

**THE NASDAQ STOCK MARKET LLC
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2024.01.0439**

TO: The Nasdaq Stock Market LLC
Nasdaq Enforcement Department

RE: Celadon Financial Group, LLC, Respondent
Member Firm
CRD No. 36538

Pursuant to Rule 9216 of The Nasdaq Stock Market LLC (“Nasdaq” or the “Exchange”) Code of Procedure, Celadon Financial Group, LLC (“Celadon,” the “Firm” or “Respondent”) submits this Letter of Acceptance, Waiver and Consent (“AWC”) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, Nasdaq will not bring any future actions against the Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

The Firm hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of Nasdaq, or to which Nasdaq is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by Nasdaq:

BACKGROUND

The Firm became a member of Nasdaq in July 2006, and its registration remains in effect. The Firm is headquartered in Morristown, New Jersey, and employs more than 30 registered representatives in more than 20 branch offices. The Firm engages in market making and proprietary trading, and offers self-directed trading in equities, options, and fixed income securities to its retail and institutional clients.

SUMMARY

During the period February 28, 2016 through the present (the “Relevant Period”), the Firm failed to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to prevent the entry of erroneous orders by rejecting orders that exceed appropriate price or size parameters, or that indicate duplicative orders. Specifically, the Firm’s pre-trade controls to prevent erroneous orders were set at unreasonable levels, and the Firm could not produce documentation evidencing the rationale for its chosen levels. The Firm’s supervisory process for identifying corporate actions affecting pre-market trading also was unreasonable from at least November 22, 2023 until November 2024. Based on the conduct described in this AWC, the Firm violated Securities Exchange Act Section 15c3, Securities Exchange Act Rules 15c3-5(b) and 15c3-5(c)(1)(ii) (together, the “Market Access Rule”), Nasdaq Rules 3010(a) and 2010A (before December

6, 2019), and General 9, Sections 20(a) and 1(a) (on and after December 6, 2019) (collectively, the “Rules”) during the Relevant Period.¹

FACTS AND VIOLATIVE CONDUCT

1. This matter originated from an investigation conducted by Nasdaq Enforcement following a referral from Nasdaq MarketWatch.
2. Securities Exchange Act Rule 15c3-5(b) requires “a broker or dealer with market access, or that provides a customer or any other person with access to an exchange or alternative trading system” to “establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of this business activity.” The risk management controls and supervisory procedures required by Rule 15c3-5(b) must include controls and procedures reasonably designed to systematically limit the financial exposure of the broker or dealer that could arise as a result of market access, including by preventing the entry of erroneous orders.
3. Securities Exchange Act Rule 15c3-5(c)(1)(ii) requires broker-dealers that provide market access to establish, document, and maintain a system of financial risk management controls and supervisory procedures reasonably designed to prevent the entry of erroneous orders, by rejecting orders that exceed appropriate price or size parameters, on an order-by-order basis or over a short period of time, or that indicate duplicative orders.
4. Nasdaq Rule General 9, Section 20(a) and its predecessor Nasdaq Rule 3010(a) provide that each “member shall establish and maintain a system to supervise the activities of each registered representative and associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations and with applicable Nasdaq rules.”
5. Nasdaq Rule General 9, Section 1(a) and its predecessor Nasdaq Rule 2010A provide that each “member, in the conduct of its business, [to] observe high standards of commercial honor and just and equitable principles of trade.” A violation of General 9, Section 20(a) also constitutes a violation of General 9, Section 1(a).
6. During the Relevant Period, the Firm’s supervisory system, including its written supervisory procedures (WSPs), and pre-trade controls to prevent erroneous orders were not reasonably designed to achieve compliance with the Rules, as described below.
7. The Firm maintained a Price Tolerance control that was triggered if an order deviated from the posted bid (offer) by at least 10% (for proprietary orders before March 20, 2024) or 8% (for agency orders and for proprietary orders on or after March 20, 2024). However, the Price Tolerance control did not consider any other datapoint and therefore would not function if no bid (offer) was posted. In addition, the 8% and 10% thresholds could exceed Nasdaq’s numerical guidelines for clearly erroneous transactions in certain circumstances (e.g., if a security’s reference price exceeded \$50.00), and the Firm had no documentation evidencing

¹ In December 2019, Nasdaq Rule 3010 (now General 9, Section 20) and Rule 2010A (now General 9, Section 1(a)) were respectively renumbered and relocated under the General 9 title (“Regulation”) in the Nasdaq rulebook. *See* Securities Exchange Act Release No. 34-87778 (December 17, 2019), 84 FR 70590 (December 23, 2019) (SR-NASDAQ-2019-098).

its rationale for setting the Price Tolerance wider in certain circumstances than Nasdaq's numerical guidelines for clearly erroneous transactions.

8. The Firm's single-order value and single-order quantity controls were set too high to prevent erroneous orders in low-priced and/or microcap securities, and the Firm lacked complementary controls (such as an Average Daily Volume control) that considered the individual characteristics of the securities.
9. The Firm employed soft blocks in certain circumstances but failed to document its review and disposition of the soft blocks. In addition, the Firm's WSPs failed to describe the Firm's supervisory process in the event an order triggered a soft or hard block.
10. From at least November 22, 2023, through November 2024, the Firm's process for timely identifying corporate actions (for example, splits and reverse splits) that might affect pre-market trading was not reasonable. Until the Firm revised its supervisory process in November 2024, the Firm unreasonably relied on a single third-party source for information about corporate actions.²
11. Based on the foregoing conduct, between February 28, 2016 and the present, the Firm violated Securities Exchange Act Section 15c3, Securities Exchange Act Rules 15c3-5(b) and 15c3-5(c)(1)(ii), Nasdaq Rules 3010(a) and 2010A (before December 6, 2019), and General 9, Sections 20(a) and 1(a) (on and after December 6, 2019).

SANCTIONS

12. The Firm also consents to the imposition of the following sanctions:
 1. Censure;
 2. A fine of \$35,000; and
 3. An undertaking requiring the Respondent to submit within 90 days of the date of the notice of acceptance of this AWC a certification that Respondent remediated the issues identified in this AWC. A registered principal of the Respondent must submit the certification through an email from their work-related account or through a signed and dated letter submitted to Jonathan Klein, Enforcement Counsel, at Jonathan.Klein@nasdaq.com. Nasdaq Enforcement staff may request further evidence of Respondent's remediation, and Respondent agrees to provide such evidence. Upon written request showing good cause, Nasdaq Enforcement staff may extend this deadline.

Respondent agrees to pay the monetary sanction(s) in accordance with its executed Election of Payment Form.

Respondent specifically and voluntarily waives any right to claim that it is unable to pay,

² In November 2023, the Firm executed a pre-market order without recognizing that the subject security had undergone a reverse split effective as of the trading date. As a result, the Firm filed a clearly erroneous petition, which resulted in Nasdaq's cancellation of executed trades.

now or at any time hereafter, the monetary sanction(s) imposed in this matter.

The sanctions imposed herein shall be effective on a date set by Nasdaq Enforcement Department staff.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under Nasdaq's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against the Firm;
- B. To be notified of the Formal Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the Nasdaq Review Council and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or pre-judgment of the Chief Regulatory Officer, the Nasdaq Review Council, or any member of the Nasdaq Review Council, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of Rule 9143 or the separation of functions prohibitions of Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Respondent understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the Nasdaq Enforcement Department and the Nasdaq Review Council, the Review Subcommittee, or the Office of Disciplinary Affairs ("ODA"), pursuant to Nasdaq Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the Respondent; and
- C. If accepted:

1. This AWC will become part of the Respondent's permanent disciplinary record and may be considered in any future actions brought by Nasdaq or any other regulator against the Respondent;
2. Nasdaq may release this AWC or make a public announcement concerning this agreement and the subject matter thereof in accordance with Nasdaq Rule 8310 and IM-8310-3; and
3. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of Nasdaq, or to which Nasdaq is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the Respondent's right to take legal or factual positions in litigation or other legal proceedings in which Nasdaq is not a party.

D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by Nasdaq, nor does it reflect the views of Nasdaq or its staff.

The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that the Firm has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the Firm to submit it.

Celadon Financial Group, LLC
Respondent

By: Paul Waldman

Print Name: Paul Waldman

Title: CCO

10/21/2025

Date

Accepted by Nasdaq:

10/27/2025

Date

Jonathan S Klein

Jonathan S. Klein
Enforcement Counsel
Nasdaq Enforcement Department

Signed on behalf of Nasdaq, by delegated authority from the Director of ODA