



Notice No. 13-03

Date: November 22, 2013

Re: Amendments to Javelin SEF Rules

This Notice to Participants is issued to inform you of the rule amendments submitted Javelin SEF, LLC (“Javelin”) to the Commodity Futures Trading Commission, which are effective on November 25, 2013. .

The following is a table that summarizes all of the rule amendments. A marked copy of the Javelin SEF Rules, which indicate the revisions with additions underscored and deletions overstruck as indicated, is attached as Exhibit A. A clean copy of the Javelin SEF Rules is attached as Exhibit B.

Rule Amendment	Explanation
Rule 216	The amendment changes the composition of Regulatory Oversight Committee (“ROC”). The total number of members of the ROC remains the same. The amendment adds one Director appointed by the Board and decreases the number of Independent Directors to two.
Rule 505	The revisions to Rule 505 make two amendments. First, amendments were made to conform Rule 505 to new Rule 523. New Rule 523 addresses the application of the time delay required by Regulation 37.9(b). In addition, amendments were made to avoid duplication of rules regarding clearing limits and acceptance for clearing which are addressed in Rules 520 and 606.
Rule 523	New Rule 523 was created to address the application of the time delay required by Regulation 37.9(b) regarding required transaction executed on Javelin SEF’s order book and central limit order book.
Rule 706	Amendment to Rule 706 is made to conform with the amendments to Rule 505 and the creation of Rule 523.

If you have any questions regarding this Notice to Participants, please contact Suellen Galish at (646) 307-5931 or suellen.galish@thejavelin.com.

Exhibit A
Marked Copy of Rule Amendments

Rule 216. Regulatory Oversight Committee (“ROC”)

1. The ROC shall have a total of three members consisting of ~~two~~three Independent Directors, and one Director appointed by the Board or such other number of committee members as the Board shall determine is necessary to comply with any final governance rules adopted by the CFTC. The Board shall delegate sufficient authority, dedicate sufficient resources, and allow sufficient time for the ROC to fulfill its mandate. The ROC shall oversee the all aspects of Javelin SEF’s regulatory program on behalf of the Board. The ROC shall report to the Board and shall make such recommendations to the Board as may, in its judgment, best promote the interests of Javelin SEF. The Chief Compliance Officer shall meet with the ROC at least once each calendar quarter.

[balance of rule remains the same]

Rule 505. Entry of Orders on Javelin SEF’s Central Limit Order Book

1. Acceptable Orders. The following types of orders may be entered into the central limit order book of the IRS Vertical of ~~the Javelin SEF Trading System~~.
 - a. Market Orders. A “Market Order” is an order to purchase or sell a Product at the best price obtainable in the central limit order book Javelin SEF Trading System at the time the order is entered ~~into the Javelin SEF Trading System~~.
 - b. Limit Orders. A “Limit Order” is an order to purchase or sell a Product at a specified price or better.
2. Entry of Orders. An order may be submitted directly by a Participant for its own account or on behalf of a customer on whose behalf such Participant is authorized to act.
- ~~3. Time Delay Requirement. All Participants who, in connection with the execution of a Required Transaction, seek to either execute against a customer’s order or execute two customers’ against each other through Javelin SEF’s central limit order book shall use the following procedure:~~
 - ~~i. if a Participant seeks to execute an order against a customer order, then such Participant shall enter the customer order into Javelin SEF’s central~~

~~limit order book and then wait at least 15 seconds before entering the Participant's order; or~~

~~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 central limit order book and wait at least 15 seconds before entering the second side of the trade for execution.~~

4.3. Price-Time Priority. All prices received in the central limit order book are sorted based on a strict price-time priority protocol.

~~5. Trading Limits. Participants shall only enter orders for such Products and for such amounts as is permitted within the scope of their Trading Limits.~~

6.4. Matching of Orders. Orders submitted will be matched as follows.

- a. Market Orders. Market orders will be matched against all pending bids and offers in the market in accordance with the price-time priority protocol. If any portion of the market order is not filled, the unfilled remainder will be cancelled.
- b. Limit Orders. Limit orders will be matched with bids and offers that have a price that is at or better than the price of the limit order, in accordance with the price-time priority protocol. If any portion of the limit order is not filled, the unfilled portion of the order will remain in the market at the price and time that the order was entered.

7.5. Unfilled Orders.

- a. After the close of trading each Trading Day, all unfilled bids and offers will be cancelled.
- b. Upon a Participant's logging out from the Javelin SEF Trading System during the Trading Day, all unfilled bids and offers entered by such Participant will be cancelled.
- c. In the event that connectivity to a Clearinghouse is lost during a Trading Day all unfilled bids and offers designated for such Clearinghouse will be cancelled.

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' against each other through Javelin SEF's central limit order book or order book shall use the following procedure:

1. Cross Trades Executed Through the 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 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 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 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 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 Order Book
- a. If, pursuant to Javelin SEF Rule 521, 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 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 seeks to execute two customer orders against each other, then the Authorized Employee shall enter one side of the trade into order book and wait at least 15 seconds before entering the second side of the trade for execution.

Rule 706. Rule Violations

The following conduct shall be a violation of Javelin SEF Rules and will result in the commencement of a Disciplinary Proceeding and/or Summary Proceeding.

18. Improper Cross-Trades. No Participant may enter cross-trades in violation of Javelin SEF Rule 505523.

[balance of the rule remain the same]

Exhibit B

Clean Copy of Rule Amendments

Rule 216. Regulatory Oversight Committee (“ROC”)

1. The ROC shall have a total of three members consisting of two Independent Directors and one Director appointed by the Board or such other number of committee members as the Board shall determine is necessary to comply with any final governance rules adopted by the CFTC. The Board shall delegate sufficient authority, dedicate sufficient resources, and allow sufficient time for the ROC to fulfill its mandate. The ROC shall oversee the all aspects of Javelin SEF’s regulatory program on behalf of the Board. The ROC shall report to the Board and shall make such recommendations to the Board as may, in its judgment, best promote the interests of Javelin SEF. The Chief Compliance Officer shall meet with the ROC at least once each calendar quarter.

[balance of rule remains the same]

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1. Acceptable Orders. The following types of orders may be entered into the central limit order book of the IRS Vertical of Javelin SEF.
 - a. Market Orders. A “Market Order” is an order to purchase or sell a Product at the best price obtainable in the central limit order book at the time the order is entered.
 - b. Limit Orders. A “Limit Order” is an order to purchase or sell a Product at a specified price or better.
2. Entry of Orders. An order may be submitted directly by a Participant for its own account or on behalf of a customer on whose behalf such Participant is authorized to act.
3. Price-Time Priority. All prices received in the central limit order book are sorted based on a strict price-time priority protocol.
4. Matching of Orders. Orders submitted will be matched as follows.
 - a. Market Orders. Market orders will be matched against all pending bids and offers in the market in accordance with the price-time priority protocol. If any portion of the market order is not filled, the unfilled remainder will be cancelled.

- b. Limit Orders. Limit orders will be matched with bids and offers that have a price that is at or better than the price of the limit order, in accordance with the price-time priority protocol. If any portion of the limit order is not filled, the unfilled portion of the order will remain in the market at the price and time that the order was entered.
5. Unfilled Orders.
 - a. After the close of trading each Trading Day, all unfilled bids and offers will be cancelled.
 - b. Upon a Participant's logging out from the Javelin SEF Trading System during the Trading Day, all unfilled bids and offers entered by such Participant will be cancelled.
 - c. In the event that connectivity to a Clearinghouse is lost during a Trading Day all unfilled bids and offers designated for such Clearinghouse will be cancelled.

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' against each other through Javelin SEF's central limit order book or order book shall use the following procedure:

1. Cross Trades Executed Through the 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 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 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 central limit order book and then wait at least 15 seconds before entering the Participant's order;
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The following conduct shall be a violation of Javelin SEF Rules and will result in the commencement of a Disciplinary Proceeding and/or Summary Proceeding.

18. Improper Cross-Trades. No Participant may enter cross-trades in violation of Javelin SEF Rule 523.

[balance of the rule remain the same]