
NORTH AMERICAN DERIVATIVES EXCHANGE, INC.
NOTICE OF DISCIPLINARY ACTION

FILE NO.: INQ_2022_004

MEMBER: Karla Salazar

NADEX RULES:

NADEX MEMBERSHIP AGREEMENT

Member Acknowledgements and Authorizations, Section (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. If You become aware of any deliberate or inadvertent disclosure, loss, theft or unauthorized use of Your Access Materials, You must notify Nadex immediately and request a new password. You may not access or attempt to access the Nadex System using the Access Materials of any other Member, or permit any other person or entity to access or attempt to access the Nadex System using Your Access Materials. [...]

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 5.2 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. An Entity Trading Member and its Authorized Trader(s) are prohibited from allowing any other person or entity from using these credentials to access the Nadex markets. Each Trading Member is required to immediately notify Nadex if it knows, or has reason to believe, that its ID or the ID and/or password of any Authorized Trader have been disclosed to any Person not authorized by Nadex and the Trading Member to use such ID and/or password. Under any circumstances, the Trading Member will be deemed to know that such ID and/or password have been disclosed to an unauthorized person 12 hours after any order is entered by that unauthorized person in your account.

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 March 23, 2022, Nadex Compliance sent Karla Salazar (“Salazar”) a request for information requesting, among other things, general background information, source of funds information, banking statements, prior trading experience, details regarding her order and trading activity and her relationship to other Nadex Members and any third-party. Salazar failed to fully comply with this investigation, when she failed to produce additional information despite providing her with multiple extensions and she was notified that an Investigation had been opened on July 18, 2022. Further, Nadex Compliance found Karla Salazar disclosed her Nadex Trader ID and password to a third party and allowed that person to access and trade her Nadex account and did not disclose this relationship.

Based on Nadex’s investigation, the Compliance Department determined that Karla Salazar 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, Karla Salazar violated the Nadex Membership Agreement, Member Representations Section (a), when she allowed a third party to access and trade her Nadex account. Additionally, Karla Salazar violated Nadex Rule 5.2(e) by disclosing her Nadex Trader ID and password to a third party. Finally, Compliance concluded that Karla Salazar violated Nadex Rule 5.19(k), by making false representations regarding a third party accessing and trading her Nadex account.

PENALTY: As a result of the aforementioned violations, the Nadex Compliance Department has deemed it appropriate that Karla Salazar’s Nadex Membership be revoked, her account terminated, and she be 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: February 2, 2023