

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2022076785901**

TO: Department of Enforcement  
Financial Industry Regulatory Authority (FINRA)

RE: Firstrade Securities, Inc. (Respondent)  
Member Firm  
CRD No. 16843

Pursuant to FINRA Rule 9216, Respondent Firstrade Securities, Inc. 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 in this AWC.

**I.**

**ACCEPTANCE AND CONSENT**

- A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

**BACKGROUND**

Firstrade Securities has been a FINRA member since December 1985. The firm offers an online trading platform to retail customers. Firstrade Securities is headquartered in Flushing, New York, and has 23 registered representatives in two branch offices.<sup>1</sup>

**OVERVIEW**

From July to September 2022, Firstrade Securities distributed retail communications concerning crypto assets or crypto asset-related services which failed to clearly disclose that crypto assets were not offered through a registered broker-dealer, or which did not provide a fair and balanced presentation of the benefits and risks of the products discussed. Therefore, Firstrade Securities violated FINRA Rules 2210(d) and 2010 and is censured and fined \$85,000.

**FACTS AND VIOLATIVE CONDUCT**

This matter originated from a targeted exam of firm practices regarding retail communications concerning crypto asset products and services.

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<sup>1</sup> For more information about the firm, including prior regulatory events, visit BrokerCheck® at [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

FINRA Rule 2210 addresses FINRA member communications with the public and includes content standards that apply to all member communications, including retail communications. FINRA Rule 2210(a)(5) defines a retail communication as any written (including electronic) communication that is distributed or made available to more than 25 retail investors within any 30 calendar-day period.

FINRA Rule 2210(d)(1)(A) requires that all member communications be based on principles of fair dealing and good faith, be fair and balanced, and provide a sound basis for evaluating the facts regarding any particular security, industry, or service. In addition, no member may omit any material fact or qualification if the omission, considering the context of the material presented, would cause the communication to be misleading. FINRA Rule 2210(d)(1)(B) states that no member may make any false, exaggerated, unwarranted, promissory, or misleading statement or claim in any communication. In addition, no member may publish, circulate, or distribute any communication that the member knows or has reason to know contains any untrue statement of a material fact or is otherwise false or misleading.

FINRA Rule 2210(d)(3) states that all retail communications and correspondence must (A) prominently disclose the name of the member, or the name under which the member's broker-dealer business is conducted as disclosed on the member's Form BD, and may also include a fictional name by which the member is commonly recognized or which is required by any state or jurisdiction; (B) reflect any relationship between the member and non-member or individual who is named; and (C) if it includes other names, reflect which products or services are offered by the member.

A violation of FINRA Rule 2210 also is a violation of FINRA Rule 2010, which requires member firms to observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business.

During the relevant period, Firstrade Securities distributed communications regarding crypto assets offered by its affiliate. The affiliate required customers who wished to purchase crypto assets to maintain brokerage accounts with Firstrade Securities. Between July and September 2022, Firstrade Securities distributed 33 communications concerning crypto assets or crypto asset-related services—including website pages and social media posts that were broadly available—that violated one or more of the content standards in FINRA Rule 2210.

Most of these communications failed to prominently disclose that the crypto assets were not offered by Firstrade Securities, but were offered by an affiliate, which, unlike Firstrade Securities, was not a registered broker-dealer or member of FINRA or SIPC. Many also failed to prominently disclose the name of the firm and reflect which products were being offered by the firm. For example, the firm distributed social media posts using its own handle promoting crypto assets without disclosing that the firm itself does not offer or hold those crypto assets. In one social media post, the firm wrote "our US customers can trade 41 popular cryptocurrencies." Another included the statement, "Open a #brokerage account today: stocks, ETFs, options, and crypto trading, among many more investment choices!" and included a link directing customers to "Open a brokerage

account today!” Neither communication disclosed that crypto assets were offered by an affiliate of the firm, not the broker-dealer itself. These communications could potentially confuse retail investors about which entity was offering the services and, as a result, about whether securities regulations and protections applied.

In addition, most of these communications failed to provide balanced treatment of risks and potential benefits, such as omitting that the crypto assets described in those communications were speculative and involved a high degree of risk. For example, the firm published a blog post describing the features of a specific crypto asset and promoting its benefits, including, for example, that it was designed to solve “a number of significant obstacles faced by the blockchain industry,” and “to facilitate extremely fast transaction speeds and scalability.” However, that blog post did not disclose any of the associated risks.

Firstrade Securities’ crypto affiliate ceased offering crypto assets after the relevant period and, as a result, Firstrade Securities ceased distributing retail communications concerning crypto assets offered by its affiliate.

Therefore, Firstrade Securities violated FINRA Rules 2210(d)(1)(A), 2210(d)(1)(B), 2210(d)(3), and 2010.

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

- a censure and
- a \$85,000 fine.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent 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 an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

## 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 it;
- 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
- 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 its acceptance or rejection.

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 Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
  - 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 its subject matter 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 Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.
- D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent 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.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent'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 Respondent has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than

the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

5/2/2025  
Date

John Lo  
Firsttrade Securities, Inc.  
Respondent

Print Name: JOHN LIU

Title: CEO

Reviewed by:

Luke T. Cadigan

Luke T. Cadigan  
Counsel for Respondent  
Cooley LLP  
500 Boylston Street, 14th Floor  
Boston, MA 02116

Accepted by FINRA:

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

May 28, 2025  
Date

Leah Milbauer  
Leah Milbauer  
Principal Counsel  
FINRA  
Department of Enforcement  
99 High Street, Suite 900  
Boston, MA 02110