
NORTH AMERICAN DERIVATIVES EXCHANGE, INC.
NOTICE OF DISCIPLINARY ACTION

FILE NO.: INQ_2020_029

MEMBER: Alexander Frazier

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 3.3 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.

FINDINGS: On December 21, 2020, Nadex Compliance sent Alexander Frazier (“Frazier”) an Investigation Inquiry letter requesting information regarding the funding and activity in his Nadex account. Nadex Compliance acknowledges that Frazier responded and provided certain information. However, Frazier failed to provide full, complete, unaltered copies of requested banking statements. Additionally, during the course of its investigation, the Compliance Department found that Frazier allowed a third party 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.

Based on Nadex’s investigation, the Compliance Department determined that Frazier 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. The Compliance Department has also concluded that Frazier violated the Nadex Membership Agreement, Member Representations Section (d), when he allowed a third party to have a direct economic interest in the activity and trading in his Nadex account. Also, Frazier violated Nadex Rule 5.19(g)(2) when he allowed funds to be deposited into his Nadex account from a bank account not held in his name.

PENALTY: Based on the foregoing, the Compliance Department, with approval from the Chief Regulatory Officer, has deemed it appropriate that Alexander Frazier’s Nadex Membership shall be revoked, his account terminated, and he has been 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