

SUBMISSION COVER SHEET

Registered Entity Identifier Code (optional) 14-02

Date: 02/06/2014

IMPORTANT: CHECK BOX IF CONFIDENTIAL TREATMENT IS REQUESTED.

ORGANIZATION

Javelin SEF, LLC

FILING AS A: DCM SEF DCO SDR ECM/SPDC

TYPE OF FILING

• Rules and Rule Amendments

- Certification under § 40.6 (a) or § 41.24 (a)
- “Non-Material Agricultural Rule Change” under § 40.4 (b)(5)
- Notification under § 40.6 (d)
- Request for Approval under § 40.4 (a) or § 40.5 (a)
- Made Available To Trade Determination under § 40.5 or § 40.6
- Advance Notice of SIDCO Rule Change under § 40.10 (a)

• Products

- Certification under § 40.2 (a) or § 41.23 (a)
- Submission under § 39.5
- Swap Class Certification under § 40.2 (d)
- Request for Approval under § 40.3 (a)
- Novel Derivative Product Notification under § 40.12 (a)

RULE NUMBERS

Rule 514 and related definitions

DESCRIPTION

Javelin SEF, LLC is amending its rulebook to add a new rule and related definitions that provide a framework for agency trading on Javelin SEF.



February 6, 2014

Submitted via email

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. 14-02)

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 added a new Rule 514 and related definitions (“Rule Amendments”). The Rule Amendments will be effective February 21, 2014.

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

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 Amendment	Explanation	Applicable Core Principle and Commission Regulation
Chapter 1 Defined Terms – added new definition for “Agent”	New definition added to rulebook to define “Agent”.	Core Principle 2 Rule 37.200 Rule 37.201
Chapter 1 Defined Terms – added new definition for “BTU Responder”	New definition added to rulebook to define “BTU Responder”.	Core Principle 2 Rule 37.200 Rule 37.201
Chapter 1 Defined Terms – added new definition for “CLOB”	New definition added to rulebook to define “CLOB”.	Core Principle 2 Rule 37.200 Rule 37.201
Chapter 1 Defined Terms – added new definition for “Market Depth”	New definition added to rulebook to define “Market Depth”.	Core Principle 2 Rule 37.200 Rule 37.201
Chapter 1 Defined Terms – added new definition for “Principal”	New definition added to rulebook to define “Principal”.	Core Principle 2 Rule 37.200 Rule 37.201
Chapter 1 Defined Terms – added new definition for “RFQ”	New definition added to rulebook to define “RFQ”.	Core Principle 2 Rule 37.200 Rule 37.201
Chapter 1 Defined Terms – added new definition for “RFQ Responder”	New definition added to rulebook to define “RFQ Responder”.	Core Principle 2 Rule 37.200 Rule 37.201
Chapter 1 Defined Terms – added new definition for “Top of Book”	New definition added to rulebook to define “Top of Book”.	Core Principle 2 Rule 37.200 Rule 37.201

Rule 514	New rule that provides the framework for agency trading on Javelin SEF.	Core Principle 2 Rule 37.200 Rule 37.201
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EXHIBIT B

Marked Copy of 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 a Customer on Javelin SEF.

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

“CLOB” shall mean the central limit order book functionality of 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.

“Principal” shall mean the beneficial owner of an account for which an Agent trades.

“RFQ” shall mean the request for quote functionality of the Javelin SEF Trading System.

“RFQ Responder” shall mean a Participant of Javelin SEF or a Sponsored Person that receives a RFQ inquiry.

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

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.
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 CLOB. Prior to execution of a Trade on the CLOB each Agent shall accurately convey to the Principal:
 - a. the current Top of Book in the requested Product;
 - b. the existence of any Market Depth, if any; and
 - c. if requested by the Principal, a description of such Market Depth.
4. 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. During the RFQ session, if the Principal specifies no RFQ Responder(s) or a number of RFQ Responders that is less than the minimum required by CFTC Regulation 37.9(3)regulatory, the Agent may:
 - i. choose the best remaining RFQ Responders necessary by selecting “Best 2” or “Best 3” in the RFQ submission window; or
 - ii. choose all RFQ Responders by selecting “Request to All” responders in the RFQ submission window.
- c. Each Agent shall send a RFQ inquiry to at least the number of RFQ Responders, who are not affiliate with the Principal, required by CFTC Regulation 37.9(3).
- d. Javelin SEF will simultaneously direct the RFQ inquiry to the selected RFQ Responders for their review and response.
- e. Each Agent must accurately describe all RFQ responses to the Principal as they occur.
- f. Each Agent must accurately describe all RFQ mid-market responses to the Principal as they occur.
- g. Upon the direction of the Principal, the Agent may execute against any of the responding RFQ prices at any time during the RFQ session, but only after the Agent has accurately conveyed to the Principal the current Top of Book in the CLOB, if any.
- h. RFQ Responders shall be given equal opportunity to change their response every two seconds before the RFQ session expires. Such response updates shall be considered price improvements for the purposes of responding to a request by the Principal to improve such a price. Each Agent shall ensure that all RFQ responses are conveyed equally to the Principal.
- i. A BTU Responder may participate in the RFQ session. If a BTU Responder participates in the RFQ session, the Agent shall disclose to the Principal that RFQ session information may be communicated to a BTU Responder.
- j. Each Agent shall disclose to the Principal (a) the participation of a BTU Responder in the RFQ session when it occurs, and (b) any material incentive(s) to the Agent, if any.
- k. Principals may leave resting orders with the Agent for non-immediate execution.

EXHIBIT C

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 a Customer on Javelin SEF.

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

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

“Principal” shall mean the beneficial owner of an account for which an Agent trades.

“RFQ” shall mean the request for quote functionality of the Javelin SEF Trading System.

“RFQ Responder” shall mean a Participant of Javelin SEF or a Sponsored Person that receives a RFQ inquiry.

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

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 - b. the existence of any Market Depth, if any; and
 - c. if requested by the Principal, a description of such Market Depth.
4. Execution by RFQ. If executing by RFQ, the following must be ensured:
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- b. During the RFQ session, if the Principal specifies no RFQ Responder(s) or a number of RFQ Responders that is less than the minimum required by CFTC Regulation 37.9(3)regulatory, the Agent may:
 - i. choose the best remaining RFQ Responders necessary by selecting “Best 2” or “Best 3” in the RFQ submission window; or
 - ii. choose all RFQ Responders by selecting “Request to All” responders in the RFQ submission window.
- c. Each Agent shall send a RFQ inquiry to at least the number of RFQ Responders, who are not affiliate with the Principal, required by CFTC Regulation 37.9(3).
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- e. Each Agent must accurately describe all RFQ responses to the Principal as they occur.
- f. Each Agent must accurately describe all RFQ mid-market responses to the Principal as they occur.
- g. Upon the direction of the Principal, the Agent may execute against any of the responding RFQ prices at any time during the RFQ session, but only after the Agent has accurately conveyed to the Principal the current Top of Book in the CLOB, if any.
- h. RFQ Responders shall be given equal opportunity to change their response every two seconds before the RFQ session expires. Such response updates shall be considered price improvements for the purposes of responding to a request by the Principal to improve such a price. Each Agent shall ensure that all RFQ responses are conveyed equally to the Principal.
- i. A BTU Responder may participate in the RFQ session. If a BTU Responder participates in the RFQ session, the Agent shall disclose to the Principal that RFQ session information may be communicated to a BTU Responder.
- j. Each Agent shall disclose to the Principal (a) the participation of a BTU Responder in the RFQ session when it occurs, and (b) any material incentive(s) to the Agent, if any.
- k. Principals may leave resting orders with the Agent for non-immediate execution.