
NORTH AMERICAN DERIVATIVES EXCHANGE, INC.
NOTICE OF DISCIPLINARY ACTION

FILE NO.: TPI_2020_017(f)

MEMBER: Kwok Chye Han

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.

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 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)(i) Each Member must immediately notify Nadex in writing upon becoming aware: that the Member, any of the Member's officers or any of the Member's Authorized Traders has had access or trading privileges suspended, or membership denied, in any commodity, securities, or swaps exchange, brokerage, association, or Regulatory Agency

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

FINDINGS: On October 11, 2019, the Compliance Department sent Kwok Chye Han (“Han”) an Account Inquiry Letter requesting, among other things, general background information, source of funds information, and details regarding his order and trading activity. This inquiry was subsequently followed up with other requests for information. The Compliance Department acknowledges that Han responded to certain inquiries and requests for information. However, Han failed to provide full and complete banking statements, as requested. Han also provided misleading information to Compliance regarding his connections with other Nadex Members. Further, Han failed to disclose to Nadex on his membership application that his trading privileges had been revoked by IG Group in September 2019. Also, Compliance found that Han funded his account, at least in part, via a third-party source. Additionally, this investigation revealed that Han executed trades in his Nadex account with third party funds and traded his account, at least in part, on behalf of that third party.

Accordingly, the Compliance Department concluded that Han violated Exchange Rule 3.3(d)(i) when he failed to immediately notify Nadex in writing that your trading privileges had been revoked by another exchange. The Compliance Department has also concluded that Han violated Member Acknowledgements and Authorizations, Section (h) of the Nadex Membership Agreement and Exchange Rule 3.3(a) by failing to fully cooperate with this investigation. Additionally, Han violated the Nadex Membership Agreement, Member Representations Section (d), when he allowed a third party to have a direct economic interest in the activity and trading in his Nadex account and Nadex Rule 5.19(g)(1) when he executed trades in his Nadex account, at least in part, on a third-party’s behalf. Additionally, Han violated Nadex Rule 5.19(k) when he provided misleading information to Nadex regarding his connections with other Nadex Members.

PENALTY: As a result of the aforementioned violations, the Nadex Compliance Department has deemed it appropriate to fine Kwok Chye Han \$7,000.00. Additionally, Kwok Chye Han’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: February 24, 2022