
NORTH AMERICAN DERIVATIVES EXCHANGE, INC.
NOTICE OF DISCIPLINARY ACTION

FILE NO.: TPI_2022_016

MEMBER: Jiahui 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 crypto.com | Derivatives North America 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 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. . . .

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 September 15, 2022, the Nadex Compliance Department sent Jiahui Zheng 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. Jiahui Zheng failed to fully comply with this investigation, when he failed to fully respond to the inquiry, and he was notified that an Investigation had been opened on November 16, 2022. Further, the Compliance Department found Jiahui Zheng allowed a third party to have a direct economic interest in the activity and trading in his Nadex account and provided misleading, erroneous, or fraudulent information related to the funding of his Nadex account.

Based on Nadex's investigation, the Compliance Department determined that Jiahui Zheng 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. Further, Jiahui Zheng 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. Finally, Compliance concluded that Jiahui Zheng violated Nadex Rule 5.19(k), when he provided misleading, erroneous, or fraudulent information related to the funding of his Nadex account.

PENALTY: By settlement agreement, in which Jiahui Zheng neither admitted nor denied the findings or conclusions of the investigation, Jiahui Zheng has been assessed a \$2,000.00 fine. Additionally, Jiahui Zheng'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: November 30, 2023