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PRESS RELEASE

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SEC Charges TradeStation Crypto for Unregistered Offer and Sale of Crypto Asset Lending Product

Florida-based company agrees to settle charge concerning interest feature on crypto asset accounts

FOR IMMEDIATE RELEASE | 2024-16

Washington D.C., Feb. 7, 2024 – The Securities and Exchange Commission today announced charges against TradeStation Crypto, Inc., based in Plantation, Florida, for failing to register the offer and sale of a crypto lending product that allowed U.S. investors to deposit or purchase crypto assets in a TradeStation account in exchange for the company’s promise to pay interest. To settle the SEC’s charges, TradeStation agreed to pay a \$1.5 million penalty.

According to the SEC’s order, TradeStation began to offer and sell the crypto lending product with the interest feature around August 2020. TradeStation marketed the interest feature as a way for investors to earn interest and “Put your crypto assets to work for you,” and TradeStation had complete discretion over how to deploy the assets to generate revenue to pay interest to investors. The order finds TradeStation offered and sold the crypto lending product with the interest feature as a security, and, since it did not qualify for a registration exemption, TradeStation was required to register its offer and sale but failed to do so.

According to the SEC’s order, on June 30, 2022, TradeStation voluntarily stopped offering and selling the interest feature to investors. TradeStation announced earlier this year that it intends to terminate all its crypto-related products and services in the U.S. market on February 22, 2024.

“The SEC charged TradeStation with failure to register its crypto lending product before offering it to investors. This case highlights the importance of ensuring that investors benefit from the disclosure requirements provided by the federal securities laws, regardless of the label applied to the offering,” said Stacy Bogert, Associate Director of the SEC’s Division of Enforcement.

Without admitting or denying the SEC’s findings, in addition to the civil penalty, TradeStation agreed to a cease-and-desist order prohibiting it from violating the registration provisions of the Securities Act of 1933. In parallel actions announced today, TradeStation agreed to pay an additional \$1.5 million in fines to settle similar charges by state regulatory authorities.

The SEC’s investigation was conducted by Kevin Hayne and Ashley Sprague, under the supervision of Pei Y. Chung and Ms. Bogert. The SEC appreciates the assistance of members of the North American Securities Administrators Association.

The SEC’s Office of Investor Education and Advocacy has previously issued an [Investor Bulletin on Crypto Asset Interest-bearing Accounts](#). Investors can find additional information about crypto assets at Investor.gov.

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