
NORTH AMERICAN DERIVATIVES EXCHANGE, INC.
NOTICE OF DISCIPLINARY ACTION

FILE NO.: INQ_2021_034

MEMBER: Nathan Peachey

NADEX RULES:

NADEX MEMBERSHIP AGREEMENT

Member Acknowledgements and Authorizations, Section (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.

Member Representations, Section (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;

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. Such cooperation shall include providing Nadex with access to information on the activities of such Member and/or Authorized Trader in any referenced market that provides the underlying prices for any Nadex market. . . .
- (d) Each Member must immediately notify Nadex in writing upon becoming aware:
 - (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

- (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.

FINDINGS: On December 7, 2021, the Compliance Department sent Nathan Peachey (“Peachey”) a request for information after receiving notification regarding his criminal background. Specifically, the Compliance Department was notified that Peachey was indicted in Federal District Court in November 2019 alleging, among other charges, fraud and money laundering. Upon further investigation, Nadex discovered that Peachey was convicted of the relevant charges in the indictment in December 2021.

Peachey failed to timely apprise Nadex that he was a party to the aforementioned criminal matter, when he was originally indicted on November 5, 2019, approximately six months after Peachey applied for Nadex Membership on March 8, 2019, and of his subsequent conviction. In addition, Peachey failed to fully comply with this investigation when he did not directly respond to the Compliance Department’s request for information regarding the aforementioned matter and replied with unrelated information. The Compliance Department also found Peachey allowed a third-party to fund his Nadex account by transferring funds into his bank account which were subsequently transferred to Nadex, thus providing a third-party with a direct economic interest in the trading activity in his Nadex account. Further, Nadex’s investigation revealed that Peachey executed trades in his Nadex account with funds that would not have been available to the bank account on record, but for the funding from the third-party and traded his account on behalf of the third-party.

Based on Nadex’s investigation, the Compliance Department determined that Peachey violated Nadex Rule 3.3(d)(v) when he failed to timely disclose the aforementioned criminal matter or any time thereafter to Nadex while he was a Member. Further, Compliance concluded that Peachey violated Nadex Rule 5.19(g)(1) and Member Representations, Section (d) when he executed trades in his Nadex account on a third-party’s behalf and allowed a third-party to have an economic interest in his Nadex account. Finally, the Compliance Department concluded that Peachey violated Rule 3.3(a) and Member Acknowledgements and Authorizations, Section (h) of the Nadex Membership Agreement when he failed to cooperate with the Compliance Department’s inquiry regarding these matters.

PENALTY: As a result of the aforementioned violations, the Nadex Compliance Department has deemed it appropriate that Nathan Peachey’s Nadex Membership be revoked, his account terminated, and he be permanently banned from trading on Nadex Markets, either directly for his own account or through an intermediary, or as an authorized trader on behalf of any other account.

EFFECTIVE DATE: June 9, 2022