

COMPANIES THAT SELL TRADING AND TRAINING SOFTWARE

WARNINGS

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The FSMA has noted that various companies in Belgium are selling, via a pyramid structure, trading and training software intended for trading principally in forex, CFDs and cryptocurrencies.

The sale of such trading and training software mostly takes place via a pyramid structure. The term generally used for this technique is 'MLM' (multi-level marketing), in which consumers are given incentives to bring in new members. In exchange for doing so, they receive compensation in the form of a commission or discount on the price of the software package or subscription price.

The FSMA has observed that such MLM networks are very active on social media via numerous (private) groups whose only purpose is to promote a particular MLM and to recruit new members. It is worth noting that these schemes mainly target a young audience, who are very active on social media, where all sorts of photos circulate showing young people seemingly swimming in riches. The message is that everyone can afford this kind of lifestyle if they bring in enough new members and make the right investment in the software being promoted.

The FSMA draws attention to the fact that the investments accessible via the software are often not subject to financial supervision (alternative investments such as precious metals or [virtual money](#)) or their [distribution in Belgium is prohibited](#) (certain derivative instruments such as forex, [CFDs](#) and [binary options](#)).

Moreover, offers of CFDs and forex via the internet are very risky and vulnerable to fraud: anyone who invests in CFDs or forex runs the risk of losing all the money invested. **The possibility of loss is much higher than the possibility of gain:** surveys by other European supervisors conducted among investors show that as much as 75% to 89% of investments in derivative products, such as forex products, are loss-making! These products are suited only to someone who really wishes to speculate, is prepared to lose the entire amount invested or even more, and is familiar with

derivative financial products. **A great many cases of fraud have also been found to use these instruments.** In some cases, we have seen that no actual transactions were carried out by the offeror.

Have you received an offer of an investment and would you like to find out whether it could be fraudulent? If so, take the test under the heading '[Beware of fraud](#)'.