthier. The inaccessibility of private equity to ordinary investors presents a stark example of this. Often boasting significant outsize returns compared to the stock market;[117] yet significant legal barriers

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[111] *See id.*

[112] *See* Scanlon, *supra* note 1 (explaining that "the postwar idea of upward mobility was always contingent on certain fundamentals: strong institutions, affordable education, accessible homeownership and stable work. Now those conditions are buckling"); Winston, *Unequal Investment*, *supra* note 3, at 783–84.

[113] *See* Hamilton, *supra* note 110 (noting that some investors investing in speculative and volatile assets "say they are laying a foundation, however risky, to attain traditional goals, such as saving for retirement or a home," because "traditional stock investing via [a] 401(k) and Roth IRA won't gain fast enough to offset the cost of living").

[114] *See* Winston, *Unequal Investment*, *supra* note 3, at 783–84.

[115] *Id.*

[116] *See* Emily Winston, *Unequal Intermediation: Wealth Inequality and the United States' Capital Markets,* 50 J. Corp. L. 1279 (2024) ("Most of the wealth owned by American families is held in the form of financial assets. The most well-known and broadly available financial assets are publicly traded securities, like shares of corporate stock.").

[117] *See* Christina Parajon Skinner, *Private Equity for the People*, 171 U. Penn. L. Rev. 2059, 2062–63 (2023) (collecting data on private equity returns as compared to public equity and citing evidence that "with compounding, this means that returns from private equity create about twice the investment gains over a ten-year period when compared to public equity").

prevent most retail investors from investing in private equity.[118] As a result, private equity has become "symbolic for the rich getting richer."[119]

There is also the perception that legislation and rules largely favor financial institutions, sacrificing investor concerns in the name of efficiency.[120] As Professor Winston has argued, "the regulation of financial markets in the United States often operates on a faulty assumption that what is good for the financial markets is good for the economy. An exclusive financial practice may make a net positive contribution to the health of the markets while simultaneously growing the wealth divide."[121] While many ordinary Americans have zero or negative wealth, and at most have some retirement savings, the wealthiest Americans have real estate, stock, trusts, and other forms of wealth that passively beget additional wealth.[122] That is, while anyone can invest in the stock markets, actual participation, and its commensurate returns, is much greater for those with greater wealth: "In 2019, the top 1% of the wealth distribution in the United States owned 54.9% of all stocks and mutual funds. Between 1983 and 2019, the mean wealth of that top 1% grew by 157.2%, and 1/3 of that growth was attributable to stock market gains."[123]

In other words, stock market gains are rarely, if ever, felt by those who are the least economically secure—a harsh reality of the unequal distribution of wealth in the U.S., which has otherwise experienced massive economic growth throughout its history. Indeed, "[a]s of 2019, nearly one in five American households had zero or negative net wealth. These household [sic] have no savings and therefore no way to pay for unexpected expenses. They may not have enough money to pay for regular, expected expenses."[124]

This unequal wealth distribution is reflected in the lived experiences of many retail investors. Retail investors are excluded from certain kinds of trading or certain sectors of the market, and such exclusions reinforce the perception that certain avenues of wealth-building are out of reach. Investments in

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[118] *See id.* at 2063–65 (explaining that as a practical matter, only legally defined "accredited investors" (individuals earning over $200,000 per year or with a net worth of over $1,000,000) or "qualified purchasers" (those who have a minimum of $5,000,000 of other investments) can invest in private equity—a very, very small proportion of Americans).

[119] Joshua Oliver, *Time for Retail Investors to go into Private Equity?,* Fin. Times (Sep. 23, 2022), ft.com/content/8875aed5-ebb7-466c-ad6e-287a22eecd0e [https://perma.cc/P8R9-W9Q5]. Private markets are also growing, and enormously. *See* Skinner, *supra* note 117, at 2062 (explaining that assets in private markets have grown more than four times as quickly as stock markets, and private equity funds' assets under management are projected to grow to over $18 trillion by the end of 2027).

[120] *See* James Fallows Tierney, *Investment Games*, 72 Duke L. J. 353, 354 (2022) (arguing that securities law has "largely ceded the field of market structure to the interests of sophisticated financial intermediaries in producing liquidity and price discovery").

[121] Winston, *Unequal Investment*, *supra* note 3, at 786.

[122] *Id.* at 799–800.

[123] Winston, *Unequal Intermediation*, *supra* note 116, at 1315.

[124] *Id.* at 1327.

private companies, for example, have experienced enormous returns.[125] But retail investors generally cannot access the private markets. And IPOs rarely allocate shares to retail investors.[126]

Relatedly, there is a growing distrust of traditional intermediaries among retail investors. This includes information intermediaries, such as company disclosures, professional analysts, and traditional corporate insiders, as well as financial intermediaries, including broker-dealers and investment advisers.[127] Investors seeking financial information and advice face high search and monitoring costs, self-interested intermediaries, lack of transparency, and unequal access to more lucrative investment opportunities or higher-functioning advisers.[128]

As a result, and as discussed further in Part II.D, interest in alternative intermediaries and alternative investment opportunities is rising. Retail investors increasingly seek out advice on social media and alternative means of growing wealth, such as cryptocurrency and copy trading.[129] Nor is it a coincidence that social media frequently promotes such alternative financial assets and vehicles.

B. Stock Market Regulation and the Pathology of the Sophisticated Investor

With respect to stock market regulation, policymakers have largely regulated with an eye toward maximizing efficiency and facilitating the activity of sophisticated traders.[130] The idea is that doing so will improve the functioning

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[125] *See* Skinner, *Private Equity*, *supra* note 117, at 2060–61 (explaining that assets in private markets have grown more than four times as quickly as stock markets).

[126] *See, e.g.*, *Retail Investors' Battle for Hot IPO Shares Intensifies: Here's the Inside Scoop*, Data Insights Mkt. (2025), https://www.datainsightsmarket.com/news/article/retail-investors-struggle-to-get-shares-in-hot-ipos-may-get-much-tougher-heres-a-scoop-11310 [https://perma.cc/Z23T-CHHH].

[127] *See The Future of Financial Services, supra* note 83, at 125 ("The wealth management industry has suffered from the loss of customer trust since the financial crisis. This trust has been slow to recover in the face of continued economic uncertainties. In this environment, a number of disruptors, from automated wealth management services to social trading platforms, have emerged to provide low-cost, sophisticated alternatives to traditional wealth managers. These solutions cater to a broader customer base and empower customers to have more control of their wealth management.").

[128] *See* James Fallows Tierney, *Retail Investors and Capital Markets Intermediation* 4–7, *in* Agency and Intermediation (Deborah DeMott & Cheng Han Tan eds., forthcoming 2026), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5157105 [https://perma.cc/8T8X-M4R6] (detailing the myriad obstacles faced by retail investors in seeking financial advice).

[129] *See* Huang, *supra* note 81; Hamilton, *supra* note 2 (noting that some investors investing in speculative and volatile assets such as crypto "say they are laying a foundation, however risky, to attain traditional goals, such as saving for retirement or a home," because "traditional stock investing via [a] 401(k) and Roth IRA won't gain fast enough to offset the cost of living").

[130] *See* Tierney, *Investment Games*, *supra* note 120, at 354 (arguing that securities law has "largely ceded the field of market structure to the interests of sophisticated financial intermediaries in producing liquidity and price discovery"); Abraham Cable, *Regulating Democratized Investing,* 83 Ohio St. L.J. 671, 677–78 (2022) (discussing various philosophies of investor

of the capital markets, which will in turn facilitate greater wealth generation for both investors and corporations.[131] This, it is believed, will, like a rising tide, lift all boats. Yet the real story is more complicated. Laws that have privileged the activity of sophisticated investors have, in some cases, excluded retail and other less sophisticated investors, making it easier for wealthier investors to make more money, and excluding the retail investor from those same opportunities.

First, the myth of a reasonable, rational investor largely assumes that all investors are able to rationally process all information and can therefore attain the same economic opportunities and access equal investment returns.[132] The idea is that if all investors have access to publicly disclosed information, all investors can choose to invest rationally and benefit from a well-functioning stock market.[133] Or, at the very least, the most sophisticated will be able to digest the information and perform a signaling function for the less sophisticated.[134] The reality is, of course, much more complex. Investors are irrational, trade noisily, and are overwhelmed with information.[135] They are diverse,

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protection and terming the predominant philosophy as one of "investor-choice protection," which "does not try to save investors from their own unadvisable choices" but rather "tries to facilitate mutually beneficial investment transactions by reducing information asymmetries and associated problems of fraud and agency costs").

[131] *See* Tom C. W. Lin, *Reasonable Investor(s)*, 95 B.U. L. Rev. 461, 474 (2015) ("It is worth noting that some scholars and commentators have suggested that the primary goal of financial regulation should be to create optimal market conditions for sophisticated investors. This is because sophisticated investors, with their technical expertise and market power, are best positioned to facilitate efficient capital markets for all investors.").

[132] *See, e.g.*, Michael J. Kaufman, *Foreword: Behavioral Economics and Investor Protection*, 44 Loy. U. Chi. L.J. 1323, 1325 (2013) ("Despite [Daniel] Kahneman's transformative research, however, the presumption that individuals are rational utility-maximizers still permeates the law and policy governing the protection of investors from securities fraud."); Cynthia A. Williams, *The Securities and Exchange Commission and Corporate Social Transparency*, 112 Harv. L. Rev. 1197, 1251 (1999) (explaining that in the 1970s, the SEC "concluded that because the primary reason for investing is to receive an economic return, investors were primarily concerned with economic, not social, issues in making investment decisions."); Aisha I. Saad & Diane Strauss, *The New "Reasonable Investor" and Changing Frontiers of Materiality: Increasing Investor Reliance on ESG Disclosures and Implications for Securities Litigation*, 17 Berkeley Bus. L.J. 391, 393–94 (2020) (explaining that the reasonable investor "archetype" understands the investor as an "economically rational actor who relies solely on financial disclosures in making decisions about the purchase and sale of securities").

[133] *See* Lin, *Reasonable Investor(s)*, *supra* note 131, at 508 ("Investor protection for a mythical population of reasonable investors is fairly straightforward: equip them with the requisite information, and they will perfectly process that information and make utility-maximizing investment decisions.").

[134] *See* Lisa M. Fairfax, *The Securities Law Implications of Financial Illiteracy*, 104 Va. L. Rev. 1065, 1086–12 (2018) (discussing the problem of financial illiteracy and arguing that sophisticated investors and financial intermediaries do not effectively perform signaling functions to less sophisticated investors).

[135] *See* David A. Hoffman, *The "Duty" to be a Rational Shareholder*, 90 Minn. L. Rev. 537, 549–60 (2006) (describing ways in which behavioral law and economics undermines the market's rationality premise—for all investors, both sophisticated and unsophisticated).

both in identity and capability.[136] Their interests do not always align and may often conflict. Ample evidence demonstrates that investors are not equally well-equipped to process information, investors have varying motivations for investment decisions, and investors do not have equal access to investment opportunities.[137] In particular, as Professor Tom Lin has pointed out, laws that have spurred markets into the digital, algorithmic age have hugely benefited the most sophisticated investors—those with resources and networks to leverage the most expensive and sophisticated technologies.[138]

Second, the securities laws are rife with paternalism towards retail investors—despite claiming that all investors have the same financial opportunities. The issue is that studies have shown that retail traders tend to be noisy and irrational, trade too frequently, be prone to herding and other behavioral biases, and predictably and routinely underperform the market.[139] Yet little coherent regulation has addressed this,[140] and directly restricting retail trading is unpalatable as paternalism.[141] The argument often goes: if we allow gambling, why not allow clear-eyed irrational trading in the stock market as a form of gambling? Yet as others have pointed out, retail trading is not unrestricted in practice:

> Securities law routinely intervenes in the transactional freedom of retail investors. Sometimes, it shuts them out of the market entirely, as in the Rule 144A market for resale of private placements between qualified institutional buyers. Other times, securities law tailors those interventions by looking at existing wealth as a proxy for sophistication or ability to bear risk. While the Securities Act

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[136] *See* Lin, *Reasonable Investor(s)*, *supra* note 131, at 462 ("Investors exist everywhere, in every form. They reside in big cities and small towns, in magnificent mansions and modest apartments. They are famous as well as anonymous. They are financiers and farmers, old retirees and new workers, homemakers and fund managers, public employees and private entrepreneurs, sole proprietorships and partnerships, people and corporations."); Tierney, *Retail Investors and Capital Markets Intermediation, supra* note 128, at 7–9 (developing a typology of retail investors).

[137] Investors trade for a variety of non-financial reasons, from cultural expression to personal values alignment. *See* Guan, *Securities Fraud*, *supra* note 56, at 230–248. Investors also exhibit behavioral and cognitive bias, are unable to process the overwhelming amount of information provided to them, and generally exhibit wide variation in behavior and decision making processes. *See* Lin, *Reasonable Investor(s)*, *supra* note 131, at 515 (arguing that "[i]nstead of comparing the effects of a disclosure or an omission on an amorphous, idealized investor, the recognition of diverse investors would better recognize conflicts among investors and allow for more honest and dynamic comparisons based on shared characteristics and shared interests of comparable investors.")

[138] *See* Lin, *Reasonable Investor(s)*, *supra* note 131, at 489–90.

[139] *See* Tierney, *Investment Games*, *supra* note 120, at 399–401.

[140] *See* Donald C. Langevoort, *The SEC, Retail Investors, and the Institutionalization of the Securities Markets*, 95 Va. L. Rev. 1025, 1081 (2009) (pointing out that "[t]here are many spaces in investor protection that [the SEC] hesitates to enter, not simply because it lacks the resources to do so but because it would be taking on, politically and intellectually, more than it can handle.")

[141] *See* Tierney, *Investment Games*, *supra* note 120, at 399–401.

> of 1933 usually protects investors by requiring registration and disclosure, under a statutory exemption private company securities can be sold without those protections to those sophisticated enough to "fend for themselves." A regulatory safe harbor to that exemption, Regulation D, provides that "accredited investors" are sophisticated enough—and has historically defined that status in a way that limits investment in private-company securities to sufficiently wealthy individuals and institutions.[142]

The inaccessibility of private equity to ordinary investors illustrates the contradiction. As Professor Christina Parajon Skinner has argued, laws assuming that retail investors lack the necessary sophistication to invest in private equity rest on logic that is increasingly undermined by the rise of speculative investments, particularly in crypto.[143] For one, there is little evidence that private equity carries higher risk than public markets.[144] Yet retail investors cannot invest in private equity, while they can invest in crypto, launch memecoins instantaneously, and take significant risks in purchasing shares of SPACs or engaging in option trading, all of which can carry spectacular amounts of risk. Other academics as well as policymakers have more generally questioned the wisdom of maintaining distinctions for investment opportunities based on wealth as a proxy for financial sophistication, specifically the accredited investor definition.[145]

The result is a major incoherence. A mismatched constellation of regulations both ignores the heterogeneity of investors when promoting laws in service of capital market efficiency and functioning, and embraces that same heterogeneity when promoting laws to restrict retail investors' access to those same markets. That is, it is convenient to assume the uniform sophistication of all investors when laws are designed to smooth the speed and forms of trading, because then the argument is that a rising tide lifts all boats, as facilitating

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[142] *Id.* at 401.

[143] *See* Skinner, *supra* note 117, at 2059.

[144] *See id.* at 2063.

[145] *See id.* at 2064–66 (collecting sources); Tierney, *Capital Markets Intermediation*, *supra* note 128, at 11 (because Reg D equates wealth with sophistication, securities law, "by design, exhibits a striking indifference to whether accredited investors possess genuine sophistication"); Roberta S. Karmel, *Regulation by Exemption: The Changing Definition of an Accredited Investor,* 39 Rutgers L.J. 681, 685 (2008); So-Yeon Lee, *Why the Accredited Investor Standard Fails the Average Investor*, 31 Rev. Banking & Fin. L. 987 (2012); Thaya Brook Knight, *Your Money's No Good Here: How Restrictions on Private Securities Offerings Harm Investors*, Cato Inst. (Feb. 9, 2018), https://www.cato.org/policy-analysis/moneys-no-good-here-how-restrictions-private-securities-offerings-harm-investors [https://perma.cc/K4DD-3SAU]. Industry groups and legislators have also supported expanding access to private investments. *See* Skinner, *supra* note 117, at 2066. On the other hand, there still remains support for keeping the "accredited investor" distinction. *See, e.g.*, Donald C. Langevoort & Hillary A. Sale, *Corporate Adolescence: Why Did "We" Not Work?*, 99 Tex. L. Rev. 1347, 1383–85 (2021); William W. Clayton, *The Private Equity Negotiation Myth*, 37 Yale J. on Reg. 67 (discussing the unequal bargaining power in private equity negotiations).

efficient trading will generate more wealth overall, which everyone can access. It is also prudent, on the other hand, to assume that certain kinds of investors should be restricted from the riskiest investments, because those investors are less capable of understanding or weathering the risk.

This incoherence, regardless of its good or ill intentions, has reinforced a perception among retail investors that they are excluded from the best wealth-generating opportunities, and systematically so.[146] Nor is this necessarily merely a perception.[147] Emphasis on speed, ballooning amounts of data, reliance on computing power, growth of private equity and ever-increasingly complex financial instruments, have all arguably widened the gap even further between the haves and have-nots.

C. Social Media and the Rise of the Ordinary Investor

Against this background, social media is perfectly positioned to launch those who promise easier, alternative means to grow wealth. This can be in the realm of stock picking advice, personal money management, and so on. Social media allows finfluencers, for example, to develop communities and speak directly (at least seemingly) to their followers.[148] Social media also provides a space for ordinary investors to build a following and demonstrate their home-grown wealth. TikTok, YouTube, and Instagram are filled with content purporting to explain investments, the stock markets, and finance.[149] And studies demonstrate that younger generations routinely seek out financial advice on social media platforms.[150]

This results in viewers—generally retail investors—believing two narratives: that someone "just like me" and "in my community" has achieved financial success, and that "I can do it too," and easily. In other words, social media and the apparent intimacy it offers within communities makes growing wealth seem within easy grasp. And, grasping it typically does not need to

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[146] *See* Skinner, *supra* note 117, at 2067 ("Whereas access to capital may have supplied a partial explanation for inequality during the banking system's heyday, today, the lack of access to myriad financial investment opportunities presents a more compelling economic problem."). Professor Skinner also argues that this exclusion runs afoul of the economic rights enshrined in constitutional tradition: "equal access to economic opportunity, the freedom to use one's skills (physical and intellectual) to earn a living, and the freedom to enter into economic contract." *Id.* at 2082.

[147] *See* Tierney, *Retail Investors and Capital Markets Intermediation*, *supra* note 128, at 2 ("The sophisticated tend to demand (and receive) higher-quality, better-tailored advice at a premium. Unsophisticated investors are more vulnerable to adverse selection, or an overrepresentation of lower-quality investment opportunities available to them, riven with conflicts of interest or shrouded costs.")

[148] *See* Guan, *Finfluencer, supra* note 51, at 492.

[149] *See, e.g.*, *Find "Stocks" on Tiktok*, TIKTOK, https://www.tiktok.com/search/user?q=stocks&t=1752681874285 [https://perma.cc/W5QD-3M5J].

[150] *See supra* Part I.E.

involve traditional pathways, which are stacked against the ordinary investor in any case.

Copy trading platforms specifically respond to this need and desire for a community. Their marketing focuses on the ability to follow your community member – to gain the expertise of someone you can trust, and real people that you know. Recall Autopilot, which marketed itself like a friendly neighborhood insurance company: "The best part is, you don't have to stress about your future - it's in good hands with people you know."[151] Also recall dub, which touted a "future of trading" that "revolves around investing in people and their ideas" within "a community where people can share strategies, track records, and knowledge."[152] Social media—and these copy trading platforms—both elevate the audience and lower the speaker, all but eliminating the distance between them. This allows retail investors to feel as though they are part of the "club"—that they too, can profit from inside knowledge.

D. Copy Trading Responds to a Need

As traditional institutions for growing wealth become less attractive, and wealth inequality becomes more visible, interest in alternative ways to grow wealth has mushroomed. The rise of crypto and alternative asset classes, including NFTs, presents a stark example of this. In particular, the decentralization of finance and banking can reflect a desire for a certain kind of risk-seeking behavior,[153] but it also reflects a deep distrust of institutions and accessible, and speedy means of growing wealth.[154] In this vein, Professor Skinner has argued that SPACs, crypto assets, and ICOs can all be understood as a "speculative substitute" for private equity investments.[155] Similarly, a cottage industry of ETFs, funds, and trading vehicles that purport to expand

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[151] *See* AUTOPILOT, *supra* note 21.

[152] DUB, *supra* note 5.

[153] *See* Tierney, *Investment Games*, *supra* note 120, at 404 n.203 ("As markets for crypto may well illustrate, when retail demand can't fill its risk preferences in regulated securities and derivatives markets, it exerts hydraulic pressure elsewhere in the system as people try to substitute into other speculative assets.")

[154] *See* Hamilton, *supra* note 2 (noting that some investors investing in speculative and volatile assets such as crypto "say they are laying a foundation, however risky, to attain traditional goals, such as saving for retirement or a home," because "traditional stock investing via [a] 401(k) and Roth IRA won't gain fast enough to offset the cost of living").

[155] *See* Skinner, *supra* note 117, at 2076–79 (arguing that SPACs are an "obvious end-run around the accredited investor and qualified purchaser definitions because they so closely attempt to mimic the methodology and returns of private funds," crypto reflects a "search for a decentralized and stateless financial system evidences disillusionment with the state-centralized financial system (along with its regulations and restrictions on accessing investments)," and "ICOs have attracted issuers who are weary of the costs and delay associated with going public via IPO, as well as investors who are eager to reap the financial benefits that derive from investing in companies that can bring their shares to market faster and more cheaply").

retail access to these otherwise-restricted means of wealth (including pre-IPO, private startups) exists.[156]

Copy trading furthers this narrative. Copy trading can be understood as another alternative means to provide access to otherwise-restricted or unattainable means of growing wealth—do what the hedge funds do, or do what the politicians do, for example. It feels impossible for retail investors to access such opportunities otherwise.[157]

In this ecosystem, copy trading responds to both distrust in institutions and the growth of social media and social investing. The "manifesto" of Autopilot illustrates this point. It reads: "At the core of today's most pressing challenges lies a critical issue: trust. The pervasive mistrust toward key institutions—be it government bodies, politicians, corporations, banks, or the media—underscores a collective yearning for reliability and integrity. Our mission is to bridge this gap, to rebuild faith in these entities by giving individuals unparalleled transparency and control. We do this by building products that are not only exceptionally convenient but blend effortlessly into one's life. Autopilot is aimed to address the profound longing for trust and autonomy, a desire more pronounced in our times than ever before."[158] The manifesto identifies four reasons for skepticism in the traditional financial system:

> The discomfort with entrusting complete control of our financial assets to another.
>
> The frustration over exorbitant asset under management (AUM) fees—which seem unjustifiable given the similarity of investment strategies employed by many wealth managers.
>
> The distaste for aggressive and unappealing sales tactics that remind us of the worst stereotypes of pushy salespeople.

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[156] *See, e.g.*, *XOVR ETF*, Entrepreneur Shares, https://entrepreneurshares.com/xovr-etf/ (last visited Apr. 24, 2026) (claiming to "[d]emocratiz[e] retail access to private-company exposure—via a single ETF" and "provide[] institutional-style access to the pre-IPO economy without closed-end premiums, lockups, or interval-fund gates"); Ian Frisch, *Wall Street Wants to Make Private Markets a Little More Public*, N.Y. Times (July 19, 2025), https://www.nytimes.com/2025/07/19/business/dealbook/private-market-boom.html?smid=nytcore-ios-share&referringSource=articleShare [https://perma.cc/YR8E-QNW2] (describing recent growth in financial products that expand retail access to private equity, including trading platforms such as "Forge Global, Destiny, Augment, Hiive, and EquityZen [that] act as middlemen between early employees of private companies looking to sell their shares and public investors hoping to put their money in the private entity" and offer investments in companies such as SpaceX, OpenAI, and Stripe). Robinhood is rolling out tokenized equities in Europe, "which are blockchain-based derivatives of public and private assets that can be traded like stocks or cryptocurrency," including for companies such as OpenAI and SpaceX. *Id.*

[157] *See* Skinner, *supra* note 117, at 2063–65 (explaining that as a practical matter, only legally defined "accredited investors" (individuals earning over $200,000 per year or with a net worth of over $1,000,000) or "qualified purchasers" (those who have a minimum of $5,000,000 of other investments) can invest in private equity—a very, very small proportion of Americans).

[158] *Manifesto,* Autopilot, https://www.joinautopilot.com/manifesto [https://perma.cc/EP39-9RHF].

> A sense of exclusion from elite investment opportunities that are readily available to the affluent, leaving the average person feeling shortchanged by receiving what appears to be a substandard service, wondering "Can I do better myself?"[159]

As another example, Collective2 has a post titled "Hedge funds stole money from my father—that's why I started Collective2."[160] The post dismisses investing in the stock market.[161] It argues that the "hedge-fund industry is fundamentally broken" and then tells a story of hedge funds losing money and engaging in fraud, including through Ponzi schemes, fraudulent accounting practices and embezzlement.[162] Then comes the punch line: "Let's destroy hedge funds and replace them with something better: Collective2."[163] According to the founder, "Collective2 is a fully transparent, open, investing-and-speculating platform. We use the internet, and software, to make risky investing more transparent, less subject to fraud, and — frankly — a lot more fun."[164] He also claims that all problems such as Ponzi schemes are "eliminated by Collective2," as a result of the transparency of all trades and any leaders' track records, and the fact that users' money remains in their own (linked) brokerage.[165]

Copy trading also responds to investors' search for a sense of community. A 2015 World Economic Forum report stated:

> The new generation of investors is increasingly flocking to companies and spaces where they feel more connected to others. The next frontier of social investing (and the key to stickiness in this space) will be to create communities that make investors feel seen and provide financial advice and education that meet the unique needs of investors.[166]

Reviews of these platforms also reveal the degree to which investors seek a community. Featured reviews on Iris praise the expertise and inclusivity of

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[159] *Id.* ("We aspire for Autopilot to become the plumbing to the wealth management industry, seamlessly integrated with every major brokerage world wide. Our ambitious goal is to have every investment decision flow through Autopilot, making it a cornerstone of the investment process embedding our core values of transparency, autonomy, and control into this industry.").

[160] *Hedge funds stole money from my father—that's why I started Collective2*, COLLECTIVE2, https://trade.collective2.com/why-i-started-collective2.html [https://perma.cc/Z5HA-M3PK].

[161] *Id.* ("Investing in the 'stock market' sounds like a good idea, until you actually study the history of the stock market. When you do, you will see that stock-market 'corrections' cause a third of your money to instantly vanish, and that subsequent bear markets can — and have! — lasted for several decades at a time") and real estate (which "requires diligence, and work, and brings with it endless heartache").

[162] *Id.*

[163] *Id.*

[164] *Id.*

[165] *Id.*

[166] *The Future of Financial Advice*, *supra* note 94, at 30.

its community: reviewers say that the "community is amazing on here and will genuinely help you grow as an investor," that "If you are into investing then you know how difficult it can be to find investor groups online to socialize with. This solves that problem. It also solves the problem of not being able to see the actual portfolio performance of people you follow on a regular social platform," and that "I just can't stress it enough how friendly and helpful the community is – with whatever questions you have someone knows the answer. You can be completely new to trading and be embraced by an absolutely amazing community."[167]

Distrust of institutions, the rise of social media, and volatility and complexity of many financial assets all bolster copy trading's promises. Copy trading offers apparent simplicity, in contrast to the complexity of navigating myriad financial institutions and assets and sifting through huge amounts of information and data. It promises transparency and trustworthiness, in contrast to the opacity in ceding control to untrustworthy traditional money managers. And finally, it offers the tantalizing prospect of unmatched financial returns, in contrast to many Americans' lived inability to grow wealth through traditional means. Copy trading has a powerful message, and that message is particularly resonant because it responds to deeply entrenched socioeconomic issues.

III. The Promise and Perils of Copy Trading

Copy trading promises something tantalizing: the ability to outsource all investment effort and risk to an expert. This offers to grow wealth more effectively, cheaply, and less riskily than traditional routes. Yet reasons to copy trade run deeper than simple ease of transacting or the pursuit of financial returns. Copy trading also reflects important trends in investor belief and behavior. This explains copy trading's rising popularity and raises an urgent question.

Is copy trading really more effective, and is it really less risky? As currently formulated, the answer appears to be no. Copy trading may fill a need, but it does so rather poorly. Copy trading claims that it "can do better than traditional finance." But a close look reveals striking similarities to traditional finance, with fewer regulatory protections and all the same (and potentially worse) problems.

This Part considers the benefits and drawbacks of copy trading. Section A discusses the benefits of copy trading, and Section B discusses common dangers. Section C considers alternatives to copy trading.

[167] Iris, *supra* note 101 (last visited Sep. 7, 2025).

A. The Promise of Copy Trading

In theory, the idea of copy trading has merit. Most importantly, if the leaders that an investor can copy are truly experts, copy trading might provide a superior means for retail investors to identify and access such experts. This would also reduce the amount of learning and research that any given investor might need to otherwise undertake.[168] If those experts perform better than alternative options (e.g., investing in an actively managed fund), copiers can also outperform those alternative options. In addition, copy trading is potentially inexpensive and allows copiers to retain their funds within their own brokerages (simply linking those funds without fully transferring them), potentially reducing fees and fraud associated with traditional money managers.

Further, it is possible that copy trading may introduce benefits in the form of increased competition against traditional financial intermediaries. This might spur innovation and better behavior from traditional wealth management professionals, pressuring them into making their services more accessible to a broader customer base, offering greater transparency into strategies and trades, more convenient platforms, increased personalization and customization, and lower costs.[169] In this way, copy trading could—in theory—help level the playing field, contributing to financial access, wealth generation, and participation in markets.

Yet as the next Part will show, much of this promise is undercut by flaws that are familiar to the world of financial intermediation. In many cases, these flaws pose just as great a problem (or greater) on copy trading platforms as they do in traditional financial intermediation.

B. The Perils of Copy Trading

Copy trading is plagued by a number of critical flaws: conflicts of interest, misleading data, the potential for fraud and manipulation, and lack of transparency. These are each considered in turn.

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[168] This is especially powerful as "investors are (understandably) overloaded with huge amounts of information that is presented in obtuse, complex ways, written about ever-more complicated financial products and risks." *See* Guan, *Securities Fraud, supra* note 56, at 256; *see also* Lin, *Reasonable Investor(s), supra* note 131, at 509–11 (discussing the complexity and quantity of corporate disclosures). *See also id.* at 489 (explaining that "between 1950 and 2004, annual reports of Fortune 500 companies increased in length from approximately 16 pages per firm to over 165 pages per firm").

[169] *See, e.g.*, World Econ. F., *The Future of Financial Services, supra* note 169, at 129 ("The next generation of retail and social trading platforms offer effective means for individuals to share or sell their investment expertise, directly competing with traditional investment managers"); *id.* at 125 ("Empowered with intuitive and affordable tools, some individual investors may also gain sufficient level of sophistication to act as investment experts, selling and sharing their investment expertise via social trading platforms that erode the value of traditional wealth management professionals.").

i. Leader Compensation and Conflicts of Interest

Leaders and copiers have a classic agency conflict: copiers cannot perfectly observe their leaders' trading choices and behavior, and leaders' financial incentives often depend on commissions, volume-based compensation, or even profit-sharing schemes. Leaders are incentivized to make investment and trading decisions to benefit themselves, which may not be in the best interest of their copiers. These conflicts largely mirror those faced by traditional investment advisers and broker-dealers.[170]

Leaders on copy trading platforms typically make money either through commissions, profit-sharing, or volume-based compensation. As previously mentioned, leaders on ZuluTrade earn "0.5 pip for each closed trade executed or $5 per $100K traded."[171] Leaders on eToro's non-US website "[r]eceive a payment of up to 1.5% of assets under copy (AUC), paid out monthly."[172] On ByBit, leaders can share in the profits of their followers, starting at 10% of their copiers' profits up to 15% of their copiers' profits, depending on the "level" assigned to the leader and their profit generation.[173]

As a result, leaders often share in the upside potential, but bear no downside risk, of their copiers' activities. If leaders do not face downside risk, they will have more incentive to take bigger risks, choose more lottery-type stocks, and exhibit gambling-like behavior in order to seek out eye-popping returns that will more likely land them on the leaderboard, where their portfolios will be shown to more potential copiers and be able to generate more money (for the leaders). This is especially true of profit-sharing models, where leaders are able to receive some share of their followers' profits (again, typically without sharing in their followers' losses).[174]

Leaders are also incentivized to maximize volume, again while remaining largely insulated from any downside risk. This creates dangerous incentives:

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[170] *See, e.g.*, *Staff Bulletin: Standards of Conduct for Broker-Dealers and Investment Advisers Conflicts of Interest*, Sec. & Exch. Comm'n (Aug. 3, 2022), https://www.sec.gov/about/divisions-offices/division-trading-markets/broker-dealers/staff-bulletin-standards-conduct-broker-dealers-investment-advisers-conflicts-interest [https://perma.cc/J82V-QTAY] ("All broker-dealers, investment advisers, and financial professionals have at least some conflicts of interest with their retail investors. Specifically, they have an economic incentive to recommend products, services, or account types that provide more revenue or other benefits for the firm or its financial professionals, even if such recommendations or advice are not in the best interest of the retail investor."); Tierney, *Capital Markets Intermediation*, *supra* note 128.

[171] *Become a Leader*, ZuluTrade, *supra* note 59.

[172] *Popular Investor*, eToro, *supra* note 60.

[173] *ByBit Master Trader Level System*, ByBit, https://www.bybit.com/en/promo/global/master-trader-level [https://perma.cc/Y5LZ-3RV5].

[174] Kawai et al., *supra* note 6, at 3 ("Crucially, signal providers who take erroneous positions generally do not share in their followers' losses. As a result, while profit-based models can help attract talented signal providers, they can motivate leaders to take excessive risks since their profits are multiplied when they win, while their losses are limited to their own bids.").

to take risks, churn, and close losing portfolios while opening new ones.[175] As others have observed, "copy-trading platforms and the exchanges where trading is taking place are incentivized to foster [as] much copy-trading activity as possible, since this drives trading volumes and ultimately platform profits, which leads to undesirable copy-trading platform designs."[176]

ii. Misleading Returns

Posted returns and performance metrics may also be misleading. In a 2024 study, Kawai et al. demonstrated a number of problematic and suboptimal behaviors engaged in by leaders.[177] For example, a leader could put $10 into a stock, and then if they made $10, that would translate into a 100% return on investment (ROI). Kawai et al. demonstrated that leaders engage in precisely this kind of maximization of ROI rather than maximization of actual profits (PnL, or profit and loss, the total amount of money gained or lost).[178] ROI is a common metric by which leaders are measured, and often influences which leaders are placed on a given platform's leaderboard, and thus, which leaders are shown to the most users.[179]

Leaders can also often open multiple portfolios,[180] allowing them to perfectly hedge their positions. That is, a leader could open one portfolio in which she is long $1000 in one asset, and another portfolio where she is short $1000 in that same asset. This poses a significant problem, as identified by Kawai and others: "The idea is that the overall risk across all portfolios is close to zero, since the leader is completely hedging their positions, but that one of the portfolios is likely to get very high ROI and appear in the leaderboard, thereby capturing a bunch of copiers. If the portfolio can then hold its winning ways for a little bit longer, the leader can make significant profit from commissions, risk-free; if it does not, then the leader can simply close its portfolios, and try again. This situation creates a moral hazard."[181]

Further, if that asset's price goes up by $1000, the first portfolio will show a 100% ROI.[182] Since in many cases returns are independently calculated for each portfolio, "holding a top-tier portfolio is not a guarantee of a leader's

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[175] *Id*. at 3–4.
[176] *Id.* at 3.
[177] *See generally id.* at 1–2.
[178] *Id.* at 13.
[179] *Id.*
[180] *ZuluTrade Leaders*, ZuluTrade, https://www.zulutrade.com/leader-guide [https://perma.cc/HTS4-67SD] (allowing up to 10 accounts per leader).
[181] Kawai et al., *supra* note 6, at 15.
[182] Another issue is that any given streak of good performance might just be noise, rather than any meaningful signal. If a leader creates a sufficient number of portfolios, odds are that at least one of them will perform at least somewhat well. If that one is high performing enough, others will follow it. Sheer luck or random variation can explain a sustained number of positive returns, none of which is actually predictive, significant, or a reflection of signal.

overall performance: they may simultaneously have negative-profit and top-tier portfolios. . . . In addition, leaders can close losing portfolios and open new ones at their discretion, which allows them to establish a better performance history by rapidly clearing underperforming portfolios."[183]

As a result, this "strongly questions the legitimacy of the portfolio leaderboard as an indicator of overall leader performance."[184] This is worsened on platforms where leaders can also act as their own copiers, which can artificially inflate their follower numbers and metrics. "Here again, a winning strategy is to hedge bets across multiple portfolios, and copy each bet as much as possible to give the illusion of a strong aggregated follower PnL for whichever portfolio is winning. . . . a proper hedging strategy can make this investment almost risk-free, and let the leaders simply make profits from their copiers' commissions."[185]

iii. Fraud and Manipulation

A classic form of securities fraud is a pump and dump scheme. There, a manipulator buys stocks at a low price, shares false information about the issuer that prompts others to buy the stock—thereby inflating the price—and then sells their shares for a profit.[186]

The larger one's group of copiers, the easier it is to perpetrate a scheme such as a pump-and-dump. This is because the copiers are a built-in pumping mechanism. The manipulator-leader does not even need to convince their followers to go purchase some stock. The leader can simply purchase a stock, and that purchase will *automatically* trigger purchases by the leader's copiers. The more copiers, the larger the buying pressure will be, and the larger the inflationary price rise.

Elsewhere, I have written on the dangers of fraud and manipulation perpetrated on social media.[187] Consider the following example. In December 2022, the SEC charged eight finfluencers with securities fraud and manipulation on Twitter and Discord.[188] According to the SEC, the defendants ran a pump and dump scheme by using "social media to amass a large following of novice investors and then took advantage of their followers by repeatedly

[183] Kawai et al., *supra* note 6, at 6.
[184] *Id.* at 6.
[185] *Id.* at 15.
[186] *See Pump and Dump Schemes*, U.S. Sec's & Exch. Comm'n, https://www.investor.gov/introduction-investing/investing-basics/glossary/pump-and-dump-schemes [https://perma.cc/J72Y-QVVV] (last visited Apr. 25, 2026).
[187] *See* Sue S. Guan, *Finfluencers and the Reasonable Retail Investor*, U. Penn. L. Rev. Online (2024); Sue S. Guan, *Fraud on the Social Media Market*, Nw. L. Rev. Online (2024).
[188] Press Release, U.S. Sec. & Exch. Comm'n, *SEC Charges Eight Social Media Influencers in $100 Million Stock Manipulation Scheme Promoted on Discord and Twitter* (Dec. 14, 2022), https://www.sec.gov/news/press-release/2022-221 [https://perma.cc/W3TH-AYSR].

feeding them a steady diet of misinformation, which resulted in fraudulent profits of approximately $100 million."[189]

Criminal charges were also brought.[190] The indictment stated that "because the defendants recognized that their followers on [social media] frequently purchased securities based on the defendants' social media posts, the defendants sought to conceal from, and further mislead, their [followers] about the defendants' true trading positions and intentions."[191] Defendants made false statements about the stocks they were pumping, lied about their own positions, and also published price targets that were misleading.[192] They used Twitter and Discord forums called Atlas Trading and Sapphire Trading to publish the misinformation.[193] One representative example involves the stock of Torchlight Energy Resources, Inc. (at the time with the ticker TRCH) being manipulated by one defendant with the Twitter handle @PJ_Matlock:

> On or about February 16, 2021, at approximately 13:36:37 EST, MATLOCK tweeted: "$TRCH adding 100k shares here just now 4.22. We're setting up beautifully for power hour." Approximately one minute later, at 13:37:49 EST, MATLOCK falsely tweeted that he believed "$TRCH will be a $10+ stock IMO." Starting at approximately 13:38:00 EST, MATLOCK started to sell his TRCH shares. By approximately 14:01:00 EST, MATLOCK had sold his entire position of approximately 100,000 TRCH shares at the

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[189] *Id.*; Complaint at 1–2, SEC v. Constantin, No. 22-cv-04306, 2024 WL 1221579 (S.D. Tex. Mar. 20, 2022).

[190] Indictment at 14, U.S. v. Constantinescu, No. 4:22-cr-612, 2024 WL 1221579 (S.D. Tex. Mar. 20, 2024), https://www.justice.gov/opa/press-release/file/1557691/dl [https://perma.cc/W46P-RTUC]. The criminal case is being litigated. *See, e.g.*, U.S. v. Constantinescu, No. 4:22-cr-612, 2024 WL 1221579 (S.D. Tex. Mar. 20, 2024) (granting defendants' motion to dismiss); Notice of Appeal, U.S. v. Constantinescu, No. 4:22-cr-612, 2024 WL 1221579 (S.D. Tex, Mar. 20, 2024), *appeal docketed*, No. 24-20143 (5th Cir. Apr. 5, 2024).

[191] Indictment, U.S. v. Constantinescu, *supra* note 190, ¶14.

[192] *See id.* at 13; Complaint, SEC v. Constantin, *supra* note 189, at 18. Defendants also posted pictures of luxury residential properties, vehicles, jewelry, and other luxury items on social media, encouraging investors to join their Discord "purportedly so that other investors could share in the defendants' financial gains by trading securities." Indictment, U.S. v. Constantinescu, *supra* note 190, at 10. A representative example from the SEC complaint is a tweet from one defendant, Mitchell Hennessey (@Hugh_Henne): "Every single member of atlas admin Have the same goal . . . to get as many people away from the 9-5 slavery and into the area of financial freedom and f u money. ❤ our gains but seeing stories of others paying off debt& banking is much more rewarding @MrZackMorris @PJ_Matlock . . . ." [sic] Complaint, SEC v. Constantin, *supra* note 189, ¶ 24. As another example, another defendant tweeted: "And I'm not pumping and dumping on anyone. Why would I sell when I truly believe $RIBT gets over $1.50-$2. Haters mad to see anyone winning and come out if the stock is down 3%. All I post is information about it." *Id.* ¶ 27.

[193] *See* Indictment, U.S. v. Constantinescu, *supra* note 190, ¶¶ 2–9. Defendants also had a podcast. *Id.* at 8–9. The SEC Complaint describes Atlas Trading as "a free online forum that cultivated a following of novice stock traders by purporting to provide educational content about trading and securities markets." Complaint, SEC v. Constantin, *supra* note 189, ¶ 21.

> approximate price of $4.45 per share and for an approximate profit of $22,828.62.[194]

Defendants also allegedly lied about a supposed merger with another company (Metamaterial Inc.) that they said was worth nearly $5 billion, a purported special post-merger dividend for TRCH investors, and also said that Metamaterial had a "10 billion dollar MARKET CAP POTENTIAL" because its products could help combat COVID-19 and it might partner with Tesla.[195] Defendants then said things like "we're robbing . . . idiots of their money" to each other in private Discord chats.[196]

The point is that without the copy trading mechanic, fraudsters still need to work to communicate (mis)information in an eye-catching, convincing manner. By contrast, a leader on a copy trading platform need not. That leader can simply purchase a stock, and that purchase will *automatically* trigger purchases by the leader's copiers. Of course, the effort required to build a following in the first place may be similar. But this cuts down on at least one relatively costly step: convincing one's followers to purchase any specific stock that one is attempting to manipulate. That is:

> Traditional pump and dump:
>
> Build a following → buy stock A → convince others to purchase stock A → stock A's price rises → sell stock A at a profit.
>
> With copy trading:
>
> Build a following → buy stock A → copiers automatically buy stock A as well ~~convince others to purchase stock A~~ → stock A's price rises → sell stock A at a profit.

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[194] Indictment, U.S. v. Constantinescu, *supra* note 190, ¶ 39. Defendants' profits on TRCH from February 10 through February 23, 2021, allegedly totaled $775,629. Complaint, SEC v. Constantin, *supra* note 189, ¶ 102.

[195] Complaint, SEC v. Constantin, *supra* note 189, ¶ 91.

[196] Complaint, U.S. v. Constantinescu, No. 4:22-cr-612, 2024 WL 1221579, *4 (S.D. Tex. Mar. 20, 2024). The conversation is below:

> *Knight*: Get caught? . . . We're robbing . . . idiots of their money . . .
>
> *Cooperman*: It's so funny because I can see the . . . I can like see the timeline of these. Like I get it [the ticker], I send it to Dan [Knight]. I know Dan's on voice. Dan tells you guys. I see it go up more. Then I send it to Gary [Deel] and I see it go up like way more [laughter] . . . My other thing is too, is like alright, if we lose on one of these, we've won on like a hundred so . . . We gotta remember with these Ultra [Rybarcyzk] ones, they all do the same thing. It like spikes, comes down for a second—
>
> *Knight*: Then the scalpers get out, like Gary [Deel] gets out, then—
>
> *Cooperman*: And then it goes f*cking bukoo, but no, that's not only it. Like what he [Rybarcyzk] does is he alerts it, and then like five minutes later, all his little minions start like retweeting it and saying added with him, so it like builds the hype back up. It happens every single time. They have their shit down to a f*cking science, it's crazy.

Complaint, SEC v. Constantin, *supra* note 189, ¶ 29.

The larger the following and the more copiers there are, the easier it is to pump that stock's price up, and the larger the profit will be for the fraudster. And perhaps just as concerning, this mechanic may be able to defeat liability under the securities laws. Specifically, the leader (committing the fraud) need not make any affirmative misrepresentations about the stock to convince anyone to buy it, because no independent action among followers is required. Those copiers will automatically purchase that stock. This could significantly impede the ability to impose liability under the securities laws, because a securities fraud claim is built around misrepresentations and falsehoods.[197]

iv. Gamification and Digital Engagement Practices

Gamified investing came to global attention with the dramatic trading in meme stocks in early 2021. In response, Professor James Fallows Tierney pointed out a number of features of gamified investing on Robinhood, including recommendation algorithms, push notifications, aesthetically pleasing "eye candy" such as digital confetti, surprise awards (e.g., lotteries and experiences such as a scratch ticket and three card monte), and other engagement devices similar to those in free-to-play gaming apps such as "opportunities to make incremental purchases within the app to proceed to higher levels or unlock features, and reward frequent engagers with preferential access to new features."[198]

Some of these appear in copy platforms as well. Many copy platforms suggest leaders to follow, incorporate bright colors and sleek user interfaces, and seek to create seamless, interactive engagement, often on mobile apps. Copy trading websites send potential users directly to the mobile app through

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[197] *See* Securities Exchange Act of 1934, 15 U.S.C. § 78(j)(b). Rule 10b-5 makes it illegal: (a) To employ any device, scheme, or artifice to defraud, (b) To make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or (c) To engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person. Employment of Manipulative and Deceptive Devices, 17 C.F.R. § 240.10b-5 (2023). A private claim under Section 10(b) must show: a materially manipulative or deceptive misstatement; made with scienter; in connection with a securities transaction; that the plaintiff relied on the statement; economic losses; and loss causation. *See* Ann M. Lipton, *Fact or Fiction: Flawed Approaches to Evaluating Market Behavior in Securities Litigation*, 20 Tenn. J. Bus. L. 741, 743 (2019) (citing Dura Pharm. v. Broudo, 544 U.S. 336, 341–42 (2005)). Government-based actions do not require a showing of reliance. *See* Adam C. Pritchard & Robert B. Thompson, *Texas Gulf Sulphur and the Genesis of Corporate Liability Under Rule 10b-5*, 71 SMU L. Rev. 927, 939–42 (2018). A manipulation claim could still be brought under Rule 9(a), but showing intent can be very difficult. *See* Merritt B. Fox et al., *Stock Market Manipulation and Its Regulation*, 35 Yale J. Reg. 67, 114–17 (2018) (explaining that "case law on manipulation is littered with references to § 9(a)(2), yet there has been a consistent failure to substantively analyze, precisely identify, or even define the improper purpose required by the provision or discuss what evidence would satisfactorily prove it").

[198] Tierney, *Investment Games*, *supra* note 120, at 366–69.

a QR code on the website.[199] In addition, while users might be able to create a free account with limited features, they usually must pay to copy more leaders, or to put more money in, and so forth.[200] Gamification is also explicitly promoted. SprinkleBit describes itself as a "stock market game where you can learn, train and excel together with your friends and top investors."[201] On dub, investors can enter the "dub Investing Championships," which is described as "America's largest investing competition. The $100,000 prizepool will go to the top investors in the country. 3 months to show off your investing acumen."[202] The "total prizepool" is $100,000, with various performance rewards ranging from $30,000 for first place to $600 for 11th–20th place.[203] Any dub user can enter into the championships, in which they manage their portfolio for three months, at which point the "winners are crowned."[204]

These practices can exacerbate various behavioral biases experienced by even the most sophisticated investor.[205] Attention-driven trading, momentum trading, and feedback trading are particularly pernicious in social contexts, as are issues of FOMO (fear of missing out), loss aversion, and herding, and copy trading platforms can exploit these biases as easily as any other trading platform.

v. Lack of Transparency

Finally, copy trading platforms claim transparency, while in reality significantly obscuring information. One obvious concern is the ability to mask losses and any real accountability, as described previously. Leaders can close underperforming portfolios, advertise ROIs that do not reflect direct profits or which fail to account for losing portfolios, and may not have any qualifications. Copiers follow leaders simply based on their financial returns or social media presence.[206] On fully pseudonymized or anonymized platforms, this is an even greater problem.

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199 *See, e.g.*, dub, Autopilot.

200 *See supra* Part I.B-E.

201 *Anyone Can Learn How to Make Great Investments*, SprinkleBit, https://www.sprinkle-bit.com/ [https://perma.cc/RA96-GUB9].

202 *dub Investing Championships*, dub, https://www.dubapp.com/championships [https://perma.cc/6HKH-S2WD]. The referenced version (from July 2025) of the webpage is available here: https://web.archive.org/web/20250708142147/https://www.dubapp.com/championships.

203 *Id.*

204 *Id.*

205 *See* Hoffman, *supra* note 135, at 549–60.

206 A number of platforms expressly inquire about would-be leaders' social media presence. *See Become a dub Creator, supra* note 61 (asking the question "Do you have any social medias, publicly available biographies, or anything we can read about your work or investing experience?"); *Looking to become a Pilot?*, Autopilot, https://sgnryuyw5au.typeform.com/to/RlMq0QRu?typeform-source=www.joinautopilot.com [https://perma.cc/9AQX-8WD4] (including a series of questions about investing background and experience, and of course, social media presence).

Fundamentally, although copy trading platforms advertise transparency, their core mechanic is paradoxically built on the opposite. By asking copiers to blindly trust leaders based solely on a few performance metrics (which may not be fully transparent themselves), and removing the independent point of action that would require the retail investor to make a conscious decision to purchase a stock as a result of receiving some kind of information, these platforms essentially force copiers to cede control to leaders who are largely unregulated and whose investment strategies can be extremely opaque.

C. What Are the Alternatives?

At this point, it is worth considering the broader context. If the alternative to copy trading is actively managed funds, an argument could be made that if well-executed and if under guardrails, copy trading could be an improvement. It responds to a socioeconomic need, may increase information sharing and transparency, is lower cost, and is more accessible to a broader and more diverse customer base. It may also not be necessarily riskier or more volatile, and may serve a more diverse array of risk preferences.

If the alternative is placing money in instruments such as ETFs and index funds that track the broader market, then copy trading—at least as currently formulated—appears affirmatively worse.[207] It is far costlier, less transparent, and likely much riskier.[208] It will tend to encourage herding and overly active trading. And, it is difficult to distinguish high value signal providers from low value ones or simply fraudsters.

Considered another way, does copy trading exacerbate costs of social aspects of trading without increasing the benefits? As has been shown, copy trading automates social trading, and copy trading is particularly attractive because it makes related promises of trustworthiness and effectiveness. If social trading has certain benefits, such as information sharing, increased stakeholder participation, and value-based investing, but also costs, such as irrational behavior and noisy trading, copy trading as currently formulated seems as though it disproportionately expands costs without expanding benefits. The task then is to lower the costs and increase the benefits of copy trading.

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[207] *See* Lin, *supra* note 131, at 486 (pointing out that studies consistently show that investors cannot beat the market, that retail investors should not attempt to pick winning stocks on an individual basis, and that evidence routinely demonstrates the superiority of instead investing passively in low-cost index funds and mutual funds over the long term, which is most likely to generate superior returns).

[208] *See* Philipp Doering et al., *A Primer on Social Trading Networks – Institutional Aspects and Empirical Evidence* (May 2015), https://ssrn.com/abstract=2291421 [https://dx.doi.org/10.2139/ssrn.2291421] (explaining that "due to the de facto non-existent entry barriers, it is reasonable to expect a high number of uninformed charlatans among signal providers").

IV. Copy Trading and Shadow Intermediation

The most urgent concern is that copy trading is a dangerous form of delegated portfolio management without the traditional guardrails of investment adviser protections. In other words, copy trading creates a sort of shadow intermediary, one that is unregulated yet potentially far more trusted by the most vulnerable investors than traditional intermediaries.

Section A argues that copy trading functionally lets leaders act as unregulated money managers. Section B situates the dangers of copy trading against broader criticisms of fintech.

A. Unregulated Money Managers

Traditional money managers owe stringent duties to their clients, largely because those money managers have control over their clients' funds.[209] Leaders on copy trading platforms are generally not subject to these duties because their copiers' funds typically remain in linked, but separate, brokerage accounts.[210] For example, platforms like Collective2 assert that copy traders "trade in self-directed brokerage accounts . . . and keep funds under their own control."[211]

However, the automated mechanism of copy trading complicates the distinction between maintaining control and ceding control to a leader. In particular, although the copier is acting through a self-directed brokerage account that is linked to a leader's portfolio, at what point does that automated copying mechanism cross that line? If a copier's account exactly and automatically mirrors a leader's account, the leader is effectively making investment decisions for the copier and arguably directly managing the copier's money.

Framed in this way, a leader's behavior looks a lot like that of a traditional money manager or financial advisor: the client (or copier) grants the manager (or leader) some amount of control over the client's (or copier's) funds, and the manager (or leader) makes decisions governing those funds. The fact that a copier's funds remain in a self-directed brokerage account resembles a technicality rather than the kind of meaningful distinction that justifies the lack of any duty owed by a leader to a copier.

Copy trading platforms seem to recognize this. Collective2 claims that its platform enables anyone to run their own hedge fund: "Put your strategy on the Collective2 platform. Run your own hedge fund without… um, starting

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[209] *See infra* Part V.B.

[210] *See id.*

[211] Collective2, https://trade.collective2.com/strategy-managers.html [https://perma.cc/7GPR-DT3E] ("The Collective2 Platform is the best way to start a hedge fund, without actually starting a hedge fund.").

a hedge fund. No heartache. No hassle. Get up and running in minutes, not months."[212] It continues: "Get started in the asset management industry," and offers "[n]o legal hassles: Your customers trade in self-directed brokerage accounts, pay flat fees, and keep funds under their own control, so there's minimal regulatory hassle to get up and running."[213] Finally, "Get paid: You'll be paid a flat fee for every 'subscriber' who replicates your trades. No performance fees, no high-water marks, no off-shore or on-shore entities, no partnerships or corporations. Just trade, dammit."[214]

The point is that the line is extremely thin. Though copiers typically keep their funds in linked brokerage accounts, they effectively cede control to the leader through the automated copy mechanism. The leader effectively, then, runs a fund in which copiers have effectively placed their money. It is thus no surprise that copy trading marketing is rife with messages that anyone can run their own fund, hassle-free.[215]

This analysis reveals that copy trading is just a form of shadow intermediation. At base, copy trading claims that it can do better than traditional finance: that it can outperform traditional money managers, is less risky, and less expensive. As previously discussed, this message is particularly resonant for retail investors experiencing widespread disillusionment with traditional financial institutions. But a close look reveals that copy trading is no different than traditional finance. It essentially involves the same mechanics as would apply if an investor allowed a money manager to manage their investments. Moreover, the risks are also familiar: conflicts of interest, fraud and manipulation, lack of transparency, and so forth.

The key difference between copy trading and traditional financial intermediaries is that most copy trading is *not* regulated as financial advice. This means that leaders can act as money managers with little to no regulatory oversight. In particular, leaders have no obligation to act in the best interests of their copiers.[216] Put this way, copy trading appears affirmatively to do *worse* than traditional finance.

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[212] *Id.*
[213] *Id.*
[214] *Id.*
[215] For example, reviews on dub say that "dub allows creators to launch strategies similar to an ETF, without the startup costs, in a marketplace with thousands of potential investors" and "dub is democratizing the professional money management industry through transparency, accountability, and cutting edge technology in a way that is revolutionizing the way individuals will invest tomorrow." DUB, https://www.dubapp.com/. The version referenced here is available at: https://web.archive.org/web/20250408135820/https://www.dubapp.com/ [https://perma.cc/3DUC-FACB].
[216] *See infra* Part V.B.

B. Copy Trading and Fintech

The phenomenon of overpromising and underdelivering is not unique to copy trading. For years, various forms of fintech have made promises to improve inclusivity and to democratize finance—and largely failed to fulfill such promises.

Consider the following examples. In discussing the problem of unbanked and under-banked individuals as well as access to credit, Professor Hilary Allen has criticized the "undeservedly shiny promise of fintech" and pointed out that meaningful solutions require public sector involvement responding to homeownership deficits, infrastructure improvements, wealth transfers, and the like.[217] Other studies have shown that fintech such as e-trading, robo-advising, decentralized payment systems, and alternative forms of credit disproportionately harm poorer members of society through disguised predatory practices.[218] And crypto's narrative of financial inclusion has been criticized as a result of its volatility (reducing the ability to build wealth using crypto) and its poor performance fit for transactional services.[219]

Like these other forms of "new" or "innovative" financial technology, copy trading responds to a real socioeconomic need. And like other forms of fintech, copy trading cannot on its own solve the complex social and economic problems that gave rise to that need. Instead, as currently formulated, it seems to largely repeat and exacerbate existing problems with financial intermediation. But the situation is not hopeless. The next Part considers some possible reforms.

V. The Way Forward

Copy trading is a form of financial intermediation. It should be regulated accordingly. Failing to do so will only harm those investors who are most in need of high-quality financial services. This Part considers possible responses, ranging from imposing a fiduciary duty on leaders to improving transparency.

Section A considers policy goals of financial services regulation. Section B discusses regulating leaders as investment advisers. Section C considers whether leaders' behavior may constitute a "recommendation" under Regulation Best Interest. Section D considers the confusion in distinguishing between various kinds of financial intermediaries, especially for retail investors.

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[217] Hilary J. Allen, *Fintech and Techno-Solutionism*, 98 S. Cal. L. Rev. 761, 793 (2025).

[218] *See id.* at 788 (citing Lindsay Sain Jones & Goldburn Maynard, *Unfulfilled Promises of the FinTech Revolution*, 111 Cal L. Rev. 801, 808 (2023)).

[219] Allen, *supra* note 217, at 792 (pointing out that "techno-solutionist narratives about crypto's ability to improve financial inclusion are stubbornly resilient" despite persuasive evidence from those such as Tonantzin Carmona, who has "thoroughly debunked" crypto's narrative of financial inclusion).

Parts E and F consider changing leaders' compensation structure, removing anonymity, and increasing transparency. Section G discusses the advantages of reform for both users and platforms.

A. Policy Goals

Overarching goals of financial services regulation include ensuring the safety and quality of financial products, protecting consumers against unscrupulous financial products providers, and protecting against negative externalities arising from financial product and service failures.[220]

Financial intermediaries come under special scrutiny. This is because they can offer critical services in providing advice and alleviating information asymmetries between a customer and the financial products available to them.[221] But there is a classic agency problem: the intermediary may act in their own self-interest, at the expense of their customer.[222] A customer cannot perfectly observe or assess the quality of the intermediary: "Consumers are almost as poorly equipped to identify the quality of an intermediary as they are to evaluate the quality of the financial products. For example, because they need the help of the intermediary to evaluate those products, they cannot evaluate the quality of the intermediary by evaluating the quality of the intermediary's recommendations."[223] And even for those who are acting in their clients' best interests, the sheer complexity and variety of financial products can impede the ability to provide good advice.[224] In addition, commission-based compensation leads to conflicts of interest and poor or biased advice.[225]

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[220] *See, e.g.*, Tom Baker & Benedict Dellaert, *Regulating Robo Advice Across the Financial Services Industry*, 103 Iowa L. Rev. 713, 721–723 (2018) (describing goals and policy objectives of financial services regulation).

[221] *Id.* at 723.

[222] *See* Merritt B. Fox, Lawrence R. Glosten, & Gabriel V. Rauterberg, The New Stock Market 264 (2018). The problem of financial intermediaries failing to fulfill their duties to clients is as old as financial intermediation itself. *See, e.g.*, U.S. SEC. & EXCH. COMM'N, Staff Bulletin: Standards of Conduct for Broker-Dealers and Investment Advisors Conflict of Interest (Aug. 3, 2022), https://www.sec.gov/about/divisions-offices/division-trading-markets/broker-dealers/staff-bulletin-standards-conduct-broker-dealers-investment-advisers-conflicts-interest [https://perma.cc/Q84U-TZ2K] ("All broker-dealers, investment advisers, and financial professionals have at least some conflicts of interest with their retail investors. Specifically, they have an economic incentive to recommend products, services, or account types that provide more revenue or other benefits for the firm or its financial professionals, even if such recommendations or advice are not in the best interest of the retail investor."); Gina-Gail S. Fletcher, *The Conflicted Advice Problem: A Response to Conflicts & Capital Allocation*, Ohio St. L. J. 1 (2019); Colleen Honigsberg et al., *Regulatory Leakage Among Financial Advisors: Evidence From FINRA Regulation of "Bad" Brokers* 6–7 (2024) (describing financial intermediaries' conflicts of interest, gathering sources, and noting that "[a] large empirical literature documents that conflicts of interest drive advisors to steer clients into worse-performing or more expensive products").

[223] Baker & Dellaert, *supra* note 220, at 723–24.

[224] *Id.*

[225] *Id.*

These challenges are not new, and motivated the 1940 Investment Advisers Act and parts of the 1934 Securities Exchange Act, among other regulation, in order to better align intermediaries' interests with their customers' interests.[226] Accordingly, a constellation of regulation exists, including licensing and education mandates for intermediaries, disclosure rules and antifraud laws to foster honesty and transparency, and certain standards of conduct for different types of intermediaries.[227] The next Parts will consider reforms against this policy background.

B. Leaders as Investment Advisers

Along with the Investment Company Act of 1940, which regulates investment funds, the Investment Advisers Act of 1940 (the "Advisers Act") regulates investment advisers. An investment adviser is defined under the Advisers Act as "any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities."[228] Exempted from this definition is "any broker or dealer whose performance of such services is solely incidental to the conduct of his business as a broker or dealer and who receives no special compensation therefor."[229]

Under the Advisers Act, investment advisers owe fiduciary duties.[230] This means that investment advisers must act in their clients' best interests on an ongoing basis, provide appropriate advice, and monitor their clients' accounts accordingly.[231] Investment advisers must register under the Advisers Act and are additionally subject to a myriad of recordkeeping and disclosure mandates, as well as restrictions on certain kinds of fees and advertising.[232] In this way, traditional investment advisers owe stringent duties to their clients, largely

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[226] Winston, *Unequal Intermediation*, *supra* note 3, at 25–27 (detailing the history of the Investment Company Act of 1940 and the Investment Advisers Act of 1940).

[227] *See, e.g.*, Baker & Dellaert, *supra* note 220, at 724.

[228] Public Law 76-768, 54 Stat. 847 (codified as amended 15 U.S.C. § 80b-2(a)(11) (1940)).

[229] *Id*. at § 80b-2(a)(11)(C).

[230] *See* Fletcher, *supra* note 222, at 6–7.

[231] *See id.* at 7 (explaining that "in making recommendations, it is not enough for an investment adviser to determine whether the investment is suitable for her client. Rather, she is required to consider her client's financial resources, investment objectives, risk appetite, and investment experience in giving investment advice"); s*ee also* Arthur B. Laby, *Fiduciary Obligations of Broker-Dealers and Investment Advisers*, 55 VILL. L. REV. 701, 718, 728 (2010).

[232] *See* Fletcher, *supra* note 222, at 7. A fiduciary duty is also owed by intermediaries required to register under some state equivalent. *See* 15 U.S.C. § 80b-3 (2018).

because those money managers advise their clients on an ongoing basis and may have discretion over their clients' funds.[233]

Leaders on copy trading platforms are generally not subject to these duties because their copiers' funds remain in linked, but separate, brokerage accounts.[234] Yet as previously discussed, the automated mechanism of copy trading blurs the distinction between maintaining control and ceding control to a leader.[235] In particular, if a copier's account automatically mirrors a leader's account, the leader is effectively making investment decisions for the copier. Framed in this way, a leader's behavior closely resembles that of a traditional investment adviser: the client (or copier) grants the manager (or leader) some amount of discretion over the client's (or copier's) funds, and the manager (or leader) makes decisions governing those funds.

A solid argument can thus be made that a leader has sufficient discretion over their copier's funds and is directing the copier's investments, acting as someone "who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates

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[233] While disagreement persists, most commentators agree that a fiduciary relationship arises when one party has discretion over another party's assets or affairs. *See* Arthur B. Laby, *Advisors as Fiduciaries*, 72 Fla. L. Rev. 953, 954–55 (2020).

[234] *See, e.g.*, *dub Advisors, LLC- Form ADV Part 2A*, dub (Nov. 28, 2025), https://support.dubapp.com/hc/en-us/articles/17916097165723-dub-Advisors-LLC-Form-ADV-Part-2A [https://perma.cc/6YYX-28RS] ("In instances where a dub User chooses to engage with a User Portfolio, they are doing so on a self-directed basis. Any transactions related to User Portfolios are executed through dub Financial, LLC, which serves as the introducing broker-dealer. dub Advisors does not act as an adviser, nor does it assume any responsibility for, or obligation to supervise, the trading activity of dub Users in connection with these portfolios."); *dub Financial, LLC- Customer Relationship Summary ("CRS")*, dub (Mar. 17, 2026), https://support.dubapp.com/hc/en-us/articles/17917392044955-dub-Financial-LLC-Customer-Relationship-Summary-CRS [https://perma.cc/7SZV-R4A9] (as a retail broker dealer, "dub Financial does not offer investment recommendations to retail customers. dub Financial offers you access to products but does not solicit or make securities recommendations as to how you choose to invest your assets. dub Financial does not offer account monitoring"). *See also* Autopilot, *supra* note 10. *Securities Disclaimer, Terms & Conditions*, https://www.joinautopilot.com/terms-and-conditions [https://perma.cc/MCZ5-VRPX] (last visited Apr. 25, 2026) ("Autopilot Holdings Corporation is not a tax advisor, broker, financial advisor or investment advisor nor is any 'pilot' on the platform unless noted otherwise.").

[235] This tension recently played out as a result of a lawsuit brought by Massachusetts against Robinhood in 2020, alleging that "Robinhood provided investment recommendations to its internet-based customers without considering whether those recommendations were in each customer's best interest; this conduct . . . violated Robinhood's fiduciary duties of care and loyalty under the fiduciary duty rule." Robinhood denied the allegations, maintaining that, because it is a "self-directed" brokerage firm, it does not make investment recommendations or provide investment advice." Robinhood Financial LLC v. Secretary of Commonwealth, SJC-13381 (Sup. Ct. Mass. Aug. 25, 2023). The Massachusetts Supreme Court upheld the 2020 Massachusetts state law that imposed a fiduciary duty on broker-dealers providing investment recommendations or advice to retail customers. This aligned broker-dealers' fiduciary obligations with those of investment advisers in Massachusetts. *Id.*

analyses or reports concerning securities."[236] Though copiers typically keep their funds in linked brokerage accounts, they effectively cede control to the leader through the automated copy mechanism. The leader effectively, then, runs a fund in which copiers have effectively placed their money. As such, the leader should have the same duties as would a registered investment adviser running such a fund or providing financial advice.

As investment advisers, leaders on copy trading platforms would owe stringent duties to their copiers, and need to act in the best interests of their copiers. Imposing such duties would likely significantly reduce (and possibly eliminate) the copy trading business.[237] The combination of compliance costs and exposure to liability might be significant deterrents to anyone considering becoming a leader. Yet we should not be afraid of such a prospect: doing so might also weed out fraudsters and unqualified leaders, ensuring that any remaining leaders on copy trading platforms are registered and regulated, leading to better performance for their copiers without sacrificing the ease, functionality, and community-based features of copy trading.[238]

A platform like dub presents a particularly strong case for regulating leaders (or platforms) as investment advisers. Dub offers users the ability to copy "premium portfolios" managed by dub Advisors, its subsidiary registered investment adviser.[239] For premium portfolios, dub explains that the creator

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[236] Public Law 76-768, 54 Stat. 847 (codified as amended 15 U.S.C. § 80b-2(a)(11) (1940)).

[237] Here, it may be useful to consider robo-advisers, who provide automated digital investment advice. Broadly, the robo-advisory industry appears to assume that they are subject to the 1940 Act, and claim that they can meet its fiduciary standard. *See* Nicole G. Iannarone, *Computer as Confidant: Digital Investment Advice and the Fiduciary Standard*, 93 Chicago-Kent L. Rev. 141, 157–58 (2018) (surveying the regulatory framework around robo-advisers). Regulators seem to agree that robo-advisers are subject to the same standards as human advisers. *See* Press Release, SEC, SEC Staff Issues Guidance Update and Investor Bulletin on Robo-Advisers (Feb. 23, 2017), https://www.sec.gov/news/pressrelease/2017-52.html [https://perma.cc/G2L3-DF39] ("Robo-advisers, as registered investment advisers, are subject to the substantive and fiduciary obligations of the Advisers Act.").

[238] One drawback to this would be that certainly not all leaders affirmatively choose to be followed. Public figures such as Nancy Pelosi or Warren Buffet, who are "leaders" only because the copy trading platform automates copying of their publicly-disclosed trades, in all likelihood would not be captured by any investment adviser regulation.

[239] Deanna Shears, *Premium Portfolios on dub: Overview*, dub, https://support.dubapp.com/hc/en-us/articles/36497564050459-Premium-Portfolios-on-dub-Overview [https://perma.cc/KJ7K-KVNH]. And dub makes the following legal distinction:

> Premium Portfolios, includes those offered through the Creator Program or that are Sponsored, both of which are managed by dub Advisors, which retains full discretionary authority over all investment decisions, rebalancing activities, and compliance oversight.
>
> However, User Portfolios—portfolios created by individual DASTA Users—**are not managed, monitored, or supervised by dub Advisors**. These portfolios are a feature offered through the dub App, where DASTA Users may construct and share their own investment strategies with others. **dub Advisors has no involvement in the management, oversight, or execution of these portfolios**.

dub Advisors, LLC- Form ADV Part 2A (Apr. 15, 2025), https://support.dubapp.com/hc/en-us/articles/17916097165723-dub-Advisors-LLC-Form-ADV-Part-2A [https://perma.cc/7JY2-2WX3] (emphasis in original). Interestingly, the first paragraph quoted above has since been deleted.

manages the investment objectives and updates the strategy and models, while dub Advisors "serves as your registered investment manager and acts as your fiduciary."[240] Dub Advisors oversees portfolio management, develops risk controls, places trades, and reviews updates.[241] Premium portfolios "[m]ay have additional fees" and "[o]ffer access to managed investment strategies," and examples include the Nancy Pelosi Portfolio (which tracks Nancy Pelosi's trades), Cramer and AntiCramer Portfolios, which invest in stocks recommended by and criticized by Jim Cramer, respectively, ChatGPT AI, which is based on ChatGPT analysis, and various other portfolios based on sector (e.g., sports, cannabis, fashion, energy), or risk profile (e.g., growth, high-yield, Treasury).[242]

Little of substance distinguishes dub's premium portfolios from its non-investment adviser-managed user portfolios. In both, the user is copying a portfolio—the only difference seems to be that premium portfolios are overseen by dub, whereas user portfolios are not. According to dub, a premium portfolio "follows the same signals from the creator. dub Advisors' role is to implement those signals with proper oversight, not to change the fundamental strategy."[243] And, the "copying process remains the same."[244] If dub acknowledges that it provides investment advice through premium portfolios, little reason exists for the determination that it does not through its user portfolios.

The current gulf between regulated financial advice and unregulated financial advice is vast. Regulated financial advice is heavily regulated, subject to a detailed and complex constellation of prohibitions, disclosures, and liability schemes. Unregulated financial advice is barely regulated at all. Factually what leaders do falls very close to providing financial advice and money management services; yet legally, they are currently effectively unregulated and as such their obligations could not be further from those of regulated investment advisers. This is untenable.

C. Broker-Dealers

Broker-dealers are also subject to a constellation of regulations. These include provisions of the 1934 Securities Exchange Act, FINRA, the relevant exclusion in the Advisers Act, and Regulation Best Interest (Reg BI).[245]

For the original version (from April 2025), *see* https://web.archive.org/web/20250418103946/https://support.dubapp.com/hc/en-us/articles/17916097165723-dub-Advisors-LLC-Form-ADV-Part-2A.

[240] Deanna Shears, *Understanding "Managed by dub Advisors" Portfolios*, https://support.dubapp.com/hc/en-us/articles/41828356374427-Understanding-Managed-by-dub-Advisors-Portfolios [https://perma.cc/XZK8-V5R3] (last visited Apr. 25, 2026).

[241] *Id*.

[242] Shears, *Premium Portfolios on dub*, *supra* note 239.

[243] Shears, *Understanding "Managed by dub Advisors" Portfolios*, *supra* note 240.

[244] *Id*. This also raises the question of what duties users reasonable understand and expect from leaders and platforms when accessing portfolios on copy trading platforms.

[245] *See* Fletcher, *supra* note 222, at 5–6 (describing broker-dealer regulations).

In contrast to investment advisers, broker-dealers do not owe a fiduciary duty to their customer.[246] The distinction is justified by the broker-dealer's "transactional and episodic" relationship with its customer, in contrast to the "ongoing" nature of an investment advisory relationship.[247] Nevertheless, broker-dealers must consider the suitability of investments for any given client, deal with clients honestly and fairly, charge reasonable prices, and make appropriate disclosures.[248]

In addition, broker-dealers are subject to Reg BI, which requires broker-dealers to act in the best interest of a retail investor when providing a "recommendation."[249] While "recommendation" is not defined in Reg BI, factors that influence whether a communication is a "recommendation" include "whether the communication 'reasonably could be viewed as a 'call to action' and 'reasonably would influence an investor to trade a particular security or group of securities.' The level of tailoring to the particular customer also bears on status as a recommendation."[250] Broker-dealers must then disclose all material facts, exercise care and diligence in recommending securities to retail investors, manage and disclose conflicts of interest, and maintain certain compliance standards and records accordingly.[251]

Conveniently, copy trading platforms typically are already registered broker-dealers.[252] Their leaders, of course, may not be. However, there is an argument to be made that the platforms are making recommendations through their leaders.[253] Given the automated copying mechanism, a leader's trade "reasonably could be viewed as a 'call to action' and 'reasonably would influence an investor to trade a particular security or group of securities.'"[254] Indeed, as Tierney has argued, if brokers elicit order flow subtly through gamification, the broker's duties "should not turn on whether the customer technically initiates the trades after" experiencing the gamification feature.[255]

It is not a stretch to characterize leaders' trades as recommendations under Reg BI.[256] In doing so, platforms are certainly failing to act in copiers'

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[246] *See id*.

[247] Regulation Best Interest: The Broker-Dealer Standard of Conduct, Exchange Act Release No. 34-86031 (June 5, 2019), 84 Fed. Reg. 33318 (July 12, 2019), at 59–60.

[248] *See* Laby, *supra* note 233, at 716–19 (describing broker-dealer obligations).

[249] *See* Fletcher, *supra* note 222, at 14–16 (describing the history of Regulation BI, which "requires brokers to act in the "best interest" of retail investors and prohibits brokers from placing their own financial interests ahead of their clients' interests. Notably, the Regulation does not go as far as the Fiduciary Rule with respect to banning commission-based compensation.").

[250] Tierney, *supra* note 120, at 431–32.

[251] *See* Fletcher, *supra* note 222, at 14–15 (detailing obligations of brokers under Regulation BI).

[252] *See supra* Part V.B.

[253] This is especially true because platforms earn revenue through the actions of their leaders.

[254] Tierney, *supra* note 120, at 431.

[255] *Id.* at 435.

[256] In a related vein, one might consider the possibility that leaders or platforms are offering investment contracts—and therefore securities—under the Supreme Court's *Howey* test.

best interests. Little to no evidence suggests that copy trading platforms or their leaders are considering the best interest of the copier in recommending investments.

D. Harmonizing Expectations

Treating leaders as either investment advisers or understanding their trades as recommendations would do much to respond to a retail investor's reasonable expectations—that the financial middleperson they have placed their trust in is in fact trustworthy. In this vein, much commentary has considered the inexact line between a fiduciary and a non-fiduciary in securities regulation.[257] And calls for a uniform fiduciary standard are nothing new.[258]

This is important because retail investors may overestimate the duty owed to them by these platforms and take risks that they would otherwise not. This dynamic has existed for years in the confusion between investment adviser obligations and broker-dealer obligations. Regulators, commentators, and jurists widely recognize that retail investors frequently do not understand the difference between an investment adviser and a broker.[259] Often, investors

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See SEC v. W.J. Howey Co., 328 U.S. 293, 298–99 (1946) ("an investment contract, for purposes of the Securities Act, means a contract, transaction or scheme whereby a person invests his money in a common enterprise and is led to expect profits solely from the efforts of the promoter or a third party"). For copy trading platforms, a conceivable argument would be as follows: by linking their portfolios to those of leaders, copiers effectively their money in a common enterprise with other copiers, expecting profits derived solely from the efforts of leaders. The investment of money may be less than obvious, because (as is widely advertised by copy trading platforms), copiers' money remains in their own brokerage accounts, and leaders technically do not use the copiers' money to invest. *See, e.g.*, Edward Lee, *The Original Public Meaning of Investment Contract*, 58 U.C. Davis L. Rev. 667, 708 (2024) ("An investment contract cannot exist without a contract of a particular kind: a quid (a person's investment of money) pro quo (in exchange for a right of the investor to receive profits or income generated solely by the offeror's efforts)."). However, copiers certainly expect profits from leaders' efforts, and risk losses coming from leaders' activity as well. *See, e.g.*, Arthur B. Laby, *The Definition of 'Security' Under the Federal Securities Laws*, *in* Research Handbook on Securities Regulation in the United States 12, 17 (Jerry W. Markham & Rigers Gjyshi eds., 2014) (in defining the "investment of money" prong of the *Howey* test, explaining that courts often require merely that an investor "commit his assets to the enterprise in such a manner as to subject himself to financial loss") (quoting Hector v. Wiens, 533 F.2d 429, 432 (9th Cir. 1976) (per curiam) (cited in Warfield v. Alaniz, 569 F.3d 1015, 1021 (9th Cir. 2009)).

[257] *See* Arthur B. Laby, *Advisors as Fiduciaries*, 72 Fla. L. Rev. 953 (2020).

[258] *See* U.S. Sec. & Exch. Comm'n, Study on Investment Advisers and Broker-Dealers 101 (2011), available at http://www.sec.gov/news/studies/2011/913studyfinal.pdf [https://perma.cc/L8RZ-2LKW] (explaining the necessity of providing uniform protection to retail investors).

[259] *See, e.g.*, Dep't of the Treasury, Financial Regulatory Reform: A New Foundation 71 (2009), available at http://www.treasury.gov/initiatives/Documents/FinalReportweb.p [https://perma.cc/DRD2-DVFR] (describing the confusion); Fletcher, *supra* note 226, at 7–8 ("The sharp legal delineation between brokers and investment advisers notwithstanding, developments in the financial markets and financial services have resulted in a considerable blurring of the line between brokers and advisers. For example, the advent of electronic trading markets has automated trade execution, thereby reducing brokers' trading responsibilities. To maintain

assume the same level of duty and care, and only learn that their broker owes them a much lower standard of care than owed by an investment adviser once it is too late.

This is also because the distinction itself has increasingly blurred. The Treasury Department has explained that "the current laws and regulations are based on antiquated distinctions between the two types of financial professionals that date back to the early 20th century."[260] Most problematically:

> From the vantage point of the retail customer, however, an investment adviser and a broker-dealer providing "incidental advice" appear in all respects identical. In the retail context, the legal distinction between the two is no longer meaningful. Retail customers repose the same degree of trust in their brokers as they do in investment advisers, but the legal responsibilities of the intermediaries may not be the same.[261]

Similarly, a 2011 study by the SEC found that investors do not understand the distinction between brokers and investment advisers.[262] That study recommended a uniform fiduciary standard: "the standard of conduct for all brokers, dealers, and investment advisers, when providing personalized investment advice about securities to retail customers (and such other customers as the Commission may by rule provide), shall be to act in the best interest of the customer without regard to the financial or other interest of the broker, dealer, or investment adviser providing the advice."[263] Yet while a number of efforts have tried to harmonize these standards, most recently with the Department of Labor's fiduciary rule and the SEC's Regulation Best Interest,[264] the standards still remain confusing—especially to retail investors.[265]

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their value within the market, brokers began focusing on providing investment advice to clients. Brokers, therefore, increasingly resemble investment advisers in their operations, but are able to avoid the more onerous fiduciary obligation standard. The current state of affairs is concerning primarily because of its impact on investor protection. Not only are retail investors unable to distinguish between brokers and investment advisers, but many retail investors expect that their financial advisor (regardless of title) is required to act in their best interest (i.e., as a fiduciary).").

260 Dep't of the Treasury, *supra* note 259, at 71.

261 *Id.*

262 *See* U.S. Sec. & Exch. Comm'n, *supra* note 258, at 101 (concluding that "it is important that retail investors be protected uniformly when receiving personalized investment advice or recommendations about securities regardless of whether they choose to work with an investment adviser or a broker-dealer. It also is important that the personalized securities advice to retail investors be given in their best interests, without regard to the financial or other interest of the financial professional, in accordance with a fiduciary standard.").

263 *Id.* at 109–110.

264 *See* Fletcher, *supra* note 222, at 7–8 (explaining that "the Fiduciary Rule attempted to erase the blurred lines between brokers and investment advisers, treating all financial services professionals who provided investment advice as fiduciaries under ERISA. Importantly, the proposed Fiduciary Rule marked the beginning of serious regulatory efforts to harmonize the legal framework applicable to brokers and investment advisers.").

265 Responding to this broader confusion, Christine Lazaro has proposed a Financial Advice Act that would apply to brokers as well as investment advisers, with duties that depend on the actual services being offered. In particular,

In considering the scope of a fiduciary duty as a form of advice giving, Professor Arthur Laby has theorized that a fiduciary duty arises not out of discretion, but rather, trust.[266] Considering a variety of advisor relationships, from stockbrokers to lawyers and doctors, Laby argues that "advisors should be fiduciaries not because they have discretion over the assets or affairs of their clients—because they often do not—but rather because of trust that advisors seek from their clients, and the resulting reliance and vulnerability that accompany reposing trust in another."[267] Framing the duty in this way provides a clear justification for understanding leader activities as forming a fiduciary relationship with their copiers. Leaders cultivate trust (acutely observable on social media), and the automated, seamless nature of copy trading means that copiers rely completely on those leaders' investment decisions.

Further, Professors Vivek Bhattacharya, Gastón Illanes, and Manisha Padi have demonstrated that imposing a fiduciary duty on broker-dealers tends to improve the quality of the products they sell to investors.[268] In the context of copy trading, analogously, harmonization might not only reduce investor confusion, but also potentially incentivize better behavior by leaders and improve the quality of leader portfolios.

E. Changing Compensation Structures

Currently, leaders' compensation structures create significant conflicts of interest. Certain changes can address many of these. For example, responses might include banning commissions or other volume-based compensation earned by leaders, which would presumably remove the incentive to churn. Much literature exists on the perils of volume-based or commission-based compensation—and the accompanying tradeoffs.[269] And to the extent commissions or fixed advisory fees are allowed, those should presumably be

> [t]he proposed legislation must include both a duty of loyalty and a duty of care, which apply to all accounts, regardless of the fees paid. The duties may be limited in time when the account is a trading account, where the investor seeks no advice, but the duties should be ongoing when the investor does seek advice about investing. It seems counterintuitive that an investor would seek advice concerning what to purchase and when, but should not expect advice about when to sell the investment.

Christine Lazaro, *The Future of Financial Advice: Eliminating the False Distinction Between Brokers and Investment Advisers,* 87 St. John's L. Rev. 381, 413 (2013).

[266] Laby, *supra* note 233, at 1021.

[267] *Id*.

[268] Vivek Bhattacharya et al., *Fiduciary Duty and the Market for Financial Advice*, (May 1, 2019), https://lawcat.berkeley.edu/record/1129098?v=pdf [https://perma.cc/U6T8-NKSS] (providing empirical evidence demonstrating that imposing a fiduciary duty does not simply increase costs; rather, a fiduciary duty tends to improve financial advice).

[269] *See supra* Part V.A. (discussing the conflicts of interest presented).

subject to the same regulations as would apply to any other investment adviser's commissions or fees.[270]

At the very least, profit-sharing should be prohibited. Profit sharing is severely restricted for investment advisers by statute: Section 205 of the Advisers Act generally prohibits "performance fees," where advisers' compensation is based on a portion of capital appreciation or capital gains in a client's account.[271] Exemptions are allowed for certain investors who are "qualified clients" meeting high financial thresholds—those with at least $1.1 million in assets under management, or those with a net worth of at least $2.2 million.[272]

If investment advisers are severely restricted from obtaining performance fees and can only do so with high-net-worth clients or clients with a significant amount of money under management, there appears to be no justification for allowing leaders to effectively obtain performance fees from their copiers, who almost certainly would not be a "qualified clients" by law. If leaders nevertheless are allowed to share in their copiers' profits, leaders should also be forced to internalize at least some portion of their copiers' losses. Doing so would better align incentives between leaders and copiers.[273]

F. Transparency and Disclosure

While copy trading platforms often advertise superior transparency, the reality is much less rosy. As discussed previously, it is paradoxically quite difficult to accurately assess a leader's performance, as the leader can often inflate return metrics, close out losing portfolios, and hedge across different portfolios.[274]

As such, the anonymity or pseudonymity of leaders (at least across portfolios) should be removed, which would make returns much more transparent and difficult to manipulate. Performance should be calculated across all portfolios belonging to any given leader. Copiers could immediately see a leader's overall returns, and this would (hopefully) prevent leaders from taking opposing positions in different portfolios while only advertising one position's direction.[275]

Leaders might also be required to keep a portfolio open for a certain amount of time, so that leaders could not rapidly close out losing portfolios in

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[270] This could be similar to FINRA's rules on commissions, markups and fees. *See, e.g.*, FINRA Rule 2120. Commissions, Mark Ups, and Charges, available at https://www.finra.org/rules-guidance/rulebooks/finra-rules/2120 [https://perma.cc/X95E-U6BR].

[271] Investment Advisers Act of 1940 § 205, 15 U.S.C. § 80b-5 (2018).

[272] 17 C.F.R. § 275.205-3; *see* Kathryn M. Furman et al., *SEC Updates Qualified Client Threshold*, Harv. Forum Corp. Gov. (Aug. 29, 2021), available at https://corpgov.law.harvard.edu/2021/08/29/sec-updates-qualified-client-threshold/ [https://perma.cc/3WHZ-74PX].

[273] *See supra* Part III.B.i.-ii.

[274] *See id*.

[275] *See id*.

order to inflate their overall performance metrics.[276] Such performance metrics can communicate ROI, but should also communicate PnL, so that copiers can see direct gains and losses, not just percentages. Those metrics should convey clear time frames and be risk-adjusted as well.[277]

Disclosures can also play a role in promoting transparency.[278] While the effectiveness of disclosure is certainly not guaranteed,[279] it may nevertheless be helpful. For example, for any given leader, a summary of previous losses could be published, to help underscore the risks that may exist. Disclosure can also serve as a sorting mechanism, leading to exit by lazy leaders or those with poor track records. This could be due to unwillingness to provide disclosure, or inability to attract copiers after disclosing poor performance.

G. A Win-Win

While not a cure-all, the above suggestions can do much to reform the current state of copy trading. In doing so, copy trading can become a viable kind of financial intermediary and provide viable financial services. In particular, imposing broader duties directly on leaders and platforms will clarify expectations and protections for the investors who rely on their services. It may also directly improve the quality of leaders and leader investment behavior.[280] And, removing compensation schemes and leaderboard metrics that affirmatively mask poorly behaving leaders will do much to reduce such behavior. Introducing greater trust into the system should in turn attract more users—a win-win.[281]

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[276] *See id.*

[277] *See id.*; Kawai et al., *supra* note 6, at 3 (considering risk-adjusted performance metrics).

[278] Disclosure has a long history in securities regulation as the paradigmatic response to bad behavior, conflicts of interest, and information asymmetry. *See, e.g.*, Louis D. Brandeis, Other People's Money and How the Bankers Use It 92 (1914) ("Sunlight is said to be the best of disinfectants; electric light the most efficient policeman. . . . That potent force must, in the impending struggle, be utilized in many ways as a continuous remedial measure."); Troy A. Paredes, Remarks before the Symposium on "The Past, Present, and Future of the SEC" (Oct. 16, 2009) (emphasizing the centrality of disclosure to the securities regime), https://www.sec.gov/news/speech/2009/spch101609tap.htm [https://perma.cc/LLR3-2NZW]; Fairfax, *supra* note 134, at 1086 (gathering sources and discussing the securities law regime's "belief that the best way to protect investors was to provide them with adequate disclosure so that they could make their own decisions about suitable investments").

[279] *See, e.g.*, Steven M. Davidoff & Claire A. Hill, *Limits of Disclosure*, 36 Seattle U. L. Rev. 599 (2013); Robert A. Prentice, *Moral Equilibrium: Stock Brokers and the Limits of Disclosure*, 2011 Wis. L. Rev. 1059, 1061–68 (2011) (considering the failures of disclosure); Kawai et al., *supra* note 6, at 3 (noting the difficulty of distinguishing "whether signal providers' past performance is attributable to their trading skills or to exogenous factors like mere luck"); Fairfax, *supra* note 134, at 1091–94 (gathering sources and questioning the effectiveness of disclosure).

[280] *See* Bhattacharya et al., *supra* note 268.

[281] To be clear, these proposals—to the extent they align copy trading mechanics and regulations with those of more traditional financial intermediaries—will likely result in many of the same issues that plague traditional financial intermediaries also affecting copy trading. However, as much of this Article has shown, copy trading *already* suffers from such issues, yet is not

It bears mention that the reforms outlined above—recognizing the fiduciary and discretionary relationship between leaders and copiers, removing certain compensation schemes and introducing greater transparency—are not costless. Insofar as these reforms are likely to incentivize better intermediary behavior, they also may raise costs for retail investors seeking financial products and advice (e.g., if copy trading platforms pass on compliance and monitoring costs to users) and may also paradoxically reduce access to good advice (as greater regulation may drive out some good intermediaries along with the bad). Yet financial regulation is no stranger to these costs, and deems them necessary in order to facilitate better financial intermediation. Acknowledging copy trading as a (shadow) form of financial intermediation makes it no different.

Conclusion

Copy trading should be recognized for what it is: a form of shadow intermediation without the guardrails of traditional financial intermediation. Copy trading responds to significant socio-economic needs and offers the promise of easy returns, but hides significant pitfalls. Any response must consider both the underlying motivations for copy trading as well as the perils of copy trading's actual mechanics. In particular, the legal regime that governs copy trading should be as robust as the claims made by copy trading. Copy trading garners investor trust; those investors deserve to have that trust be backed by clear laws that protect their money.

subject to nearly the same level of regulation or protection as traditional financial intermediaries are subject to. The very least that should be done is to align copy trading mechanics, restrictions, and regulation with the financial intermediaries that copy trading mirrors.

Appendix A: Popular Copy Trading Platforms

Platform	**Portfolios**	**Leader Compensation**	**Leader Qualifications**	**User Fees**
Dub	Politicians Corporate insiders Finfluencers Ordinary investors *Note: Politicians and corporate insiders do not run their own portfolios. Portfolios are offered that are *track* publicly-disclosed trades of politicians and corporate insiders.	Ordinary investors accepted into dub's "creator program" can earn royalties based on the number of copiers, portfolio performance, and potentially other metrics[282]	Anyone can apply to be a dub "creator"[283]	One time 7-day free trial, otherwise $89.99/yr or $9.99/mo[284]
Autopilot	Politicians Corporate insiders Finfluencers Ordinary investors *Note: Politicians and corporate insiders do not run their own portfolios. Portfolios are offered that are *track* publicly-disclosed trades of politicians and corporate insiders.	Each "Pilot" charges their own subscription fee, which allows a copier to buy and sell automatically based on the Pilot's portfolio[285]	Anyone can apply to become a Pilot[286]	Individual subscription fee per Pilot[287]

[282] *See* Alex Harring, *Trading platform Dub will pay some retail investors to share portfolios through TikTok-like* 'creator program', CNBC (Jan. 16, 2025). https://www.cnbc.com/2025/01/16/trading-platform-dub-launches-influencer-program-for-retail-investors.html [https://perma.cc/7YTQ-AVAL].

[283] *Become a dub Creator,* DUB, https://www.dubapp.com/creators [https://perma.cc/EA64-X956].

[284] DUB, *supra* note 5.

[285] *Frequently Asked Questions*, AUTOPILOT, *supra* note 65.

[286] *Looking to become a Pilot?*, AUTOPILOT, https://sgnryuyw5au.typeform.com/to/RlMq0QRu?typeform-source=www.joinautopilot.com [https://perma.cc/RXL9-7TF8].

[287] *Frequently Asked Questions*, AUTOPILOT, *supra* note 65.

Platform	**Portfolios**	**Leader Compensation**	**Leader Qualifications**	**User Fees**
Collective2	Finfluencers Ordinary investors	Each leader charges flat monthly fee, ranging from $25 to $300 per month[288]	Anyone can create a portfolio; there is a range of pricing for portfolio plans, from $19/mo to $99/mo[289]	In addition to the leader's fee, Collective2 refers to subscription plans ranging from $49/mo to $299/mo (with discounts if paid annually)[290]
ZuluTrade	Finfluencers Ordinary investors	0.5 pip for each closed trade executed ($5 per $100K traded)[291]	Anyone can become a Leader[292]	Advertises the lack of user fees[293]
eToro	Finfluencers Ordinary investors	Payment of 1.5% of assets under copy[294]	Anyone can become an approved "Pro Investor" [295]	Users are charged spreads and/or applicable transaction fees[296]
FXJunction	Finfluencers Ordinary investors	Leaders set commissions charged to copiers[297]	Anyone can apply to become a leader with certain basic qualifications[298]	Fees charged by leaders[299]
ByBit	Finfluencers Ordinary investors	Leaders share a ratio of the net profit earned by each copier, ranging from 10% to 15% depending on the number of followers and total assets[300]	Anyone can apply to become a "Master Trader" with certain basic qualifications[301]	Certain transaction fees in addition to profit sharing with leaders[302]

288 *Copy Trading*, Collective2, https://trade.collective2.com/copy-trading [https://perma.cc/L9WN-WFZ4].
289 *Pricing*, Collective2, https://trade.collective2.com/pricing.html [https://perma.cc/T57M-MQEF].
290 *Id.*
291 *Become a Leader*, ZuluTrade, *supra* note 58.
292 *Id.*
293 *Onboarding*, ZuluTrade, https://www.zulutrade.com/user-guide [https://perma.cc/8GCQ-YVN3].
294 *Popular Investor*, eToro, *supra* note 60.
295 *Id.*
296 *Id.*
297 *Frequently Asked Questions*, FXJunction, https://fxjunction.com/faq [https://perma.cc/G6ML-7CT7].
298 *Id.*
299 *Id.*
300 *Level Up as a Master Trader*, ByBit, https://www.bybit.com/en/promo/global/master-trader-level/ [https://perma.cc/NL25-3UYP].
301 *How to Become a Master Trader and Upgrade Your Ranking*, ByBit, https://www.bybit.com/en/help-center/article/How-to-Become-a-Master-Trader [https://perma.cc/VAV6-VS3W].
302 *Copy Trading Classic*, ByBit, https://www.bybit.com/copyTrade/ [https://perma.cc/F4DY-TZK7].

Platform	**Portfolios**	**Leader Compensation**	**Leader Qualifications**	**User Fees**
Binance	Finfluencers Ordinary investors	Leaders earn 10% trading fee commissions and up to 30% in profit sharing, depending on their rank[303]	Anyone can apply to become a leader with certain basic qualifications[304]	10% trading fee commissions and up to 30% in profit sharing, depending on leader rank[305]
PrimeXBT	Finfluencers Ordinary investors	Leaders receive 20% and the platform receives 20% in profit sharing[306]	Anyone can apply to become a leader with certain basic qualifications[307]	Leaders receive 20% and the platform receives 20% in profit sharing[308]

303 *Binance Spot Copy Trading Launches Elite Trader Program for Lead Traders*, BINANCE, https://www.binance.com/en/support/announcement/detail/d6d5171322ca480c9b1ebf82213f8807 [https://perma.cc/FFZ3-9X9J].

304 *Spot Copy Trading*, BINANCE, https://www.binance.com/en/copy-trading/spot [https://perma.cc/3S2U-E9YM].

305 *Id.*

306 *Copy Trading fees and conditions*, PRIMEXBT, https://primexbt.com/copy-trade/fees [https://perma.cc/VN9N-A2GQ].

307 *Id.*

308 *Id.*