

NORTH AMERICAN DERIVATIVES EXCHANGE, INC.
NOTICE OF DISCIPLINARY ACTION

FILE NO.: INQ_2018_004(d)

MEMBER: Jordan Terry

NADEX RULES:

NADEX MEMBERSHIP AGREEMENT – MEMBER ACKNOWLEDGEMENTS AND AUTHORIZATIONS

(a) . . . You may not give control over Your account to any other person or entity and You may not control the account of any other Member. You shall maintain the confidentiality of Your Access Materials and prevent the unauthorized use of Your Access Materials at all times . . . You may not . . . permit any other person or entity to access or attempt to access the Nadex System using Your Access Materials

NADEX MEMBERSHIP AGREEMENT – MEMBER REPRESENTATIONS

(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.

(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. Additionally, each Member must update its e-mail address within 24 hours after any change and update all other information provided in its application for membership within five days after that information has changed. If any Member or Authorized Trader(s) thereof fail to satisfy these obligations, Nadex may revoke or suspend the Member’s privileges in full or in part

RULE 5.2 TRADING MEMBER AND AUTHORIZED TRADER ACCESS TO NADEX

(e) Each Trading Member will be responsible for protecting its ID and password, and with respect to an entity Trading Member, the ID(s) and password(s) of its Authorized Trader(s), from improper disclosure. In addition, a Trading Member may not knowingly or negligently

permit any Person not authorized by Nadex and by the Trading Member to use the ID and password to access the secure portion of the Nadex website

RULE 5.19 PROHIBITED TRANSACTIONS AND ACTIVITIES

(g)(1) No individual Trading Member shall trade for a person or entity other than itself and no Authorized Trader of an entity Trading Member shall trade for a person or entity other than the entity Trading Member for whom that Person is an Authorized Trader.

(g)(2) No individual or entity Trading Member may deposit funds, or allow funds to be deposited into their Nadex account from any bank account or debit card not held in the same name as their Nadex account.

(o) No Member shall deposit funds into its Nadex account from an account which does not hold sufficient funds at the time of deposit, and at the time the deposit is presented by Nadex for payment.

(p) No Member shall make a false representation to a third party regarding any deposit made into that Member's Nadex account which would result in a chargeback or stop payment of funds to the Member's account.

(q) No Member shall allow its settlement account balance to become negative by any means. In the event that a Member's settlement account balance becomes negative, the Member must immediately deposit additional funds to correct the deficiency

FINDINGS: In April 2018, the Compliance Department attempted to contact Jordan Terry ("Terry") regarding a pending investigation into her account activity, however, the email address associated with Terry's account had been deactivated. Accordingly, Terry did not respond to the Compliance Department's request for information. The Compliance Department also discovered that at least one other Nadex Member directly and indirectly funded her account on multiple occasions from a bank account held in the name of a third party. Additionally, during the period in which her account was active, Terry made ACH deposits to her Nadex account which failed clear due to insufficient funds, resulting in a negative balance in her Nadex account. Further, a debit card dispute was filed related to legitimate deposits made to Terry's Nadex account. Based on Nadex's investigation, the Compliance Department concluded that Terry violated Nadex Rule 3.3(a) when she failed to update the email address registered to her account resulting in an invalid email address, and Nadex Rule 3.3(a) and the Membership Agreement, Member Representations, Section (h) when she failed to respond to, and/or cooperate with, the Compliance Department's request for information. Additionally, the Compliance Department concluded that Terry violated the Membership Agreement, Member Acknowledgements and Authorizations, Section (a) and Nadex Rule 5.2(e) when she knowingly and/or negligently permitted a third party to access her Nadex account, Nadex Rules 5.19(g)(1) and (g)(2), and the Membership Agreement, Member Representations, Section (d) when she allowed a third party to have an economic interest in her Nadex account by depositing funds from a bank account held in the name of a third party, and subsequently attempting to trade her account on behalf of the third party. Finally, Terry violated Nadex Rules 5.19(o) and 5.19(q) when she deposited funds to her Nadex account from a bank account which did not hold sufficient funds at the time of deposit, resulting in a negative balance in her Nadex account, and Rule 5.19(p) when a false

representation was made resulting in a chargeback regarding legitimate deposits to her Nadex account.

PENALTY: As a result of her non-compliance with the Nadex Membership Agreement Sections (a), (d) and (h), and Nadex Rules 3.3(a), 5.2(e), 5.19(g)(1), 5.19(g)(2), 5.19(o), 5.19(p) and 5.19(q), Jordan Terry has been fined \$2,000.00. Additionally, Jordan Terry's membership has been revoked and she has been permanently banned from trading on the Nadex markets by any means.

EFFECTIVE DATE: April 29, 2019