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

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**FILE NO.:** TPI\_2024\_003

**MEMBER:** Antonio F. Sapalo, Sr.

**NADEX RULES:**

**NADEX 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 crypto.com | Derivatives North America 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 (a):

[...] You may not give control over Your account to any other person or entity and You may not control the account of any other Member. You shall maintain the confidentiality of Your Access Materials and prevent the unauthorized use of Your Access Materials at all times. If You become aware of any deliberate or inadvertent disclosure, loss, theft or unauthorized use of Your Access Materials, You must notify crypto.com | Derivatives North America immediately and request a new password. You may not access or attempt to access the crypto.com | Derivatives North America System using the Access Materials of any other Member, or permit any other person or entity to access or attempt to access the crypto.com | Derivatives North America System using Your Access Materials. [...]

Member Acknowledgements and Authorizations, Section (h):

You acknowledge and agree that You will, following a request by crypto.com | Derivatives North America, promptly provide to crypto.com | Derivatives North America financial or other information as crypto.com | Derivatives North America may reasonably request or as may be required for crypto.com | Derivatives North America to respond to a request for information from the Commodity Futures Trading Commission ("CFTC") or other regulatory or judicial bodies.

### **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 5.2 TRADING MEMBER AND AUTHORIZED TRADER ACCESS TO NADEX**

- (e) Each Trading Member will be responsible for protecting its ID and password, and with respect to an Entity Trading Member, the ID(s) and password(s) of its Authorized Trader(s), from improper disclosure. [...]

### **RULE 5.19 PROHIBITED TRANSACTIONS AND ACTIVITIES**

- (g)(i) 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:** Based on Nadex's investigation, the Compliance Department determined that Sapalo violated Nadex 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. Further, Compliance concluded that Sapalo violated Nadex Rule 5.2(e) and Member Acknowledgements and Authorizations, Section (a) when he allowed a third-party to access his Nadex account and Nadex Rule 5.19(g)(i) and Member Representations, Section (d) when he allowed a third-party to have an economic interest in his Nadex account and trade on a third-party's behalf.

**PENALTY:** As a result of the aforementioned violations, the Nadex Compliance Department has deemed it appropriate to assess Antonio F. Sapalo, Sr. a fine of \$12,500.00. Additionally, Antonio F. Sapalo, Sr.'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:** October 11, 2024