



December 31, 2015

**VIA Electronic Submission**

Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, N.W.  
Washington, DC 20581

Re: Javelin SEF, LLC Submission No. 15-13<sup>1</sup>

To Whom It May Concern,

Javelin SEF, LLC (“Javelin SEF”) hereby notifies the Commodity Futures Trading Commission (the “Commission”), pursuant to Commission Regulation 40.6, of its revised product listing of Javelin SEF interest rate swap products (“LCH IRS Products”) on Javelin SEF beginning January 13, 2016 (the “Submission”). Javelin SEF is amending its LCH IRS Products to separately describe IRS reference prices, decrease the minimum acceptable contract size when the Swap is traded on the Javelin SEF RFQ System, modify the Swap Tenor or Term, correct calendar and currency references, and fix grammatical and typographical errors. The Currency Units have also been modified in this submission.

The Submission contains the following:

1. A summary of the terms of the LCH IRS Products specifications
2. An explanation and analysis of the LCH IRS Products’ compliance with the relevant Core Principles for Swap Execution Facilities (“SEF Core Principles”) as set forth by section 5h of the Commodity Exchange Act;
3. A certification that, concurrent with the filing of the Submission, Javelin SEF posted on its website a notice of pending certification of the LCH IRS Products with the Commission.

1. Summary of Terms of the LCH IRS Products

**Contract Overview** An agreement to exchange one stream of cash flows for another where one stream is based on a floating rate, for a given notional amount over a specified term, and the other stream is based upon either another floating interest rate or a fixed interest rate for the same notional and a given term.

**Currency Units** US Dollar (USD), British Pounds Sterling (GBP), Euros (EUR), Swiss Franc (CHF), Japanese Yen (JPY), Australian Dollars (AUD) and Canadian Dollars (CAD).

**Floating Rate Index**

- USD LIBOR,
- GBP LIBOR,
- EUR EURIBOR

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<sup>1</sup> This product listing submission revises Javelin SEF’s submission 14-12.

- CHF LIBOR
- JPY LIBOR
- AUD BBSW
- CAD CDOR

**Contract Size** Increments of 1 million currency units on Central Limit Order Book  
Increments of 100,000 currency units on Request for Quote System

**Minimum Size** 1 million currency units notional on Central Limit Order Book  
100,000 currency units notional on Request for Quote System

**Trading Conventions** Buy = Pay Fixed, Receive Float -or- Pay Float +/- Spread, Receive Float  
Sell = Receive Fixed, Pay Float -or- Receive Float +/- Spread, Pay Float

**Swap Conventions** *Fixed Leg*

- Payment Frequency: Monthly, Quarterly, Semi-Annual, Annual
- Day Count Convention: 30/360, 30E/360, ACT/360, ACT/365, ACT/ACT
- Holiday Calendars: New York (USD), TARGET (EUR, CHF)<sup>2</sup>, Tokyo (JPY), Sydney (AUD), Toronto (CAD).
- Business Day Conventions: Following, Modified Following with adjustment to period end dates & Modified Following without adjustment for period end dates

*Floating Leg*

- Payment/Resets : Monthly, Quarterly, Semi-Annual, Annual
- Day Count Conventions: ACT/360, ACT/365
- Holiday Calendars: New York (USD), London (GBP), TARGET (EUR and CHF), Tokyo (JPY), Sydney (AUD), Toronto (CAD).
- Business Day Conventions: Following, Modified Following with adjustment to period end dates & Modified Following without adjustment to period end dates

**Swap Tenor or Swap Term** The duration of time from the effective date to the maturity date. A contract can have a Swap Tenor from 30 days to 50 years (USD, EUR, and GBP); and from 30 days to 30 years (CHF, JPY, AUD, and CAD).

**Effective Date** The date on which parties begin calculating accrued obligations such as fixed and floating interest rate payments. Also known as the start date of the swap.

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<sup>2</sup> TARGET shall mean any day on which TARGET (the Trans-European Automated Real-time Gross settlement Express Transfer system) is open.

**Maturity Date** The final date on which the obligations no longer accrue and the final payment occurs.

**Periodic Settlement Payment and Resets** Fixed Leg: The payment amount of the Fixed Leg is based on the following: Notional, Fixed Interest Rate, Payment Frequency, Number of days in the interest accrual period, and Day Count Convention.

Floating Leg: The payment amount of the Floating Leg is based on the following: Notional, Floating Interest Rate Index, Payment Frequency, Number of days in the interest accrual period, and Day Count Convention.

Payments are settled in accordance with the payment frequency of the swap.

**Floating Fixing Date**

- USD: The LIBOR Fixing Date is 2 business days prior to the floating effective date.
- GBP: The LIBOR Fixing Date is the same day as the floating effective date.
- EUR: The EURIBOR Fixing Date is 2 business days prior to the floating effective date.
- CHF: The LIBOR Fixing Date is 2 business days prior to the floating effective date.
- JPY: The LIBOR Fixing Date is 2 business days prior to the floating effective date.
- AUD: The BBSW Fixing Date is the same day as the floating effective date.
- CAD: The CDOR Fixing Date is the same day as the floating effective date.

**Trade Start Types**

*Same Day:*

- A new swap where the Effective Date is the same day as the trade date.

*Next Day:*

- A new swap where the Effective Date is T+1 from the trade date.

*Spot:*

- A new swap where the Effective Date is T+2 from the trade date.

*Forward:*

- A new swap with an effective date on any day after the spot start date, before the maturity date, and no longer than 13 months.

**Trade Types**

- “Rate Trades”; interest rate swaps
- “Spreads”; interest rate swaps with US Treasury Bond
- IMM<sup>3</sup>; interest rate swaps where Effective Date, Accrual Dates and Maturity Date are IMM Dates.
- “MAC” Swaps; Market Agreed Coupon

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<sup>3</sup> IMM shall mean the four quarterly dates of each year which are the third Wednesday of March, June, September, and December in accordance with the International Monetary Market calendar a division of the CME Group.

- “Basis” Swaps; Exchange of two floating rate indices
- “Package Trades”: Combination of Interest rate swaps

<b>Notional Types</b>	“Bullet”; Notional remains constant over term of swap.
<b>Settlement Procedure</b>	As determined by the Clearing Venue
<b>Trading Hours</b>	Javelin SEF, LLC trading hours are as stated in Javelin SEF Rule 502
<b>Clearing Venue</b>	LCH
<b>Block Trades</b>	Block Trades may be submitted pursuant to Javelin SEF Rule 515
<b>Position Limits</b>	As provided by Part 151 of the Commission’s Regulations.
<b>Reporting Levels</b>	As provided by Commission Regulation 15.03.

## 2. Explanation and Analysis of LCH IRS Products’ Compliance with SEF Core Principles

We have reviewed the SEF Core Principles and have identified that the listing of LCH IRS Products may have bearing on SEF Core Principle 3: Swaps Not Readily Susceptible to Manipulation. For the reasons stated below we believe that the listing of LCH IRS Products complies with the Commodity Exchange Act and SEF Core Principle 3.

### a. The Reference Prices are not Readily Susceptible to Manipulation

The reference prices for the floating leg of LCH IRS Products are as follows:

- The reference price for the floating leg of the USD, GBP, CHF and YEN LCH IRS products is the London Interbank Offered Rate for USD LIBOR, Sterling LIBOR, CHF LIBOR and YEN LIBOR (“LIBOR”). LIBOR is the lowest perceived rate at which banks can borrow unsecured funds from other banks in the London interbank market for a specified time period in a particular currency. Historically, LIBOR was calculated each day by the BBA Libor Ltd. in conjunction with Thomson Reuters. In response to concerns raised regarding the reliability LIBOR as reference price the British Government established an independent committee to recommend a new administrator for LIBOR known as the Hogg Tendering Advisory Committee for LIBOR (“Hogg Committee”). ICE Benchmark Administration, Limited (“IBA”) was selected (through a competitive process) by the Hogg Committee to replace BBA Libor Ltd. The Financial Conduct Authority approved the transition to IBA on February 1, 2014. The LIBOR pricing provided by IBA is known as the ICE LIBOR. The reference price for the floating leg of the USD, GBP, CHF and YEN LCH IRS product is the USD, GBP, CHF and YEN London Interbank Offered Rate (LIBOR). ICE LIBOR is a “polled” rate,

issued at approximately 11:45 am (London time) each day the banks are open. It is determined based upon “trimmed arithmetic mean” of the price information submitted by contributing banks. The “trimmed arithmetic mean” is calculated by discarding the highest and lowest 25% of prices and averaging the balance of the prices. More information on the specifics on how LIBOR is calculated is available at [www.theice.com/iba](http://www.theice.com/iba).

- The reference price for the floating leg of the Euro LCH IRS product is the Interbank Offered Rate for Euro EURIBOR (“EURIBOR”). EURIBOR is the rate at which euro interbank term deposits are offered by one prime bank to another within the euro zone. Historically, EURIBOR is calculated each day at 11:00 a.m. (CET) for spot value (T+2) and on actual/360 day basis by the European Money Markets Institute, (EMMI). Founded in 1999 with the launch of the euro and based in Brussels, Belgium, EMMI’s EURIBOR panel consists of 23 contributors composed of banks from EU countries participating in the euro from the onset, banks from EU countries not participating in the euro from the onset and large International banks from non EU countries with important euro zone operations. Panel Bank contributors agree to a strict code of conduct and EMMI has published procedures for the selection of participating banks. Actual calculation of the EURIBOR is based on a representative sample of panel banks, produced for one, two and three weeks and for twelve maturities from one to twelve months, at which interbank term deposits, denominated in euro, are being offered within the euro zone between prime banks. Panel banks provide daily quotes of the rate, rounded to two decimal places and the average rate is calculated after the highest/lowest quotations (15% each side) are eliminated. EURIBOR is quoted for spot value (T+2) and on an actual/360 day-count convention, to three decimals. Once calculated, the EURIBOR® is instantaneously published by Reuters, Bloomberg and other information providers. More information on the specifics on how EURIBOR is calculated is available at <http://www.emmi-benchmarks.eu/euribor-org>.
- The reference price for the floating leg of the Australian Dollar LCH IRS product is the Bank Bill Swap Benchmark Rates (BBSW) overseen by the Australian Financial Markets Association (AFMA). The leading association promoting efficiency integrity and professionalism in Australia’s financial markets, AFMA has more than 130 members including Australian and international banks, brokers, securities companies, state government treasury corporations and other industry members. AFMA provides supporting industry governance, market conventions, codes of conduct, and industry representation to BBSW, the central benchmark rate for financial markets in Australia. BBSW is calculated using live and executable prices in the market for Prime Bank Eligible Securities. AFMA continuously monitors BBSW to ensure it remains current and responsive to changing market conditions. BBSW benchmark rates represent the midpoint of the nationally observed Best Bid and Offer (NBBO) for AFMA Prime Bank Eligible Securities, comprised of bank accepted bills (approximately 15%) and negotiable certificates of deposit issued by banks (approximately 85%), that have a remaining maturity of between one and six months. Trading in these markets by participants is regulated by the Australian Securities and Investments Commission (ASIC). Calculation methodology for the benchmark rates, described in the BBSW Benchmark Rate Conventions, relies on live executable bids and offers in Prime Bank Eligible Securities mechanically collected from approved trading venues at three intervals surrounding 10:00 a.m. (local Sydney time) with the best bid and best offer at each interval averaged to form the midpoint NBBO and the average of all good midpoint NBBO samples becoming the BBSW for the respective tenor. The average of all good NBBO midpoint samples, rounded to four decimal places, are published at approximately 10:15 a.m. on Thomson Reuters

page BBSW, and on Bloomberg LLP page 'AFMB' as the BBSW benchmark rate, for each tenor. More information regarding BBSW's methodology is available at <http://www.afma.com.au/data/bbsw/BBSW%20Guide.pdf>.

- The reference price for the floating leg of the Canadian Dollar Offered Rate for CAD CDOR ("CDOR"). CDOR is a key industry-determined financial benchmark. CDOR is the recognized financial benchmark for bankers' acceptances (committed lending rates) with a term to maturity of up to a year. CDOR is calculated and administered by Thomson Reuters Benchmark Services Limited ("TRBSL"), determined daily for one, two, three, six month and one year terms based on a survey of bid-side rates provided by seven principal market-makers, including the major Canadian banks. CDOR is overseen by the Office of the Superintendent of Financial Institutions (OSFI), Government of Canada. The benchmark survey is conducted each business day at 10:00 a.m. local Montreal time and published on Reuters Screen CDOR by 10:15 a.m. The high and the low rates taken from the survey are removed and a simple arithmetic average is calculated for the remaining survey rates. High and low bid prices are excluded to minimize any bias in the results. CDOR is calculated on an annual basis for a 365-day year.

Because the reference rates are based on LIBOR, EURIBOR, BBSW, and CDOR, rates that are derived from third-parties (not the Javelin SEF's Participants) and are each subject to an auditable process by the IBA, EMMI, AFMA, and OSFI, the Contract is not readily subject to manipulation.

b. Conditions that Prevent LCH IRS Products from Being Readily Susceptible to Manipulation

The terms of the IRS Product follow the current conventions of the over the counter market in interest rate swaps by providing both standard fixed terms and variable terms. (See description of product terms above). The interest rate swap market is the largest derivative asset class in the world, with an estimated \$441 trillion in notional principal outstanding in the OTC market as of December 2012 according to the Bank for International Settlements. See BIS Quarterly Review, September 2013 Page A10 Table 4 [http://www.bis.org/publ/qtrpdf/r\\_qs1309.pdf](http://www.bis.org/publ/qtrpdf/r_qs1309.pdf).

The profound depth to the interest rate swap market protects the LCH IRS Products from manipulation. It is well established that deep liquid markets are very difficult to manipulate. All of the recent public scrutiny and changes to the administration of LIBOR, it make it difficult for an attempt by a single market participants or group or markets participants to manipulate the LIBOR reference price to go undetected. Since all of the LCH IRS Products are cash settled there is no deliverable supply that can be manipulated by market participants. Cash settlement is a further barrier that protects the LCH IRS Products from market manipulation. In addition, should there be any attempt to manipulate the market Javelin SEF is confident its robust surveillance system will detect such improper trading activity.

c. Settlement Procedure

LCH IRS Products that will be traded on the Javelin SEF are cash settled at the applicable Clearing House. Currently LCH IRS Products will be cleared by the LCH.Clearnet Limited and/or LCH Clearnet LLC ("LCH"). The procedures used by the LCH to settle LCH IRS Products is stated in LCH Rules (LCH Rules are available

at [www.lch.com](http://www.lch.com)). These rules set forth procedures that are transparent to the market and have been approved by the Commission.

### 3. Certification

Javelin SEF certifies that the LCH IRS Products comply with the Commodity Exchange Act, 7 U.S.C. §1 *et seq.* and the regulations thereunder. Javelin SEF further certifies that this Submission has been concurrently posted on Javelin SEF's website at <http://www.theJavelin.com>.

In the event that you have questions, please contact me at (646) 307-5931 or [suellen.galish@thejavelin.com](mailto:suellen.galish@thejavelin.com).

Sincerely,

/s/Suellen M. Galish  
General Counsel and Chief Compliance Officer



~~July 22, 2014~~December 31, 2015

**VIA Electronic Submission**

Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, N.W.  
Washington, DC 20581

Re: Javelin SEF, LLC Submission No. ~~14-1215-13~~<sup>1</sup>

To Whom It May Concern,

Javelin SEF, LLC (“Javelin SEF”) hereby notifies the Commodity Futures Trading Commission (the “Commission”), pursuant to Commission Regulation 40.26, of its revised product listing of Javelin SEF interest rate swap products (“LCH IRS Products”) on Javelin SEF beginning ~~July 28, 2014~~January 13, 2016 (the “Submission”). Javelin SEF is amending its LCH IRS Products to ~~include Package Trades as a new Trade Type<sup>2</sup>~~separately describe IRS reference prices, decrease the minimum acceptable contract size when the Swap is traded on the Javelin SEF RFQ System, modify the Swap Tenor or Term, correct calendar and currency references, and fix grammatical and typographical errors. The Currency Units have also been modified in this submission.

The Submission contains the following:

1. A summary of the terms of the LCH IRS Products specifications
2. An explanation and analysis of the LCH IRS Products’ compliance with the relevant Core Principles for Swap Execution Facilities (“SEF Core Principles”) as set forth by section 5h of the Commodity Exchange Act;
3. A certification that, concurrent with the filing of the Submission, Javelin SEF posted on its website a notice of pending certification of the LCH IRS Products with the Commission.

1. Summary of Terms of the LCH IRS Products

**Contract Overview** An agreement to exchange one stream of cash flows for another where one stream is based on a floating rate, for a given notional amount over a specified term, and the other stream is based upon either another floating interest rate or a fixed interest rate for the same notional and a given term.

<sup>1</sup> This product listing submission revises Javelin SEF’s submission 14-12.

<sup>2</sup> Pursuant to Javelin SEF’s rulebook a “Package Trade” is a transaction involving two or more instruments: (1) that is executed between two or more counterparties; (2) that is priced or quoted as one economic transaction with simultaneous or near simultaneous execution of all components; and (3) where the execution of each component is contingent upon the execution of all other components.



<b>Currency Units</b>	US Dollar, <del>(USD)</del> , British Pounds, <del>Sterling (GBP)</del> , Euros <del>(EUR)</del> , Swiss Franc <del>(CHF)</del> , Japanese Yen <del>(JPY)</del> , Australian Dollars <del>(AUD)</del> and Canadian Dollars <del>(CAD)</del> .
<b>Floating Rate Index</b>	<ul style="list-style-type: none"><li>• <del>USD LIBOR, Sterling</del></li><li>• <del>GBP LIBOR,</del></li><li>• <del>EUR EURIBOR</del></li><li>• <del>CHF LIBOR</del></li><li>• <del>JPY LIBOR</del></li><li>• <del>AUD BBSW</del></li><li>• <del>CAD CDOR</del></li></ul>
<b>Contract Size</b>	Increments of 1 million currency units <del>on Central Limit Order Book</del> <del>Increments of 100,000 currency units on Request for Quote System</del>
<b>Minimum Size</b>	1 million currency units notional <del>on Central Limit Order Book</del> <del>100,000 currency units notional on Request for Quote System</del>
<b>Trading Conventions</b>	Buy = Pay Fixed, Receive Float -or- Pay Float +/- Spread, Receive Float Sell = Receive Fixed, Pay Float -or- Receive Float +/- Spread, Pay Float
<b>Swap Conventions</b>	<p><i>Fixed Leg</i></p> <ul style="list-style-type: none"><li>• Payment Frequency: Monthly, Quarterly, Semi-Annual, Annual</li><li>• Day Count Convention: 30/360, 30E/360, ACT/360, ACT/365, ACT/ACT</li><li>• Holiday Calendars: <del>London, New York, (USD)</del>, TARGET<sup>3</sup> <del>(EUR, CHF)</del><sup>4</sup>, <del>Tokyo (JPY), Sydney (AUD), Toronto (CAD)</del>.</li><li>• Business Day Conventions: Following, Modified Following with adjustment to period end dates &amp; Modified Following without adjustment for period end dates</li></ul> <p><i>Floating Leg</i></p> <ul style="list-style-type: none"><li>• Payment/Resets : Monthly, Quarterly, Semi-Annual, Annual</li><li>• Day Count Conventions: ACT/360, ACT/365</li><li>• Holiday Calendars: <del>London, New York, (USD)</del>, <del>London (GBP)</del>, TARGET <del>(EUR and CHF)</del>, <del>Tokyo (JPY), Sydney (AUD), Toronto (CAD)</del>.</li></ul>

<sup>3</sup> TARGET shall mean any day on which TARGET (the Trans-European Automated Real-time Gross settlement Express Transfer system) is open.

<sup>4</sup> TARGET shall mean any day on which TARGET (the Trans-European Automated Real-time Gross settlement Express Transfer system) is open.

- Business Day Conventions: Following, Modified Following with adjustment to period end dates & Modified Following without adjustment to period end dates

**Swap Tenor or Swap Term** The duration of time from the effective date to the maturity date. A contract can have a Swap Tenor from ~~1 day to 31 years~~ 30 days to 50 years (USD, EUR, and GBP); and from 30 days to 30 years (CHF, JPY, AUD, and CAD).

**Effective Date** The date on which parties begin calculating accrued obligations such as fixed and floating interest rate payments. Also known as the start date of the swap.

**Maturity Date** The final date on which the obligations no longer accrue and the final payment occurs.

**Periodic Settlement Payment and Resets** Fixed Leg: The payment amount of the Fixed Leg is based on the following: Notional, Fixed Interest Rate, Payment Frequency, Number of days in the interest accrual period, and Day Count Convention.

Floating Leg: The payment amount of the Floating Leg is based on the following: Notional, Floating Interest Rate Index, Payment Frequency, Number of days in the interest accrual period, and Day Count Convention.

Payments are settled in accordance with the payment frequency of the swap.

**Floating Fixing Date**

- USD: The LIBOR Fixing Date is 2 ~~London~~ business days prior to the floating effective date.
- GBP: The LIBOR Fixing Date is the same day as the floating effective date.
- EUR: The EURIBOR Fixing Date is 2 ~~TARGET London~~ business days prior to the floating effective date.
- CHF: The LIBOR Fixing Date is 2 business days prior to the floating effective date.
- JPY: The LIBOR Fixing Date is 2 business days prior to the floating effective date.
- AUD: The BBSW Fixing Date is the same day as the floating effective date.
- CAD: The CDOR Fixing Date is the same day as the floating effective date.

**Trade Start Types**

*Same Day:*

- A new swap where the Effective Date is the same day as the trade date.

*Next Day:*

- A new swap where the Effective Date is T+1 from the trade date.

*Spot:*

- A new swap where the Effective Date is T+2 from the trade date.

*Forward:*

- A new swap with an effective date on any day after the spot start date, before the maturity date, and no longer than 13 months.

**Trade Types**

- “Rate Trades”; interest rate swaps
- “Spreads”; interest rate swaps with US Treasury Bond
- IMM<sup>5</sup>; interest rate swaps where Effective Date, Accrual Dates and Maturity Date are IMM Dates.
- “MAC” Swaps; Market Agreed Coupon
- “Basis” Swaps; Exchange of two floating rate ~~indexes~~indices
- “Package Trades”: Combination of Interest rate swaps

**Notional Types**

“Bullet”; Notional remains constant over term of swap.

**Settlement Procedure**

As determined by the Clearing Venue

**Trading Hours**

Javelin SEF, LLC trading hours are ~~Monday to Friday 7:30 am to 5:00 pm as stated in~~  
Javelin SEF Rule 502

**Clearing Venue**

~~LCH.Clearnet Limited~~  
~~LCH.Clearnet LLC~~

**Block Trades**

Block Trades may be submitted pursuant to Javelin SEF Rule 515

**Position Limits**

As provided by Part 151 of the Commission’s Regulations.

**Reporting Levels**

As provided by Commission Regulation 15.03.

2. Explanation and Analysis of LCH IRS Products’ Compliance with SEF Core Principles

We have reviewed the SEF Core Principles and have identified that the listing of LCH IRS Products may have bearing on SEF Core Principle 3: Swaps Not Readily Susceptible to Manipulation. For the reasons stated below we believe that the listing of LCH IRS Products complies with the Commodity Exchange Act and SEF Core Principle 3.

- a. The Reference ~~Price is~~Prices are not Readily Susceptible to Manipulation

The reference ~~price~~prices for the floating leg of LCH IRS Products ~~is the~~are as follows:

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<sup>5</sup> IMM shall mean the four quarterly dates of each year which are the third Wednesday of March, June, September, and December in accordance with the International Monetary Market calendar a division of the CME Group.

- The reference price for the floating leg of the USD, GBP, CHF and YEN LCH IRS products is the London Interbank Offered Rate for USD LIBOR, Sterling LIBOR, CHF LIBOR and EURIBOR-YEN LIBOR ("LIBOR"). LIBOR is the lowest perceived rate at which banks can borrow unsecured funds from other banks in the London interbank market for a specified time period in a particular currency. Historically, LIBOR was calculated each day by the BBA Libor Ltd. in conjunction with Thomson Reuters. In response to concerns raised regarding the reliability LIBOR as reference price the British Government established an independent committee to recommend a new administrator for LIBOR known as the Hogg Tendering Advisory Committee for LIBOR ("Hogg Committee"). ICE Benchmark Administration, Limited ("IBA") was selected (through a competitive process) by the Hogg Committee to replace BBA Libor Ltd. The Financial Conduct Authority approved the transition to IBA on February 1, 2014. The ~~libor~~LIBOR pricing provided by IBA is known as the ICE LIBOR. The reference price for the floating leg of the USD, GBP, CHF and YEN LCH IRS product is the USD, GBP, CHF and YEN London Interbank Offered Rate (LIBOR). ICE LIBOR is a "polled" rate, issued at approximately 11:45 am (London time) each day the banks are open. It is determined based upon "trimmed arithmetic mean" of the price information submitted by contributing banks. The "trimmed arithmetic mean" is calculated by discarding the highest and lowest 25% of prices and averaging the balance of the prices. More information on the specifics on how LIBOR is calculated is available at [www.theice.com/iba](http://www.theice.com/iba).
- The reference price for the floating leg of the Euro LCH IRS product is the Interbank Offered Rate for Euro EURIBOR ("EURIBOR"). EURIBOR is the rate at which euro interbank term deposits are offered by one prime bank to another within the euro zone. Historically, EURIBOR is calculated each day at 11:00 a.m. (CET) for spot value (T+2) and on actual/360 day basis by the European Money Markets Institute, (EMMI). Founded in 1999 with the launch of the euro and based in Brussels, Belgian, EMMI's EURIBOR panel consists of 23 contributors composed of banks from EU countries participating in the euro from the onset, banks from EU countries not participating in the euro from the onset and large International banks from non EU countries with important euro zone operations. Panel Bank contributors agree to a strict code of conduct and EMMI has published procedures for the selection of participating banks. Actual calculation of the EURIBOR is based on a representative sample of panel banks, produced for one, two and three weeks and for twelve maturities from one to twelve months, at which interbank term deposits, denominated in euro, are being offered within the euro zone between prime banks. Panel banks provide daily quotes of the rate, rounded to two decimal places and the average rate is calculated after the highest/lowest quotations (15% each side) are eliminated. EURIBOR is quoted for spot value (T+2) and on an actual/360 day-count convention, to three decimals. Once calculated, the EURIBOR® is instantaneously published by Reuters, Bloomberg and other information providers. More information on the specifics on how EURIBOR is calculated is available at <http://www.emmi-benchmarks.eu/euribor-org>.
- The reference price for the floating leg of the Australian Dollar LCH IRS product is the Bank Bill Swap Benchmark Rates (BBSW) overseen by the Australian Financial Markets Association (AFMA). The leading association promoting efficiency integrity and professionalism in Australia's financial markets, AFMA has more than 130 members including Australian and international banks, brokers, securities companies, state government treasury corporations and other industry members. AFMA provides supporting industry governance, market conventions,

codes of conduct, and industry representation to BBSW, the central benchmark rate for financial markets in Australia. BBSW is calculated using live and executable prices in the market for Prime Bank Eligible Securities. AFMA continuously monitors BBSW to ensure it remains current and responsive to changing market conditions. BBSW benchmark rates represent the midpoint of the nationally observed Best Bid and Offer (NBBO) for AFMA Prime Bank Eligible Securities, comprised of bank accepted bills (approximately 15%) and negotiable certificates of deposit issued by banks (approximately 85%), that have a remaining maturity of between one and six months. Trading in these markets by participants is regulated by the Australian Securities and Investments Commission (ASIC). Calculation methodology for the benchmark rates, described in the BBSW Benchmark Rate Conventions, relies on live executable bids and offers in Prime Bank Eligible Securities mechanically collected from approved trading venues at three intervals surrounding 10:00 a.m. (local Sydney time) with the best bid and best offer at each interval averaged to form the midpoint NBBO and the average of all good midpoint NBBO samples becoming the BBSW for the respective tenor. The average of all good NBBO midpoint samples, rounded to four decimal places, are published at approximately 10:15 a.m. on Thomson Reuters page BBSW, and on Bloomberg LLP page 'AFMB' as the BBSW benchmark rate, for each tenor. More information regarding BBSW's methodology is available at <http://www.afma.com.au/data/bbsw/BBSW%20Guide.pdf>.

- The reference price for the floating leg of the Canadian Dollar Offered Rate for CAD CDOR ("CDOR"). CDOR is a key industry-determined financial benchmark. CDOR is the recognized financial benchmark for bankers' acceptances (committed lending rates) with a term to maturity of up to a year. CDOR is calculated and administered by Thomson Reuters Benchmark Services Limited ("TRBSL"), determined daily for one, two, three, six month and one year terms based on a survey of bid-side rates provided by seven principal market-makers, including the major Canadian banks. CDOR is overseen by the Office of the Superintendent of Financial Institutions (OSFI), Government of Canada. The benchmark survey is conducted each business day at 10:00 a.m. local Montreal time and published on Reuters Screen CDOR by 10:15 a.m. The high and the low rates taken from the survey are removed and a simple arithmetic average is calculated for the remaining survey rates. High and low bid prices are excluded to minimize any bias in the results. CDOR is calculated on an annual basis for a 365-day year.

Because the reference ~~rate is~~ rates are based on LIBOR, ~~a rate~~ EURIBOR, BBSW, and CDOR, rates that ~~is~~ are derived from ~~a third-party~~ parties (not the Javelin SEF's Participants) and ~~is~~ are each subject to an auditable process by the IBA, EMMI, AFMA, and OSFI, the Contract is not readily subject to manipulation.

b. Conditions that Prevent LCH IRS Products from Being Readily Susceptible to Manipulation

The terms of the IRS Product follow the current conventions of the over the counter market in interest rate swaps by providing both standard fixed terms and variable terms. (See description of product terms above). The interest rate swap market is the largest derivative asset class in the world, with an estimated \$441 trillion in notional principal outstanding in the OTC market as of December 2012 according to the Bank for International Settlements. See BIS Quarterly Review, September 2013 Page A10 Table 4 [http://www.bis.org/publ/qtrpdf/r\\_qs1309.pdf](http://www.bis.org/publ/qtrpdf/r_qs1309.pdf) .

The profound depth to the interest rate swap market protects the LCH IRS Products from manipulation. It is well established that deep liquid markets are very difficult to manipulate. All of the recent public scrutiny and changes to the administration of LIBOR, it make it difficult for an attempt by a single market participants or group or markets participants to manipulate the LIBOR reference price to go undetected. Since all of the LCH IRS Products are cash settled there is no deliverable supply that can be manipulated by market participants. Cash settlement is a further barrier that protects the LCH IRS Products from market manipulation. In addition, should there be any attempt to manipulate the market Javelin SEF is confident its robust surveillance system will detect such improper trading activity.

c. Settlement Procedure

LCH IRS Products that will be traded on the Javelin SEF are cash settled at the applicable Clearing House. Currently LCH IRS Products will be cleared by the LCH.Clearnet Limited and/or LCH Clearnet LLC ("LCH"). The procedures used by the LCH to settle LCH IRS Products is stated in LCH Rules (LCH Rules are available at [www.lch.com](http://www.lch.com)). These rules set forth procedures that are transparent to the market and have been approved by the Commission.

**3. Certification**

Javelin SEF certifies that the LCH IRS Products comply with the Commodity Exchange Act, 7 U.S.C. §1 *et seq.* and the regulations thereunder. Javelin SEF further certifies that this Submission has been concurrently posted on Javelin SEF's website at <http://www.theJavelin.com>.

In the event that you have questions, please contact me at (646) 307-5931 or [suellen.galish@thejavelin.com](mailto:suellen.galish@thejavelin.com).

Sincerely,

/s/Suellen M. Galish  
General Counsel and Chief Compliance Officer