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

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**FILE NO.:** INQ\_2019\_006

**MEMBER:** Nestor Velazquez

**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.

**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:
  - (iv) that the Member, any of the Member's officers or any of the Member's Authorized Traders has been subject to, or associated with a firm that was subject to regulatory proceedings before any governmental or Regulatory Agency;
  
  - (v) that the Member, any of the Member's officers or any of the Member's Authorized Traders is currently a party to any investigation or proceeding, the resolution of which could result in an event described in Rule 3.3(d)(i)-(iv).

**FINDINGS:**

The Nadex Compliance Department commenced an investigation into Member Nestor Velazquez (“Velazquez”) upon receiving information regarding recent regulatory disciplinary history of his employer, and his failure to disclose this information to Nadex, as required by Exchange Rules. Specifically, the Compliance Department was notified that Velazquez’s employer, International Markets Live, Inc. (“IML”) was the subject of a CFTC civil enforcement action (the “Complaint”). The Complaint alleged that from approximately March 2017 through March 2018, IML owned and operated a website, [www.fxsignalslive.com](http://www.fxsignalslive.com), which exercised discretionary trading authority over some of IML’s paid customers’ trading accounts and third-party brokers. Therefore, IML acted as a Commodity Trading Advisor (“CTA”) and failed to register with the CFTC as a CTA, as required. Despite multiple follow up emails and unilateral extensions, Velazquez failed to comply with this investigation when he did not respond to Nadex Compliance’s request for information.

The Compliance Department has concluded that Velazquez violated Member Acknowledgements and Authorizations, Section (h) of the Nadex Membership Agreement and Exchange Rule 3.3(a), by failing to cooperate in this matter and produce the requested information. In addition, the Compliance Department determined that Velazquez violated Rule 3.3(d)(iv) and (v) when he failed to timely apprise Nadex of the aforementioned CFTC Enforcement Action, cease and desist, and the civil penalties imposed therein.

**PENALTY:**

As a result of the aforementioned violations, Nestor Velazquez’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:** February 10, 2020