



Notice No. 14-04

Date: March 24, 2014

Re: Amendments to Javelin SEF Rules

This Notice to Participants is issued to inform you of the rule amendments submitted by Javelin SEF, LLC (“Javelin”) to the Commodity Futures Trading Commission on March 21, 2014.

Specifically, Javelin SEF has amended Rules 203, 311, 313, 408, 504, 505, 506, 726, and 727. These rule amendments will be effective on April 4, 2014.

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.

<b>Rule Amendment</b>	<b>Explanation</b>
Rule 203	Amendment made to delete repetitive language.
Rule 311	Amendment made to clarify the type of information that may be requested by Javelin SEF.
Rule 313	Amendment made to correct a typographical error.
Rule 408	Amendments made to clarify the type of documentation required for customer accounts.
Rule 504	Amendment made to correct a typographical error.
Rule 505	Amendments made to describe new types of orders available on Javelin SEF’s central limit order book
Rule 506	Amendments made to clarify the requirements for entering a request for quote inquiry on Javelin SEF’s request for quote system.
Rule 726	Amendment made to correct a typographical error.
Rule 727	Amendment made to correct a typographical error.

If you have any questions regarding this Notice to Participants, please contact Suellen Galish at [suellen.galish@thejavelin](mailto:suellen.galish@thejavelin).

EXHIBIT A

Marked Copy of Rule Amendments

**Rule 203. Emergency Authority**

1. Subject to applicable law, during an Emergency Javelin SEF will approve and apply temporary rules and procedures ("Emergency Rules") pursuant to procedures set forth in this Rule.
2. Emergency Rules may require or authorize Javelin SEF, the Board, any committee of the Board, the Chief Executive Officer or any other Officer to take actions necessary or appropriate to respond to the Emergency, including, but not limited to, the following actions:
  - a. suspending or restricting trading or limiting trading to liquidating only (in whole or in part);
  - b. extending, limiting or changing trading hours;
  - c. temporarily modifying or suspending any provision of Javelin SEF Rules or Participant obligations;
  - d. imposing intraday market restrictions;
  - e. ordering the liquidation or transfer of open positions ;
  - ~~f.~~ ~~shortening or extending trading hours;~~
  - ~~g.~~~~f.~~ suspending or curtailing trading in a Product;
  - ~~h.~~~~g.~~ altering the terms and conditions of a Product;
  - ~~i.~~~~h.~~ imposing or modifying price limits; and/or
  - ~~j.~~~~i.~~ imposing or modifying position limits.
3. Before any Emergency Rules may be adopted and enforced, a vote of the Board approving such Emergency Rules must occur at a duly convened Board meeting. Directors may attend such meeting in person or by teleconference. If the Chief Executive Officer determines that the Emergency Rules must be implemented with respect to an Emergency before a meeting of the Board can reasonably be convened, then the Chief Executive Officer shall have the authority, without Board action, to implement any Emergency Rules with respect to such Emergency that he or she deems necessary or appropriate to respond to such Emergency. In such circumstances, the Chief Executive Officer must convene a meeting as soon as practicable. The Board may modify any Emergency Rules implemented by the Chief Executive Officer.
4. Any time that Javelin SEF takes actions necessary or appropriate to respond to an Emergency, including any modification of previously adopted actions, a duly authorized representative of Javelin SEF will promptly notify the CFTC of such actions and, when possible, will post an announcement of such actions on the Javelin SEF website. When the Board, any committee of the Board or the Chief Executive Officer determines that the Emergency has been reduced sufficiently to allow Javelin SEF to resume normal functioning, any such actions responding to the Emergency will be terminated and notification of such termination will be provided on Javelin SEF's website.

**Rule 311. Access to Javelin SEF by Authorized Traders**

An Authorized Trader may directly access Javelin SEF provided that the following requirements are satisfied.

1. The Authorized Trader shall only be permitted to enter orders as permitted by the Javelin SEF Rules.
2. Each Participant designating an Authorized Trader shall provide to Javelin SEF such information as **reasonably** requested by Javelin SEF regarding their Authorized Trader(s) including, without limitation, name, email address, street address, phone number(s), fax number, and authorized account number(s).
3. Once Javelin SEF is satisfied that all requested information has been provided, Javelin SEF shall issue a User ID and password, or other such identifiers as Javelin SEF shall determine are necessary, for such Authorized Trader to exercise his or her Trading Privileges.
4. Javelin SEF will enable the User ID when it determines, in its sole discretion, that all requirements and procedures have been met and all necessary risk controls are in place. Notwithstanding the foregoing, each Participant shall remain accountable, pursuant to the Javelin Rules, for the acts and omissions of any of its Authorized Traders, regardless of the risk controls.

**Rule 313. Process for Review of Denial or Change in Participant Status**

1. If Javelin SEF determines to (i) deny an application for Participant status or (ii) condition, suspend and/or terminate a Javelin SEF's Participant status ("Status Determination Notice"), then Javelin SEF shall promptly notify ~~to~~ such Applicant or Participant ("Affected Person"), in writing at the address provided by such application or Participant for notices.
2. An Affected Person may, within five business days of the date of Status Determination Notice, send a written request to Javelin SEF requesting that Javelin SEF provide the reasons for the denial, conditioning or termination of Participant status. Within 10 business days after receiving such written request, Javelin SEF shall respond to such Affected Person and provide the reasons for denial, conditioning or termination of Participant status. Within 10 business days of receiving the response, the Affected Person may request in writing that the Participation Committee review the determination to deny, condition or terminate its Participant status ("Reconsideration Request").
3. Upon receipt of the Reconsideration Request the Participation Committee may, in its sole discretion, schedule a hearing (in-person or via teleconference), request additional information from the Applicant or Participant, or establish any other process that it believes is appropriate or necessary to consider the Reconsideration Request.
4. Within the later of 45 days of receiving a Reconsideration Request or 30 days from the date of the hearing is concluded the Participation Committee shall either confirm, reverse or modify the denial, conditioning or termination of the Affected Person and shall promptly send notice to the

Affected Person. The decision of the Participation Committee is the final action of Javelin SEF and is not subject to any appeal.

#### Rule 408. Customer Accounts

Each Participant that handles Customer accounts shall have a written agreement with the Customer containing such terms as are required by applicable law, the rules of any applicable self-regulatory organization and as may from time to time be required by the Javelin SEF Rules. ~~Such written agreement shall include a representation from such Customer that Customers is an ECP.~~ Each Participant that handles Customer accounts shall have documentation sufficient to establish that each of its Customers is an ECP. In addition, each Participant agrees to inform Javelin SEF promptly if it determines that any Customer is no longer an ECP or no longer has in place satisfactory arrangements to facilitate clearing, and shall immediately cease executing Trades on Javelin SEF on behalf of such Customer. In addition, each Participant shall provide or cause the Customer to provide the legal entity identifier information for such Customer to enable Javelin SEF to perform swap data reporting pursuant to Parts 43 and 45 of the CFTC Regulations.

#### Rule 504. Order Entry on Javelin SEF

1. No Person may use a Javelin SEF User ID to place an order except as permitted by the Javelin SEF Rules.
2. No Participant that is not a Clearing Member shall engage in trading activity on Javelin SEF unless such Participant and/or its Customer, as applicable, has arrangements to facilitate clearing with a Clearing Member.
3. Orders shall be entered ~~by~~ on Javelin SEF by any of the following means:
  - a. Electronic. Orders may be submitted into the Javelin SEF's central limit order book or request for quote system, pursuant to Javelin SEF Rules 505 and 506;
  - b. Voice. Orders may be submitted into Javelin SEF pursuant to Javelin SEF Rule 521.
  - c. Voice Hybrid Electronic. Orders may be submitted into Javelin SEF pursuant to Javelin SEF Rule 522.
4. Javelin SEF shall maintain an electronic record of all orders entered into the Javelin SEF that provides all data reflecting the details of each such order including order modifications, cancellations and executions.
5. Each Participant shall be legally responsible for any and all obligations arising from trading activity of such Participant and Participant's Authorized Traders and shall be financially responsible for all trading activity of Participant and Participant's Authorized Traders on behalf of Customers and for all trading activity identified to Participant in its capacity as a Sponsoring Participant for a Sponsored Person (s) on Javelin SEF. "Trading Activity" includes, without limitation, the entry, modification or cancellation, or execution of orders as well as any and all errors and omissions.
6. All orders shall contain the following information:
  - a. the name of Participant and, if applicable, the Sponsored Person,

- b. the name of the Authorized Trader on behalf of Participant or, if applicable on behalf of the Sponsored Person,
- c. Product name,
- d. price,
- e. quantity,
- f. Clearinghouse,
- g. Customer name, if applicable, and
- h. account number.

#### **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 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.
  - c. All or None Market Order. An "All or None Market Order" is an order to purchase or sell a Product that requires that the entire order is filled at the best price obtainable in the central limit order book, at the time the order is entered, for the stated size of the order.
  - d. All or None Limit Order. An "All or None Limit Order" is an order to purchase or sell a Product that requires that the entire order is filled at a specified price or better price obtainable in the central limit order book for the stated size of the order.
  - ~~b~~-e. Minimum or None Market Order. A "Minimum or None Market Order" is an order to purchase or sell a Product that requires that the minimum quantity of Product stated in the order is filled at the best price obtainable in the central limit order book, at the time the order is entered, for the stated size of the order.
  - ~~c~~-f. Minimum or None Limit Order. A "Minimum or None Limit Order" is an order to purchase or sell a Product that requires that minimum quantity of Product stated in the order is filled at a specified price or better price obtainable in the central limit order book for the stated size of the order.
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, All or None Market Orders and Minimum or None Market Orders. Market orders will be matched against all pending bids and offers in the market in accordance with the price-time priority protocol.
    - i. If any portion of a ~~the~~ market order is not filled, ~~the~~then the unfilled remainder will ~~be~~of the order is immediately cancelled.
    - ii. If any portion of an All or None Market Order is not filled, then the unfilled remainder of the order is immediately cancelled.
    - ~~i~~-iii. If any portion of a Minimum or None Market Order is not filled, then the unfilled remainder of the order is immediately cancelled.

- b. Limit Orders, All or None Limit Orders and Minimum or None Limit Orders. Limit Orders, All or None Limit Orders and Minimum or None 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.
    - i. 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.
    - ii. If any portion of an All or None Limit Order is not filled, the order is canceled at the end of the Trading Day.
    - iii. If the stated minimum of a Minimum or None Limit Order ("MON Limit Order") is not filled, the order will be cancelled at the end of the Trading Day. If the stated minimum of the MON Limit Order is filled and the unfilled remainder of the MON Limit Order is less than the minimum size, then the unfilled remainder of the MON Limit Order is converted into an ALL or None Limit Order, which, if not filled, will be cancelled at the end of the Trading Day. If the unfilled remainder of the MON Limit Order is greater than the minimum size, then the unfilled remainder of the order will rest in the market at the price and time that the order was entered, and if unfilled will be cancelled at the end of the Trading Day.
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 506. Entry of Orders on Javelin SEF's Request for Quote ("RFQ") System**

1. Entry of Orders. Participants may submit RFQ inquiries to Participants and Sponsored Persons of Javelin SEF. ~~Submission of~~ RFQ inquiries shall be sent to at the minimum ~~of three numbers of~~ counterparties required by law, and such minimum number counterparties ~~which~~ shall not ~~be~~ include (a) affiliates of or controlled by the counterparty requesting the RFQ inquiry or (b) counterparties that are affiliates of or controlled by each other.
2. Anonymous RFQ. Participants may submit RFQ inquiries on an anonymous basis. Participants and Sponsored Persons may respond to the anonymous RFQ inquiry on an anonymous or disclosed basis.

#### **Rule 726. Imposition of Summary Fines**

1. The Chief Compliance Officer may summarily impose a fine, pursuant to Javelin SEF Rule 728(5), against a Respondent for failing to (i) ~~to~~ make timely and accurate submissions of notices, reports or other required information to Javelin SEF or (ii) keep such books and records as required by the Javelin SEF Rules.
2. The Chief Compliance Officer shall serve written notice of each summary fine imposed which shall include (i) the violation of the Javelin SEF Rule for which the fine has been issued; (ii) the

date of the violation of the Javelin SEF Rule; (iii) the amount of the fine; and (iv) the payment due date.

3. No later than 20 days after service of the notice of a summary fine, the Respondent upon whom the notice of summary fine was served may appeal the imposition of such summary fine by serving a written request for review of the summary fine to the Regulatory Oversight Committee and the Chief Compliance Officer. The service of a request to review a summary fine shall suspend the payment due date pending the determination of the Respondent's request for review.
4. Within 10 days after service of the request for review of a summary fine, the Chief Compliance Officer may serve a response to the Respondent's review on the Respondent and the Regulatory Oversight Committee.
5. As soon as reasonably possible after service of the Chief Compliance Officer's response to the Respondent's request for review of the summary fine, the Regulatory Oversight Committee will render a written decision that affirms, modifies or sets aside the summary fine imposed by the Chief Compliance Officer. The decision of the Regulatory Oversight Committee shall be the final action of Javelin SEF and will not be subject to further appeal within Javelin SEF.

#### **Rule 727. Summary Proceedings**

1. A Summary Proceeding may be commenced in addition to any other Disciplinary Proceeding.
2. After consultation with the Chief Compliance Officer, the Regulatory Oversight Committee, may summarily suspend, restrict or revoke the Trading Privileges of any Respondent as result of (i) Respondent's statutory disqualification, (ii) the reasonable belief that immediate action is required to protect the public or Participants; or (iii) the nonpayment of disciplinary fines ("Summary Proceeding"). The Regulatory Oversight Committee's determinations from the Summary Proceeding shall be in written decision that states (i) the acts, omissions or conduct the Respondent is alleged to have committed; (ii) the sanctions imposed and their effective date; and (iii) the Respondent's right to appeal ("Summary Proceeding Decision"). The sanctions imposed by Summary Proceeding Decision may be effective immediately, on a future date or dependent upon the occurrence of a future event. The Chief Compliance Officer shall promptly serve a copy of the Summary Proceeding Decision on the Respondent.
3. No later than 10 days after service of the Summary Proceeding Decision, the Respondent may appeal the Summary Proceeding Decision by serving a written request ("Summary Proceeding Review Notice") on the Chairperson of the Regulatory Oversight Committee and serving a copy on the Chief Compliance Officer. The Summary Proceeding Review Notice shall state the grounds for appeal, including the findings of fact, conclusions or sanctions to which the Respondent objects. The Respondent's failure to serve Summary Proceeding Review Notice in a timely manner shall constitute a waiver of Respondent's right to appeal the Summary Proceeding Decision.
4. The Regulatory Oversight Committee shall meet to consider the Summary Proceeding Review Notice as soon as practicable after its receipt by the Chairperson of the Regulatory Oversight Committee ("Summary Proceeding Review Conference"). Both the Chief Compliance Officer and

the Respondent may be present at the Summary Proceeding Review Conference. No later than 20 days after the Summary Proceeding Review Conference, the Regulatory Oversight Committee shall issue a written decision that either affirms, modifies or reverses the Summary Proceeding Decision. Such decision shall be promptly served on the Chief Compliance Officer and the Respondent and shall not be subject to further review by any Javelin SEF Committee.



## EXHIBIT B

### Rule Amendments

#### Rule 203. Emergency Authority

1. Subject to applicable law, during an Emergency Javelin SEF will approve and apply temporary rules and procedures (“Emergency Rules”) pursuant to procedures set forth in this Rule.
2. Emergency Rules may require or authorize Javelin SEF, the Board, any committee of the Board, the Chief Executive Officer or any other Officer to take actions necessary or appropriate to respond to the Emergency, including, but not limited to, the following actions:
  - a. suspending or restricting trading or limiting trading to liquidating only (in whole or in part);
  - b. extending, limiting or changing trading hours;
  - c. temporarily modifying or suspending any provision of Javelin SEF Rules or Participant obligations;
  - d. imposing intraday market restrictions;
  - e. ordering the liquidation or transfer of open positions ;
  - f. suspending or curtailing trading in a Product;
  - g. altering the terms and conditions of a Product;
  - h. imposing or modifying price limits; and/or
  - i. imposing or modifying position limits.
3. Before any Emergency Rules may be adopted and enforced, a vote of the Board approving such Emergency Rules must occur at a duly convened Board meeting. Directors may attend such meeting in person or by teleconference. If the Chief Executive Officer determines that the Emergency Rules must be implemented with respect to an Emergency before a meeting of the Board can reasonably be convened, then the Chief Executive Officer shall have the authority, without Board action, to implement any Emergency Rules with respect to such Emergency that he or she deems necessary or appropriate to respond to such Emergency. In such circumstances, the Chief Executive Officer must convene a meeting as soon as practicable. The Board may modify any Emergency Rules implemented by the Chief Executive Officer.
4. Any time that Javelin SEF takes actions necessary or appropriate to respond to an Emergency, including any modification of previously adopted actions, a duly authorized representative of Javelin SEF will promptly notify the CFTC of such actions and, when possible, will post an announcement of such actions on the Javelin SEF website. When the Board, any committee of the Board or the Chief Executive Officer determines that the Emergency has been reduced sufficiently to allow Javelin SEF to resume normal functioning, any such actions responding to the Emergency will be terminated and notification of such termination will be provided on Javelin SEF’s website.

**Rule 311. Access to Javelin SEF by Authorized Traders**

An Authorized Trader may directly access Javelin SEF provided that the following requirements are satisfied.

1. The Authorized Trader shall only be permitted to enter orders as permitted by the Javelin SEF Rules.
2. Each Participant designating an Authorized Trader shall provide to Javelin SEF such information as reasonably requested by Javelin SEF regarding their Authorized Trader(s) including, without limitation, name, email address, street address, phone number(s), fax number, and authorized account number(s).
3. Once Javelin SEF is satisfied that all requested information has been provided, Javelin SEF shall issue a User ID and password, or other such identifiers as Javelin SEF shall determine are necessary, for such Authorized Trader to exercise his or her Trading Privileges.
4. Javelin SEF will enable the User ID when it determines, in its sole discretion, that all requirements and procedures have been met and all necessary risk controls are in place. Notwithstanding the foregoing, each Participant shall remain accountable, pursuant to the Javelin Rules, for the acts and omissions of any of its Authorized Traders, regardless of the risk controls.

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1. If Javelin SEF determines to (i) deny an application for Participant status or (ii) condition, suspend and/or terminate a Javelin SEF's Participant status ("Status Determination Notice"), then Javelin SEF shall promptly notify such Applicant or Participant ("Affected Person"), in writing at the address provided by such application or Participant for notices.
2. An Affected Person may, within five business days of the date of Status Determination Notice, send a written request to Javelin SEF requesting that Javelin SEF provide the reasons for the denial, conditioning or termination of Participant status. Within 10 business days after receiving such written request, Javelin SEF shall respond to such Affected Person and provide the reasons for denial, conditioning or termination of Participant status. Within 10 business days of receiving the response, the Affected Person may request in writing that the Participation Committee review the determination to deny, condition or terminate its Participant status ("Reconsideration Request").
3. Upon receipt of the Reconsideration Request the Participation Committee may, in its sole discretion, schedule a hearing (in-person or via teleconference), request additional information from the Applicant or Participant, or establish any other process that it believes is appropriate or necessary to consider the Reconsideration Request.
4. Within the later of 45 days of receiving a Reconsideration Request or 30 days from the date of the hearing is concluded the Participation Committee shall either confirm, reverse or modify the denial, conditioning or termination of the Affected Person and shall promptly send notice to the Affected Person. The decision of the Participation Committee is the final action of Javelin SEF and is not subject to any appeal.

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Each Participant that handles Customer accounts shall have a written agreement with the Customer containing such terms as are required by applicable law, the rules of any applicable self-regulatory organization and as may from time to time be required by the Javelin SEF Rules. Each Participant that handles Customer accounts shall have documentation sufficient to establish that each of its Customers is an ECP. In addition, each Participant agrees to inform Javelin SEF promptly if it determines that any Customer is no longer an ECP or no longer has in place satisfactory arrangements to facilitate clearing, and shall immediately cease executing Trades on Javelin SEF on behalf of such Customer. In addition, each Participant shall provide or cause the Customer to provide the legal entity identifier information for such Customer to enable Javelin SEF to perform swap data reporting pursuant to Parts 43 and 45 of the CFTC Regulations.

**Rule 504. Order Entry on Javelin SEF**

1. No Person may use a Javelin SEF User ID to place an order except as permitted by the Javelin SEF Rules.
2. No Participant that is not a Clearing Member shall engage in trading activity on Javelin SEF unless such Participant and/or its Customer, as applicable, has arrangements to facilitate clearing with a Clearing Member.
3. Orders shall be entered on Javelin SEF by any of the following means:
  - a. Electronic. Orders may be submitted into the Javelin SEF's central limit order book or request for quote system, pursuant to Javelin SEF Rules 505 and 506;
  - b. Voice. Orders may be submitted into Javelin SEF pursuant to Javelin SEF Rule 521.
  - c. Voice Hybrid Electronic. Orders may be submitted into Javelin SEF pursuant to Javelin SEF Rule 522.
4. Javelin SEF shall maintain an electronic record of all orders entered into the Javelin SEF that provides all data reflecting the details of each such order including order modifications, cancellations and executions.
5. Each Participant shall be legally responsible for any and all obligations arising from trading activity of such Participant and Participant's Authorized Traders and shall be financially responsible for all trading activity of Participant and Participant's Authorized Traders on behalf of Customers and for all trading activity identified to Participant in its capacity as a Sponsoring Participant for a Sponsored Person (s) on Javelin SEF. "Trading Activity" includes, without limitation, the entry, modification or cancellation, or execution of orders as well as any and all errors and omissions.
6. All orders shall contain the following information:
  - a. the name of Participant and, if applicable, the Sponsored Person,
  - b. the name of the Authorized Trader on behalf of Participant or, if applicable on behalf of the Sponsored Person,
  - c. Product name,

- d. price,
- e. quantity,
- f. Clearinghouse,
- g. Customer name, if applicable, and
- h. account number.

**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 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.
  - c. All or None Market Order. An "All or None Market Order" is an order to purchase or sell a Product that requires that the entire order is filled at the best price obtainable in the central limit order book, at the time the order is entered, for the stated size of the order.
  - d. All or None Limit Order. An "All or None Limit Order" is an order to purchase or sell a Product that requires that the entire order is filled at a specified price or better price obtainable in the central limit order book for the stated size of the order.
  - e. Minimum or None Market Order. A "Minimum or None Market Order" is an order to purchase or sell a Product that requires that the minimum quantity of Product stated in the order is filled at the best price obtainable in the central limit order book, at the time the order is entered, for the stated size of the order.
  - f. Minimum or None Limit Order. A "Minimum or None Limit Order" is an order to purchase or sell a Product that requires that minimum quantity of Product stated in the order is filled at a specified price or better price obtainable in the central limit order book for the stated size of the order.
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, All or None Market Orders and Minimum or None Market Orders. Market orders will be matched against all pending bids and offers in the market in accordance with the price-time priority protocol.
    - i. If any portion of a market order is not filled, then the unfilled remainder of the order is immediately cancelled.
    - ii. If any portion of an All or None Market Order is not filled, then the unfilled remainder of the order is immediately cancelled.
    - iii. If any portion of a Minimum or None Market Order is not filled, then the unfilled remainder of the order is immediately cancelled.
  - b. Limit Orders, All or None Limit Orders and Minimum or None Limit Orders. Limit Orders, All or None Limit Orders and Minimum or None Limit Orders will be matched with bids

and offers that have a price that is at or better than the price of the order, in accordance with the price-time priority protocol.

- i. If any portion of a Limit Order is not filled, the unfilled portion of the order will remain in the market in the market at the price and time that the order was entered.
- ii. If any portion of an All or None Limit Order is not filled, the order is canceled at the end of the Trading Day.
- iii. If the stated minimum of a Minimum or None Limit Order (“MON Limit Order”) is not filled, the order will be cancelled at the end of the Trading Day. If the stated minimum of the MON Limit Order is filled and the unfilled remainder of the MON Limit Order is less than the minimum size, then the unfilled remainder of the MON Limit Order is converted into an ALL or None Limit Order, which, if not filled, will be cancelled at the end of the Trading Day. If the unfilled remainder of the MON Limit Order is greater than the minimum size, then the unfilled remainder of the order will rest in the market at the price and time that the order was entered, and if unfilled will be cancelled at the end of the Trading Day.

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 506. Entry of Orders on Javelin SEF’s Request for Quote (“RFQ”) System**

1. Entry of Orders. Participants may submit RFQ inquiries to Participants and Sponsored Persons of Javelin SEF. RFQ inquiries shall be sent to the minimum numbers of counterparties required by law, and such minimum number counterparties shall not include (a) affiliates of or controlled by the counterparty requesting the RFQ inquiry or (b) counterparties that are affiliates of or controlled by each other.
2. Anonymous RFQ. Participants may submit RFQ inquiries on an anonymous basis. Participants and Sponsored Persons may respond to the anonymous RFQ inquiry on an anonymous or disclosed basis.

**Rule 726. Imposition of Summary Fines**

1. The Chief Compliance Officer may summarily impose a fine, pursuant to Javelin SEF Rule 728(5), against a Respondent for failing to (i) make timely and accurate submissions of notices, reports or other required information to Javelin SEF or (ii) keep such books and records as required by the Javelin SEF Rules.
2. The Chief Compliance Officer shall serve written notice of each summary fine imposed which shall include (i) the violation of the Javelin SEF Rule for which the fine has been issued; (ii) the

date of the violation of the Javelin SEF Rule; (iii) the amount of the fine; and (iv) the payment due date.

3. No later than 20 days after service of the notice of a summary fine, the Respondent upon whom the notice of summary fine was served may appeal the imposition of such summary fine by serving a written request for review of the summary fine to the Regulatory Oversight Committee and the Chief Compliance Officer. The service of a request to review a summary fine shall suspend the payment due date pending the determination of the Respondent's request for review.
4. Within 10 days after service of the request for review of a summary fine, the Chief Compliance Officer may serve a response to the Respondent's review on the Respondent and the Regulatory Oversight Committee.
5. As soon as reasonably possible after service of the Chief Compliance Officer's response to the Respondent's request for review of the summary fine, the Regulatory Oversight Committee will render a written decision that affirms, modifies or sets aside the summary fine imposed by the Chief Compliance Officer. The decision of the Regulatory Oversight Committee shall be the final action of Javelin SEF and will not be subject to further appeal within Javelin SEF.

#### **Rule 727. Summary Proceedings**

1. A Summary Proceeding may be commenced in addition to any other Disciplinary Proceeding.
2. After consultation with the Chief Compliance Officer, the Regulatory Oversight Committee, may summarily suspend, restrict or revoke the Trading Privileges of any Respondent as result of (i) Respondent's statutory disqualification, (ii) the reasonable belief that immediate action is required to protect the public or Participants; or (iii) the nonpayment of disciplinary fines ("Summary Proceeding"). The Regulatory Oversight Committee's determinations from the Summary Proceeding shall be in written decision that states (i) the acts, omissions or conduct the Respondent is alleged to have committed; (ii) the sanctions imposed and their effective date; and (iii) the Respondent's right to appeal ("Summary Proceeding Decision"). The sanctions imposed by Summary Proceeding Decision may be effective immediately, on a future date or dependent upon the occurrence of a future event. The Chief Compliance Officer shall promptly serve a copy of the Summary Proceeding Decision on the Respondent.
3. No later than 10 days after service of the Summary Proceeding Decision, the Respondent may appeal the Summary Proceeding Decision by serving a written request ("Summary Proceeding Review Notice") on the Chairperson of the Regulatory Oversight Committee and serving a copy on the Chief Compliance Officer. The Summary Proceeding Review Notice shall state the grounds for appeal, including the findings of fact, conclusions or sanctions to which the Respondent objects. The Respondent's failure to serve Summary Proceeding Review Notice in a timely manner shall constitute a waiver of Respondent's right to appeal the Summary Proceeding Decision.
4. The Regulatory Oversight Committee shall meet to consider the Summary Proceeding Review Notice as soon as practicable after its receipt by the Chairperson of the Regulatory Oversight Committee ("Summary Proceeding Review Conference"). Both the Chief Compliance Officer and

the Respondent may be present at the Summary Proceeding Review Conference. No later than 20 days after the Summary Proceeding Review Conference, the Regulatory Oversight Committee shall issue a written decision that either affirms, modifies or reverses the Summary Proceeding Decision. Such decision shall be promptly served on the Chief Compliance Officer and the Respondent and shall not be subject to further review by any Javelin SEF Committee.