
NORTH AMERICAN DERIVATIVES EXCHANGE, INC.
NOTICE OF DISCIPLINARY ACTION

FILE NO.: INQ_2018_029

MEMBER: David Ferwerda

NADEX RULES:

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;

 - (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).

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.

FINDINGS: The Nadex Compliance Department commenced an investigation into Member David Ferwerda (“Ferwerda”) upon notice that, in May 2018 he was accused by FINRA of selling securities to customers that were neither registered nor exempt from registration. On October 30, 2018, Ferwerda executed a Letter of Acceptance, Waiver and Consent with FINRA (AWC NO. 2018057887801), whereby, without admitting or denying FINRA’s findings, consented to the sanction and entry of findings that he failed to provide FINRA with requested documents and information. As part of the AWC, Ferwerda also consented to a permanent bar from association with any FINRA member in any capacity.

Ferwerda violated Nadex Rules 3.3(d) (i), (iv), and (v) when he failed to timely apprise Nadex of the FINRA action concerning allegations of the unregistered sale of securities and that he was permanently barred from association with any FINRA member. Further, he failed to disclose any information regarding the Michigan Department of Licensing and Regulatory Affairs’ open investigation into his related activity. In addition, the Compliance Department concluded that Ferwerda violated Exchange 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 inquiries regarding the allegations contained in the subject alerts.

PENALTY: As a result of the aforementioned violations, David Ferwerda’s Nadex membership has been revoked, his account has been terminated, and he has been permanently banned from trading on the Exchange either directly for his own account or through an intermediary, or as authorized trader on behalf of any other account.

EFFECTIVE DATE: November 4, 2019