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

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**FILE NO.:** INQ\_2022\_011  
**MEMBER:** Thanmayee Nuthalapati  
**NADEX RULES:**

**NADEX MEMBERSHIP AGREEMENT**

Member Acknowledgements and Authorizations, Section (a):

[...] You may not give control over Your account to any other person or entity and You may not control the account of any other Member. You shall maintain the confidentiality of Your Access Materials and prevent the unauthorized use of Your Access Materials at all times. If You become aware of any deliberate or inadvertent disclosure, loss, theft or unauthorized use of Your Access Materials, You must notify crypto.com | Derivatives North America immediately and request a new password. You may not access or attempt to access the crypto.com | Derivatives North America System using the Access Materials of any other Member, or permit any other person or entity to access or attempt to access the crypto.com | Derivatives North America System using Your Access Materials. [...]

Member Acknowledgements and Authorizations, Section (h):

You acknowledge and agree that You will, following a request by crypto.com | Derivatives North America, promptly provide to crypto.com | Derivatives North America financial or other information as crypto.com | Derivatives North America may reasonably request or as may be required for crypto.com | Derivatives North America 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. Additionally, each Member must update its e-mail address within 24 hours after any change and update all other information provided in its application for membership within five days after that information has changed. If

any Member or Authorized Trader(s) thereof fail to satisfy these obligations, Nadex may revoke or suspend the Member's privileges in full or in part. Each Member may also be subject to civil or criminal prosecution.

#### **RULE 5.2 TRADING MEMBER AND AUTHORIZED TRADER ACCESS TO NADEX**

- (e) Each Trading Member will be responsible for protecting its ID and password, and with respect to an Entity Trading Member, the ID(s) and password(s) of its Authorized Trader(s), from improper disclosure. In addition, a Trading Member may not knowingly or negligently permit any Person not authorized by Nadex and by the Trading Member to use the ID and password to access the secure portion of the Nadex website. An Entity Trading Member and its Authorized Trader(s) are prohibited from allowing any other person or entity from using these credentials to access the Nadex markets. Each Trading Member is required to immediately notify Nadex if it knows, or has reason to believe, that its ID or the ID and/or password of any Authorized Trader have been disclosed to any Person not authorized by Nadex and the Trading Member to use such ID and/or password. Under any circumstances, the Trading Member will be deemed to know that such ID and/or password have been disclosed to an unauthorized person 12 hours after any order is entered by that unauthorized person in your account.

#### **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.
- (p) No Member shall make a false representation to a third party regarding any deposit made into that Member's Nadex account which would result in a chargeback or stop payment of funds to the Member's account.

**FINDINGS:** On August 8, 2022, the Nadex Compliance Department sent Thanmayee Nuthalapati an Account Inquiry letter requesting, among other things, general background information, source of funds information, banking statements and details regarding her order and trading activity. Thanmayee Nuthalapati failed to fully comply with this investigation, when she failed to produce additional information and she was notified that an Investigation had been opened on September 8, 2022. The Compliance Department also found that Thanmayee Nuthalapati provided misleading information relating to a third party accessing her Nadex account and failed to protect her username and password and knowingly permitted third party access. Further, the Compliance Department found that Thanmayee Nuthalapati made a false representation to her bank which resulted in a chargeback to her Nadex account.

Based on Nadex's investigation, the Compliance Department determined that Thanmayee Nuthalapati violated Rule 3.3(a) and Member Acknowledgements and Authorizations, Section (h) of the Nadex Membership Agreement when she failed to fully cooperate with the Compliance Department's inquiry regarding these matters. Further, Compliance concluded Thanmayee Nuthalapati violated Rule 5.2(e) and Member Acknowledgements and

Authorizations, Section (a) when she failed to protect her username and password and knowingly permitted third party to access her Nadex account and Rule 5.19(k) for providing misleading information related to third party access. Lastly, Compliance concluded Thanmayee Nuthalapati violated Nadex Rule 5.19(p) by making a false representation to her bank which resulted in a chargeback to her Nadex account.

**PENALTY:** As a result of the aforementioned violations, the Nadex Compliance Department has deemed it appropriate to assess Thanmayee Nuthalapati a fine of \$3,500.00. Additionally, Thanmayee Nuthalapati'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:** September 8, 2023