

# SUBMISSION COVER SHEET

Confidential Treatment has not been requested

Organization Name: Javelin SEF, LLC

Organization Type: SEF

Registered Entity Identifier: 15-07

Submission Number: 1505-2114-5503-40

Submission Date: 05/21/15 02:55:03 PM

Submission Type: Rule - 40.6(a) Rule Certification

Submission Description: Rules amendments to provide (a)for use of Javelin systems to communicate bids and offers to Javelin to insure compliance with Reg 37.9(b) and (b) state in rulebook that bid and offers in voice order book will be disclosed to all market participants.

Rule Numbers: Rules 521 and 531



May 21, 2015

Submitted via CFTC Portal  
Office of the Secretariat  
U.S. Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street  
Washington, DC 20581

Re: Submission of Javelin SEF, LLC Rule Amendment (Submission No. 15-07)

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 521 and 523 (“Rule Amendments”). The Rule Amendments will be effective June 5, 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](mailto: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](mailto: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.

<b>Rule</b>	<b>Explanation of Amendment(s)</b>	<b>Applicable Core Principle and Commission Regulation</b>
Rule 521	Rule Amended to provide (a) for the use of Javelin system functionality to communicate orders to Javelin SEF's Authorized Employees, and (b) that Authorized Employees must post all bids and offers for the voice order book on the Javelin SEF system (so that they are visible to all market participants).	Core Principle 2 Regulation 37.200 Regulation 37.201
Rule 523	Rule Amended to provide for use of Javelin system functionality to communicate the crossing of orders to Javelin SEF's Authorized Employee to insure compliance with Regulation 37.9(b).	Regulation 37.9(b) Core Principle 2 Regulation 37.200 Regulation 37.201

## EXHIBIT B

### Marked Copy of Rule Amendments

#### **Rule 521. Trade Execution on Javelin SEF via Voice Trading**

Participants may execute Trades on Javelin SEF by voice trading. Voice trading on Javelin SEF is a Trading Facility, as defined by section 1a(51) of the CEA, that enables multiple Participants to make bids and/or offers into Javelin SEF that are open to multiple Participants through the use of the telephone, instant message and electronic mail that are acceptable to Javelin SEF or through system functionality provided by Javelin SEF. Voice trading is facilitated by Authorized Employees who communicate to Participants engaged in voice trading the existence of bids and/or offers to multiple Participants and assists in the order execution of voice Trades. Voice trading is accomplished as follows.

1. Participants may submit a bid or offer to an Authorized Employee. All bids and offers communicated to Authorized Employees shall be considered to be firm at the time first communicated to the Authorized Employee and subsequently may be indicative. An Authorized Employee, in his or her discretion, may communicate with Participants to determine trading interest.
2. Promptly upon receipt of a bid or offer the Authorized Employee shall communicate, on an anonymous basis, such bid or offer ~~to all Participants by posting an alert on the Javelin SEF system which shall be visible to all market participants engaged in voice trading, which at no time shall be less than five Participants.~~
3. Participants may cancel or modify firm bids or offers at any time prior to trade execution by communicating such cancellation or modification to an Authorized Employee, and such cancellation or modification shall become effective upon the Authorized Employee's receipt of such cancellation or modification.
4. Bids and offers shall be matched by Authorized Employees on a price time priority (the bid and/or closest in price that is first in time is given priority).
5. The Authorized Employee shall promptly inform Participants when they are matched in a voice trade and Javelin SEF will enter the Trade into its system.

#### **Rule 523. Cross Trades; Time Delays for Required Transactions**

All Participants who, in connection with the execution of a Required Transaction, seek to cross orders by either executing against a Customer's order or executing two Customers' orders against each other through Javelin SEF's voice or electronic central limit order book shall use the following procedure:

1. Cross Trades Executed Through the Electronic Central Limit Order Book
  - a. If a Participant seeks to execute an order against a Customer order, then such Participant shall enter the Customer order into Javelin SEF's electronic central limit order book and then wait at least 15 seconds before entering the Participant's order;
  - b. If a Participant seeks to execute two Customer orders against each other, then such Participant shall enter one side of the trade into Javelin SEF's electronic central limit order book and wait at least 15 seconds before entering the second side of the trade for execution;

- c. If, pursuant to Javelin SEF Rule 522, a Participant informs an Authorized Employee that they seek to execute an order against a Customer order, then the Authorized Employee shall enter the Customer order into the electronic central limit order book and then wait at least 15 seconds before entering the Participant's order; or
  - d. If, pursuant to Javelin SEF Rule 522, a Participant informs an Authorized Employee that they seek to execute two Customer orders against each other, then the Authorized Employee shall enter one side of the trade into the electronic central order book and wait at least 15 seconds before entering the second side of the trade for execution.
2. Cross Trades Executed Through the Voice Central Limit Order Book
- a. If, pursuant to Javelin SEF Rule 521, a Participant informs an Authorized Employee that it seeks to execute an order against a Customer order, then the Authorized Employee shall enter the Customer order into the voice central limit 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 it seeks to execute two Customer orders against each other, then the Authorized Employee shall enter one side of the trade into the voice central limit order book and wait at least 15 seconds before entering the second side of the trade for execution.
  - c. Alternatively, if, pursuant to Javelin SEF Rule 521, a Participant seeks to either (a) execute an order against a Customer order or (b) execute two Customer orders against each other, such Participant may do so through system functionality provided by Javelin SEF for that purpose.

## EXHIBIT C

### Rule Amendments

#### **Rule 521. Trade Execution on Javelin SEF via Voice Trading**

Participants may execute Trades on Javelin SEF by voice trading. Voice trading on Javelin SEF is a Trading Facility, as defined by section 1a(51) of the CEA, that enables multiple Participants to make bids and/or offers into Javelin SEF that are open to multiple Participants through the use of the telephone, instant message and electronic mail that are acceptable to Javelin SEF or through system functionality provided by Javelin SEF. Voice trading is facilitated by Authorized Employees who communicate to Participants engaged in voice trading the existence of bids and/or offers to multiple Participants and assists in the order execution of voice Trades. Voice trading is accomplished as follows.

1. Participants may submit a bid or offer to an Authorized Employee. All bids and offers communicated to Authorized Employees shall be considered to be firm at the time first communicated to the Authorized Employee and subsequently may be indicative. An Authorized Employee, in his or her discretion, may communicate with Participants to determine trading interest.
2. Promptly upon receipt of a bid or offer the Authorized Employee shall communicate, on an anonymous basis, such bid or offer by posting an alert on the Javelin SEF system which shall be visible to all market participants.
3. Participants may cancel or modify firm bids or offers at any time prior to trade execution by communicating such cancellation or modification to an Authorized Employee, and such cancellation or modification shall become effective upon the Authorized Employee's receipt of such cancellation or modification.
4. Bids and offers shall be matched by Authorized Employees on a price time priority (the bid and/or closest in price that is first in time is given priority).
5. The Authorized Employee shall promptly inform Participants when they are matched in a voice trade and Javelin SEF will enter the Trade into its system.

#### **Rule 523. Cross Trades; Time Delays for Required Transactions**

All Participants who, in connection with the execution of a Required Transaction, seek to cross orders by either executing against a Customer's order or executing two Customers' orders against each other through Javelin SEF's voice or electronic central limit order book shall use the following procedure:

1. Cross Trades Executed Through the Electronic Central Limit Order Book
  - a. If a Participant seeks to execute an order against a Customer order, then such Participant shall enter the Customer order into Javelin SEF's electronic central limit order book and then wait at least 15 seconds before entering the Participant's order;
  - b. If a Participant seeks to execute two Customer orders against each other, then such Participant shall enter one side of the trade into Javelin SEF's electronic central limit order book and wait at least 15 seconds before entering the second side of the trade for execution;

- c. If, pursuant to Javelin SEF Rule 522, a Participant informs an Authorized Employee that they seek to execute an order against a Customer order, then the Authorized Employee shall enter the Customer order into the electronic central limit order book and then wait at least 15 seconds before entering the Participant's order; or
  - d. If, pursuant to Javelin SEF Rule 522, a Participant informs an Authorized Employee that they seek to execute two Customer orders against each other, then the Authorized Employee shall enter one side of the trade into the electronic central order book and wait at least 15 seconds before entering the second side of the trade for execution.
2. Cross Trades Executed Through the Voice Central Limit Order Book
- a. If, pursuant to Javelin SEF Rule 521, a Participant informs an Authorized Employee that it seeks to execute an order against a Customer order, then the Authorized Employee shall enter the Customer order into the voice central limit 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 it seeks to execute two Customer orders against each other, then the Authorized Employee shall enter one side of the trade into the voice central limit order book and wait at least 15 seconds before entering the second side of the trade for execution.
  - c. Alternatively, if, pursuant to Javelin SEF Rule 521, a Participant seeks to either (a) execute an order against a Customer order or (b) execute two Customer orders against each other, such Participant may do so through system functionality provided by Javelin SEF for that purpose.