
NORTH AMERICAN DERIVATIVES EXCHANGE, INC.
NOTICE OF DISCIPLINARY ACTION

FILE NO.: TPI_2019_042(c)

MEMBER: Hui Zheng

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 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.

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 5.19 PROHIBITED TRANSACTIONS AND ACTIVITIES

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

FINDINGS: On October 9, 2019, the Nadex Compliance Department sent Hui Zheng an Account Inquiry letter requesting, among other things, general background information, source of funds information, banking statements and details regarding her order and trading activity. The

Compliance Department acknowledges that Hui Zheng responded and provided certain information, However, Hui Zheng failed to provide the Exchange with information regarding her relationship with other Nadex Members. Additionally, Hui Zheng also provided false and/or misleading information regarding her connections with other Nadex Members.

During the course of its investigation, the Compliance Department found that Hui Zheng allowed another Nadex Member to fund her Nadex account from a bank account not in her name, thus providing the other Member with a direct economic interest in the activity in her Nadex account.

Based on Nadex's investigation, the Compliance Department determined that Hui Zheng violated Rule 3.3(a) and Member Acknowledgements and Authorizations, Section (h) of the Nadex Membership Agreement when she failed to fully cooperate with the Compliance Department's inquiry regarding these matters. Additionally, the Compliance Department concluded that Hui Zheng violated Exchange Rule 5.19(k) when she provided misleading information related to your connections with other Nadex Members. The Compliance Department has also concluded that Hui Zheng violated the Nadex Membership Agreement, Member Representations Section (d), when she allowed another Nadex Member to have a direct economic interest in the activity and trading in her Nadex account.

PENALTY: Based on the foregoing, the Compliance Department, with approval from the Chief Regulatory Officer, has deemed it appropriate to fine Hui Zheng, \$2,500.00. Additionally, Hui Zheng's Nadex Membership shall be revoked, her account terminated, and she shall be permanently banned from trading on Nadex markets, either directly for her own account, through an intermediary, or as an authorized trader on behalf of any other account.

EFFECTIVE DATE: November 12, 2021