

---

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

---

**FILE NO.:** TPI\_2019\_042(b)

**MEMBER:** Honghua He

**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 Nadex 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 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**

- (k) No Person shall intentionally provide misleading, erroneous, or fraudulent information to Nadex on a membership application or otherwise.

**FINDINGS:** On October 9, 2019, the Nadex Compliance Department sent Honghua He 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. The Compliance Department acknowledges that Honghua He responded and provided certain information. However, Honghua He failed to provide the Exchange with information regarding his relationship with other Nadex Members and source of funding. Additionally, Honghua He also provided false and/or misleading information regarding his connections with other Nadex Members.

During the course of its investigation, the Compliance Department found that Honghua He allowed another Nadex Member to fund his Nadex account from a bank account, thus providing the other Member with a direct economic interest in the activity in his Nadex account. Finally, Nadex Compliance found that Honghua He funded the account of another Nadex Member.

Based on Nadex's investigation, the Compliance Department determined that Honghua He 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. Additionally, the Compliance Department concluded that Honghua He violated Exchange Rule 5.19(k) when he provided misleading information related to his connections with other Nadex Members. The Compliance Department has also concluded that Honghua He violated the Nadex Membership Agreement, Member Representations Section (d), when he allowed another Nadex Member to have a direct economic interest in the activity in his Nadex account. Finally, the Compliance Department found that Honghua He violated Nadex Rule 3.1(f) when he funded the account of another Nadex Member, thus maintaining a second Nadex account.

**PENALTY:** Based on the foregoing, the Compliance Department, with approval from the Chief Regulatory Officer, has deemed it appropriate to fine Honghua He, \$3,000.00. Additionally, Honghua He's Nadex Membership shall be revoked, his account terminated, and he shall be permanently banned from trading on Nadex markets, either directly for his own account, through an intermediary, or as an authorized trader on behalf of any other account.

**EFFECTIVE DATE:** November 12, 2021