

IN THE MATTER OF THE SECURITIES ACT R.S.N.S. 1989, CHAPTER 418, AS  
AMENDED ("ACT")

-and-

IN THE MATTER OF TRADESTATION SECURITIES, INC. ("RESPONDENT")

**SETTLEMENT AGREEMENT**

**PART I - INTRODUCTION**

1. The parties to this Settlement Agreement ("Agreement") are the Respondent and Staff of the Nova Scotia Securities Commission.
2. The parties agree that the Nova Scotia Securities Commission ("Commission") has jurisdiction over this matter.
3. The parties agree to recommend to the Commission approval of this Agreement in accordance with the terms and process set out herein.

**PART II - PROCEDURE FOR APPROVAL OF THE AGREEMENT**

4. Staff of the Commission ("Staff") agrees to request that a Notice of Hearing be issued setting down a hearing ("Settlement Hearing") wherein the Commission will consider whether it is in the public interest to approve this Agreement and to issue an Order in the form attached as Schedule "A".
5. The parties agree that the Agreement constitutes the entirety of the evidence to be submitted to the Commission at the Settlement Hearing.
6. Staff agrees to recommend that the allegations acknowledged and admitted by the Respondent be resolved and disposed of in accordance with this Agreement.
7. The Parties acknowledge that this Agreement will become a public document upon its approval by the Commission at the Settlement Hearing.

**PART III - STATEMENT OF AGREED FACTS**

8. Staff and the Respondent agree with the facts and conclusions set out in this Part of the Agreement.
9. The Respondent is a U.S. licensed securities broker-dealer and registered futures commission merchant, with its head office located at Plantation, Florida.
10. The Respondent is not registered with the Commission to trade securities in Nova Scotia.
11. Between January 1, 2006 and December 31, 2008 the Respondent maintained four self-directed futures accounts for investors resident in Nova Scotia.

12. As of December 31, 2008 there has been no trading activity in any self-directed futures accounts held by the Respondent for investors resident in Nova Scotia.

**PART IV - STATEMENT OF ALLEGATIONS ACKNOWLEDGED AND ADMITTED BY THE RESPONDENT**

13. The Respondent admits the facts set forth in Part III herein and acknowledges it violated section 31(1) of the Act.
14. The Respondent acknowledges and admits that it violated Nova Scotia securities laws and acted contrary to the public interest in failing to conduct the requisite due diligence to ensure compliance with Nova Scotia securities laws.

**PART V - MITIGATING FACTORS**

15. The Respondent acknowledges and accepts responsibility for its conduct which is the subject matter of this Agreement.
16. The Respondent cooperated with Staff's investigation of this matter.
17. The Respondent has not opened any new accounts for investors resident in Nova Scotia since July 17, 2008.
18. The Respondent did not engage in direct solicitation, marketing or advertising efforts in Nova Scotia, nor did it use any form of referral or finder's fees to obtain accounts in Nova Scotia.
19. The Respondent's violation of Nova Scotia securities laws was an inadvertent result of the Respondent's erroneous belief in good faith that its non-solicitation of residents of Nova Scotia exempted the Respondent from registration in Nova Scotia.
20. The Respondent has not at any time carried on business in Nova Scotia, does not have any Nova Scotia branch offices and is not listed as a securities dealer in any Nova Scotia business directories.
21. The Respondent has not been subject to any customer complaints from Nova Scotia residents and has no previous regulatory history with the Commission.

**PART VI - TERMS OF SETTLEMENT**

22. The terms of settlement are set forth in the Order contained in Schedule "A" to this Agreement which is expressly incorporated herein.
23. The Respondent consents to the order contained in Schedule "A".

**PART VII - PART VIII – COMMITMENTS**

24. If this Agreement is approved and the Order as set out in Schedule "A" is granted, the parties agree to waive any right to a full hearing and judicial review and appeal of this matter.



25. If this Agreement is approved by the Commission, the parties will not in any way make any statement, public or otherwise, that is inconsistent with the terms of this Agreement.
26. If this Agreement is approved by the Commission, the Respondent agrees to abide by all terms of this Agreement as set out in the Order annexed as Schedule "A".
27. If, for any reason whatsoever, this Agreement is not approved, or the Order set forth in Schedule "A" is not granted by the Commission:
  - a) Staff and the Respondent will be entitled to proceed to a hearing of the allegations which are the subject matter of this Agreement unaffected by the Agreement or the settlement negotiations;
  - b) The terms of the Agreement will not be raised in any other proceeding or disclosed to any person except with the written consent of Staff and the Respondent or as may otherwise be required by law; and
  - c) The Respondent agrees that it will not raise in any proceeding the Agreement or the negotiations or process of approval thereof as a basis of any attack or challenge of the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other challenge that may otherwise be available.
28. If, in the view of Staff and prior to the approval of this Agreement by the Commission, there are new facts or issues of substantial concern regarding the facts set out in Part III of this Agreement, Staff will be at liberty to withdraw from this Agreement. Notice of such intention will be provided to the Respondent in writing. In the event of such notice being given, the provisions of paragraph 27 in this Part will apply as if this Agreement had not been approved in accordance with the procedures set out herein.

#### **PART VIII - DISCLOSURE OF SETTLEMENT AGREEMENT**

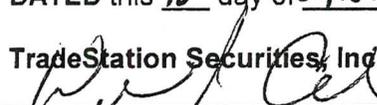
29. Staff and the Respondent may refer to any or all parts of this Agreement as required by the General Rules of Practice and Procedure and in the course of the Settlement Hearing. Otherwise, this Agreement and its terms will be treated as confidential, other than to accounts and as required by applicable law, by all parties to it until approved by the Commission, and forever if, for any reason whatsoever, this settlement is not approved by the Commission.

**PART IX - EXECUTION OF SETTLEMENT AGREEMENT**

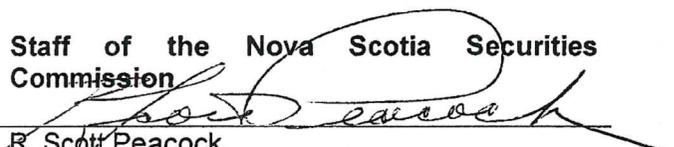
30. This Agreement may be signed in one or more counterparts that together shall constitute a binding agreement and a facsimile copy of any signature shall be as effective as an original signature.

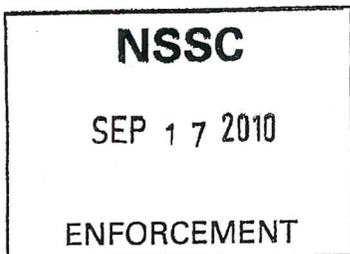
DATED this 13<sup>th</sup> day of September, 2010.

**TradeStation Securities, Inc.**

  
\_\_\_\_\_  
Per: William P. Cahill  
Position: President and Chief Operating Officer

**Staff of the Nova Scotia Securities  
Commission**

  
\_\_\_\_\_  
R. Scott Peacock,  
Director of Enforcement  
Nova Scotia Securities Commission



SCHEDULE "A"

IN THE MATTER OF THE SECURITIES ACT  
R.S.N.S. 1989, CHAPTER 418, AS AMENDED ("Act")

-and-

IN THE MATTER OF  
TRADESTATION SECURITIES, INC. ("Respondent")

**ORDER**

(Sections 135, 135A)

WHEREAS on \_\_\_\_\_ 2010, the Nova Scotia Securities Commission ("Commission") issued a Notice of Hearing to the Respondent pursuant to sections 135 and 135A of the Act;

AND WHEREAS the Respondent entered into a Settlement Agreement with Staff of the Commission ("Staff") whereby it agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

AND WHEREAS Staff recommended approval of the Settlement Agreement;

AND WHEREAS the Commission is of the opinion that the Respondent has contravened the Act and it is in the public interest to make this Order;

AND UPON reviewing the Settlement Agreement and the Notice of Hearing, and upon hearing submissions of counsel for Staff and the Respondent;

IT IS HEREBY ORDERED, pursuant to sections 135 and 135A of the Act, that:

1. The Settlement Agreement dated \_\_\_\_ 2010, a copy of which is attached hereto, is approved;
2. Pursuant to section 135 of the Act, the Respondent shall pay an administrative penalty in the amount of seven thousand five hundred Canadian dollars (\$7,500.00); and
3. Pursuant to section 135A of the Act, the Respondent shall pay costs in connection with the investigation and conduct of the proceedings before the Commission in the amount of two thousand five hundred Canadian dollars (\$2,500.00).

DATED at Halifax, Nova Scotia, this \_\_\_\_ day of \_\_\_\_\_ 2010.

**NOVA SCOTIA SECURITIES COMMISSION**

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