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

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**FILE NO.:** TPI\_2020\_003

**MEMBER:** Lubin 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.

Electronic Communications with Members:

In order to maintain membership on the Nadex System, You are required to maintain an active email account and You may not share said email account with anyone. (For clarification, You must be the only person able to access the email address given to Nadex.) You agree to protect the password and user identification of such email account in order to protect the confidentiality of any correspondence between You and Nadex.

**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**

- (g)(2) No individual or entity Trading Member may deposit funds, or allow funds to be deposited into their Nadex account from any bank account or debit card not held in the same name as their Nadex account.
- (k) No Person shall intentionally provide misleading, erroneous, or fraudulent information to Nadex on a membership application or otherwise.

**FINDINGS:** On December 23, 2019, the Nadex Compliance Department sent Lubin 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. Despite follow-up communications providing him with an extension to respond to the request for information, Lubin He failed to comply and/or respond to the inquiry letter. Also, in phone communications with the Exchange, Lubin He provided misleading information regarding his connections with other Nadex Members. Based on Lubin He's failure to produce the requested documentation and information, he was notified that an Investigation had been opened on January 31, 2020.

During the course of its investigation, the Compliance Department found that Lubin He allowed another Nadex Member to fund his Nadex account from a bank account that was not in his name, thus providing the other Member with a direct economic interest in the activity and trading in his Nadex account. Finally, Lubin He allowed another Nadex Member to communicate with Nadex on behalf of his account via an email that was connected to the other Nadex Member's account.

Based on Nadex's investigation, the Compliance Department determined that Lubin He 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 these matters. Additionally, the Compliance Department concluded that Lubin 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 Lubin 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 and trading in his Nadex account. Also, Lubin He violated Nadex Rule 5.19(g)(2) when he allowed funds to be deposited into his Nadex account from a bank account held in the name of another Nadex Member. Finally, Lubin He violated the Electronic Communications with Members section of the Nadex Membership Agreement when he allowed another person to communicate with Nadex on behalf of his account via an email address that was not connected to his Nadex account.

**PENALTY:** Based on the foregoing, the Compliance Department, with approval from the Chief Regulatory Officer, has deemed it appropriate to fine Lubin He, \$4,000.00. Additionally, Lubin 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