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

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**FILE NO.:** INQ\_2018\_019

**MEMBER:** Akshaya Sirohi

**NADEX RULES:**

**NADEX MEMBERSHIP AGREEMENT**

Member Acknowledgements and Authorizations, Section (a):

You authorize Nadex to take whatever actions are necessary to execute, clear, and settle orders entered into the Nadex System for Your Account. You authorize Nadex to rely upon any instruction received through use of Your Access Materials without further inquiry, and Nadex shall not be liable to You even if such orders were not authorized by You. You accept full responsibility for monitoring Your Account to ensure that trades have been executed correctly and to ensure that no unauthorized trading is occurring in Your Account. Nadex is not responsible for any Member errors or negligent use of the Nadex System and will not cover losses relating to such improper or negligent use. 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 Nadex immediately and request a new password. You may not access or attempt to access the Nadex System using the Access Materials of any other Member, or permit any other person or entity to access or attempt to access the Nadex System using Your Access Materials. Any and all materials that Nadex provides to You in connection with the Nadex System are the property of Nadex and are intended for Your sole and individual use.

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 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 3.1 TRADING MEMBERS – APPLICATIONS, CLASSIFICATIONS, AND PRIVILEGES**

- (f) A Trading Member that is an individual, may not maintain and/or trade more than one Nadex account. No Authorized Trader(s), nor any officer, director, member, manager, owner, or indirect owner, of a Trading Member that is an entity may maintain a separate Nadex account and/or trade any Nadex account other than that entity's 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.
- (g)(2) No individual or entity Trading Member may deposit funds, or allow funds to be deposited into their Nadex account from any bank account or debit card not held in the same name as their Nadex account.
- (k) No Person shall intentionally provide misleading, erroneous, or fraudulent information to Nadex on a membership application or otherwise.
- (o) No Member shall deposit funds into its Nadex account from an account which does not hold sufficient funds at the time of deposit, and at the time the deposit is presented by Nadex for payment.
- (q) No Member shall allow its settlement account balance to become negative by any means. In the event that a Member's settlement account balance becomes negative, the Member must immediately deposit additional funds to correct the deficiency. Any Member whose settlement account carries a negative balance for 30 days or more is subject to summary termination of Membership. Nadex may, in its discretion, take such other action against a Member or market participant if the circumstances warrant, subject to Rule 9.2(f) and Rule 9.6.

**FINDINGS:** On March 8, 2018, Nadex Member Akshaya Sirohi ("Sirohi") contacted the Nadex Compliance Department to report that his Nadex account had been compromised. On March 14, 2018,

in response to Nadex's fraud claim questionnaire, Sirohi admitted that he had given his friend permission to access and trade his Nadex account. In response to this representation, Sirohi was warned by Nadex Compliance that he may not have any third party access, fund or trade his Nadex account. In response, Sirohi agreed that he would be the only person accessing and trading his account going forward and also represented that he would not be accessing any other Nadex accounts.

Over the life of his Nadex account, Sirohi bounced multiple ACH deposits, which caused his Nadex account balance to become negative. While he cleared his debit balance by redepositing in July 2018, Sirohi then represented later that he had re-funded his account utilizing a debit card which was not in his name. Further, at the time Sirohi made this representation to the Exchange, he had already traded the funds deposited from a third party, thus providing a third party with an economic interest in his Nadex account. This was a repeat violation of the Nadex Rules Sirohi was warned about and agreed to follow in March 2018.

As a result, on August 6, 2018, Sirohi was notified that Nadex Compliance had opened an investigation into his account. On August 7, 2018, the Compliance Department sent Sirohi an email requesting information, among other items, regarding the source of funding in his Nadex account, banking activity related to his account, as well as information pertaining to applying for additional Nadex accounts using false information when it was discovered that he was linked to numerous other accounts in his name, as well as in the names of other third parties. Sirohi responded to this inquiry. However, in his response Sirohi provided false and misleading information to the Compliance Department relative to his banking activity, source of funding, and connection to other Nadex Members. Sirohi also provided false and misleading information regarding his actions in applying for multiple Nadex accounts using fraudulent information and in his numerous written and oral communications with Nadex.

Sirohi violated Exchange Rule 5.2(e) and the Nadex Membership Agreement, Member Acknowledgements and Authorizations, Section (a) when, by his own admission, he allowed a friend to fund and trade his account in March 2018. Sirohi also violated Nadex Rule 5.19(g)(2) when he deposited funds into his Nadex account which belonged to a third party and the Nadex Membership Agreement, Member Representations, Section (d) by allowing another person to have an economic interest in his Nadex account. The Compliance Department has also concluded that Sirohi violated Nadex Rule 3.1(f) and 5.19(g)(1) when he accessed and traded multiple accounts at the same time, often in the name of third parties, in an egregious attempt to keep accessing and trading on the Exchange after his account was placed on hold. The Compliance Department also determined that Sirohi violated Nadex Rules 5.19(o) and 5.19(q) when he deposited funds into his Nadex account from a bank account that did not have sufficient funds at the time of deposit and allowed the settlement account balance of his Nadex account to become negative. Finally, Sirohi violated Nadex Rule 5.19(k) when he provided misleading and fraudulent information to Nadex on a repeated basis, egregiously attempting to conceal his true activity on the Exchange.

**PENALTY:** As a result of the aforementioned violations, the Nadex Compliance Department has deemed it appropriate to assess Akshaya Sirohi a fine of \$6,000.00. Additionally, Akshaya Sirohi'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:** March 3, 2021