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**NORTH AMERICAN DERIVATIVES EXCHANGE, INC.**  
**NOTICE OF DISCIPLINARY ACTION**

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**FILE NO.:** TPI\_2021\_030

**MEMBER:** Jingxin Xu

**NADEX RULES:**

**NADEX MEMBERSHIP AGREEMENT**

Member Representations, Section (d):

You and, if relevant, Your employees and agents will not trade or otherwise act on behalf of any other person or entity (whether or not a Member) in placing orders on the Nadex System, including by allowing any person not disclosed on the Membership Application to have an economic interest in the trades placed by the Member;

Member Acknowledgements and Authorizations, Section (h):

You acknowledge and agree that You will, following a request by Nadex, promptly provide to Nadex financial or other information as Nadex may reasonably request or as may be required for Nadex to respond to a request for information from the Commodity Futures Trading Commission ("CFTC") or other regulatory or judicial bodies.

**RULE 3.3 MEMBER OBLIGATIONS**

- (a) Each Member and any Authorized Trader(s) thereof, must comply with these Rules, applicable provisions of the Commodity Exchange Act, and relevant Commission regulations. Each Member and any Authorized Trader(s) thereof must also cooperate promptly and fully with Nadex, its agents, and/or the Commission in any investigation, call for information, inquiry, audit, examination, or proceeding. Such cooperation shall include providing Nadex with access to information on the activities of such Member and/or Authorized Trader in any referenced market that provides the underlying prices for any Nadex market. . . .

**RULE 5.19 PROHIBITED TRANSACTIONS AND ACTIVITIES**

- (k) No Person shall intentionally provide misleading, erroneous, or fraudulent information to Nadex on a membership application or otherwise.

**FINDINGS:** On June 25, 2021, the Nadex Compliance Department sent Jingxin Xu an Account Inquiry letter requesting, among other things, general background information, source of funds

information, banking statements and details regarding her order and trading activity. Jingxin Xu failed to fully comply with this investigation, when she failed to produce additional information and she was notified that an Investigation had been opened on November 8, 2021. Further, the Compliance Department found Jingxin Xu allowed a third party to have a direct economic interest in the activity and trading in her Nadex account. Lastly, the Compliance Department found that Jingxin Xu failed to disclose her relationship with other Nadex Members, despite sharing account commonalities.

Based on Nadex's investigation, the Compliance Department determined that Jingxin Xu violated Rule 3.3(a) and Member Acknowledgements and Authorizations, Section (h) of the Nadex Membership Agreement when she failed to fully cooperate with the Compliance Department's inquiry regarding these matters. Further, Jingxin Xu violated the Nadex Membership Agreement, Member Representations Section (d), when she allowed a third party to have a direct economic interest in the activity and trading in her Nadex account. Finally, Compliance concluded that Jingxin Xu violated Nadex Rule 5.19(k), when she failed to disclose her relationship with other Nadex Members, despite sharing account commonalities.

**PENALTY:** By settlement agreement, in which Jingxin Xu neither admitted nor denied the findings or conclusions of the investigation, Jingxin Xu has been assessed a \$4,000.00 fine. Additionally, Jingxin Xu's Nadex Membership has been revoked, her account terminated, and she has been permanently banned from trading on Nadex Markets, either directly for her own account or through an intermediary, or as an authorized trader on behalf of any other account.

**EFFECTIVE DATE:** October 14, 2022