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FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2020068991101

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

RE: tastytrade, Inc., formerly known as tastyworks, Inc. (Respondent)
Member Firm
CRD No. 277027

Pursuant to FINRA Rule 9216, Respondent tastytrade, Inc., formerly known as tastyworks, 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

tastytrade has been a FINRA member since March 2016 and has approximately 85 registered representatives. In February 2023, the firm changed its name from tastyworks, Inc. to tastytrade, Inc. The firm is headquartered in its one office in Chicago, Illinois and offers self-directed trading to retail investors through its website, desktop, and mobile applications.[1]

OVERVIEW

From at least January 2020 through December 2023, tastytrade violated FINRA Rules 4530(d) and 2010 by failing to report to FINRA accurate statistical and summary information regarding written customer complaints. During this period, the firm received, but failed to report, at least 71 written customer complaints. Additionally, during this period, tastytrade violated FINRA Rules 3110 and 2010 by failing to establish, maintain, and enforce a supervisory system, including written procedures, reasonably designed to achieve compliance with FINRA Rule 4530(d).

For these violations, tastytrade is censured and fined $200,000.

[1] For more information about the firm, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

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FACTS AND VIOLATIVE CONDUCT

This matter originated from a review by FINRA's Department of Market Regulation.

A. tastytrade failed to accurately report statistical and summary information regarding customer complaints.

FINRA Rule 4530 requires member firms to report to FINRA certain customer complaints. FINRA Rule 4530(d) requires member firms to report on a quarterly basis statistical and summary information regarding written customer complaints, in such detail as FINRA shall specify, by the 15th day of the month following the calendar quarter in which customer complaints are received by the member. FINRA Rule 4530 Supplementary Material .08 (Rule 4530.08) requires that member firms report any written grievance by a customer involving the member or any person associated with the member. FINRA uses the information received pursuant to Rule 4530 for regulatory purposes, including to identify and initiate investigations of potential misconduct.

A violation of FINRA Rule 4530(d) is also a violation of FINRA Rule 2010, which requires firms to observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business.

From at least January 2020 through December 2023, tastytrade failed to accurately report statistical and summary information regarding written customer complaints it received. For example, in a sample of customer communications from six non-consecutive weeks during the period, the firm received, but failed to report, 71 written customer complaints of varying subject matters.

Therefore, tastytrade violated FINRA Rules 4530(d) and 2010.

B. tastytrade failed to establish and maintain a supervisory system reasonably designed to achieve compliance with FINRA Rule 4530(d).

FINRA Rule 3110(a) requires each member firm to establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. FINRA Rule 3110(b) requires each member firm to establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules.
A violation of FINRA Rule 3110 is also a violation of FINRA Rule 2010.

From at least January 2020 to December 2023, tastytrade did not establish, maintain and enforce a supervisory system, including written supervisory procedures, reasonably designed to achieve compliance with FINRA Rule 4530(d). The firm required its personnel to escalate "grievances" to the firm's compliance department to determine whether such grievances were reportable under Rule 4530(d). However, the firm's

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training and procedures, including written supervisory procedures, did not include specific factors that firm representatives or their supervisors should consider in determining whether escalation was warranted.

In early 2024, the firm revised its training and guidance regarding the identification of complaints required to be reported by Rule 4530(d) and included factors that should be considered in determining whether escalation is warranted.

By failing to establish and maintain a supervisory system, including written supervisory procedures, reasonably designed to achieve compliance with FINRA Rule 4530(d), tastytrade violated FINRA Rules 3110 and 2010.

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

- a censure and
- a $200,000 fine.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. FINRA's Finance Department will contact Respondent regarding payment. 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 become 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

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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

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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.

May 22, 2026
____
Date

____
tastytrade, Inc.
Respondent

Print Name: Joseph R. Corso

Title: Head of Brokerage

Reviewed by:

Michael Lohnes
____
Michael J. Lohnes
Counsel for Respondent
Katten Muchin Rosenman LLP
525 W. Monroe Street
Chicago, IL 60661-3693

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Accepted by FINRA:

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

May 29, 2026

Date

Kimberly Koziara

Kimberly Koziara
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