



Notice No. 15-03

Date: January 23, 2015

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 January 15, 2015.

Specifically, Javelin SEF has amended Rules 501, 505, 506, 514, 523, and 701. These rule amendments will be effective on January 30, 2015.

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 501	Rule amended to clarify the type of trade execution and market places that Javelin SEF provides.
Rule 505	Rule amended to clarify definitions of different types of orders.
Rule 506	Rule amended to clarify how orders may be entered on Javelin SEF’s RFQ system.
Rule 514	Rule amended to clarify Javelin SEF Participant’s responsibilities in connection with agency trading on Javelin SEF.
Rule 523	Rule amendments made to clarify the different types of central limit order books offered by Javelin SEF.
Rule 701	Rule Amendments made to clarify the jurisdiction of Javelin SEF over market participants with respect to disciplinary proceedings.

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

Rule 501. Scope

1. Scope. Unless otherwise provided in the Javelin SEF Rules, this Chapter 5 governs all trading activity on the IRS Vertical ~~and CDS Vertical~~ of Javelin SEF.
2. Trade Execution. There are ~~threewe~~ methods of trade execution on Javelin SEF: (i) electronic a central limit order book, and (ii) voice and (iii) voice hybrid electronica request for quote system.
- ~~2.3.~~ Execution Market Places. Javelin SEF operates the following market places for trade execution: (i) a voice central limit order book, (ii) voice request for quote, (iii) electronic central limit order book, and (iv) electronic request for quote. Javelin SEF does not share orders between voice and electronic market places unless requested by the Customer.

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 a better price obtainable in the central limit order book.
 - 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 in a single transaction 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 in a single transaction at a specified price or a better price, obtainable in the central limit order book, ~~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 in a single transaction 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 in a single transaction 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 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 cancelled 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~~ on a disclosed or anonymous basis, as provided by the Javelin SEF Rules. RFQ inquiries shall be sent to the minimum numbers of counterparties required by law, and such minimum number of counterparties shall not include (a) affiliates of or controlled by the

counterparty ~~initiating~~requesting the RFQ inquiry or (b) counterparties that are affiliates of or controlled by each other.

~~2.~~ RFQ inquires. In sending an RFQ inquiry the sender of the RFQ inquiry may: (a) disclose the name of the counterparty, (b) not disclose the name of the counterparty, or (c) only disclose the name of the counterparty to the RFQ Responder whose quote is accepted.

~~2.3.~~ RFQ Responses. In responding to an RFQ inquiry and RFQ Responder may: (a) disclose the name of the counterparty, (b) not disclose the name of the counterparty or (c) only disclose the name of the counterparty if the quote is accepted by the counterparty that sent the RFQ inquiry.

~~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 514. Agency Trading

An Agent may enter orders, initiate RFQ inquiries or trade on Javelin SEF on behalf of a Principal pursuant to this Rule 514 and subject to applicable law.

1. Written Authorization. Each Agent shall have the prior written authorization to act on behalf of a Principal. In addition, it is the Agent's responsibility to confirm that the person providing trading instruction on behalf of a Principal is authorized to do so.

2. Choice of Trading Method. Each Agent shall give the Principal the choice to trade in either the CLOB or the RFQ.

~~3.~~ Execution by RFQ. ~~If executing by RFQ, the following must be ensured:~~

~~a.~~ Each Agent must direct the RFQ inquiry to the RFQ Responders, if any, specified by the Principal.

~~b.~~ Each Agent shall send a RFQ inquiry to at least the number of RFQ Responders, who are not affiliated with the Principal, required by CFTC Regulation 37.9(a)(3).

~~c.~~ Javelin SEF will simultaneously direct the RFQ inquiry to the selected RFQ Responders for their review and response.

~~d.~~ Principals may leave resting orders with the Agent for non-immediate execution.

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

1. Cross Trades Executed Through the Electronic 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 electronic 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 electronic 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 electronic 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 electronic 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 Voice Central Limit Order Book
- a. If, pursuant to Javelin SEF Rule 521, a Participant informs an Authorized Employee that it seeks to execute an order against a Customer order, then the Authorized Employee shall enter the Customer order into the voice central limit 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 it seeks to execute two Customer orders against each other, then the Authorized Employee shall enter one side of the trade into the voice central limit order book and wait at least 15 seconds before entering the second side of the trade for execution.

Rule 701. General

As provided in Rules 303 and 602, all Covered Persons and Clearing Members, respectively, shall be subject to the jurisdiction of Javelin SEF, which includes, without limitation, compliance with Javelin SEF's business conduct rules. For purposes of this Chapter 7, the term "Participant" shall include mean each a Participant, a Covered Person, a Clearing Member and, as applicable, all of their its Authorized Traders, Supervised Persons and Participant Representatives. ~~All Participants shall be subject to the jurisdiction of Javelin SEF, which includes, without limitation, compliance with Javelin SEF's business conduct rules.~~ All Participants are deemed to know, consent to and agree to be bound by the Javelin SEF Rules. Javelin SEF may hold a Participant liable for its acts and omissions that constitute violations of Javelin SEF Rules and impose sanctions against such Participant as provided in the Javelin SEF Rules.

EXHIBIT B

Rule Amendments

Rule 501. Scope

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 - 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 in a single transaction at the best price obtainable in the central limit order book at the time the order is entered..
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- (a) affiliates of or controlled by the counterparty initiating the RFQ inquiry or (b) counterparties that are affiliates of or controlled by each other.
2. RFQ inquires. In sending an RFQ inquiry the sender of the RFQ inquiry may: (a) disclose the name of the counterparty, (b) not disclose the name of the counterparty, or (c) only disclose the name of the counterparty to the RFQ Responder whose quote is accepted.
 3. RFQ Responses. In responding to an RFQ inquiry and RFQ Responder may: (a) disclose the name of the counterparty, (b) not disclose the name of the counterparty or (c) only disclose the name of the counterparty if the quote is accepted by the counterparty that sent the RFQ inquiry.

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 - a. If, pursuant to Javelin SEF Rule 521, a Participant informs an Authorized Employee that it seeks to execute an order against a Customer order, then the Authorized Employee shall enter the Customer order into the voice central limit order book and then wait at least 15 seconds before entering the Participant's order; or
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Rule 701. General

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