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

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**FILE NO.:** TPI\_2020\_013

**MEMBER:** Ellen Kahn

**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. . . .

**RULE 5.19 PROHIBITED TRANSACTIONS AND ACTIVITIES**

- (b) No Person shall enter into or attempt to enter into any non-competitive trade on the Market, including any accommodation trade or any trade that has been directly or indirectly prearranged. For example, a Member may not agree in advance with another Member that one of the Members will enter an order and the other Member will attempt to trade against that order by timing the submission of orders or otherwise.
- (x) No Person shall engage in any trading activity intended to accomplish a "money pass".

**FINDINGS:** On May 7, 2020, the Compliance Department sent Ellen Kahn an Account Inquiry letter requesting, among other things, information regarding her relationship with other Nadex traders, source of funding, trading strategies, background and employment details, an explanation for certain trades executed in her Nadex account, and understanding of Nadex

Rules. Despite multiple unilateral extensions for a response, Ellen Kahn failed to comply with Nadex Compliance's request for information.

During the course of this investigation, Compliance Department discovered that Ellen Kahn shared several account commonalities with other Nadex Members and noted a pattern of coordination in trading with another Nadex Member. Upon review of the trading activity in Ellen Kahn's Nadex account, the Compliance Department determined that she engaged in pre-arranged trades on Nadex with another Member, which also resulted in a money pass.

Accordingly, the Compliance Department concluded that Ellen violated the Member Acknowledgements and Authorizations, Section (h) of the Nadex Membership Agreement and Nadex Rule 3.3(a) by failing to cooperate with this investigation. The Compliance Department has also concluded that Ellen Kahn violated Exchange Rule 5.19(b) and Rule 5.19(x) when she prearranged trades with another Nadex Member for the purpose of circumventing exposure of her orders to open and competitive bidding on the market resulting in trading activity intended to accomplish a "money pass".

**PENALTY:** As a result of the aforementioned violations, the Nadex Compliance Department has deemed it appropriate to assess Ellen Kahn a fine of \$1,500.00. Additionally, Ellen Kahn's Nadex Membership has been revoked, her account terminated, and she has been permanently banned from trading on Nadex Markets, either directly for her own account or through an intermediary, or as an authorized trader on behalf of any other account.

**EFFECTIVE DATE:** June 21, 2021