

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

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**FILE NO.:** TPI\_2017\_017(a)

**MEMBER:** Davis Ramsey

**NADEX RULES:**

**RULE 5.19 PROHIBITED TRANSACTIONS AND ACTIVITIES**

(g)(1) No individual Trading Member shall trade for a person or entity other than itself and no Authorized Trader of an entity Trading Member shall trade for a person or entity other than the entity Trading Member for whom that Person is an Authorized Trader.

(h) No Person shall engage in any activity that presents a risk of harm to Nadex, its Members, or the public.

(i) No Person shall engage in any activity that adversely affects the integrity of the Market or its underlying systems.

(n) No Person shall engage in any activity that is intended to, or has the effect of, manipulating the market in violation of Sections 6(c) and 9(a)(2) of the CEA and no Person shall engage in any other activity that would violate the CEA or the Commission's Regulations.

(t) No Member shall engage in conduct or practices inconsistent with just and equitable principles of trade or conduct or practices detrimental to the best interests of the Exchange, its Members and/or FCM Customers.

**MEMBERSHIP AGREEMENT**

(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 may not access or attempt to access the Nadex System using the Access Materials of any other Member, or permit any other person or entity to access or attempt to access the Nadex System using Your Access Materials . . . .

**FINDINGS:** An investigation into Davis Ramsey's ("Ramsey") trading activity led to Nadex's discovery that between August 1, 2016 and May 10, 2017, Ramsey engaged in a scheme to successfully manipulate, or attempt to manipulate, the expiration value of several binary contracts ("Binary Contracts") by entering non-bona fide transactions in the corresponding underlying CME futures contracts near the time of the expiration of the Binary Contracts with the intent to influence the settlement of the respective Binary Contracts. As a result of his activity, Nadex found Ramsey had violated the Exchange rules prohibiting such manipulative conduct, specifically Rules 5.19(h), (i), (n), and (t). Additionally, Nadex found that Ramsey engaged in the same manipulative activity in the Nadex account belonging to his father, Robert Ramsey. Accordingly, Ramsey also violated Section (a) of the Membership Agreement and Rule 5.19(g)(1), which prohibit a Nadex Member from accessing, controlling, or trading in an account belonging to another Member.

**PENALTY:** By settlement agreement, in which Davis Ramsey neither admitted nor denied the findings or conclusions of the investigation, Ramsey was assessed disgorgement in the amount of \$250,636.25 and was fined \$140,000.00. Additionally, pursuant to the agreement, Ramsey's membership has been revoked, and he has been permanently banned from trading on the Nadex markets by any means.

**EFFECTIVE DATE:** September 27, 2018