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

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**FILE NO.:** TPI\_2019\_045

**MEMBER:** Syed Naqvi

**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.

**RULE 3.1 TRADING MEMBERS – APPLICATION, CLASSIFICATIONS, AND PRIVILEGES**

- (f) A Trading Member that is an individual, may not maintain and/or trade more than one Nadex account.

**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. . . .

**RULE 5.19 PROHIBITED TRANSACTIONS AND ACTIVITIES**

- (h) No Person shall engage in any activity that presents a risk of harm to Nadex, its Members, or the public.
- (i) No Person shall engage in any activity that adversely affects the integrity of the Market or its underlying systems.
- (n) No Person shall engage in any activity that is intended to, or has the effect of, manipulating

the market in violation of Sections 6(c) and 9(a)(2) of the CEA and no Person shall engage in any other activity that would violate the CEA or the Commission's Regulations.

- (t) No Member shall engage in conduct or practices inconsistent with just and equitable principles of trade or conduct or practices detrimental to the best interests of the Exchange, its Members and/or FCM Customers.

**FINDINGS:** On November 25, 2019, the Nadex Compliance Department sent Syed Naqvi ("Naqvi") an Account Inquiry letter requesting, among other things, general background information, source of funds information and details regarding order and trading activity. Despite follow-up communications providing him with additional extensions to respond to the request for information, he failed to comply and/or respond to the inquiry letter. Based on his failure to produce the requested documentation and information, he was notified that an Investigation had been opened on December 20, 2019. Additionally, during the course of the investigation it became evident that he funded another Nadex Member's trading account via bank transfers, thus resulting in him having a direct economic interest in the activity and trading in the other Member's account.

Based on Nadex's investigation, the Compliance Department determined that Naqvi 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. Furthermore, Nadex Compliance concluded that he violated Nadex Rule 3.1(f) when he utilized another Nadex Member's account as a second account on Nadex traded for his benefit. Additionally, his manipulative activity was to the detriment of other market participants. Engaging or attempting to engage in conduct and practices that are manipulative and inconsistent with just and equitable principles of trade, and that pose a risk to the Exchange, its members, and/or to the public, is in contravention of Nadex Rules 5.19(h), 5.19(i), 5.19(n) and 5.19(t). Accordingly, the Compliance Department has concluded that he violated Nadex Rules 5.19(h), 5.19(i), 5.19(n) and 5.19(t).

**PENALTY:** As a result of the aforementioned violations, the Nadex Compliance Department has deemed it appropriate to fine Syed Naqvi, \$15,500.00 and order him to pay disgorgement in the amount of \$30,458.75. Additionally, Syed Naqvi's Nadex Membership has been revoked, his account terminated, and he has been 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:** March 3, 2022