

SUBMISSION COVER SHEET

Confidential Treatment has not been requested

Organization Name: Javelin SEF, LLC

Organization Type: SEF

Registered Entity Identifier: 16-02

Submission Number: 1606-1613-0811-66

Submission Date: 06/16/16 01:08:11 PM

Submission Type: Rule - 40.6(a) Rule Certification

Submission Description: Rule Amendment related to CFTC No-Action Letter 16-84

Rule Numbers: Rule 606



June 16, 2016

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. 16-02)

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 Rule 606 (“Rule Amendment”). The Rule Amendment will be effective June 30, 2016.

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 606	Extension of no-action relief incorporating terms of CFTC No-Action Letter 16-84.	Rule 37.200 Rule 37.201 Core Principle 4 Rule 37.400 Core Principle 7 Rule 37.700 CFTC No-Action Letter 16-84

EXHIBIT B

Marked Copy of Rule Amendments

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 15-2416-84, expiring June 15, 2016 which extends the relief granted in CFTC No-Action Letter 15-24 through June 15, 2017, or until the effective date of revised Commission regulations that establish permanent relief (whichever is earlier), 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 15-2416-84, which extends the relief granted in CFTC No-Action Letter 15-24 through June 15, 2017, or until the effective date of revised Commission regulations that establish permanent relief (whichever is earlier) 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.

EXHIBIT C

Rule Amendments

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 16-84, which extends the relief granted in CFTC No-Action Letter 15-24 through June 15, 2017, or until the effective date of revised Commission regulations that establish permanent relief (whichever is earlier), 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 16-84, which extends the relief granted in CFTC No-Action Letter 15-24 through June 15, 2017, or until the effective date of revised Commission regulations that establish permanent relief (whichever is earlier), 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.