

NORTH AMERICAN DERIVATIVES EXCHANGE, INC.
NOTICE OF DISCIPLINARY ACTION

FILE NO.: TPI_2017_026(i)

MEMBER: Zhongyi Liu

NADEX RULES:

NADEX MEMBERSHIP AGREEMENT

(d) You . . . 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 5.19 PROHIBITED TRANSACTIONS AND ACTIVITIES

(g)(1) No individual Trading Member shall trade for a person or entity other than itself.

...

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

FINDINGS: In December 2017, the Compliance Department contacted Mr. Liu requesting that he provide information regarding his trading activity on Nadex and relevant financial information. Mr. Liu provided false and misleading information to the Compliance Department relevant to the pending investigation, including the source of funds deposited into his Nadex account and information relative to his account activity. Based on Nadex's investigation, the Compliance Department concluded that Mr. Liu violated the Nadex Membership Agreement Section (d) and Nadex Rule 5.19(g)(1) when he deposited funds into his trading account that originated from a third party, which created a third-party economic interest in the outcome of his trading activity. Additionally, the Compliance Department concluded that Mr. Liu violated Nadex Rule 5.19(k) when he provided false and misleading information relevant to Nadex's investigation into his account activity.

PENALTY: As a result of his non-compliance with the Nadex Membership Agreement Section (d), and Nadex Rules 5.19(g)(1) and 5.19(k), Mr. Liu has been fined \$1,750.00. Additionally, Mr. Liu's membership has been revoked and he has been permanently banned from trading on the Nadex markets by any means.

EFFECTIVE DATE: April 15, 2019