



Notice No. 14-13

Date: October 9, 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 September 30, 2014.

Specifically, Javelin SEF has amended Rules 523, 706, 720, 807, 904, 905, and certain definitions in Chapter 1. These rule amendments will be effective on October 15, 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.

Rule Amendment	Explanation
Chapter 1 Defined Terms – deleted definition for “Accepted Trade”	Definition deleted because it is no longer used in the Javelin SEF Rulebook.
Chapter 1 Defined Terms – deleted definition for “CFTC Clearing Guidance”	Definition deleted because it is no longer used in the Javelin SEF Rulebook.
Chapter 1 Defined Terms – amended definition for “Agent”	Definition amended to correct typographical error and to clarify use of the defined term.
Chapter 1 Defined Terms – deleted definition for “BTU Responder”	Definition deleted because it is no longer used in the Javelin SEF Rulebook.
Chapter 1 Defined Terms – deleted definition for “JCM Board”	Definition deleted because it is no longer used in the Javelin SEF Rulebook.
Chapter 1 Defined Terms – amended definition for “Javelin SEF User ID”	Definition amended to correct typographical error.
Chapter 1 Defined Terms – deleted definition for “Market Depth”	Definition deleted because it is no longer used in the Javelin SEF Rulebook.

JAVELIN SEF, LLC

443 PARK AVENUE SOUTH, 10TH FLOOR • NEW YORK, NEW YORK • 10016

PHONE: (212) 779-2300 • FAX: 646-588-2039

Chapter 1 Defined Terms – deleted definition for “NFA”	Definition deleted because it is no longer used in the Javelin SEF Rulebook.
Chapter 1 Defined Terms – amended definition for “Required Transaction”	Definition amended to correct typographical error.
Chapter 1 Define Terms – amended definition for “Sponsored Access”	Definition amended to clarify the definition of Sponsored Access.
Chapter 1 Defined Terms – amended definition for ‘Sponsored Person”	Definition amended to correct typographical error.
Chapter 1 Defined Terms – deleted definition for “Top of Book”	Definition deleted because it is no longer used in the Javelin SEF Rulebook.
Rule 206	Rule amended to correct typographical error.
Rule 213	Rule amended to correct typographical error.
Rule 310	Rule amended to correct typographical error.
Rule 322	Rule amended to correct typographical error.
Rule 523	Rule amended to correct typographical error.
Rule 706	Rule amended to correct typographical error.
Rule 720	Rule amended to correct typographical error consisting of excess wording.
Rule 807	Rule amended to correct typographical error.
Rule 904	Rule amended to correct typographical error.
Rule 905	Rule amended to correct typographical error.

If you have any questions regarding this Notice to Participants, please contact Suellen Galish at suellen.galish@thejavelin.com.

EXHIBIT A

Marked Copy of Rule Amendments

~~“Accepted Trade” shall have the meaning set forth in Javelin SEF Rule 606.~~

~~“CFTC Clearing Guidance” shall have the meaning set forth in Javelin SEF Rule 603.~~

“Agent” shall mean a DMM or DSB (including their Sponsored Persons) that is authorized to act, including entering orders and/or causing Trades, on behalf of a Customer on Javelin SEF and shall not apply to references to “AGENT” in Javelin SEF Rule 512.

~~“BTU Responder” shall mean a RFQ Responder that is a business trading unit, as defined in CFTC Regulation 23.605(a) (2), of the Agent.~~

~~“JCM Board” shall mean the Board of Managers of Javelin Capital Markets, LLC.~~

“Javelin SEF User ID” shall mean the unique identification number assigned by Javelin SEF to each ~~an~~ Authorized Trader which enables such Authorized Trader to access the Javelin SEF Trading System.

~~“Market Depth” shall mean all of the resting bids or offers that are not Top of Book for a specific Product.~~

~~“NFA” shall mean the National Futures Association.~~

“Required Transaction” shall have the meaning set forth in CFTC Regulation 37.9(a)(1).

“Sponsored Access” shall mean the provision by Javelin SEF of ~~electronic~~ access to Javelin SEF to a Sponsored Person by the means of a Sponsoring Participant pursuant to the Javelin SEF Rules.

“Sponsored Person” shall mean an ECP, other than an individual or an ISV, which has been provided electronic access to Javelin SEF by the means of a Sponsoring Participant pursuant to Javelin SEF Rules, and shall be subject to the jurisdiction of Javelin SEF and comply with Javelin SEF Rules as if such Sponsored Person was a Participant. Except as provided in Javelin SEF Rule 323, for the avoidance of doubt, all references to Participant includes Sponsored Persons and their Authorized Traders.

~~“Top of Book” shall mean the highest bid and lowest offer with any associated size for a specific Product.~~

Rule 206. Conflicts of Interest

2. Prior to consideration of any Self-Regulatory Action, each member of a Deliberating Body who determines to participate in any deliberations or vote in a Self-Regulatory Action shall disclose

to the Chief Compliance Officer any Material Conflict of Interest (any such person disclosing a Material Conflict of Interest ~~is~~ an “Interested Person”).

[balance of the rule remains the same]

Rule 213. IRS Markets Committee

6. Powers. The IRS Markets Committee shall have the following powers (a) to declare a Macro News Out (b) to make recommendations to Javelin SEF to extend the suspension of the ~~IRS~~ Liquidity Commitment in excess of 60 minutes, and (c) subject to Rule 511, to impose (i) price limits, (ii) trading pauses, and/or (iii) trading halts to trading in a particular Product in the event of extraordinary price movements that may result in distorted prices or trigger market disruptions.

[balance of the rule remains the same]

Rule 310. Authorized Traders

3. At any time a Participant may revoke the designation it has granted to any Authorized Trader by providing written notice of such revocation to Javelin SEF at least one Trading Day before the effective date of any such revocation. Each Participant shall take all such immediate measures appropriate to insure that, after such revocation the affected Authorized Trader(s) shall not (i) have access to Javelin SEF or (ii) utilize his or her Javelin SEF User ID. Upon receipt of notice of the revocation of the designation of Authorized Trader, Javelin SEF shall act promptly, but in no event ~~in~~ longer than one Trading Day, to take all steps necessary to disallow access to Javelin SEF by such formerly designated Authorized Trader.

[balance of the rule remains the same]

Rule 322. Sponsored Access

6. Sponsored Persons. Each Sponsored Person:

- b. Represents and warrants to Javelin SEF that it currently: (i) is, and shall continue to be, an ECP and, (ii) shall have, and shall continue to have, all registrations and licenses required under applicable law to trade Products on Javelin SEF, (iii) has, and shall continue to have, corporate authority to trade Products on Javelin SEF, (iv) is not ~~be~~ subject to statutory disqualification under Section 8a(2) of the CEA, (v) is not prohibited,

for any reason, ~~for~~from using the services provided by Javelin SEF, (vi) has the authority, upon the request of Javelin SEF, to adjust or withdraw any order ~~its~~ submits to Javelin SEF, and (vii) is not an ISV or automated trading system.

7. Revocation of Sponsored Access.

- b. A Sponsoring Participant may revoke designation of a Sponsored Person and/or such Sponsored Person's Authorized Trader(s) at any time by providing written notice of such revocation to Javelin SEF at least one Trading Day before the effective date of any such revocation. Each Sponsoring Participant shall take all such immediate measures appropriate and within its exclusive control to ensure that, upon such revocation of Sponsored Person that such Sponsored Person's Authorized Trader(s) shall not (i) have access to Javelin SEF or (ii) utilize his or her Javelin SEF User ID. Upon receipt of notice of the revocation of the designation of Authorized Trader, Javelin SEF shall act promptly, but in no event ~~in~~-longer than one Trading Day, take all steps necessary to disallow access to Javelin SEF by such formerly designated Authorized Trader.

[balance of the rule remains the same]

Rule 523. Cross Trades; Time Delays for Required Transactions

2. Cross Trades Executed Through the Order Book

- a. If, pursuant to Javelin SEF Rule 521, a Participant informs an Authorized Employee that ~~they~~it seeks 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~~it seeks to execute two Customer orders against each other, then the Authorized Employee shall enter one side of the trade into the order book and wait at least 15 seconds before entering the second side of the trade for execution.

[balance of the rule remains the same]

Rule 706. Rule Violations

19. Laddering. No Participant shall ~~not~~ use any high frequency trading strategy that seeks to intercept trading that would otherwise take place and extract profits from the system without participating in the transference of risk.

[balance of the rule remains the same]

Rule 720. Pre-hearing Procedures

3. Resolution of Discovery Disputes. Either party may make a written application to the Hearing Panel for resolution of any discovery dispute. Any party making an application to the Hearing Panel for the resolution of a discovery dispute shall timely serve the other party with a copy of their written application to the Hearing Panel. Any such application to the Hearing Panel shall include the following information (i) a description of the documents, information or other tangible evidence that is sought, (ii) the name of the custodian of the documents, information or other tangible evidence that is sought, (iii) the nature of the ~~custodian's the~~ objection to their production, and (iv) the reasons why the Hearing Panel should compel the production of documents, information or other tangible evidence that is sought.

[balance of the rule remains the same]

Rule 807. Arbitration Pre-Hearing Proceedings

2. As soon as practicable after the appointment of the panel is finalized, the Arbitration Panel shall hold a scheduling conference. At the scheduling conference the Arbitration Panel and the parties will agree upon the case schedule and set a date (or dates) for the hearing. The Panel shall ~~serviceserve~~ all parties with written notice of the date, time and place of the hearing.

[balance of the rule remains the same]

Rule 904. Recording of Communications

In the regular course of business, Javelin SEF may record conversations and retain copies of electronic communications between (a) Javelin SEF and (b) Participants and their Supervised Persons. All such recording will be retained by Javelin SEF in such manner and for such period of time as Javelin SEF, ~~it~~ its sole discretion, determines is necessary or desirable to comply with applicable law. For the avoidance of any doubt, any Regulatory Service Provider that provides regulatory services to Javelin SEF will have access, to the extent necessary to perform regulatory services, to all such recordings.

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 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 ~~the~~ such 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 B

Rule Amendments

“Agent” shall mean a DMM or DSB (including their Sponsored Persons) that is authorized to act, including entering orders and/or causing Trades, on behalf of a Customer on Javelin SEF and shall not apply to references to “AGENT” in Javelin SEF Rule 512.

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