



**Enforcement Release: March 17, 2026**

**TradeStation Securities, Inc. Settles with OFAC for \$1,110,661 Related to Apparent Violations of Multiple Sanctions Regulations**

TradeStation Securities, Inc., a Florida-headquartered brokerage firm that operates online securities trading platforms, has agreed to pay OFAC \$1,110,661 to settle its potential civil liability for 481 apparent violations of multiple sanctions programs. For nearly a year, from June 21, 2021 to June 15, 2022, TradeStation provided investment services to customers located in Iran, Syria, and the Crimea region of Ukraine (“Crimea”) following a series of compliance control failures, enabling those customers to execute securities-related transactions.

The settlement amount reflects OFAC’s determination that the apparent violations were non-egregious and voluntarily self-disclosed. The settlement amount further reflects the significant remedial measures TradeStation implemented upon discovery of the apparent violations. More broadly, this enforcement action highlights the importance for financial institutions and other firms to deploy testing mechanisms to ensure that compliance tools are adequately implemented and functioning as intended.

**Description of the Apparent Violations**

TradeStation, founded in 1995, is a brokerage firm that offers desktop, web, and mobile platforms for retail and institutional investors to trade equities, options, and futures. TradeStation provides clearing, execution, and settlement services, as well as various financial products, including margin lending and securities lending programs. TradeStation and its affiliates operate worldwide, providing access to over 160 electronic exchanges and market centers globally.

In June 2022, TradeStation identified failures in its sanctions compliance systems as well as failures by sanctions compliance personnel to credibly test and validate sanctions-related tools and controls. Upon discovery of the sanctions compliance control failures, TradeStation conducted a review of transactions and the associated Internet Protocol (IP) addresses. This review led TradeStation to identify and disclose the 481 apparent violations.

*TradeStation’s Sanctions Compliance Systems*

As a general matter, during its customer onboarding process, TradeStation conducts background checks regarding the identity and residence of its prospective customers in accordance with its Know Your Customer procedures. Each prospective customer is screened against OFAC’s List of Specially Designated Nationals and Blocked Persons (the “SDN List”) and TradeStation rescreens its existing customers against the SDN List on a daily basis. Each prospective customer’s primary residence is screened to ensure they do not reside in a sanctioned jurisdiction.

From June 2021 to June 2022, TradeStation employed two tiers of geo-blocking technology to verify the location of its users while they utilized TradeStation’s web-based and mobile platforms to prevent access to TradeStation’s platforms from sanctioned jurisdictions. A key element of this

system was a firewall designed to deny users with IP addresses associated with sanctioned jurisdictions from accessing TradeStation's systems (the "first-tier geo-blocking"). TradeStation ran a separate third-party IP address verification tool that acted as a second layer of defense by authenticating a user's IP address upon login to TradeStation's web-based and mobile platforms and denied access based on location (the "second-tier geo-blocking").

Separately, TradeStation also subscribed to a third-party service that alerted TradeStation's sanctions compliance personnel to access attempts that had been prevented by the first and second tier geo-blocking controls. These notifications, which were delivered daily, documented efforts by TradeStation clients to access its platforms in jurisdictions subject to OFAC sanctions and other certain jurisdictions.

#### *Failures in TradeStation's IP Geo-Blocking Measures*

In April 2018, TradeStation designed and implemented proprietary software to improve the functionality and the overall user experience of TradeStation's mobile platform. This new software, however, inadvertently rendered TradeStation's second-tier geo-blocking ineffective for users of its mobile platform. Instead of identifying and screening the user's IP address at the time of an attempted login to prevent users from sanctioned jurisdictions from trading, the second-tier geo-blocking protocol detected the IP address of the U.S.-located server from which TradeStation's new mobile platform software ran. This prevented the second-tier geo-blocking controls from functioning as designed, rendering them incapable of identifying users in Iran, Syria, and Crimea.

Additionally, on June 21, 2021, one of TradeStation's employees inadvertently failed to reenabling the first-tier geo-blocking control after disabling it to install a software update from TradeStation's cloud services provider. This left TradeStation's first-tier geo-blocking controls effectively disabled, and they remained so until at least June 15, 2022. This resulted in a nearly 12-month period during which TradeStation was not restricting access to its mobile platform by users with IP addresses associated with sanctioned jurisdictions (although sanctioned users attempting to access the web-based platform would have been blocked by the second-tier geo-blocking controls). Consequently, users located in Iran, Syria, and Crimea were able to access TradeStation's mobile platform and execute 481 trades during this time.

#### *Failures to Test or Validate TradeStation's Sanctions Compliance Systems*

In 2018, TradeStation's internal technology development affiliate developed an automated testing tool for its on-premises servers that would simulate access attempts by users with IP addresses associated with sanctioned jurisdictions. However, TradeStation later discovered that its third-party internet service and cloud providers were blocking these test access attempts before they could reach TradeStation's systems. TradeStation discontinued the use of this tool in November 2021 without replacing it, and, as a result, TradeStation had no effective testing mechanism—neither related to its on-premises servers nor its mobile platform—in place to ensure that its IP geo-blocking controls were functioning as intended at the time the 481 apparent violations occurred.

As noted, TradeStation maintained a third-party service that alerted sanctions compliance personnel of access attempts from sanctioned jurisdictions. On September 21, 2021, a TradeStation-affiliated

employee received an email from the third-party provider of its daily notifications that TradeStation's subscription would be expiring. This employee failed to renew the subscription and did not notify others in TradeStation's sanctions compliance department about the expiration of the daily notifications. For a period of over eight months, TradeStation's sanctions compliance personnel failed to address the absence of its once-daily OFAC alerts and did not consider or act on what the lack of notifications might have signaled about TradeStation's sanctions compliance program.

### *Summary of Apparent Violations*

As a result of the conduct described above, between June 21, 2021 and June 15, 2022, TradeStation processed 481 trades through TradeStation's mobile application for a total of \$4,442,645, in apparent violation of § 560.204 of the Iranian Transaction and Sanctions Regulations (ITSR), 31 C.F.R. part 560, § 542.207 of the Syrian Sanctions Regulations (the "SySR"), 31 C.F.R. part 542,<sup>1</sup> and § 589.207 of the Ukraine-/Russia-Related Sanctions Regulations (URSR), 31 C.F.R. part 589 (the "Apparent Violations").

### **Penalty Calculations and General Factors Analysis**

OFAC determined that TradeStation self-disclosed the Apparent Violations and that the Apparent Violations constitute a non-egregious case. Accordingly, under OFAC's Economic Sanctions Enforcement Guidelines ("Enforcement Guidelines"), 31 C.F.R. part 501, app. A., the base civil monetary penalty applicable in this matter equals the sum of one-half of the transaction value for each apparent violation, which is \$2,221,322.

The settlement amount of **\$1,110,661** reflects OFAC's consideration of the General Factors under the Enforcement Guidelines.

OFAC determined the following to be **aggravating factors**:

- (1) TradeStation failed to exercise a minimal degree of caution or care by leaving significant compliance deficiencies unaddressed for approximately a year. TradeStation knew or should have known about the importance of testing its systems because TradeStation received a Cautionary Letter from OFAC earlier in 2021, regarding apparent violations resulting from other deficiencies related to its geo-blocking software. Despite this warning, TradeStation failed to ensure its IP geo-blocking controls were properly tested, including discontinuing use of its automated testing tool for on-premises servers in November 2021. TradeStation also failed to address its nonreceipt of the once-daily OFAC alerts for a period of over eight months, the absence of which should have served as an additional warning sign.

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<sup>1</sup> On June 30, 2025, President Trump issued E.O. 14312, "Providing for the Revocation of Syria Sanctions," which revoked, effective July 1, 2025, six Executive orders that formed the foundation of the SySR, and terminated the national emergency underlying those Executive orders, which resulted in the removal of the SySR effective July 1, 2025. The issuance of E.O. 14312 and revocation of these sanctions does not affect past, present, or future OFAC enforcement investigations or actions related to any apparent violations of the Syrian Sanctions Regulations arising from activities that occurred prior to May 23, 2025.

- (2) TradeStation harmed the objectives of U.S. sanctions programs by processing 481 securities trades on behalf of individuals located in sanctioned jurisdictions and providing such persons access to the U.S. financial system.
- (3) TradeStation is a sophisticated, heavily regulated, and technology-driven firm. TradeStation and its affiliates operate across more than 160 electronic exchanges and market centers globally. TradeStation is one of the oldest online brokers for retail investment.

OFAC found the following to be **mitigating factors**:

- (1) TradeStation promptly took significant remedial steps after discovering the Apparent Violations, including by implementing numerous new technical controls and solutions to ensure that any future failures of its IP geo-blocking mechanisms or OFAC-related alert functions could be quickly identified.
- (2) The volume of Apparent Violations represents a small percentage of the total volume of transactions conducted by TradeStation during the relevant time period, and TradeStation received less than \$2,000 in revenue from the Apparent Violations.
- (3) TradeStation voluntarily self-disclosed the apparent violations to OFAC and cooperated with OFAC's investigation by responding to requests for information in a timely and well-organized manner.

### **Compliance Considerations**

This enforcement action highlights the importance of regular testing and auditing to ensure sanctions compliance controls are effectively mitigating risk and preventing sanctions violations. Controls only work if they are effectively implemented. The most well-designed sanctions compliance program can be rendered wholly ineffectual by human and technical errors. Comprehensive, independent, and objective testing and auditing can help catch problems early and provide opportunities for remediation, thereby limiting risk of violating sanctions.

Regular testing and auditing also provide opportunities for evaluating sources of sanctions risk and ensuring that appropriate controls are in place to address them. Controls should be well designed to address particular sanctions risks, including those presented by particular technology offerings. These controls may include appropriately calibrated screening protocols, geo-blocking controls, and Virtual Private Network detection software. They may also include controls to validate proper system operation and execution following any outage, including due to planned maintenance or upgrade. Broker-dealers utilizing real-time order placement and trade execution platforms should also consider appropriate investments to ensure the modernization and adequate functionality of their sanctions-related compliance solutions.

Firms should not treat testing and auditing—or any other sanctions compliance undertaking—as a box-checking exercise. Sanctions risks are dynamic and may fluctuate as prohibitions change or as businesses evolve. While technological solutions are often a critical part of an effective sanctions

compliance program, firms should ensure they are not overly relying on a patchwork of software or taking a “set it and forget it” approach to compliance.

## **OFAC Enforcement and Compliance Resources**

On May 2, 2019, OFAC published [A Framework for OFAC Compliance Commitments](#) in order to provide organizations subject to U.S. jurisdiction, as well as foreign entities that conduct business in or with the United States or U.S. persons, or that use goods or services exported from the United States, with OFAC’s perspective on the essential components of a sanctions compliance program. The *Framework* also outlines how OFAC may incorporate these components into its evaluation of apparent violations and resolution of investigations resulting in settlements. The *Framework* includes an appendix that offers a brief analysis of some of the root causes of apparent violations of U.S. economic and trade sanctions programs OFAC has identified during its investigative process.

Information concerning the civil penalties process can be found in the OFAC regulations governing each sanctions program; the Reporting, Procedures, and Penalties Regulations, 31 C.F.R. part 501; and the Economic Sanctions Enforcement Guidelines, 31 C.F.R. part 501, app. A. These references, as well as recent civil penalties and enforcement information, can be found on OFAC’s website at <https://ofac.treasury.gov/civil-penalties-and-enforcement-information>.

## **Whistleblower Program**

The U.S. Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN) maintains a [whistleblower incentive program](#) for violations of OFAC-administered sanctions, in addition to violations of the Bank Secrecy Act. Individuals located in the United States or abroad who provide information about sanctions violations may be eligible for awards, if the information they provide leads to a successful enforcement action that results in monetary penalties exceeding \$1,000,000. The incentive program is available for whistleblowers providing information relating to potential violations at any type of enterprise in any commercial sector.

For more information regarding OFAC regulations, please go to: <https://ofac.treasury.gov/>.