
NORTH AMERICAN DERIVATIVES EXCHANGE, INC.
NOTICE OF DISCIPLINARY ACTION

FILE NO.: TPI_2019_039

MEMBER: Chiso Nwokoro

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:
 - (i) That the Member, any of the Member's officers or any of the Member's Authorized Traders has had access or trading privileges suspended, or membership denied, in any commodity, securities, or swaps exchange, brokerage association, or Regulatory Agency

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. In addition, a Trading Member may not knowingly or negligently permit any Person not authorized by Nadex and by the Trading Member to use the ID and password to access the secure portion of the Nadex website. A Trading Member that is an entity, and its Authorized Trader(s) are prohibited from allowing any other person or entity from using these credentials to access the Nadex markets. Each Trading Member is required to immediately notify Nadex if it knows, or has reason to believe, that its ID or the ID and/or password of any Authorized Trader have been disclosed to any Person not authorized by Nadex and the Trading Member to use such ID and/or password. Under any circumstances, the Trading Member will be deemed to know that such ID and/or password have been disclosed to an unauthorized person 12 hours after any order is entered by that unauthorized person in your account.

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.
- (k) No Person shall intentionally provide misleading, erroneous, or fraudulent information to Nadex on a membership application or otherwise.

FINDINGS:

On June 13, 2019, in light of suspicious trading activity, the Compliance Department sent Chiso Nwokoro (“Nwokoro”) an Account Inquiry letter requesting, among other things, general background information, source of funds information, and details regarding his order and trading activity. This inquiry was subsequently followed up with other requests for information. Nwokoro responded to certain inquiries and requests for information. However, Nwokoro failed to produce full and complete banking statements, and did not adequately respond to questions regarding his trading strategy and sources of funding. Also, Nwokoro failed to disclose to Nadex a dispute with another brokerage which resulted in his trading privileges being suspended. The Compliance Department also found, by both his own admission and his banking activity, that Nwokoro allowed a third party to have a direct economic and financial interest in the activity and trading in his Nadex account. Further, this investigation revealed that Nwokoro executed trades in his Nadex account with third party funds and traded his account, at least in part, on behalf of that third party.

Based on Nadex’s investigation, the Compliance Department concluded that Nwokoro violated Exchange Rule 3.3(d)(i) when he failed to immediately notify Nadex in writing that his trading privileges had been suspended as a result of a dispute with a brokerage. The Compliance Department has also concluded that

Nwokoro violated Member Acknowledgements and Authorizations, Section (h) of the Nadex Membership Agreement and Exchange Rule 3.3(a) by failing to fully cooperate with this investigation. Additionally, Nwokoro violated the Nadex Membership Agreement, Member Representations Section (d), when he allowed a third party to have a direct economic interest in the activity and trading in his Nadex account and Nadex Rule 5.19(g)(1) when he executed trades in his Nadex account, at least in part, on a third-party's behalf. Finally, Nwokoro violated Nadex Rule 5.2(e) when he admittedly allowed another Nadex Member to log in and access his Nadex account.

PENALTY: By settlement agreement, in which Chiso Nwokoro neither admitted nor denied the findings or conclusions of the investigation, Nwokoro has been assessed a \$10,000.00 fine. Additionally, Chiso Nwokoro'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, through an intermediary, or as an authorized trader on behalf of any other account.

EFFECTIVE DATE: October 31, 2020