

SUBMISSION COVER SHEET

Confidential Treatment has not been requested

Organization Name: Javelin SEF, LLC

Organization Type: SEF

Registered Entity Identifier: 14-13

Submission Number: 1409-3016-1924-71

Submission Date: 09/30/14 04:19:24 PM

Submission Type: Rule - 40.6(a) Rule Certification

Submission Description: Amendments to Rules 523, 706, 720, 807, 904, 905 and various definitions to correct typographical errors and clarify definitions.

Rule Numbers: Rules 523, 706, 720, 807, 904, 905 and various definitions



September 30, 2014

Submitted via email

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

Re: Submission of Javelin SEF, LLC Rule Amendment (Submission No.14-13)

To Whom It May Concern:

Pursuant to Section 5c(c) of the Commodity Exchange Act (“CEA”) and Section 40.6(a) of the regulations of the Commodity Futures Trading Commission (the “Commission”) Javelin SEF, LLC (“Javelin SEF”) hereby submits to the Commission rule amendments to its Rulebook.

Specifically, Javelin SEF has amended Rules 523, 706, 720, 807, 904, 905, and various definitions (“Rule Amendments”). The Rule Amendments will be effective October 15, 2014.

A concise explanation and analysis of the Rule Amendments is attached as Exhibit A. A marked copy of the Rule Amendments, which indicates the revisions with additions underscored and deletions overstruck as indicated, is attached as Exhibit B. A clean copy of the Rule Amendments is attached as Exhibit C.

Javelin SEF certifies that these rule amendments comply with the CEA and the Commission’s Regulations. Javelin SEF further certifies that this Submission has been concurrently posted on Javelin SEF’s website at <http://www.theJavelin.com>. No substantive opposing views were expressed with respect to Rule Amendments.

If you have any questions regarding this submission, please contact me at (646) 307-5931 or suellen.galish@thejavelin.com.

Sincerely,

/s/Suellen Galish
Senior Managing Director
General Counsel and
Chief Compliance Officer

Attachments

cc: Mark Schlegal, Division of Market Oversight, Commodity Futures Trading Commission
(Email: MSchlegal@CFTC.gov)

Exhibit A

Explanation and Analysis of Javelin SEF Rule Changes

The following is a concise explanation and analysis of the proposed rule amendments which includes the core principles and Commission regulations thereunder.

Rule	Explanation of Amendment(s)	Applicable Core Principle and Commission Regulation
Chapter 1 Defined Terms – deleted definition for “Accepted Trade”	Definition deleted because it is no longer used in the Javelin SEF Rulebook.	Core Principle 2 Regulation 37.200 Regulation 37.201
Chapter 1 Defined Terms – deleted definition for “CFTC Clearing Guidance”	Definition deleted because it is no longer used in the Javelin SEF Rulebook.	Core Principle 2 Regulation 37.200 Regulation 37.201
Chapter 1 Defined Terms – amended definition for “Agent”	Definition amended to correct typographical error and to clarify use of the defined term.	Core Principle 2 Regulation 37.200 Regulation 37.201
Chapter 1 Defined Terms - deleted definition for “BTU Responder”	Definition deleted because it is no longer used in the Javelin SEF Rulebook.	Core Principle 2 Regulation 37.200 Regulation 37.201
Chapter 1 Defined Terms – deleted definition for “JCM Board”	Definition deleted because it is no longer used in the Javelin SEF Rulebook.	Core Principle 2 Regulation 37.200 Regulation 37.201
Chapter 1 Defined Terms – amended definition for “Javelin SEF User ID”	Definition amended to correct typographical error.	Core Principle 2 Regulation 37.200 Regulation 37.201
Chapter 1 Defined Terms – deleted definition for “Market Depth”	Definition deleted because it is no longer used in the Javelin SEF Rulebook.	Core Principle 2 Regulation 37.200 Regulation 37.201

Chapter 1 Defined Terms - deleted definition for "NFA"	Definition deleted because it is no longer used in the Javelin SEF Rulebook.	Core Principle 2 Regulation 37.200 Regulation 37.201
Chapter 1 Defined Terms – amended definition for "Required Transaction"	Definition amended to correct typographical error.	Core Principle 2 Regulation 37.200 Regulation 37.201
Chapter 1 Defined Terms – amended definition for "Sponsored Access"	Definition amended to provide clarify the definition of Sponsored Access.	Core Principle 2 Regulation 37.200 Regulation 37.201
Chapter 1 Defined Terms - amended definition for "Sponsored Person"	Definition amended to correct typographical error.	Core Principle 2 Regulation 37.200 Regulation 37.201
Chapter 1 Defined Terms – deleted definition for "Top of Book"	Definition deleted because it is no longer used in the Javelin SEF Rulebook.	Core Principle 2 Regulation 37.200 Regulation 37.201
Rule 206	Rule amended to correct typographical error.	Core Principle 2 Regulation 37.200 Regulation 37.201
Rule 213	Rule amended to correct typographical error.	Core Principle 2 Core Principle 4 Regulation 37.200 Regulation 37.201 Regulation 37.405
Rule 310	Rule amended to correct typographical error.	Core Principle 2 Regulation 37.200 Regulation 37.201
Rule 322	Rule amended to correct typographical errors.	Core Principle 2 Regulation 37.200 Regulation 37.201

Rule 523	Rule amended to correct typographical error.	Core Principle 2 Regulation 37.200 Regulation 37.201
Rule 706	Rule amended to correct typographical error.	Core Principle 2 Regulation 37.200 Regulation 37.201
Rule 720	Rule amended to correct typographical errors consisting of excess wording.	Core Principle 2 Regulation 37.200 Regulation 37.201
Rule 807	Rule amended to correct typographical error.	Core Principle 2 Regulation 37.200 Regulation 37.201
Rule 904	Rule amended to correct typographical error.	Core Principle 2 Regulation 37.200 Regulation 37.201
Rule 905	Rule amended to correct typographical error.	Core Principle 10 Regulation 37.1000

EXHIBIT B

Marked Copy of Rule Amendments

~~“Accepted Trade” shall have the meaning set forth in Javelin SEF Rule 606.~~

~~“CFTC Clearing Guidance” shall have the meaning set forth in Javelin SEF Rule 603.~~

“Agent” shall mean a DMM or DSB (including their Sponsored Persons) that is authorized to act, including entering orders and/or causing Trades, on behalf of a Customer on Javelin SEF and shall not apply to references to “AGENT” in Javelin SEF Rule 512.

~~“BTU Responder” shall mean a RFQ Responder that is a business trading unit, as defined in CFTC Regulation 23.605(a) (2), of the Agent.~~

~~“JCM Board” shall mean the Board of Managers of Javelin Capital Markets, LLC.~~

“Javelin SEF User ID” shall mean the unique identification number assigned by Javelin SEF to each ~~an~~ Authorized Trader which enables such Authorized Trader to access the Javelin SEF Trading System.

~~“Market Depth” shall mean all of the resting bids or offers that are not Top of Book for a specific Product.~~

~~“NFA” shall mean the National Futures Association.~~

“Required Transaction” shall have the meaning set forth in CFTC Regulation 37.9(a)(1).

“Sponsored Access” shall mean the provision by Javelin SEF of ~~electronic~~ access to Javelin SEF to a Sponsored Person by the means of a Sponsoring Participant pursuant to the Javelin SEF Rules.

“Sponsored Person” shall mean an ECP, other than an individual or an ISV, which has been provided electronic access to Javelin SEF by the means of a Sponsoring Participant pursuant to Javelin SEF Rules, and shall be subject to the jurisdiction of Javelin SEF and comply with Javelin SEF Rules as if such Sponsored Person was a Participant. Except as provided in Javelin SEF Rule 323, for the avoidance of doubt, all references to Participant includes Sponsored Persons and their Authorized Traders.

~~“Top of Book” shall mean the highest bid and lowest offer with any associated size for a specific Product.~~

Rule 206. Conflicts of Interest

2. Prior to consideration of any Self-Regulatory Action, each member of a Deliberating Body who determines to participate in any deliberations or vote in a Self-Regulatory Action shall disclose

to the Chief Compliance Officer any Material Conflict of Interest (any such person disclosing a Material Conflict of Interest ~~is~~ an “Interested Person”).

[balance of the rule remains the same]

Rule 213. IRS Markets Committee

6. Powers. The IRS Markets Committee shall have the following powers (a) to declare a Macro News Out (b) to make recommendations to Javelin SEF to extend the suspension of the ~~IRS~~ Liquidity Commitment in excess of 60 minutes, and (c) subject to Rule 511, to impose (i) price limits, (ii) trading pauses, and/or (iii) trading halts to trading in a particular Product in the event of extraordinary price movements that may result in distorted prices or trigger market disruptions.

[balance of the rule remains the same]

Rule 310. Authorized Traders

3. At any time a Participant may revoke the designation it has granted to any Authorized Trader by providing written notice of such revocation to Javelin SEF at least one Trading Day before the effective date of any such revocation. Each Participant shall take all such immediate measures appropriate to insure that, after such revocation the affected Authorized Trader(s) shall not (i) have access to Javelin SEF or (ii) utilize his or her Javelin SEF User ID. Upon receipt of notice of the revocation of the designation of Authorized Trader, Javelin SEF shall act promptly, but in no event ~~in~~ longer than one Trading Day, to take all steps necessary to disallow access to Javelin SEF by such formerly designated Authorized Trader.

[balance of the rule remains the same]

Rule 322. Sponsored Access

6. Sponsored Persons. Each Sponsored Person:

- b. Represents and warrants to Javelin SEF that it currently: (i) is, and shall continue to be, an ECP and, (ii) shall have, and shall continue to have, all registrations and licenses required under applicable law to trade Products on Javelin SEF, (iii) has, and shall continue to have, corporate authority to trade Products on Javelin SEF, (iv) is not ~~be~~ subject to statutory disqualification under Section 8a(2) of the CEA, (v) is not prohibited,

for any reason, ~~for~~from using the services provided by Javelin SEF, (vi) has the authority, upon the request of Javelin SEF, to adjust or withdraw any order ~~its~~ submits to Javelin SEF, and (vii) is not an ISV or automated trading system.

7. Revocation of Sponsored Access.

- b. A Sponsoring Participant may revoke designation of a Sponsored Person and/or such Sponsored Person's Authorized Trader(s) at any time by providing written notice of such revocation to Javelin SEF at least one Trading Day before the effective date of any such revocation. Each Sponsoring Participant shall take all such immediate measures appropriate and within its exclusive control to ensure that, upon such revocation of Sponsored Person that such Sponsored Person's Authorized Trader(s) shall not (i) have access to Javelin SEF or (ii) utilize his or her Javelin SEF User ID. Upon receipt of notice of the revocation of the designation of Authorized Trader, Javelin SEF shall act promptly, but in no event ~~in~~-longer than one Trading Day, take all steps necessary to disallow access to Javelin SEF by such formerly designated Authorized Trader.

[balance of the rule remains the same]

Rule 523. Cross Trades; Time Delays for Required Transactions

2. Cross Trades Executed Through the Order Book

- a. If, pursuant to Javelin SEF Rule 521, a Participant informs an Authorized Employee that ~~they~~it seeks to execute an order against a Customer order, then the Authorized Employee shall enter the Customer order into the order book and then wait at least 15 seconds before entering the Participant's order; or
- b. if, pursuant to Javelin SEF Rule 521, a Participant informs an Authorized Employee that ~~they~~it seeks to execute two Customer orders against each other, then the Authorized Employee shall enter one side of the trade into the order book and wait at least 15 seconds before entering the second side of the trade for execution.

[balance of the rule remains the same]

Rule 706. Rule Violations

19. Laddering. No Participant shall ~~not~~ use any high frequency trading strategy that seeks to intercept trading that would otherwise take place and extract profits from the system without participating in the transference of risk.

[balance of the rule remains the same]

Rule 720. Pre-hearing Procedures

3. Resolution of Discovery Disputes. Either party may make a written application to the Hearing Panel for resolution of any discovery dispute. Any party making an application to the Hearing Panel for the resolution of a discovery dispute shall timely serve the other party with a copy of their written application to the Hearing Panel. Any such application to the Hearing Panel shall include the following information (i) a description of the documents, information or other tangible evidence that is sought, (ii) the name of the custodian of the documents, information or other tangible evidence that is sought, (iii) the nature of the ~~custodian's the~~ objection to their production, and (iv) the reasons why the Hearing Panel should compel the production of documents, information or other tangible evidence that is sought.

[balance of the rule remains the same]

Rule 807. Arbitration Pre-Hearing Proceedings

2. As soon as practicable after the appointment of the panel is finalized, the Arbitration Panel shall hold a scheduling conference. At the scheduling conference the Arbitration Panel and the parties will agree upon the case schedule and set a date (or dates) for the hearing. The Panel shall ~~serviceserve~~ all parties with written notice of the date, time and place of the hearing.

[balance of the rule remains the same]

Rule 904. Recording of Communications

In the regular course of business, Javelin SEF may record conversations and retain copies of electronic communications between (a) Javelin SEF and (b) Participants and their Supervised Persons. All such recording will be retained by Javelin SEF in such manner and for such period of time as Javelin SEF, ~~it~~ its sole discretion, determines is necessary or desirable to comply with applicable law. For the avoidance of any doubt, any Regulatory Service Provider that provides regulatory services to Javelin SEF will have access, to the extent necessary to perform regulatory services, to all such recordings.

Rule 905. Books and Records

Javelin SEF shall keep, or cause to be kept, complete and accurate books and records of accounts of the Javelin SEF, including, without limitation, all books and records required to be maintained pursuant to the CEA and CFTC regulations, as well as the Securities Exchange Act of 1934 and applicable SEC regulations. Javelin SEF shall retain all such books and records for at least seven years, or such longer

time as may be required by applicable law, and shall make such books and records readily accessible for inspection, as may be required by applicable law, during the first two years of ~~the~~ such seven year period. Upon request Javelin SEF shall make its books and records available to the CFTC and/or permit on site visitation by duly authorized representatives of the CFTC. In addition, Javelin SEF will keep records relating to swaps defined in section 1a (47)(A)(v) of the CEA open to inspection and examination by the SEC.

EXHIBIT C

Rule Amendments

“Agent” shall mean a DMM or DSB (including their Sponsored Persons) that is authorized to act, including entering orders and/or causing Trades, on behalf of a Customer on Javelin SEF and shall not apply to references to “AGENT” in Javelin SEF Rule 512.

“Javelin SEF User ID” shall mean the unique identification number assigned by Javelin SEF to each Authorized Trader which enables such Authorized Trader to access the Javelin SEF Trading System.

“Required Transaction” shall have the meaning set forth in CFTC Regulation 37.9(a)(1).

“Sponsored Access” shall mean the provision by Javelin SEF of access to Javelin SEF to a Sponsored Person by the means of a Sponsoring Participant pursuant to the Javelin SEF Rules.

“Sponsored Person” shall mean an ECP, other than an individual or an ISV, which has been provided electronic access to Javelin SEF by the means of a Sponsoring Participant pursuant to Javelin SEF Rules, and shall be subject to the jurisdiction of Javelin SEF and comply with Javelin SEF Rules as if such Sponsored Person was a Participant. Except as provided in Javelin SEF Rule 323, for the avoidance of doubt, all references to Participant includes Sponsored Persons and their Authorized Traders.

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