

SUBMISSION COVER SHEET

Confidential Treatment has not been requested

Organization Name: Javelin SEF, LLC

Organization Type: SEF

Registered Entity Identifier: 15-02

Submission Number: 1502-2516-5503-72

Submission Date: 02/25/15 04:55:03 PM

Submission Type: Rule - 40.6(a) Rule Certification

Submission Description: Rule amendments related to new pre-trade credit check functionality for Block Trades.

Rule Numbers: Rules 515 and 520



February 25, 2015

Submitted via CFTC Portal
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.15-02)

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 515 and 520 (“Rule Amendments”). The Rule Amendments will be effective March 12, 2015.

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 Schlegel, Division of Market Oversight, Commodity Futures Trading Commission
(Email: MSchlegel@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
515	Rule is amended to provide for Javelin SEF's new system functionality that enables market participants to perform pre-trade credit checks for Block Trades and clarifies treatment of trades executed on Javelin SEF that exceed the Block Trade threshold.	Core Principle 2 Regulation 37.200
520	Rule is amended to provide for Javelin SEF's new system functionality that enables market participants to perform pre-trade credit checks for Block Trades.	Core Principle 7 Regulation 37.700

EXHIBIT B

Marked Copy of Rule Amendments

Rule 515. Block Trades

1. Pursuant to NAL 14-118, expiring December 15, 2015, Participants may submit Block Trades to Javelin SEF by electronic or voice hybrid electronic execution on Javelin SEF's RFQ System, which shall not be subject to the requirements of Javelin SEF Rule 506(1). In addition, Participants may use the Block Trade window of the Javelin SEF Trading System to: (a) perform pre-trade credit checks for Block Trade orders and (b) electronically submit Block Trades to Javelin SEF for clearing and swap data reporting.
2. Block Trades shall mean a publically reportable swap transaction that: (a) involves a swap that is listed on a registered swap execution facility or a designated contract market, (b) occurs away from the registered swap execution facility's or designated contract market's trading system or platform and is executed pursuant to the registered swap execution facility's or designated contract market's rules and procedures; (c) has a notional or principal amount at or above the appropriate minimum block size applicable to such swap; and (d) is reported subject to the rules and procedures of the registered swap execution facility or designated contract market and the rules described in this part, including the appropriate time delay requirements set forth in CFTC Regulation 43.5. For the avoidance of doubt, Participants may submit (by electronic, voice, or voice hybrid electronic means) an order that is above the minimum block size for execution on Javelin SEF, and if executed such trades will not receive block trade treatment (i.e.; the trade will not be not afforded the reporting time delay afforded to block trades).
- ~~2-3.~~ This Rule does not prohibit the execution of a trade that is above the minimum block size threshold on Javelin SEF's voice central limit order book, electronic central limit order book, voice request for quote or electronic request for quote system as non-block trades. However, any such trade shall not receive treatment as a Block Trade and will not be afforded the reporting time delay that is afforded to Block Trades.

Rule 520. Pre-Execution Order Screening

1. Upon the entry of any order (including, without limitation, a RFQ inquiry) for execution through use of automated means and/or the submission of an order for a Block Trade, Javelin SEF shall facilitate prompt pre-execution screening of such order (a) by the Clearing Member identified by the Participant (or its Customer), or (b) if the Participant is a Swap Dealer or FCM that clears its own trades without use of a third-party platform, service or hub (as described below), Javelin SEF will deem the order submitted by such self-clearing Participant to have been screened against pre-trade credit limits (and approved) prior to its submission to Javelin SEF for execution. For avoidance of any doubt, a Participant that clears its own trades is included in all references to "Clearing Member" in this Rule 520. If Javelin SEF (i) receives confirmation (by either an applicable established risk-based limit of sufficient size, or a discrete approval in

respect of a particular order, including from a third-party platform, service or hub as described below) from the identified Clearing Member that it will accept responsibility for clearing any Trade resulting from such order through such Clearing Member at the Clearinghouse and (ii) has not been notified by the relevant Clearinghouse that the Clearing Member is at such time is not eligible to submit such order (or orders generally) for clearing as such Clearinghouse, then, and only then, may Javelin SEF accept such order. Subject to Rule 512, and notwithstanding any other provisions of this rulebook, Javelin SEF will be responsible for actual losses of a Clearing Member, where such losses directly result from (i) an order that was incorrectly accepted by Javelin SEF pursuant to this Rule 520(1), because of the failure or error of the Javelin SEF Trading System; or (ii) the failure of Javelin SEF to comply with its obligations as related to the pre-execution order screening process described in this Rule 520.

[the balance of Rule 520 remains the same]

EXHIBIT C

Rule Amendments

Rule 515. Block Trades

1. Pursuant to NAL 14-118, expiring December 15, 2015, Participants may submit Block Trades to Javelin SEF by electronic or voice hybrid electronic execution on Javelin SEF's RFQ System, which shall not be subject to the requirements of Javelin SEF Rule 506(1). In addition, Participants may use the Block Trade window of the Javelin SEF Trading System to: (a) perform pre-trade credit checks for Block Trade orders and (b) electronically submit Block Trades to Javelin SEF for clearing and swap data reporting.
2. Block Trades shall mean a publically reportable swap transaction that: (a) involves a swap that is listed on a registered swap execution facility or a designated contract market, (b) occurs away from the registered swap execution facility's or designated contract market's trading system or platform and is executed pursuant to the registered swap execution facility's or designated contract market's rules and procedures; (c) has a notional or principal amount at or above the appropriate minimum block size applicable to such swap; and (d) is reported subject to the rules and procedures of the registered swap execution facility or designated contract market and the rules described in this part, including the appropriate time delay requirements set forth in CFTC Regulation 43.5. For the avoidance of doubt, Participants may submit (by electronic, voice, or voice hybrid electronic means) an order that is above the minimum block size for execution on Javelin SEF, and if executed such trades will not receive block trade treatment (i.e.; the trade will not be not afforded the reporting time delay afforded to block trades).
3. This Rule does not prohibit the execution of a trade that is above the minimum block size threshold on Javelin SEF's voice central limit order book, electronic central limit order book, voice request for quote or electronic request for quote system as non-block trades. However, any such trade shall not receive treatment as a Block Trade and will not be afforded the reporting time delay that is afforded to Block Trades.

Rule 520. Pre-Execution Order Screening

1. Upon the entry of any order (including, without limitation, a RFQ inquiry) for execution through use of automated means and/or the submission of an order for a Block Trade, Javelin SEF shall facilitate prompt pre-execution screening of such order (a) by the Clearing Member identified by the Participant (or its Customer), or (b) if the Participant is a Swap Dealer or FCM that clears its own trades without use of a third-party platform, service or hub (as described below), Javelin SEF will deem the order submitted by such self-clearing Participant to have been screened against pre-trade credit limits (and approved) prior to its submission to Javelin SEF for execution. For avoidance of any doubt, a Participant that clears its own trades is included in all references to "Clearing Member" in this Rule 520. If Javelin SEF (i) receives confirmation (by either an applicable established risk-based limit of sufficient size, or a discrete approval in respect of a particular order, including from a third-party platform, service or hub as described

below) from the identified Clearing Member that it will accept responsibility for clearing any Trade resulting from such order through such Clearing Member at the Clearinghouse and (ii) has not been notified by the relevant Clearinghouse that the Clearing Member is at such time is not eligible to submit such order (or orders generally) for clearing as such Clearinghouse, then, and only then, may Javelin SEF accept such order. Subject to Rule 512, and notwithstanding any other provisions of this rulebook, Javelin SEF will be responsible for actual losses of a Clearing Member, where such losses directly result from (i) an order that was incorrectly accepted by Javelin SEF pursuant to this Rule 520(1), because of the failure or error of the Javelin SEF Trading System; or (ii) the failure of Javelin SEF to comply with its obligations as related to the pre-execution order screening process described in this Rule 520.

[the balance of Rule 520 remains the same]