

SUBMISSION COVER SHEET

Confidential Treatment has not been requested

Organization Name: Javelin SEF, LLC

Organization Type: SEF

Registered Entity Identifier: 15-12

Submission Number: 1512-3110-2937-04

Submission Date: 12/31/15 10:29:37 AM

Submission Type: Product Terms and Conditions - 40.6(a) Rule Certification

Submission Description: Submission of amendment of product terms.

Official Name(s) of Product(s) Affected: CME cleared IRS products.



December 31, 2015

VIA Electronic Submission

Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Re: Javelin SEF, LLC Submission No. 15-12¹

To Whom It May Concern,

Javelin SEF, LLC (“Javelin SEF”) hereby notifies the Commodity Futures Trading Commission (the “Commission”), pursuant to Commission Regulation 40.6, of its revised product listing of Javelin SEF interest rate swap products (“CME IRS Products”) on Javelin SEF beginning January 13, 2016 (the “Submission”). Specifically, Javelin SEF is amending its CME IRS Products decrease the minimum acceptable contract size when the Swap is traded on the Javelin SEF RFQ System, modify the Swap Tenor or Term, correct calendar and currency references, and fix grammatical and typographical errors. The Currency Units have also been modified in this submission.

The Submission contains the following:

1. A summary of the terms of the CME IRS Products specifications
2. An explanation and analysis of the CME IRS Products’ compliance with the relevant Core Principles for Swap Execution Facilities (“SEF Core Principles”) as set forth by section 5h of the Commodity Exchange Act;
3. A certification that, concurrent with the filing of the Submission, Javelin SEF posted on its website a notice of pending certification of the CME IRS Products with the Commission.

1. Summary of Terms of the CME IRS Products

Contract Overview An agreement to exchange one stream of cash flows for another where one stream is based on a floating rate, for a given notional amount over a specified term, and the other stream is based upon either another floating interest rate or a fixed interest rate for the same notional and a given term.

Currency Units US Dollar

Floating Rate Index USD LIBOR,

¹ This product listing submission revises Javelin SEF’s submission 14-11.

Contract Size	Increments of 1 million currency units on Central Limit Order Book Increments of 100,000 currency units on Request for Quote System
Minimum Size	1 million currency units notional on Central Limit Order Book 100,000 currency units notional on Request for Quote System
Trading Conventions	Buy = Pay Fixed, Receive Float -or- Pay Float +/- Spread, Receive Float Sell = Receive Fixed, Pay Float -or- Receive Float +/- Spread, Pay Float
Swap Conventions	<p><i>Fixed Leg:</i></p> <ul style="list-style-type: none">• Payment Frequency: Monthly, Quarterly, Semi-Annual, Annual• Day Count Convention: 30/360, 30E/360, ACT/360, ACT/365, ACT/ACT• Holiday Calendars: London, New York• Business Day Conventions: Following, Modified Following with adjustment to period end dates & Unadjusted for period end dates <p><i>Floating Leg:</i></p> <ul style="list-style-type: none">• Payment/Resets : Monthly, Quarterly, Semi-Annual, Annual• Day Count Conventions: ACT/360, ACT/365• Holiday Calendars: London, New York• Business Day Conventions: Following, Modified Following with adjustment to period end dates & Unadjusted for period end dates
Swap Tenor or Swap Term	The duration of time from the effective date to the maturity date. A contract can have a Swap Tenor from 30 days to 50 years.
Effective Date	The date on which parties begin calculating accrued obligations such as fixed and floating interest rate payments. Also known as the start date of the swap.
Maturity Date	The final date on which the obligations no longer accrue and the final payment occurs.
Periodic Settlement Payment and Resets	<p><i>Fixed Leg:</i></p> The payment amount of the Fixed Leg is based on the following: Notional, Fixed Interest Rate, Payment Frequency, Number of days in the interest accrual period, and Day Count Convention.

Floating Leg:

The payment amount of the Floating Leg is based on the following:
Notional, Floating Interest Rate Index, Payment Frequency, Number of days
in the interest accrual period, and Day Count Convention.

Payments are settled in accordance with the payment frequency of the
swap.

**Floating Fixing
Date**

- USD: The LIBOR Fixing Date is 2 business days prior to the floating effective date.

**Trade Start
Types**

Same Day:

- A new swap where the Effective Date is the same day as the trade date.

Next Day:

- A new swap where the Effective Date is T+1 from the trade date.

Spot:

- A new swap where the Effective Date is T+2 from the trade date.

Forward:

- A new swap with an effective date on any day after the spot start date, before the maturity date, and no longer than 13 months.

Trade Types

- "Rate Trades"; interest rate swaps
- "Spreads"; Package Trade consisting of interest rate swaps with US Treasury Bond
- IMM²; interest rate swaps where Effective Date, Accrual Dates and Maturity Date are IMM Dates.
- "MAC" Swaps; Market Agreed Coupon
- "Basis" Swaps; Exchange of two floating rate indexes
- "Package Trades"; transaction involving two or more instruments: (1) that is executed between two or more counterparties; (2) that is priced or quoted as one economic transaction with simultaneous or near simultaneous execution of all components; and (3) where the execution of each component is contingent upon the execution of all other components.

² IMM shall mean the four quarterly dates of each year which are the third Wednesday of March, June, September, and December in accordance with the International Monetary Market calendar a division of the CME Group.

Notional Types	“Bullet”; Notional remains constant over term of swap.
Settlement Procedure	As determined by the Clearing Venue
Trading Hours	Javelin SEF, LLC trading hours are as stated in Javelin SEF Rule 502
Clearing Venue	CME
Block Trades	Block Trades may be submitted pursuant to Javelin SEF Rule 515
Position Limits	As provided by Part 151 of the Commission’s Regulations.
Reporting Levels	As provided by Commission Regulation 15.03.

2. Explanation and Analysis of CME IRS Products’ Compliance with SEF Core Principles

We have reviewed the SEF Core Principles and have identified that the listing of CME IRS Products may have bearing on SEF Core Principle 3: Swaps Not Readily Susceptible to Manipulation. For the reasons stated below we believe that the listing of CME IRS Products complies with the Commodity Exchange Act and SEF Core Principle 3.

a. The Reference Price is not Readily Susceptible to Manipulation

The reference price for the floating leg of CME IRS Products is the London Interbank Offered Rate for USD LIBOR. LIBOR is the lowest perceived rate at which banks can borrow unsecured funds from other banks in the London interbank market for a specified time period in a particular currency. Historically, LIBOR was calculated each day by the BBA Libor Ltd. in conjunction with Thomson Reuters. In response to concerns raised regarding the reliability of LIBOR as reference price, the British Government established an independent committee to recommend a new administrator for LIBOR known as the Hogg Tendering Advisory Committee for LIBOR (“Hogg Committee”). ICE Benchmark Administration, Limited (“IBA”) was selected (through a competitive process) by the Hogg Committee to replace BBA Libor Ltd. The Financial Conduct Authority approved the transition to IBA on February 1, 2014. The LIBOR pricing provided by IBA is known as ICE LIBOR.

ICE LIBOR is a “polled” rate, issued at approximately 11:45 am (London time) each day the banks are open. It is determined based upon “trimmed arithmetic mean” of the price information submitted by contributing banks. The “trimmed arithmetic mean” is calculated by discarding the highest and lowest 25% of prices and averaging the balance of the prices. More information on the specifics on how LIBOR is calculated and how IBA oversees the determination of ICE LIBOR is available at www.theice.com/iba.

Because the reference rate is based on LIBOR, a rate that is derived from a third-party (not the Javelin SEF’s Participants) and is subject to an auditable process by the IBA, the Contract is not readily subject to manipulation.

b. Conditions that Prevent CME IRS Products from Being Readily Susceptible to Manipulation

The terms of the IRS Product follow the current conventions of the over the counter market in interest rate swaps by providing both standard fixed terms and variable terms. (See description of product terms above). The interest rate swap market is the largest derivative asset class in the world, with an estimated \$441 trillion in notional principal outstanding in the OTC market as of December 2012 according to the Bank for International Settlements. See BIS Quarterly Review, September 2013 Page A10 Table 4 http://www.bis.org/publ/qtrpdf/r_qs1309.pdf.

The profound depth to the interest rate swap market protects the CME IRS Products from manipulation. It is well established that deep liquid markets are very difficult to manipulate. All of the recent public scrutiny and changes to the administration of LIBOR, it makes it difficult for an attempt by a single market participant or group of market participants to manipulate the LIBOR reference price to go undetected. Since all of the CME IRS Products are cash settled there is no deliverable supply that can be manipulated by market participants. Cash settlement is a further barrier that protects the CME IRS Products from market manipulation. In addition, should there be any attempt to manipulate the market, Javelin SEF is confident its robust surveillance system will detect such improper trading activity.

c. Settlement Procedure

CME IRS Products that will be traded on the Javelin SEF are cash settled at the applicable Clearing House. Currently CME IRS Products will be cleared by the Chicago Mercantile Exchange "CME". The procedures used by the CME to settle CME IRS Products is stated in CME Rules (CME Rules are available at www.cmegroup.com). These rules set forth procedures that are transparent to the market and have been approved by the Commission.

3. Certification

Javelin SEF certifies that the CME IRS Products comply with the Commodity Exchange Act, 7 U.S.C. §1 *et seq.* and the regulations thereunder. Javelin SEF further certifies that this Submission has been concurrently posted on Javelin SEF's website at <http://www.theJavelin.com>.

In the event that you have questions, please contact me at (646) 307-5931 or suellen.galish@thejavelin.com.

Sincerely,

/s/Suellen M. Galish
General Counsel and Chief Compliance Officer



July 24, 2014

December 31, 2015

VIA Electronic Submission

Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Re: Javelin SEF, LLC Submission No. 14-1115-12¹

To Whom It May Concern,

Javelin SEF, LLC (“Javelin SEF”) hereby notifies the Commodity Futures Trading Commission (the “Commission”), pursuant to Commission Regulation 40.6, of its revised product listing of Javelin SEF interest rate swap products (“CME IRS Products”) on Javelin SEF beginning ~~July 28, 2014~~ January 13, 2016 (the “Submission”). Specifically, Javelin SEF is amending its CME IRS Products ~~to include Package Trades as a new Trade Type²~~ decrease the minimum acceptable contract size when the Swap is traded on the Javelin SEF RFQ System, modify the Swap Tenor or Term, correct calendar and currency references, and fix grammatical and typographical errors. The Currency Units have also been modified in this submission.

The Submission contains the following:

1. A summary of the terms of the CME IRS Products specifications
2. An explanation and analysis of the CME IRS Products’ compliance with the relevant Core Principles for Swap Execution Facilities (“SEF Core Principles”) as set forth by section 5h of the Commodity Exchange Act;
3. A certification that, concurrent with the filing of the Submission, Javelin SEF posted on its website a notice of pending certification of the CME IRS Products with the Commission.

1. Summary of Terms of the CME IRS Products

Contract Overview An agreement to exchange one stream of cash flows for another where one stream is based on a floating rate, for a given notional amount over a specified term, and

¹ This product listing submission revises Javelin SEF’s submission 14-11.

² ~~Pursuant to Javelin SEF’s rulebook a “Package Trade” is a transaction involving two or more instruments: (1) that is executed between two or more counterparties; (2) that is priced or quoted as one economic transaction with simultaneous or near simultaneous execution of all components; and (3) where the execution of each component is contingent upon the execution of all other components.~~

the other stream is based upon either another floating interest rate or a fixed interest rate for the same notional and a given term.

Currency Units	US Dollar, British Pounds, Euros
Floating Rate Index	USD LIBOR, Sterling LIBOR, EURIBOR
Contract Size	Increments of 1 million currency units <u>on Central Limit Order Book</u> <u>Increments of 100,000 currency units on Request for Quote System</u>
Minimum Size	1 million currency units notional <u>on Central Limit Order Book</u> <u>100,000 currency units notional on Request for Quote System</u>
Trading Conventions	Buy = Pay Fixed, Receive Float -or- Pay Float +/- Spread, Receive Float Sell = Receive Fixed, Pay Float -or- Receive Float +/- Spread, Pay Float
Swap Conventions	<i>Fixed Leg:</i> <ul style="list-style-type: none">• Payment Frequency: Monthly, Quarterly, Semi-Annual, Annual• Day Count Convention: 30/360, 30E/360, ACT/360, ACT/365, ACT/ACT• Holiday Calendars: London, New York, TARGET³• Business Day Conventions: Following, Modified Following with adjustment to period end dates & Modified Following without adjustment <u>Unadjusted</u> for period end dates <i>Floating Leg:</i> <ul style="list-style-type: none">• Payment/Resets : Monthly, Quarterly, Semi-Annual, Annual• Day Count Conventions: ACT/360, ACT/365• Holiday Calendars: London, New York, TARGET• Business Day Conventions: Following, Modified Following with adjustment to period end dates & Modified Following without adjustment <u>Unadjusted for</u> period end dates
Swap Tenor or Swap Term	The duration of time from the effective date to the maturity date. A contract can have a Swap Tenor from 1 day <u>30 days</u> to 3 <u>150</u> years.

³ ~~TARGET shall mean any day on which TARGET (the Trans-European Automated Real-time Gross-settlement Express-Transfer system) is open.~~

Effective Date The date on which parties begin calculating accrued obligations such as fixed and floating interest rate payments. Also known as the start date of the swap.

Maturity Date The final date on which the obligations no longer accrue and the final payment occurs.

**Periodic
Settlement
Payment and
Resets**

Fixed Leg:

The payment amount of the Fixed Leg is based on the following: Notional, Fixed Interest Rate, Payment Frequency, Number of days in the interest accrual period, and Day Count Convention.

Floating Leg:

The payment amount of the Floating Leg is based on the following: Notional, Floating Interest Rate Index, Payment Frequency, Number of days in the interest accrual period, and Day Count Convention.

Payments are settled in accordance with the payment frequency of the swap.

**Floating Fixing
Date**

- ~~USD: The LIBOR Fixing Date is 2 London business days prior to the floating effective date.~~
- ~~GBP: The LIBOR Fixing Date is the same day as the floating effective date.~~
- EUR: The EURIBOR Fixing Date is 2 TARGET London business days prior to the floating effective date.

**Trade Start
Types**

Same Day:

- A new swap where the Effective Date is the same day as the trade date.

Next Day:

- A new swap where the Effective Date is T+1 from the trade date.

Spot:

- A new swap where the Effective Date is T+2 from the trade date.

Forward:

- A new swap with an effective date on any day after the spot start date, before the maturity date, and no longer than 13 months.

Trade Types	<ul style="list-style-type: none">• “Rate Trades”; interest rate swaps• “Spreads”; Package Trade consisting of interest rate swaps with US Treasury Bond• IMM⁴; interest rate swaps where Effective Date, Accrual Dates and Maturity Date are IMM Dates.• “MAC” Swaps; Market Agreed Coupon• “Basis” Swaps; Exchange of two floating rate indexes• “Package Trades”; transaction involving two or more instruments: (1) that is executed between two or more counterparties; (2) that is priced or quoted as one economic transaction with simultaneous or near simultaneous execution of all components; and (3) where the execution of each component is contingent upon the execution of all other components.
Notional Types	“Bullet”; Notional remains constant over term of swap.
Settlement Procedure	As determined by the Clearing Venue
Trading Hours	Javelin SEF, LLC trading hours are Monday to Friday 7:30 am to 5:00 pm <u>as stated in Javelin SEF Rule 502</u>
Clearing Venue	CME
Block Trades	Block Trades may be submitted pursuant to Javelin SEF Rule 515
Position Limits	As provided by Part 151 of the Commission’s Regulations.
Reporting Levels	As provided by Commission Regulation 15.03.

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Sincerely,

/s/Suellen M. Galish
General Counsel and Chief Compliance Officer