

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT**

NO. 20100242158-01

TO: Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

RE: TradeStation Securities, Inc., Respondent
Broker-Dealer
CRD No. 39473

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, TradeStation Securities Inc. ("FILL" or the "Firm") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

The Firm has been a FINRA member since January 1996 and its registration remains in effect. The Firm has no relevant disciplinary history.

SUMMARY

Matter No. 20100242158 involves a review conducted by the Department of Market Regulation's Short Interest Team of the Firm's compliance with short interest reporting requirements during the period between June 30, 2008 and April 15, 2011.

Matter No. 20130363481 involves a review conducted by the Department of Market Regulation's Short Interest Team of the Firm's compliance with short interest reporting requirements during the period between November 15, 2012 and January 15, 2013.

OVERVIEW

On a total of 58 settlement dates between June 30, 2008 and January 15, 2013, the Firm failed to report a total of 2,803 short interest positions totaling 3,895,186 shares and inaccurately reported 13 positions totaling 20,361 shares when it should have reported 13 positions totaling 27,622 shares.

FACTS AND VIOLATIVE CONDUCT

Matter No. 20100242158

1. Between June 30, 2008 and April 15, 2011, FILL failed to report 2,793 short interest positions totaling 3,445,226 shares on 53 settlement dates, and reported 12 short interest positions totaling 20,104 shares when it should have reported short interest positions totaling 27,265 shares as set forth below.
 - a. Between June 30, 2008 and November 28, 2008, the Firm failed to report 188 short interest positions totaling 71,755 shares on 11 settlement dates; and between July 31, 2008 and November 28, 2008, the Firm inaccurately reported 4 short interest positions totaling 6,261 shares when it should have reported 4 short interest positions totaling 7,916 shares. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 3360.
 - b. Between December 15, 2008 and April 15, 2011, the Firm failed to report 2,605 short interest positions totaling 3,373,471 shares on 42 settlement dates; and between January 15, 2009 and March 15, 2010, the Firm inaccurately reported 8 short interest positions totaling 13,843 shares when it should have reported 8 short interest positions totaling 19,349 shares. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 4560.

Matter No. 20130363481

2. Between November 15, 2012 and January 15, 2013, FILL failed to report 10 short interest positions totaling 449,960 shares on 5 settlement dates, and on November 15, 2012, inaccurately reported 1 short interest position totaling 257 shares when it should have reported 1 short interest positions totaling 357 shares. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 4560.

Matter Nos. 20100242158 and 20130363481

3. Between June 30, 2008 and January 15, 2013, the Firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with NASD Rule 3360 and FINRA Rule 4560. Specifically, the Firm's supervisory system did not include written supervisory procedures providing for: (1) the

identification of the person(s) responsible for supervision with respect to the applicable rules; (2) a statement of the supervisory step(s) to be taken by the identified person(s); (3) a statement as to how often such person(s) should take such step(s); and (4) a statement as to how the completion of the step(s) included in the written supervisory procedures should be documented. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 3010 and NASD Rule 2110 (for conduct prior to December 15, 2008) and FINRA Rule 2010 (for conduct on and after December 15, 2008).

OTHER FACTORS

In determining to resolve this matter in the manner set forth herein, and in determining the appropriate monetary sanction,¹ Market Regulation took into consideration that the Firm self-reported to FINRA the vast majority of the short interest reporting violations at issue.

B. Respondent also consents to the imposition of the following sanctions:

A censure and a fine totaling \$55,000 (consisting of a fine of \$43,000 for its violations of NASD Rule 3360 and FINRA Rule 4560, and a fine of \$12,000 for its violations of NASD Rule 3010, NASD Rule 2110 and FINRA Rule 2010).

Respondent agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against the firm;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and

¹ See Principal Consideration 12 of the FINRA Sanction Guidelines and Notice to Members 08-70.

- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Respondent understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:
 - 1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the firm;
 - 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

The undersigned, on behalf of the firm, certifies that a person duly authorized to act on the firm's behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that the firm has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the firm to submit it.

July 13, 2015
Date

TradeStation Securities Inc.

By: [Signature]

Name: Garry Weiss

Title: President

Reviewed by:

[Signature]
Steven M. Greenbaum
General Counsel
TradeStation Securities, Inc.
8050 SW 10th Street, Suite 2000
Plantation, Florida 33324

Accepted by FINRA:

7/28/15
Date

Signed on behalf of the
Director of ODA, by delegated authority

[Signature]
Kenneth R. Bozza, Chief Counsel
Legal Section
FINRA Department of Market Regulation