

**NATIONAL FUTURES ASSOCIATION
BEFORE THE
HEARING PANEL**

FILED

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NATIONAL FUTURES ASSOCIATION
LEGAL DOCKETING

In the Matter of:)
)
X-CHANGE FINANCIAL)
ACCESS LLC)
(NFA ID #370203),)
)
and)
)
TIMOTHY FRANCIS HENDRICKS)
(NFA ID#225024),)
)
Respondents.)

NFA Case No. 24-BCC-004

DECISION

Having reviewed all matters relevant to the Complaint issued by the Business Conduct Committee (BCC) of National Futures Association (NFA) in the above-captioned case and having considered and accepted the Offer of Settlement (Offer) submitted by X-Change Financial Access LLC (XFA) and Timothy Francis Hendricks (Hendricks)(collectively, Respondents), this Hearing Panel (Panel) hereby issues this Decision as to Respondents.

I

ALLEGED VIOLATIONS OF NFA REQUIREMENTS

On April 24, 2024, the BCC issued a Complaint against XFA, an NFA Member introducing broker located in Chicago, Illinois. The Complaint also named Hendricks, an associated person and principal of XFA, and an NFA Associate.

The Complaint charged XFA with failing to keep full, complete and systematic records of all transactions and maintain all pre-trade communications, in

violation of Compliance Rule 2-10(a). Additionally, the Complaint charged XFA with allowing two unregistered individuals to act as associated persons without being NFA Associates, in violation of NFA Bylaw 301(b).

Finally, the Complaint charged XFA and Hendricks with failing to adequately supervise the firm's operations and employees, in violation of NFA Compliance Rule 2-9(a).

II

OFFER OF SETTLEMENT

Without admitting or denying the allegations made against them in the Complaint, XFA and Hendricks have submitted an Offer proposing to settle the charges against them on the terms and conditions set forth below.

- A. XFA agreed to pay a fine of \$400,000 to NFA (of which amount Hendricks shall share with XFA liability for \$100,000, on a joint and several basis) within 30 days after the effective date of a Decision accepting the Offer.
- B. Hendricks agreed not to act in a supervisory capacity for XFA or any other NFA Member for a period of 90 days, commencing on the effective date of a Decision accepting the Offer.
- C. XFA and Hendricks agreed to comply with the undertakings set forth in a side letter executed in connection with the Offer, which undertakings address and seek to remediate the violations alleged against the firm in the Complaint and relate to Hendricks' supervision prohibition.

In making their Offer, XFA and Hendricks acknowledged that any Decision issued by the Panel accepting the Offer would include findings that XFA failed to keep full, complete, and systematic records of all transactions and maintain all pre-trade communications, in violation of NFA Compliance Rule 2-10(a); allowed unregistered individuals to act as associated persons without being NFA Associates, in violation of

NFA Bylaw 301(b); and that XFA and Hendricks failed to adequately supervise the firm's operations and employees, in violation of NFA Compliance Rule 2-9(a).

III

FINDINGS

Pursuant to the Offer, the Panel finds that XFA failed to keep full, complete, and systematic records of all transactions and maintain all pre-trade communications, in violation of NFA Compliance Rule 2-10(a); allowed unregistered individuals to act as associated persons without being NFA Associates, in violation of NFA Bylaw 301(b); and that XFA and Hendricks failed to adequately supervise the firm's operations and employees, in violation of NFA Compliance Rule 2-9(a).

IV

PENALTY

Having considered the matter and having accepted the Offer submitted by XFA and Hendricks, the Panel hereby orders as follows:

- A. XFA shall pay a fine of \$400,000 to NFA (of which amount Hendricks shall share with XFA liability for \$100,000, on a joint and several basis) within 30 days after the effective date of a Decision accepting the Offer.
- B. Hendricks shall not act in a supervisory capacity for XFA or any other NFA Member for a period of 90 days, commencing on the effective date of a Decision accepting the Offer.
- C. XFA and Hendricks shall comply with the undertakings set forth in the side letter executed in connection with the Offer, which undertakings address and seek to remediate the violations alleged against the firm in the Complaint and relate to Hendricks' supervision prohibition.

This Decision and the Offer shall not be used as a sole basis for any other action or proceeding by NFA against XFA or Hendricks, including any registration matter, except that this Decision and the Offer may be used in an action to enforce the

terms thereof or in a subsequent disciplinary action or regulatory action, where they may be considered as disciplinary history and as evidence in aggravation on the issue of sanctions.

V

INELIGIBILITY

Pursuant to Commodity Futures Trading Commission (CFTC) Regulation 1.63, this Decision and the sanctions imposed herein render Hendricks ineligible to serve on a disciplinary committee, arbitration panel, oversight panel or governing board of any self-regulatory organization, as that term is defined in CFTC Regulation 1.63, until the later of three years after the effective date of this Decision, or until he has satisfied all the sanctions and conditions imposed by this Decision.

**NATIONAL FUTURES ASSOCIATION
HEARING PANEL**

Date: 11/20/2024

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By: Tim McDermott
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Chairperson