

SUBMISSION COVER SHEET

Confidential Treatment has not been requested

Organization Name: Javelin SEF, LLC

Organization Type: SEF

Registered Entity Identifier: 15-08

Submission Number: 1508-0514-3444-09

Submission Date: 08/05/15 02:34:44 PM

Submission Type: Rule - 40.6(a) Rule Certification

Submission Description: Rule amendments regarding (a) CFTC No Action Letter 15-24, (b) changes to voice trading procedures, and (c) record retention.

Rule Numbers: Rules 507, 521, 601, 606 and 905



August 5, 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. 15-08)

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 507, 521, 601, 606 and 905 (“Rule Amendments”). The Rule Amendments will be effective August 19, 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
Rule 507	Rule amendments clarify that the modification of voice orders is prohibited.	Core Principle 2 Rule 37.200 Rule 37.201 Core Principle 4 Rule 37.400
Rule 521	Rule amended to provide that the modification of voice orders is prohibited and clarifies that market participants can make changes to voice orders by cancelling the original order and entering a new order. Rule is also amended to delete redundant language in subsection (2), as all bids and/or offers in the voice order book are visible to all market participants. The rule is further amended to clarify that market participants can determine whether bids and/or offers in the voice order book are firm or indicative by communicating with an Authorized Employee.	Core Principle 2 Rule 37.200 Rule 37.201 Core Principle 4 Rule 37.400
Rule 601	Rule amended to cross reference amendments to Rule 606, permitting correction of errors pursuant to CFTC No-Action Letter 15-24, expiring June 15, 2016.	Core Principle 2 Rule 37.200 Rule 37.201 Core Principle 7 CFTC No-Action Letter 15-24
Rule 606	Rule amendment incorporating procedures from CFTC No-Action Letter 15-24, expiring June 15, 2016, for correcting errors for matched orders rejected for clearing based on non-risk-based clerical or operational errors and for correcting clerical or operational errors for cleared trades.	Core Principle 2 Rule 37.200 Rule 37.201 Core Principle 4 Rule 37.400 Core Principle 7 Rule 37.700 CFTC No-Action Letter 15-24
Rule 905	Rule amendment modifying retention of records time period seven to five years.	Core Principle 10 Rule 37.1000

EXHIBIT B

Marked Copy of Rule Amendments

Rule 507. Modification and Cancellation of Orders

Unless otherwise provided in the Javelin SEF Rules, any Electronic or Voice Hybrid Electronic order entered into Javelin SEF may be modified or cancelled until such time that such order is executed or has otherwise expired. Any such modification or cancellation of an order requires that an Order Modify or Order Cancel be entered into Javelin SEF. Such modification or cancellation shall become effective upon receipt by Javelin SEF of the Order Modify or Order Cancel. Pursuant to Rule 521, order modification is not permitted when trading via Voice Trading.

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. 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 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~~. Order modification is not permitted. Instead, a customer may cancel an existing order and enter a new order.
4. Participants can determine if bids and offers are firm or indicative by communicating with an Authorized Employee. Bids and offers shall be matched by Authorized Employees on a price time priority (the bid and/or offer 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 process ~~enter~~ the Trade ~~into its system~~.

Rule 601. General

All Trades executed on Javelin SEF shall be routed for clearing through the Clearinghouse selected for such Trade at the time of order entry. All Trades executed on Javelin SEF or submitted for Clearing by Javelin SEF to correct an error pursuant to Rule 606, shall be subject to the rules, policies and procedures of such Clearinghouse, the Javelin SEF Rules and applicable law. Clearing Members approved by Javelin SEF shall provide such services as are necessary to process and clear Trades as provided by applicable law. Javelin SEF shall route Matched Orders to the Clearinghouse in a manner acceptable to the Clearinghouse for the purposes of facilitating the processing of Matched Orders for clearing in a prompt, efficient and accurate manner, in compliance with applicable law.

Rule 606. Acceptance and Rejection for Clearing

1. Upon the execution of any orders resulting in Matched Orders through use of automated means to screen orders for compliance with risk based limits, Javelin SEF shall promptly submit such Matched Orders to the Clearinghouse for acceptance for clearing. Upon the execution of any orders resulting in Matched Orders without the use of automated means for compliance with risk based limits, Javelin SEF shall promptly submit such Matched Orders to the Clearinghouse for acceptance for clearing by the applicable Clearing Member and Clearinghouse. Matched Orders and Block Trades submitted for clearing and for which a rejection notice from the Clearinghouse has been received by Javelin SEF shall be void *ab initio*.
2. Pursuant to CFTC No-Action Letter 15-24, expiring June 15, 2016, the following procedures will be in effect in the event that Matched Orders submitted for clearing have been rejected by the Clearinghouse for non-credit reasons. Upon receipt of a rejection notice, Javelin SEF shall promptly review the Matched Order submission to address clerical or operational errors that caused the Matched Orders to be rejected for clearing, and
 - a. If Javelin SEF determines that that the Clearinghouse rejected the Matched Orders because of an operational or clerical error or omission made by Javelin SEF, one of the counterparties, or an agent of one of the counterparties, Javelin SEF may:
 - i. resubmit the corrected Matched Orders for clearing without obtaining consent from the counterparties,
 - ii. Seek guidance on how to address the error from the counterparties, and implement such guidance with the consent of both counterparties, or
 - iii. Elect not to fix the error.
 - b. The correction of the Matched Order must be completed as quickly as technologically practicable after receipt of notice of the rejection by the DCO to Javelin SEF, but in any event, no later than one hour after receipt of the rejection notice.
 - c. Promptly upon discovery and correction of any errors resulting in cancellation or resubmission of transactions, Javelin SEF will issue a notice to the relevant SDR and to all Participants of the results of the review and any actions taken.
 - d. With respect to swaps rejected from clearing for non-credit reasons, if the new transaction that corrects the errors in the original transaction is also rejected for

clearing, it is void *ab initio* and the parties will not be provided a second opportunity to submit a new trade.

3. Pursuant to CFTC No-Action Letter 15-24, expiring June 15, 2016, the following procedures will be in effect to offset swaps carried on a Clearinghouse's books where a clerical or operational error or omission was made and not identified until after Javelin SEF receives notification that the Matched Orders have been accepted for clearing.

a. In the event that Javelin SEF determines that that the terms of the Matched Orders contain an operational or clerical error or omission made by Javelin SEF, one of the counterparties, or an agent of one of the counterparties, and such Matched Orders have been accepted and cleared by the Clearinghouse, upon the consent of both counterparties Javelin SEF may submit an offsetting transaction to the Clearinghouse and may also submit a new transaction for clearing that corrects the errors in the original transaction.

b. The transactions to offset and correct the errors in the original transaction must be reentered and submitted for clearing no later than three days after the erroneous cleared swap was submitted to the Clearinghouse by Javelin SEF.

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~~ five 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 such ~~five~~ 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

Rule 507. Modification and Cancellation of Orders

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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 engaged in voice trading.
3. Participants may cancel firm bids or offers at any time prior to trade execution by communicating such cancellation to an Authorized Employee, and such cancellation shall become effective upon the Authorized Employee's receipt of such cancellation. Order modification is not permitted. Instead, a customer may cancel an existing order and enter a new order.
4. Participants can determine if bids and offers are firm or indicative by communicating with an Authorized Employee. Bids and offers shall be matched by Authorized Employees on a price time priority (the bid and/or offer 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 process the Trade.

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