Democratizing the Access of Romanian Investors to Trading Financial Instruments through Specialized Platforms

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Abstract

By writing this paper, we aim to follow the evolution of Romanian retail investors' access to trading financial instruments and cryptocurrencies through online platforms or specialized applications. We will follow the historical evolution of the participation of Romanian retail investors in trading on the capital market, the way in which access to trading is achieved, focusing in particular on the impact brought by the emergence of online platforms and mobile applications on the field. We will analyze the increase in the number of individuals using these specialized trading platforms, the cost of trading, but also the impact that this wave of new investors has generated on the prices of financial instruments and cryptocurrencies traded. We will also follow the reaction of the financial supervisory authorities in relation to the phenomenon, on a wider European and American level. Last but not least, we will also analyze the recent reaction of the Romanian legislator to this new reality as well as the simplification attempts from the point of view of the declaration of taxable income resulting from the trading of financial instruments, indicating the financial advantages and disadvantages generated by the current legislation for the Romanian investor, natural person.

Keywords: *trading platforms, retail investors, financial instruments, cryptocurrencies.*

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1. Introduction

Traditionally, access to trading on the capital markets was considered more the preserve of a certain category of individuals with well above average incomes and business connections, whose transactions were carried out through specialised brokerage firms. In the mind of any cinephile, images remain of Wall Street brokers holding multiple handsets simultaneously and executing ultra-fast Brownian moves at the same time, in a general hullabaloo, to execute buy or sell orders from clients.

A first question that arises is whether such an image still corresponds to today's reality? The answer, based on the arguments that will be analysed *in extenso* in the body of this paper, is rather negative. As we shall now consider, the impact of widespread and continuous access to the internet and the emergence of numerous online trading platforms, readily available to the general public, has democratised access to trading in financial instruments. In order to trace the evolution of the concept of trading accessible to Romanian retail investors, we will go through a brief historical itinerary and using, mainly, the hypothesis review method, we will see which are the important aspects that have changed with the emergence of new technologies.

We also aim to briefly analyse the effects on liquidity and market volatility through the lens of the increased number of retail investors, who tend to coordinate their purchases and sales of financial instruments as a result of discussions online, on social media platforms or some dedicated to retail investors. The research method here will be mainly comparative, following the evolution of the markets where financial instruments are traded in the United States, but also in the European Union and Romania, as well as the reaction of supervisory financial institutions.

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The third legitimate question that arises and to which we will try to provide an answer is related to the way in which the Romanian state has been understood to relate to these new realities at the level of applicable primary legislation. We will try to analyse the legislative changes that have occurred in recent years in this field, trying to identify the impact of these regulations on the participation of Romanian investors in the capital market. The research method used in this approach will be mainly that of legislative criticism.

2. The emergence of online trading platforms for financial instruments

Historically, as far as retail investors in Romania are concerned, the tradition of investing in the capital market is almost non-existent, mainly due to the lack of any real possibility to invest in these types of securities during the communist regime, established in 1945 in Romania.

It should be noted that in the pre-war period and especially in the interwar period, the Kingdom of Romania knew the system of trading commodities and securities (shares of joint-stock companies, government or corporate bonds, all known at the time more under the name of 'notes'), within a trading system organized according to specific rules.

The communist regime, with the launch of the process of forced nationalization of private companies, generated the reality that on June 11, 1948, under the Nationalization Law No. 119/1948, 1,050 industrial, banking and insurance companies became state property as 'consumer goods of the people' and the Bucharest Stock Exchange, where the securities listed by these companies were traded, was closed[2].

The reopening of the Bucharest Stock Exchange was to take place only six years after the fall of the communist regime, in 1995.

From this perspective, we note that, in Romania's situation, trading on a domestic stock exchange has been virtually impossible for almost half a century. With the re-establishment of the Bucharest Stock Exchange, trading in financial instruments, including by individuals, Romanian citizens, has resumed. In a rather troubled economic and social environment, characteristic of the 1990s in Romania, confidence in the functioning mechanism of the stock exchange was quite low, as was the capital available for investment. Traumatised by the financial losses suffered as a result of the collapse of some 'investment funds' (in fact Ponzi-type pyramid schemes), the bankruptcy of some commercial banks, the unsuccessful privatisations of many companies previously owned by the state, including the failed MEBO-type privatisations, public confidence in the stock exchange's operating and trading mechanism was low, with participants in this market being considered speculators rather than investors.

In this context, we should bear in mind that before the adoption of Law no. 129/2019 on preventing and combating money laundering and terrorist financing, as well as amending and supplementing certain legal acts, in Romania there were, in addition to registered shares, bearer shares[3]. In the case of bearer shares, trading was carried out directly between the seller and the buyer and was practically carried out by physical delivery of the securities. This type of trading obviously took place outside the rules of a regulated market and there was very little transparency as to the price of those shares.

The subsequent evolution of the Bucharest Stock Exchange was upward, increasing both the number of financial instruments tradable on the exchange and the number of investors, but the pace of growth was rather moderate. In order to be able to trade financial instruments, it was necessary for a natural person to contact a professional broker, who transmitted the orders received from the client,

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[2] Radu Razvan, *The dramatic history of the Romanian stock market. From January 1, 1840, to June 11, 1948, when the communists closed it one morning putting the sign 'Closed for inventory!"* article published in 'Ziarul Financiar', edition of 01.12.2020, the document is available online at: https://www.zf.ro/burse-fonduri-mutuale/istoria-dramatica-a-bursei-din-romania-de-la-1-ianuarie-1840-pana-la-19765208, accessed on 23.02.2024.

[3] Titus Prescure, *Brief analysis of the amendments and additions to the Companies Law no. 31/1990 made by Law no. 129/2019 for the prevention and combating of money laundering and terrorist financing, as well as for the amendment of some normative acts and by Law no. 162/2019 for the amendment of the article (2) of article 6 of the Companies Law no. 31/1990,* in 'Romanian Journal of Business Law', Wolters Kluwer Romania, Bucharest, no. 3/2019, p. 70.

in writing or by telephone, onwards to the centralised trading system, which implied, on the one hand, a longer execution time of the orders, increased risk of human error and much higher commissions. In this context, the popularity of the idea of investing on the stock exchange was still quite low.

It should be noted that these shortcomings were also found at that time in other countries, even in the most advanced in terms of investment, and were not necessarily a handicap that only characterized the domestic capital market. Moreover, before the advent and widespread use of the Internet, not only trading but even accurate information on the financial situation of listed companies was much more difficult and much slower to obtain, via published material which came either from the economic press or from banks or brokerage[4] agencies and which invariably involved a certain cost to obtain.

Access to relevant economic information is thus a fundamental condition for a real opening of the capital market to a larger number of retail investors. The key point to bear in mind is that the various forms of democratic control of capital depend to a large extent on the degree of economic information available to some[5] of market participants, which means that the transparency of issuers of financial instruments, coupled with quick and easy access to documents published by them, reduces the knowledge gap between individual investors and trading professionals.

The real democratisation of public access to securities trading came with the advent of online platforms that allow real-time trading of listed financial instruments. The widespread use of smart phones has made access to the internet and hence to the allocated trading account virtually continuous. Information on bid and ask prices, trading volumes, are available in real time, orders can be modified by investors in a very short timeframe, depending on market developments. These speed of trading advantages are now available to the general public, the traditional advantage of a brokerage firm, at least in terms of faster access to important market information, has been greatly diminished.

In her recent work, comparative law professor Katharina Pistor of Columbia Law School points out that '*states have actively participated in the transformation of fixed stationary capital into migrant capital by breaking down legal barriers and expanding the private autonomy of* its *holders*'[6]. Facilitating the participation of a much larger number of retail investors in the shareholding of companies with international reach is very much in line with this trend, which is based on the fluidity of trading mechanisms. Online trading platforms and mobile phone applications for this purpose have undoubtedly led to this process of extending the private autonomy of financial instrument holders to a level not seen before.

The emergence of cryptocurrencies, which have seen episodes of skyrocketing trading prices, has further increased the number of individuals eager to participate in the market, to access the market through online trading platforms. Cryptocurrencies are not financial instruments in the strict sense, instead, pragmatically, they should be treated alongside financial instruments, based on the reality that many of the online trading platforms offer direct access to retail investors to both categories of financial products. In Romania, from a legal point of view, according to the provisions of Article 83 of the A.S.F. Regulation no. 5/2018, only securities and other financial instruments registered with the A.S.F. shall be traded on a regulated market, a multilateral trading facility or an organised trading facility, and proof of registration shall be provided on the basis of a certificate of registration of the securities or financial instruments in question[7]. From this perspective, cryptocurrencies are not registered with any financial supervisory authority, which removes them from the legal definition attributed to tradable financial instruments, but it is worth noting that very recently, ETFs tracking BTC have emerged and have been approved by the U.S. financial supervisory authority[8], which makes the differences between cryptocurrencies and tradable financial instruments even more blurred.

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[4] For a more extensive analysis of investor sources of information prior to the widespread use of the Internet, see Benjamin Graham, *The Intelligent Investor, Revised edition with commentary by Jason Zweig*, C.H. Beck Publishing, Bucharest, 2014, p. 271.
[5] Thomas Piketty, *Capital in the 21st Century*, Litera Publishing House, Bucharest, 2015, p. 977.
[6] Katharina Pistor, *The Capital Code: How Law Creates Wealth and Inequality*, Hamangiu Publishing House, Bucharest, 2022, p. 276.
[7] Cristian Gheorghe, *Treatise on Romanian Commercial Law. Edition 2*, C. H. Beck Publishing House, Bucharest, 2022, p. 458.
[8] The document is available online at: https://www.sec.gov/news/statement/gensler-statement-spot-bitcoin-011023, accessed 05.03. 2024.

Equally, there is a wider trend across Europe to integrate securities that do not strictly follow the traditional pattern of dematerialised book-entry securities into financial systems. In this respect, the French legislator has turned to the concept of a shared electronic book-entry system[9]. This registration in a shared electronic registration system is a legislative innovation introduced in recent years with the aim of further facilitating the circulation of financial securities that are not subject to the specific procedures of a central depository and are not traded on a market in financial instruments, thereby also legally accommodating the situation of transfers of financial securities via the blockchain system[10].

3. The Robinhood effect on capital markets trading

Beyond the legendary dimension of the name Robin Hood, essentially known for robbing the rich and then sharing the spoils with the needy (and presented in an ultra-romanticized manner by the film industry), there has also been an American trading platform named after him in recent years. Essentially, it bills itself as an electronic trading platform that facilitates commission-free trades in stocks, exchange-traded funds and cryptocurrencies, as well as individual retirement accounts via a mobile app, introduced in March 2015. The platform is not the only one of its kind, but somehow it has managed to profile itself more strongly in this segment, giving rise to an entire investment phenomenon that has come to be known as the 'Robinhood effect'. It is characterised by the increased number, prominence and attention given to small retail investors using low-barrier-to-entry[11] trading apps to access capital market investments.

Benefiting from these two features, namely the ease of access from any smart phone plus the lack of transaction fees, has made the platform extremely popular with retail investors. Moreover, they formed newsgroups, notably on the Reddit platform, where they tried to coordinate to act in some concerted way on purchases, thereby inducing artificial price increases in the targeted securities and causing losses to some investment funds that had open certain short-term positions involving these securities. It is most likely in this respect that the platform is claiming the extent to which it is causing losses to the wealthy, but it is not certain that all the less financially capable participants in the operation will gain. In fact, in this race of explosive increases in the price of certain targeted stocks, participants who bought these stocks at a price close to the peak inevitably ended up making losses as the price of the asset fell just as steeply.

Robinhood Financial LLC, which operates the Robinhood trading platform, has been the subject of an investigation by the U.S. Security and Exchange Commission (the 'Commission') into certain irregularities and misrepresentations made by the platform administrator to investors.

In the order[12] issued as a result of the investigation in 2020, the Commission found that from 2015 through September 2018, Robinhood violated federal securities laws by misrepresenting: its sources of revenue from certain principal trading firms, the quality of its execution of customer orders, and its failure to perform its duty of best execution. Among other things, Robinhood was ordered to pay the Commission a civil penalty of $65,000,000.

In analysing the Commission's findings, we note that the main problem identified relates to Robinhood's failure to properly disclose to investors the mechanism by which it obtained most of its profits, namely from payments from Wall Street trading firms in return for Robinhood sending its client orders to those firms for execution, also known as payment for order flow. Instead, in reality, Robinhood customer orders were executed by those execution firms at prices below other brokers' prices, which meant a $34.1 million loss for Robinhood's platform customers, according to data retained by the financial regulator. In the end, the idea of no cost when trading financial instruments

[9] See the provisions of Article 211-3 of the French Monetary and Financial Code, document available for consultation online at: https://www.legifrance.gouv.fr/codes/article_lc/LEGIARTI000036175300, accessed on 03.03.2024.

[10] Xavier Lavayssière, *Blockchain et titres financiers: décret minimaliste pour réforme ambitieuse*, in « Revue Lamy Droit des Affaires », ed. Wolters Kluwer, France, Paris, no. 144, January 2019, p. 5.

[11] The document is available online at: https://www.investopedia.com/terms/r/robin-hood-effect.asp, accessed on 01.03.2024.

[12] The document is available online at: https://www.sec.gov/enforcement/information-for-harmed-investors/robinhood-financial, accessed on 01.03.2024.

meant that those orders were executed on less financially advantageous terms for Robinhood's clients.

A second, indirect reason for the increase in retail investor interest in the capital market in recent years has resulted from the macroeconomic policies pursued by the major central banks. With long periods of very low interest rates, *quantitative easing* programmes run by central banks, even *helicopter money*[13] programmes run by governments during the crisis caused by the Covid-19 pandemic, the amount of capital available to investors has been abundant.

With easy access to both the necessary technology (trading platforms) and readily available capital, coupled with the mirage of making huge profits from speculative trading of cryptocurrencies or equities, it is not surprising that the phenomenon of individuals investing via these mobile trading platform apps has grown significantly in recent years. According to the theoretical rules of macroeconomics regarding the tightening of fiscal policies[14], the fiscal consolidation policy that started as early as 2023 and is quite visible in both the US and the European Union should, hypothetically, reduce the size of the capital available to small investors and subsequently the scale of the phenomenon.

In the case of cryptocurrency trading, a transaction fee may be charged by the digital wallet operator (trading platform), as well as a specific cost of converting cryptocurrencies into fiat currency and transferring these money to a bank account held by the investor. Legally, a Romanian individual investor will have to pay income tax on the amounts obtained as gains from trading cryptocurrencies, plus possibly CASS if these gains exceed the value of six gross minimum wages. This is, as we will see in detail in the next chapter, the consequence of the fact that the intermediary (trading platform used) in these cases, especially in the cryptocurrency sector, does not usually have a permanent establishment in Romania.

Also, from the perspective of cryptocurrency trading costs, it should be noted that there are increasing voices drawing attention to the environmental impact of cryptocurrency mining and that it is fair that mining or trading through cryptocurrency platforms should be subject to a tax. (Although the shortcoming that there is no direct correlation between the amount of energy used in mining and trading a cryptocurrency and its actual trading price are also highlighted)[15] .

The ecosystem generated by cryptocurrency mining and trading is a broader one. Typically, platforms that allow cryptocurrency trading also allow trading of stocks, fractional shares and ETFs. The interest of investors with a higher-risk appetite for cryptocurrencies has led, on the one hand, to more investors using the trading services and digital wallets operated by trading platforms and, on the other hand, to the emergence of new companies strictly related to cryptocurrency trading or cryptocurrency trading, mostly listed public companies. Especially when the cryptocurrency gold standard, bitcoin (BTC), rises, the trading price of cryptocurrency mining companies usually jumps several times higher. BTC Appreciated 160% in 2023[16], and by comparison, the price of the major cryptocurrency mining companies rose significantly more: Marathon Digital Holdings Inc. climbed about 600%[17], Iris Energy Ltd. by about 500%[18], as did CleanSpark Inc.[19], and Riot Platforms Inc[20].

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[13] For a more extensive analysis of the hyperinflation risks of *helicopter money* policies *and* their impact on capital markets see Ben Bernanke, *21st-century monetary policy. The Federal Reserve from the Great Inflation to Covid-19*, published by W. W. Norton & Company, New York, 2022, p. 362–363.

[14] Soumyen Sikdar, *Principles of Macroeconomics*, *Third edition*, Oxford University Press, New Delhi, 2020, p. 105.

[15] Bruno Mathis, *Faut il réglementer les crypto-actifs en fonction de leur consommation d'électricité ?,* in « Revue international de services financiers », Lefebvre Sarrut Belgium SA, éditions Bruylant, Bruxelles, numéro 2020/4, p. 61.

[16] The document is available online at: https://dabafinance.com/en/news/bitcoin-price-surpasses-45k-after-a-160-percent-gain-in-2023, accessed 27.02.2024.

[17] According to the graphs showing the share price evolution, it has climbed from a value of USD 4.09 at the beginning of 2023 to a value of USD 24.12 at the end of 2023, the document is available online at: https://www.marketwatch.com/investing/stock/mara, accessed on 27.02.2024.

[18] According to the graphs, the share price development during 2023 climbed from USD 1.28 per share at the beginning of the year to the price of USD 6.19/share in the last trading session of the year, the document is available online at: https://www.marketwatch.com/investing/stock/iren, accessed on 27.02.2024.

[19] The price of a share climbed from $2.10 at the beginning of 2023 to $10.21 at the end of 2023, the document is available online at: https://www.marketwatch.com/investing/stock/clsk, accessed 27.02.2024.

[20] The price of a share climbed from USD 4.28 at the beginning of 2023 to USD 14.83 at the end of 2023, the document is available online at: https://www.marketwatch.com/investing/stock/riot, accessed on 27.02.2024.

By about 350%.

A number of remarks should be made about the increased volatility of some share prices as a result of the growing number of individual investors acting directly through online trading platforms. Aggressive promotion of certain stocks on social media platforms followed by artificially increased interest of retail investors in trading those stocks has given rise to the concept of 'Meme Stock'. The price of stocks that have become extremely popular in this way tends to rise irrationally in relation to the actual financial results reported by those issuers, and is usually decoupled even from the real possibilities of further development and growth of the issuer. Can we speak in this case of a real manipulation of the capital market or rather a marginal speculation phenomenon?

The boundary between manipulation and speculation is quite difficult to discern in this case, since in theory a certain speculative character is inherent in any investment activity, the investor being clearly motivated by the desire to obtain as much gain as possible from his investment (the discussion is not only valid in the case of trading financial instruments or cryptocurrencies, but can also apply to other purchases, such as real estate, where the buyer hopes to obtain a higher value when reselling the asset in the future). Moreover, as has been pointed out in specialist legal doctrine, the profitability of an investment is conditioned by a multitude of factors, some purely objective, other deeply subjective, controllable or uncontrollable, and the relationship between profit and risk are one of direct proportionality[21].

Is the posting of a laudatory comment about a particular listed company on a social networking group, or even the publication of a survey asking participants what they think the value of a particular company's shares will trade at after the upcoming release of its annual financial results, a mechanism for manipulating the capital market?

The answer requires a more detailed look, taking into account several criteria. First, it depends on which shares are concerned by such a situation: if we are talking about the shares of a large company, which has a consistent free float, a certain depth in the market in terms of daily trading volumes, such an attempt to manipulate the price of that share will have a minimal impact. In the case of companies considered large, most of their free float is held, in most cases, by institutional investors, pension funds, investment funds, etc., with the consequence that they are managed by professional brokers. In addition, large listed companies use the services of at least one market maker[22], which again makes sudden changes in the price of listed shares unlikely.

In addition, if we refer to transactions carried out within the Bucharest Stock Exchange, its operator has the task to intervene to prevent a very high volatility of the price of a particular financial instrument traded in the regular system of the exchange. In this regard, in accordance with the provisions of art. 118^2 para. (4) of Section 11^1 of Chapter 4 of the Bucharest Stock Exchange Code, the volatility interruption mechanism is a means of protection in the event of large fluctuations in the market price recorded in a very short period of time, having also the role of signalling publicly and in real time when the price formed by supply and demand shows a certain degree of volatility. Of course, outside the regular exchange system, volatility in share prices can be more pronounced, as shares of less liquid issuers are also traded here. Within this framework, in particular the AeRo category of the Stock Exchange, some more pronounced oscillations may be possible and at least hypothetically, the chances of price manipulation of traded financial instruments may be easier to achieve.

Furthermore, as has been pointed out in the legal literature, in order for an order placed on the stock exchange to be considered illicit, it must have the capacity to deceive a person who regularly trades on the capital market, with an average level of knowledge in this field[23]. Thus, not every trading order which gives or is likely to give misleading indications as to the supply, demand or price of a

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[21] Sebastian Bodu, *Capital markets: law no. 24/2017 on issuers of financial instruments and market operations. Comments and annotations*, Rosetti International Publishing House, Bucharest, 2018, p. 54.

[22] Specifically defined in the national law system in Art. 1 para. (1) point 44^1 of the Bucharest Stock Exchange Code, Regulated Market Operator: '*Mifid 2 Market Maker – means the Participant that has entered into a liquidity provision contract with the BVB under Delegated Regulation 2017/578/EU for a financial instrument covered by those provisions.*'

[23] Cristian Duțescu , *Law on issuers of financial instruments and market operations, Commentary on articles*, C. H. Beck Publishing House, Bucharest, 2019, p. 447.

financial instrument will be *per se* an illicit order capable of manipulating the price of financial instruments.

4. Recent attempts by the Romanian legislator to adapt to the new dimension of trading in financial instruments via online trading platforms

Faced with the reality that there is an increasing number of individuals who choose to invest in the capital market, the Romanian legislator reacted in turn, trying to simplify the procedure for calculating and paying taxes owed by individual investors from a tax point of view.

In this regard, Law No. 142/2022 amending and supplementing Law No. 227/2015 on the Tax Code is representative.

Among the main changes made by the legislator is the return to the system of withholding tax on stock market gains, i.e. the application of a rate of 1% on income from the sale of financial instruments held for more than one year, while for income from the sale of holdings of less than one year, the rate will be 3%[24]. These tax changes apply only to intermediaries with a permanent establishment in Romania. Thus, for gains obtained on foreign markets through an intermediary authorised in another country, the tax base remains unchanged. The procedure has the merit of greatly simplifying the administrative burden for the taxpayer, who is no longer obliged to calculate and file a single tax return in person if he makes gains of several hundred or thousands of lei in a tax year from trading in financial instruments through a trading platform operated by an intermediary with a permanent establishment in Romania. The provisions of the above-mentioned law entered into force on 01.01.2023.

On the other hand, an amendment to the Tax Code from 2023 concerns the basis for calculating the social health insurance contribution (CASS), which requires the submission of a single declaration if the income forming the taxable base obtained from dividends and/or the transfer of securities or financial derivatives exceeds the value of six gross minimum wages, with three thresholds for calculating the amount due as CASS contribution:

- The threshold of 18,000 lei, equivalent to 6 gross minimum wages per country, if the amount of income earned is between 6 and 12 gross minimum wages per country;
- The threshold of 36,000 lei, equivalent to 12 gross minimum wages per country, if the amount of income earned is between 12 and 24 gross minimum wages per country;
- The threshold of 72,000 lei, equivalent to 24 gross minimum wages per country, if the amount of income earned is more than 24 gross minimum wages per country.

In the case of CASS contributions, the legislator has in fact chosen to increase the base of taxpayers who owe this contribution to the state budget, since previously the minimum taxable base from which there was an obligation to pay CASS was 12 gross minimum wages per economy.

With these legislative changes, it seems that the Romanian legislator has chosen to give a tax advantage to offensive investors with a more aggressive investment strategy by lowering the tax rate on income from the transfer of securities (from 10% of the income thus obtained, to 3% for securities held for less than one year and 1% for securities held for more than one year), withholding these amounts to be made directly by the intermediary. On the other hand, a passive retail investor with a long-term strategy based mainly on dividend income and a small portfolio is disadvantaged by the introduction of a lower threshold from which CASS is due, i.e. the equivalent of 6 gross national minimum wages, instead of the previous minimum threshold of 12 gross national minimum wages.

5. Conclusions

I could see from reading this material that the world of investment has changed profoundly over the last decades, especially from the perspective of small investors. The impact, first of all, of

[24] See the provisions of Article I, item 8(a) for securities and item 8(b) for derivatives of Law 142/2022, which provide for the same tax thresholds for both categories.

the emergence and widespread use of the Internet has made it possible to obtain much faster and more direct access to relevant financial information and to better analyse the financial statements of issuers of financial instruments. It has also enabled much faster transmission and processing of trading orders in greater volume.

The emergence of smartphones has made access to trading apps virtually seamless, even for retail investors. Being more numerous than in the past, these smaller investors have started to talk more with each other about investing, using social media platforms and even acting somewhat in concert, something that we have seen make some impact in the market.

Being more willing to risk part of their capital, retail investors, including Romanians, have turned to online trading platforms, where they have chosen to invest in both traditional financial instruments and derivatives or cryptocurrencies.

Financial supervisors and even the legislature at large, both in the US and in the old continent, have had and continue to have the difficult task of regulating in a short period of time new situations that have arisen in the field of trading, an activity in which more and more non-professional retail investors participate. Trading through specialised platforms requires speed for direct participants, but the same speed is also required for financial supervisors and the legislator.

The legislator's aim, given the reality that an increasing number of individuals choose to invest using trading platforms, many of them in order to be able to benefit from sufficient income in the later stages of their lives, should be twofold: firstly, to ease as far as possible the tax burden and the conditions of access for retail investors to trading in financial instruments, coupled with the condition of careful supervision of intermediaries operating in this market.

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