

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

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**FILE NO.:** INQ\_2018\_035

**MEMBER:** Kevin Whyllie

**NADEX RULES:**

**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 . . . .

(d) Each Member must immediately notify Nadex in writing upon becoming aware:

(i) that the Member, any of the Member's officers or any of the Member's Authorized Traders has had access or trading privileges suspended, or membership denied, in any commodity, securities, or swaps exchange, brokerage, association, or Regulatory Agency;

(iv) that the Member, any of the Member's officers or any of the Member's Authorized Traders has been subject to, or associated with a firm that was subject to regulatory proceedings before any governmental or Regulatory Agency;

(v) that the Member, any of the Member's officers or any of the Member's Authorized Traders is currently a party to any investigation or proceeding, the resolution of which could result in an event described in Rule 3.3(d)(i)-(iv);

**RULE 5.19 PROHIBITED TRANSACTIONS AND ACTIVITIES**

(m) No Member may operate or solicit in any capacity that may require registration with the Commodity Futures Trading Commission (CFTC) without being properly registered.

**NADEX MEMBERSHIP AGREEMENT:**

Member Acknowledgements and Authorizations (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.

**FINDINGS:** The Nadex Compliance Department commenced an investigation into Member Kevin Whylie (“Whylie”) upon notice that Whylie was the subject of a Commodity Futures Trading Commission (“CFTC”) enforcement action (CFTC 18-CV-3177-LAP-KNF) regarding pool fraud, misappropriation of funds, and registration violations<sup>1</sup>, in which he was assessed monetary penalties, and was permanently banned from trading and from CFTC registration.

Whylie violated Nadex Rule 3.3(d) when he failed to notify Nadex that he was subject to regulatory proceedings before a Regulatory Agency and that he had his trading privileges suspended. Further, as part of its enforcement action, the CFTC determined that Whylie committed various registration violations in connection with a non-registered entity. As such, Whylie violated Nadex Rule 5.19(m) when he acted in a capacity that required him to register with the CFTC without obtaining the proper registration. Finally, Whylie violated Nadex Rule 3.3(a) and the Member Acknowledgements and Authorization Section (h) of the Membership Agreement when he failed to cooperate with the Compliance Department during this investigation.

**PENALTY:** As a result of the aforementioned violations, Kevin Whylie’s Nadex membership has been revoked, his account has been terminated, and he has been permanently banned from trading on the Exchange.

**EFFECTIVE DATE:** March 18, 2019

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<sup>1</sup> This violative activity was separate from Whylie’s activity on Nadex, and there is no direct evidence supporting Whylie engaged in such activity on the Exchange.