
NORTH AMERICAN DERIVATIVES EXCHANGE, INC.
NOTICE OF DISCIPLINARY ACTION

FILE NO.: TPI_2019_028

MEMBER: Aun Ali

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 3.1 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 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

- (h) No Person shall engage in any activity that presents a risk of harm to Nadex, its Members, or the public.
- (i) No Person shall engage in any activity that adversely affects the integrity of the Market or its underlying systems.

- (n) No Person shall engage in any activity that is intended to, or has the effect of, manipulating the market in violation of Sections 6(c) and 9(a)(2) of the CEA and no Person shall engage in any other activity that would violate the CEA or the Commission's Regulations.
- (t) No Member shall engage in conduct or practices inconsistent with just and equitable principles of trade or conduct or practices detrimental to the best interests of the Exchange, its Members and/or FCM Customers.

FINDINGS: On May 12, 2019, the Nadex Compliance Department sent Aun Ali ("Ali") an Account Inquiry letter requesting, among other things, general background information, source of funds information and details regarding her order and trading activity. Despite follow-up communications providing Ali with additional extensions to respond to the request for information, she failed to comply and/or respond to the inquiry letter. Based on Ali's failure to produce the requested documentation and information, she was notified that an Investigation had been opened on July 8, 2019. Additionally, during the course of this investigation it became evident that Ali funded another Nadex Member's trading account via bank transfers, thus resulting in her having a direct economic interest in the activity and trading in the other Member's account.

During the course of its investigation, the Compliance Department analyzed the order and trading activity throughout the life of Ali's Nadex account. Through this review, the Compliance Department discovered that Ali engaged in or attempted to engage in a manipulative scheme to defraud Nadex markets in at least 25 binary option contracts for FX pairs GBP/USD, EUR/USD, USD/JPY, and USD/CAD between August 27, 2018 and November 12, 2018. The presence of a manipulative scheme was further enhanced upon review of Ali's account and background information, where it was discovered that she had significant connections with other Nadex Members via trading activity.

Based on Nadex's investigation, the Compliance Department determined that Ali violated Rule 3.3(a) and Member Acknowledgements and Authorizations, Section (h) of the Nadex Membership Agreement when she failed to cooperate with the Compliance Department's inquiry regarding these matters. Furthermore, Nadex Compliance concluded that Ali violated Nadex Rule 3.1(f) when she utilized another Nadex Member's account as a second account on Nadex traded for her benefit. Additionally, Ali's manipulative activity was to the detriment of other market participants. Engaging or attempting to engage in conduct and practices that are manipulative and inconsistent with just and equitable principles of trade, and that pose a risk to the Exchange, its members, and/or to the public, is in contravention of Nadex Rules 5.19(h), 5.19(i), 5.19(n) and 5.19(t). Accordingly, the Compliance Department has concluded that Ali violated Nadex Rules 5.19(h), 5.19(i), 5.19(n) and 5.19(t).

PENALTY: As a result of the aforementioned violations, the Nadex Compliance Department has deemed it appropriate to fine Aun Ali \$15,500.00, and order her to pay disgorgement in the amount of \$38,040.50. Additionally, Aun Ali'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: January 6, 2022