

NORTH AMERICAN DERIVATIVES EXCHANGE, INC.
NOTICE OF DISCIPLINARY ACTION

FILE NO.: INQ_2018_009

MEMBER: Julio Salgado Velez

NADEX RULES and MEMBERSHIP AGREEMENT:

RULE 3.3 MEMBER OBLIGATIONS

(a) Each Member . . . 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.

MEMBERSHIP AGREEMENT

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;

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.

FINDINGS: On May 15, 2018, Julio Salgado Velez ("Velez") made two deposits totaling \$100,000.00 from his personal bank account into his Nadex account. In its investigation as to the source of these funds, Nadex discovered Velez had received a \$101,000.00 transfer on May 14, 2018 from an investment fund, Capstone Currency, LLC, owned and operated by another Nadex Member. Immediately following this transfer of funds, Velez moved \$100,000.00 to his business account, then to his personal account, before finally depositing with Nadex. Nadex attempted to contact Velez on multiple occasions requesting information pertaining to the originating source of the May 15, 2018 deposits, the movement of the funds between accounts, and his relationship with Capstone Currency, LLC and the other Nadex Member. Velez failed to respond to the requests for information and refused to cooperate with the investigation. Accordingly, it was determined that Velez violated Rule 5.19(g)(1) and the Member Representations, Section (d) of the Nadex Membership Agreement when he indirectly deposited funds originating from the

investment fund into his Nadex account, for purposes of entering transactions on the Exchange on behalf of the investment fund and/or a third party. Additionally, Velez violated Rule 3.3(a) and Member Acknowledgements and Authorizations, Section (h) of the Nadex Membership Agreement when he failed to fully cooperate with Nadex during the course of its investigation.

PENALTY: As a result of the violations, Julio Salgado Velez was fined \$750.00, and his Membership was revoked. Mr. Velez has also been permanently banned from trading on the Nadex markets, either directly for his own account or through an intermediately, or as an authorized trader on behalf of any other account.

EFFECTIVE DATE: **December 19, 2018**