

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

---

**FILE NO.:** INQ\_2018\_004(e)

**MEMBER:** Kristina Billingsly

**NADEX RULES:**

**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 . . . .

**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.

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

(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.

**FINDINGS:** In April 2018, the Compliance Department contacted Kristina Billingsly (“Billingsly”) requesting that she provide information related to her Nadex account and corresponding activity. In addition to failing to comply with the Compliance Department’s request for information, Billingsly provided false information to the Compliance Department relevant to a pending investigation. The Compliance Department further discovered that Billingsly allowed third-party funds to be indirectly deposited to her Nadex account. Over the life of her account, Billingsly also made multiple ACH deposits to her account which failed to clear due to insufficient funds at time of deposit. Based on Nadex’s investigation, the Compliance Department concluded that Billingsly violated the Nadex

Membership Agreement, Member Representations Section (h) and Nadex Rule 3.3(a) when she failed to fully respond to, and/or cooperate with, the Compliance Department's request for information, and Rule 5.19(k) when she provided false information relevant to a pending investigation. Moreover, the Compliance Department determined that Billingsly violated the Membership Agreement, Member Representations Section (d) and Nadex Rule 5.19(g)(1) when she allowed a third party to have an economic interest in her Nadex account, and, in turn, attempted to enter transactions on behalf of that third party. Finally, Billingsly violated Nadex Rule 5.19(o) when she deposited funds into her Nadex account from a bank account that did not have sufficient funds at the time of deposit.

**PENALTY:** As a result of her non-compliance with the Nadex Membership Agreement Sections (d) and (h), and Nadex Rules 3.3(a), 5.19(g)(1), 5.19(k), and 5.19(o), Kristina Billingsly has been fined \$2,500.00. Additionally, Kristina Billingsly'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