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

FILE NO.: INQ_2019_010

MEMBER: Amrit Chahal

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:
 - (i) 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;
 - (ii) that the Member, any of the Member’s officers or any of the Member’s Authorized Traders has been convicted of, pled guilty or no contest to, or entered a plea agreement to, any felony in any domestic, foreign or military court;

- (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 Amrit Chahal upon receiving notice regarding his recent regulatory history. Specifically, the Compliance Department was notified that Chahal was a party to a U.S. Securities and Exchange Commission ("SEC") enforcement action alleging fraud and misappropriation of funds. Upon further investigation, the Compliance Department learned that Chahal was also party to a related criminal action brought by the U.S. Attorney for the Eastern District of Virginia, as well as a related Commodity Futures Trading Commission ("CFTC") enforcement action. Chahal pled guilty in the criminal action to charges of wire fraud and securities and commodities fraud, was sentenced to thirty months in prison, and ordered to pay disgorgement and restitution. Additionally, in connection with the SEC enforcement action, a final judgment was entered against Chahal, finding that he solicited funds from investors, and used those funds to make investments which resulted in significant trading losses. The SEC also barred Chahal from association with any broker, dealer, investment advisor, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization. Finally, on June 27, 2019, in connection with the CFTC's enforcement action, a Consent Order was entered finding that Chahal solicited and misappropriated customer funds, that he suffered substantial trading losses and misrepresented his profitability to clients, and he operated an unregistered pool. The Consent Order required that Chahal pay disgorgement and also imposed permanent trading and registration bans and enjoined Chahal from further violations of the Commodity Exchange Act and CFTC Regulations.

Chahal violated Nadex Rules 3.3(d) (i), (ii), (iv), and (v) when he failed to timely apprise Nadex of the aforementioned criminal action and criminal penalties imposed, as well as the SEC and CFTC enforcement matters and the civil and regulatory penalties imposed therein. In addition, the Compliance Department concluded that Chahal violated Rule 3.3(a) and Member Acknowledgements and Authorizations, Section (h) of the Nadex Membership Agreement when he failed to cooperate with the Compliance Department's inquiry regarding the allegations set forth above.

PENALTY: As a result of the aforementioned violations, Amrit Chahal'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 12, 2020