

NORTH AMERICAN DERIVATIVES EXCHANGE, INC.
NOTICE OF DISCIPLINARY ACTION

FILE NO.: INQ_2017_020(b)

MEMBER: Lili Wang

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 chargeback claims by Lili Wang and her Nadex account activity indicated that Wang made false representations to her bank for the purpose of reversing numerous debit card deposits made to her Nadex account. This in turn caused Wang's account balance to become negative, as she had already used funds from the deposits to trade binary options in the USD/JPY, EUR/JPY, GBP/USD, EUR/USD, USD/CAD, and AUD/USD currency pairs. The amount of the chargebacks totaled \$7,830, and Wang incurred \$1,400 in fees, \$25 for each of 56 chargebacks, leading to a total deficit balance of -\$9,229.25. Accordingly, Wang was found to have violated Rule 5.19(p) when she made false representations to her bank leading to 56 chargebacks on funds she had already used to trade in her Nadex account, and Rule 5.19(q) when she allowed her account to become negative and failed to immediately correct the deficit.

PENALTY: As a result of the Rule violations, Lili Wang's Nadex Membership has been revoked and she has been permanently banned from the Exchange.

EFFECTIVE DATE: June 15, 2018