

**NATIONAL FUTURES ASSOCIATION  
BEFORE THE  
BUSINESS CONDUCT COMMITTEE**

**FILED**  
  
DEC 28 2021  
  
NATIONAL FUTURES ASSOCIATION  
LEGAL DOCKETING

In the Matter of: )  
)  
EDEAL MARKET LLC )  
(NFA ID #523194), )  
)  
and )  
)  
NITHYA NARASIMHAN )  
(NFA ID #523031), )  
)  
Respondents. )

NFA Case No. 21-BCC-016

**COMPLAINT**

Having reviewed the investigative report submitted by the Compliance Department of National Futures Association (NFA), and having found reason to believe that NFA Compliance Rules (NFA Requirements) are being, have been, or are about to be violated and that the matter should be adjudicated, NFA's Business Conduct Committee (Committee) issues this Complaint against eDeal Market LLC (eDeal) and Nithya Narasimhan (Narasimhan).

**ALLEGATIONS**

**JURISDICTION**

1. From August 14, 2019 to December 7, 2021, eDeal was approved as an NFA Member and registered with the Commodity Futures Trading Commission (CFTC) as a commodity pool operator (CPO) and commodity trading advisor (CTA). As such, eDeal was required to comply with NFA Requirements and is subject to disciplinary proceedings for violations thereof.

2. From August 14, 2019 to December 7, 2021, Narasimhan was approved as an NFA Associate. Therefore, Narasimhan was required to comply with NFA Requirements and is subject to disciplinary proceedings for violations thereof. eDeal is liable for violations of NFA Requirements committed by Narasimhan during her activities on behalf of eDeal.

### **BACKGROUND**

3. eDeal is located in Chennai, India. The firm was a CPO/CTA Member from August 14, 2019 to December 7, 2021, when the firm's NFA membership and CFTC registration statuses were withdrawn.
4. Narasimhan was approved as principal of eDeal on July 29, 2019. Narasimhan became registered as an associated person (AP) of the firm and approved as an NFA Associate on August 14, 2019. On December 7, 2021, Narasimhan's NFA membership and CFTC registration statuses were withdrawn.
5. An organizational chart for eDeal identified Narasimhan as the firm's COO and indicated she reported to an individual named Rajeshkumar Sridharan (Sridharan), who was identified on the chart as CEO. However, Sridharan was never listed in NFA's records as a principal or registered as an AP of eDeal.
6. In September 2021, NFA commenced an examination of eDeal, which noted several deficiencies. Most significantly, eDeal and Narasimhan failed to cooperate promptly and fully with NFA's exam by failing to produce requested records and clarify conflicting representations regarding the firm's operations.
7. NFA's exam also found that eDeal apparently operated as a retail forex dealer, without being registered with the CFTC as a futures commission merchant (FCM)

or retail forex exchange dealer (RFED), and that the firm was using misleading promotional material.

### **APPLICABLE RULES**

8. NFA Compliance Rule 2-5 provides, in pertinent part, that each Member and Associate shall cooperate promptly and fully with NFA in any investigation, inquiry, audit, examination or proceeding regarding compliance with NFA requirements.
9. NFA Compliance Rule 2-2(i) provides that no Member or Associate shall act in any capacity requiring registration under the Commodity Exchange Act (the Act) unless the Member or Associate is either registered in that capacity or exempt from registration.
10. NFA Compliance Rule 2-22 provides, in pertinent part, that no Member or Associate shall represent or imply in any manner whatsoever that such Member or Associate has been sponsored, recommended, or approved, or that such Member's or Associate's abilities have in any respect been passed upon, by NFA or any federal or state regulatory body.
11. NFA Compliance Rule 2-39(a) provides that Members and Associates who solicit customers, introduce customers to a counterparty, or manage accounts on behalf of customers in connection with forex transactions shall comply with Sections (a), (b), (c), (d), (e), (g), (h), and (l) of NFA Compliance Rule 2-36.
12. NFA Compliance Rule 2-36(e) provides that each Forex Dealer Member shall diligently supervise its employees and agents in the conduct of their forex activities for and on behalf of the Forex Dealer Member. Each Associate of a

Forex Dealer Member who has supervisory duties shall diligently exercise such duties in the conduct of that Associate's forex activities for or on behalf of the Forex Dealer Member.

13. NFA Compliance Rule 2-36(g), provides that each Forex Dealer Member must comply with sections (a) through (h) of NFA Compliance Rule 2-29 and the Interpretive Notices related to those provisions.
14. NFA Bylaw 301(b) provides, in pertinent part, that no person may be associated with a Member of NFA unless the person is registered with NFA as an Associate or is an NFA Member.
15. NFA Registration Rule 208 provides, in pertinent part, that an applicant for registration as a CPO or CTA must comply with the provisions of Registration Rule 204(a)(2) for each individual who is a principal of the applicant at the time the applicant files its application for registration.

#### **COUNT I**

#### **VIOLATION OF NFA COMPLIANCE RULE 2-5: FAILURE TO COOPERATE FULLY AND PROMPTLY WITH AN NFA EXAMINATION.**

16. The foregoing paragraphs are realleged as if fully stated herein.
17. In June 2021, prior to the start of NFA's exam of eDeal, NFA provided eDeal with a questionnaire about the firm's operations and an initial document request list.
18. Although eDeal completed the questionnaire, the firm responded "nil" or "not applicable" to several of the items listed in the questionnaire, including those related to developing and implementing policies and procedures covering numerous areas (e.g., cybersecurity, customer complaints, promotional material).

19. The firm also provided NFA with very few of the requested documents.  
According to Narasimhan, most of NFA's requests did not apply to eDeal since the firm had no U.S. customers and its clients were mainly from India and the United Arab Emirates (UAE).
20. Sridharan also indicated in an e-mail to NFA that he was unable to provide certain documents NFA had requested due to a recent "organizational restructuring."
21. Despite these assertions, NFA reminded eDeal and Narasimhan of their obligations to cooperate with the exam and provide NFA with the requested records and information, including the requests that applied to the firm before its "restructuring."
22. By mid-August 2021, eDeal had submitted to NFA some of the requested records, including bank statements, a customer list, a company organizational chart, and a written description of eDeal's operations.
23. However, these records included inconsistent information or raised additional questions about the firm's operations, which supported further NFA's need to obtain the requested documents.
24. For example, the bank statements were in the name of an entity called Forbex Markets Private Limited (Forbex) and not in the name of eDeal. Further, instead of providing bank statements for March through July 2021, as NFA had requested, eDeal only provided bank statements for June and July 2021.
25. The summary of the firm's operations stated that eDeal originally operated under a different name and that the firm began operating in June 2021 as a forex

broker using the name "Fxeddeal." However, "Fxeddeal" was never listed in NFA's records as an alias or other name for eDeal, even though the firm's annual update filed with NFA in August 2021 reflected "www.fxedeal.com" as its website address.

26. The operations summary also made no mention of Forbex, and NFA has received little to no information about the entity, though the address listed on the Forbex bank statements matches the address listed for eDeal in NFA's records.
27. The customer list provided to NFA included 60 individuals' names and their e-mail addresses. However, the customer list did not contain any other contact information (e.g., postal addresses), so NFA could not determine the customers' locations, including whether any of them were situated in the U.S.
28. As of late October 2021, eDeal had still failed to produce several records that NFA had requested before the exam began (e.g., bank statements for March through May 2021). In addition, eDeal failed to respond to new document and information requests (e.g., corporate records for eDeal and Forbex, agreements between eDeal and any of eDeal's liquidity providers).
29. By reason of the foregoing acts and omissions, eDeal and Narasimhan are charged with violating NFA Compliance Rule 2-5.

## COUNT II

### **VIOLATION OF NFA COMPLIANCE RULE 2-2(i): ACTING IN THE CAPACITY OF AN FCM OR RFED WITHOUT REGISTRATION OR EXEMPTION.**

30. The foregoing paragraphs are realleged as if fully stated herein.
31. Members are prohibited from acting in any capacity requiring registration under the Act unless the Member is either registered in that capacity or exempt from

registration. However, information obtained during NFA's exam indicated that eDeal was operating as a forex dealer.

32. A statement on eDeal's website – with the address [www.fxedeal.com](http://www.fxedeal.com) – claimed the firm is "a trusted broker for multiple asset classes including Forex, Indices, Commodities, Shares, Energies, Metals, and Crypto Currencies. Our trading services are available to both institutional clients as well as retail investors."
33. Up until late November 2021, the website offered customers the option of opening a managed account, as well as the option to sign up for a "trading account." The website also offered clients the option to select from various MT4 platforms, which platforms are typically used by forex dealers.
34. In addition, the Forbex bank statements eDeal had provided to NFA contained numerous deposits from and withdrawals to individuals, of which several of the individuals' names appeared on the customer list eDeal provided NFA.
35. When NFA questioned Narasimhan about eDeal's operations, she indicated the firm provides a trading platform for clients in India and UAE only, but is not operating as a forex dealer. Narasimhan also represented to NFA that Forbex's clients are from India and said, "they will deposit in a local bank account ... and we will send the fund[s] to the liquidity provider."
36. In addition to providing a trading platform for clients in India and UAE, NFA found that the "Open a Live Account" section of eDeal's website permitted U.S. customers to open an account to trade forex and other products, until around late November 2021 when the website was changed.

37. NFA also found that the website the firm used previously – with the address [www.edeal.fx.com](http://www.edeal.fx.com) – likewise offered U.S. customers the option of opening a trading account through a drop-down menu that listed "United States."
38. By reason of the foregoing acts and omissions, eDeal is charged with violations of NFA Compliance Rule 2-2(i).

#### COUNT IV

**VIOLATION OF NFA BYLAW 301(b) AND NFA REGISTRATION RULE 208:  
FAILURE TO LIST TWO INDIVIDUALS AS PRINCIPALS OF EDEAL AND FOR  
ALLOWING ONE OF THOSE INDIVIDUALS TO ACT AS AN AP OF EDEAL  
WITHOUT BEING REGISTERED AS SUCH.**

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39. The foregoing paragraphs are realleged as if fully stated herein.
40. As alleged above, Narasimhan provided NFA with an organizational chart for eDeal that listed her title as COO and identified Sridharan as the CEO. Other information indicated that Sridharan, prior to the "organizational restructuring," was a director of the predecessor firm. However, Sridharan has never been listed in NFA's records as a principal of eDeal.
41. The organizational chart also showed Narasimhan reporting directly to Sridharan, and he was listed in the pre-exam questionnaire as having supervisory responsibilities over certain areas of the firm's operations (e.g., broker communications). However, Sridharan is not registered as an AP of the firm.
42. According to Narasimhan, Lokesh Kaluvamoodu Reddy (Reddy) was the CEO of eDeal until approximately June 2021, at which time Sridharan became CEO of the firm. Like Sridharan, Reddy was never listed in NFA's records as a principal of eDeal.



43. By reason of the foregoing acts and omissions, eDeal is charged with violations of NFA Bylaw 301(b) and NFA Registration Rule 208.

**COUNT III**

**VIOLATION OF NFA COMPLIANCE RULES 2-22 AND 2-36(g): MAKING PROHIBITED REPRESENTATIONS REGARDING NFA; AND USING MISLEADING PROMOTIONAL MATERIAL.**

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44. The foregoing paragraphs are realleged as if fully stated herein.
45. In November 2019, shortly after eDeal became an NFA Member, NFA noticed that the firm's website included the phrase, "NFA certified," and contained an image of an "NFA certificate."
46. Since these "certification" references constituted a representation or implication that NFA sponsored, recommended or approved eDeal, or that the firm's abilities had been passed upon by NFA or a federal or state regulatory body, NFA instructed eDeal to remove the phrase and image from its website.
47. Although eDeal removed the "certification" references from its website, NFA subsequently discovered numerous eDeal social media posts, including Facebook, Twitter, Instagram, and YouTube feeds, that again used the phrase "NFA certified." At least one eDeal affiliate, which was a non-Member, also used the phrase "NFA certified" on its Facebook page.
48. NFA informed eDeal that these references needed to be removed from the firm's and affiliate's social media sites. Further, after eDeal became pending withdrawal from NFA membership in early October, NFA informed the firm that all general references to NFA should also be removed from its website and social media platforms.

49. Despite several repeat reminders, the firm delayed in removing these references and, as of late November 2021, numerous references to NFA continued to be included in eDeal's social media sites (e.g., Twitter, Instagram, Facebook).
50. Moreover, even though eDeal had been insisting to the NFA exam team since June 2021 that NFA's requirements did not apply to its operations because the firm had no U.S. customers, the firm nevertheless delayed in removing the misleading references to NFA from its website.
51. The firm's conduct suggests that eDeal wanted to avail itself of the reputational advantages associated with NFA membership status, without complying with NFA's regulatory requirements.
52. The number of external "hits" (i.e., not by NFA staff) to NFA's BASIC system about the firm also tends to support this view, where eDeal's name was searched over 500 times since mid-2019. In addition, approximately 100 of those "hits" occurred during the first quarter of 2021, while searches to the firm's BASIC page continued through at least mid-October.
53. By reason of the foregoing acts and omissions, eDeal is charged with violations of NFA Compliance Rules 2-22 and 2-36(g), incorporated through NFA Compliance Rule 2-39(a).

#### **COUNT IV**

#### **VIOLATION OF NFA COMPLIANCE RULE 2-36(e): FAILURE TO SUPERVISE.**

54. The foregoing paragraphs are realleged as if fully stated herein.
55. Each Member shall diligently supervise its employees and agents in the conduct of their activities for and on behalf of the Member. However, as alleged above,

eDeal failed to develop and implement adequate policies and procedures covering several areas of the firm's operations (e.g., cybersecurity, customer complaints, promotional material). The firm also failed to maintain support for the financial ratios reflected in its quarterly CTA reports and used misleading promotional material.

56. Each Associate who has supervisory duties shall diligently exercise such duties in the conduct of that Associate's activities for or on behalf of the Member.

Narasimhan was the sole AP and principal of eDeal and an NFA Associate at all times relevant to this case. As such, Narasimhan was obligated to ensure that eDeal complied with NFA Requirements.

57. However, as evidenced by the violations alleged above, Narasimhan failed to fulfill her supervisory obligations by, for example, not preparing and implementing adequate and/or required procedures. Further, as to other issues that arose during the exam (e.g., access to records for the prior bank account), Narasimhan attempted to distance herself from her regulatory obligations.

58. By reasons of the foregoing acts and omissions, eDeal and Narasimhan are charged with violations of NFA Compliance Rule 2-36(e), incorporated through NFA Compliance Rule 2-39(a).

### **PROCEDURAL REQUIREMENTS**

#### **ANSWER**

You must file a written Answer to the Complaint with NFA within thirty (30) days of the date of the Complaint. The Answer shall respond to each allegation in the Complaint by admitting, denying or averring that you lack sufficient knowledge or

information to admit or deny the allegation. An averment of insufficient knowledge or information may only be made after a diligent effort has been made to ascertain the relevant facts and shall be deemed to be a denial of the pertinent allegation.

The place for filing an Answer shall be:

National Futures Association  
300 South Riverside Plaza. Suite 1800  
Chicago, Illinois 60606  
Attn: Legal Department-Docketing  
E-Mail: [Docketing@nfa.futures.org](mailto:Docketing@nfa.futures.org)

Failure to file an Answer as provided above shall be deemed an admission of the facts and legal conclusions contained in the Complaint. Failure to respond to any allegation shall be deemed an admission of that allegation. Failure to file an Answer as provided above shall be deemed a waiver of hearing.

#### **POTENTIAL PENALTIES, DISQUALIFICATION, AND INELIGIBILITY**

At the conclusion of the proceedings conducted in connection with the issuance of this Complaint, the Committee may impose one or more of the following penalties:

- (a) expulsion or suspension for a specified period from NFA membership;
- (b) bar or suspension for a specified period from association with an NFA Member;
- (c) censure or reprimand;
- (d) a monetary fine not to exceed \$500,000 for each violation found; and
- (e) order to cease and desist or any other fitting penalty or remedial action not inconsistent with these penalties.

The allegations in this Complaint may constitute a statutory disqualification from registration under Section 8a(3)(M) of the Act. Respondents in this matter who

apply for registration in any new capacity, including as an AP with a new sponsor, may be denied registration based on the pendency of this proceeding.

Pursuant to CFTC Regulation 1.63, penalties imposed in connection with this Complaint may temporarily or permanently render a Respondent who is an individual ineligible to serve on disciplinary committees, arbitration panels and governing boards of a self-regulatory organization, as that term is defined in CFTC Regulation 1.63.

**NATIONAL FUTURES ASSOCIATION  
BUSINESS CONDUCT COMMITTEE**

Dated:

12/28/21

By:

Gu L. Woff  
Chairperson

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