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

FILE NO.: INQ_2022_013

MEMBER: Brook Henry

NADEX RULES:

NADEX MEMBERSHIP AGREEMENT

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. Additionally, each Member must update its e-mail address within 24 hours after any change and update all other information provided in its application for membership within five days after that information has changed. If any Member or Authorized Trader(s) thereof fail to satisfy these obligations, Nadex may revoke or suspend the Member’s privileges in full or in part. Each Member may also be subject to civil or criminal prosecution.

RULE 5.19 PROHIBITED TRANSACTIONS AND ACTIVITIES

- (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 August 10, 2022, the Nadex Compliance Department sent Brook Henry an Account Inquiry letter requesting, among other things, general background information, source of funds

information, banking statements and details regarding his order and trading activity. Brook Henry failed to fully comply with this investigation, when he failed to produce additional banking information and he was notified that an Investigation had been opened on September 13, 2022. During the course of its investigation, the Compliance Department analyzed the order and trading activity throughout the life of Brook Henry's Nadex account and determined that the majority of funding of his Nadex account was unrelated to his order and trading activity.

Based on Nadex's investigation, the Compliance Department determined that Brook Henry violated Rule 3.3(a) and Member Acknowledgements and Authorizations, Section (h) of the Nadex Membership Agreement when he failed to fully cooperate with the Compliance Department's inquiry regarding these matters. Additionally, Henry violated Nadex Rule 5.19(t) when the majority of funding of his Nadex account was unrelated to his order and trading activity inconsistent with just and equitable principles of trade detrimental to the best interests of the Exchange.

PENALTY: By settlement agreement, in which Brook Henry neither admitted nor denied the findings or conclusions of the investigation, Brook Henry has been assessed a \$3,000.00 fine. Additionally, Brook Henry'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 16, 2023