
NORTH AMERICAN DERIVATIVES EXCHANGE, INC.
NOTICE OF DISCIPLINARY ACTION

FILE NO.: INQ_2018_021

MEMBER: Anvesh Babu Yarlagadda

NADEX RULES:

RULE 5.19 PROHIBITED TRANSACTIONS AND ACTIVITIES

(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: A review of Anvesh Babu Yarlagadda's ("Yarlagadda") account indicated that Yarlagadda had made false claims to his banking institution for the purpose of initiating chargebacks on numerous debit card deposits made to his account. This in turn caused Yarlagadda's account balance to become negative, as he had already used funds from the deposits to enter transactions in Nadex markets. The amount of the chargebacks totaled \$11,000.00, which ended up resulting in a total debit balance of -\$9,650.13. After reviewing these claims and the reasons for the chargebacks, the Compliance Department found all to be without merit. Accordingly, Yarlagadda was found to have violated Rule 5.19(p) when he made false statements to his bank leading to 10 chargebacks on funds he had already used to trade in his Nadex account, and Rule 5.19(q) when he allowed his account to become negative and failed to immediately correct the deficit.

PENALTY: As a result of the violations, Anvesh Babu Yarlagadda's Nadex Membership has been revoked and he has been permanently banned from the Exchange.

EFFECTIVE DATE: September 18, 2019