

## FOUNDER'S STATEMENT

### Why I Built UpsideOnly

*A market-based answer to a predatory industry and the reason I took Perpetuals.com Group public on NASDAQ to finance it*

By Patrick Gruhn

Most people who lose money to retail leveraged trading do not know they were gambling. That single fact is what separates a leveraged trading platform (CFD, Perpetual Futures, Margin Accounts etc.) from a casino and, in my view, makes it worse. The man who walks into Las Vegas with a thousand dollars knows he came to gamble; he packs a return ticket and a dinner reservation. The 28-year-old who deposits his savings into a perpetual-futures app at 100x leverage believes he is investing. He believes the platform is a tool. He believes the marketing. He believes, above all, that this is the door out of his financial situation. He is wrong on every count, and the products he is using have been engineered (mathematically and deliberately) so he is wrong.

I have spent more than a decade inside this industry, first as a regulated executive (including as Head of FTX Europe before its collapse), then as the founder and CEO of a publicly listed group building licensed venues for derivatives. I am also a Catholic, a daily communicant, the father of four children, and the operator of K-TV, the largest German-speaking Catholic television network. Those parts of my life are not separate from my work. They are the reason for it. UpsideOnly.com is the product I built to end the predatory design of retail leveraged markets. Perpetuals.com Group (NASDAQ: PDC) is the public company I created to finance it.

### **The industry, in numbers**

This is not a moral panic. The numbers are public, and they have been public for years. Regulators have been documenting the same findings from different angles, in different jurisdictions, with different methodologies. The result is always the same.

- ESMA (European Securities and Markets Authority): between 74% and 89% of retail CFD accounts lose money, with average losses ranging from €1,600 (Cyprus) to €29,000 (Norway) per client across EU jurisdictions.
- FCA (United Kingdom): roughly 80% of retail CFD accounts are unprofitable, with median losses commonly in the low thousands of pounds per year.
- ASIC (Australia): retail CFD traders collectively lost more than AUD 770 million in a single year prior to the 2021 product-intervention reforms.
- CNMV (Spain): between January 2015 and September 2016, 82% of CFD clients suffered losses totaling €142 million, including costs and fees.

These figures describe the regulated, onshore segment of the market, which is the part that must disclose. They do not describe the offshore CFD and perpetual-futures venues, the unlicensed prop-trading firms, or the synthetic Telegram-marketed leverage products which now drive much of the global retail flow. The losses in those venues are larger, less measured, and concentrated in the customers least able to absorb them.

Why is the loss rate so consistent? Because in most retail leveraged products, the broker is not your agent, the broker (or an affiliate entity) is your counterparty. Your loss is, by direct accounting, their revenue. The position sizes you can take, the leverage you are offered, the moments at which you are stopped out, the spreads you cross every time the price moves: every single one of those parameters is set by the entity that profits when you fail. Regulators have a clinical phrase for it: "structural conflict of interest." That is the polite version.

## **Why this is worse than gambling**

I want to be careful with this comparison, because I am not soft on gambling either. The Holy Father has not been soft on it. In a December 2025 address to the National Association of Italian Municipalities, Pope Leo XIV called gambling (apps) a "scourge" and a "plague that ruins so many families," citing a Caritas Italy report that recorded the Italian gambling sector growing from €35 billion in 2006 to €157 billion in 2024, with players losing roughly €20 billion in that single year. He framed it as a problem of "education, mental health, and social trust." He was right to do so.

But retail leveraged trading carries an additional injury that gambling does not. A gambler at least knows the game. He chose a casino. He set aside money he could afford to lose. He understands, at the level of common sense, that the house wins on average. The retail trader has been told something different. He has been told he is investing. He has been told that with the right strategy, the right discipline, the right course, the right copy-trade signal, the right indicator, he will join the small club of people who win. He uses money he cannot afford to lose, because he is not betting an entertainment budget, but he is betting his hope. The mortgage. The wedding fund. The savings account he and his wife built for the children. The severance from a job that ended badly. To make things worse, often he even starts day trading with the hope to solve existing financial problems only to end up worse. The psychological effects of this often destroy marriages, families and entire lives (not to mention how addictive those trading platforms are).

That is the part I cannot stomach. The industry does not just take money. It takes the specific, irreplaceable kind of money that a family has set aside for its future from the people who need it the most. And it takes that money under the false flag of investment, after the customer has been led to believe, by tone, by interface, by language carefully scrubbed of the word "casino" that he is doing the responsible thing. The grief I have watched families carry through this is not the grief of someone who lost at the tables. It is the grief of someone who was deceived.

## **A Catholic reading of the problem**

Hope is the theological virtue most easily counterfeited. Faith and charity are difficult to fake; hope can be sold. When an industry's entire customer-acquisition strategy is built on amplifying the natural, God-given desire of a working person to provide for his family and then redirecting that desire into a product engineered to extract the very savings those hopes were meant to protect, the moral object is not just fraud—it's the inversion of one of the things that makes us human.

Catholic social teaching has language for this. The dignity of work, the universal destination of goods, the obligation of just exchange, the warning against usury and against the kind of commerce in which the strong systematically prey on the weak, these are not novelties. Leo XIII wrote about them. John Paul II reaffirmed them. Benedict XVI deepened them in *Caritas in Veritate*. Leo XIV is now naming the present-day forms. Predatory retail trading sits squarely inside the territory those popes were describing, even though the technology is new. The technology is, in fact, the only new thing about it.

*"I would like to draw attention in particular to the scourge of gambling, which ruins so many families. Statistics show a sharp increase in Italy in recent years."* Pope Leo XIV, Address to the ANCI, 29 December 2025 (<https://www.ncronline.org/opinion/ncr-voices/pope-leo-condemned-scourge-gambling-some-us-catholics-beat-him-there>)

I am the Vice President of the Pope Benedict XVI Foundation, an investor in The Catholic Herald and in Magisterium AI, a board member of Chesterton Academy of Mater Dei in Bend, Oregon, and the operator of K-TV. I mention this not as a credential, but as context. The people I work with in those institutions ask me, with some regularity, what a Catholic businessman is supposed to do when he sits inside an industry whose dominant business model is structurally averse to his neighbor. For most of the last decade, I did not have a satisfying answer. UpsideOnly is the answer I now have.

## **Why the market, and not the regulator**

There is an obvious response to everything I have just written: ban it. Cap leverage to 1:1, prohibit perpetuals for retail, criminalize the prop-trading challenge model, force every broker to act as a fiduciary, write the offshore venues out of legal existence. I understand the impulse. I do not share it.

I am pro-market, not as an ideological reflex, but because I have watched, in this industry specifically, what happens when regulators try to legislate a product out of existence. ESMA's 2018 leverage caps did not eliminate harm; they pushed European retail flows toward offshore brokers in jurisdictions with weaker protection. Australia's 2021 reforms shifted volume to international perpetual-futures venues that face no Australian rules at all. Bans relocate the harm; they do not end it. They also penalize the small number of operators who were trying to do the right thing onshore, while rewarding the operators willing to leave.

The honest market-based answer is not to ban the predatory product. It is to build a non-predatory product that out-competes it on the dimension that matters to the customer, namely, his actual financial outcome, and to do so at scale, with proper capital, under a real regulator, listed in daylight on a public exchange.

Make the better product visible, give it institutional weight, and let people choose. The Austrian economic tradition I was formed in, the social teaching of the Church I belong to, and the practical experience of running businesses in this space all converge on the same conclusion: a competitor is more powerful than a prohibition.

## **What UpsideOnly actually does**

UpsideOnly inverts the entire economic relationship that defines retail leveraged trading. The user does not deposit capital. The user does not take market risk. The user cannot lose. And that is not a marketing claim but it is how the model is built and it is the reason the product is called what it is called.

Here is how it works. A user opens an account and trades on paper with simulated positions, no money at stake, no exposure of any kind. Participation is free. A user can, if he chooses, make a small voluntary temporary and refundable deposit to verify that he is human rather than a bot and to qualify for a higher payout share, but no payment is ever required to participate, and at no point does any user have capital at risk in a real market trade.

The platform's AI continuously evaluates the paper trades being placed by the user base. When the AI identifies a signal that it judges to be predictively superior, always derived from a statistical aggregate of users, never from a single trader, the company executes that trade in the real market using its own balance sheet. When the trade is profitable, 50% of the gain is paid out to the users whose signals contributed to the decision.

Four structural consequences are worth stating explicitly, because each one is the precise inverse of the predatory model:

- The user's worst case is zero loss, because he never funded a market position. His best case is half the upside on a trade he never financed, and we trade with way larger positions than most users could ever afford. He participates with his judgement, not his savings.
- The platform's economic interest is perfectly aligned with the user's predictive accuracy. Where the classic leveraged trading broker profits when its clients are wrong, UpsideOnly profits only when its users are right.
- Because trade selection is performed by AI over an aggregated population of signals, no individual user can engineer a position to game the payout. This makes insider trading structurally impossible since there is no single user whose private information moves a trade.
- For users who are providing additional high value (e.g. the best traders of a week and month) get additional payouts from us.

Where the dominant retail products are, mathematically, a short call on the customer's hope they pay out only when his hope fails, UpsideOnly is the exact inverse. It is a long call on the customer's idea, financed entirely by the company. The user contributes signal and the company contributes capital and risk. The two share the result.

## **Why I had to build a public company to do this**

A market-based disruption of an industry this large requires capital as a precondition. Retail leveraged markets are not won by clever apps; they are won by prop-trading liquidity, regulatory presence in multiple jurisdictions, custody infrastructure, and the patience to operate under public-company discipline while a new product gets adopted. That is the only path I see to taking meaningful market share away from the predatory incumbents at the speed the problem warrants.

That is the reason Perpetuals.com Group is listed on NASDAQ under the ticker PDC. The listing is not the goal. The listing is the financing mechanism for the goal. By being a public company, it gives the group the ability to raise additional capital as the platform scales, under public reporting, with audited accounts, in daylight, with the disclosure regime of a US-listed company. If a Catholic businessman is going to claim he is doing this for moral reasons, the cleanest demonstration is to do it in a structure where every shareholder, every regulator, and every journalist can read the books.

I want to be precise about what I am and am not claiming. I am not claiming to be the only person who sees this problem; many regulators have seen it for years. I am not claiming the industry is monolithically bad; there are honest operators in it, including some who are trying to operate fairly. For example, some retail brokerage firms in Europe reduced the client losses down to approximately 62% from the 89% mentioned above, but still, most clients lose. I am claiming that the dominant retail leveraged products are structurally averse to the customer, that the harm is statistically documented and morally unambiguous, and that a market-based replacement, properly capitalized, properly licensed, and properly priced, is now technically and legally feasible for the first time.

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