



Notice of Disciplinary Action against Market Street Securities, Inc., former Member Organization, and Stephen John Cheseldine, associated person and former Head Trader of Market Street Securities, Inc.

To: Members, Member Organizations, Participants and Participant Organizations
From: John C. Pickford, Assistant General Counsel, NASDAQ OMX PHLXSM
DATE: November 10, 2014

FINRA No. 20100229928-01

On November 6, 2014, the Business Conduct Committee (the "Committee") issued a disciplinary decision against Market Street Securities, Inc. ("Market Street"), a former member organization of the Exchange, and Stephen John Cheseldine ("Cheseldine"), an associated person of the Exchange and former Head Trader of Market Street. In response to a Statement of Charges issued in this action, Market Street and Cheseldine submitted an Offer of Settlement, Stipulation to Findings and Consent to Sanctions ("Offer"). Solely to settle this proceeding, and without admitting or denying the charges, Market Street and Cheseldine consented to findings that, during the period from on or about September 1, 2006 and continuing until on or about August 31, 2007, they violated Exchange Rules 707 and 782 and wilfully violated Rule 203(b) of Regulation SHO, by improperly engaging in more than 200 short-term, paired transactions of stocks and options to give the appearance that Market Street was properly addressing its Regulation SHO close-out obligations, when in fact Market Street was improperly resetting fail-to-deliver positions and maintaining its short positions in certain threshold securities. As a result, Market Street and Cheseldine received significant financial benefit from these transactions.

Additionally, Market Street and Cheseldine consented to findings that they wilfully violated Rule 203(b) of Regulation SHO by failing to satisfy its Locate Rule requirement for several transactions prior to effecting short sales in threshold securities, and violated Exchange Rules 707 and 748 by failing to properly supervise Market Street's trading activities concerning the close-out of fail-to-deliver positions in threshold securities.

The Committee found that Market Street and Cheseldine violated Exchange Rules 707 and 748, and wilfully violated Rule 203(b) of Regulation SHO, and ordered the imposition of the following sanctions against them: (i) Market Street shall be permanently expelled from membership in the Exchange; (ii) Cheseldine shall be suspended in all capacities from association with any member organization of the Exchange for a period of three months, and shall be suspended from serving in a supervisory capacity with any member organization of the Exchange for a period of 18 months, with the foregoing two suspension periods to run concurrently and to take effect on December 1, 2014. If, after

his supervisory suspension has been completed, Cheseldine wishes to serve in a supervisory capacity with a member organization of the Exchange, he shall be required to re-take and pass a Series 24 supervisory examination; and (iii) Cheseldine shall pay a fine of \$200,000 to the Exchange, within 90 days of the issuance of the Decision.

For more information, contact:

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