



January 30, 2014

Submitted via email

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

Re: Submission of Javelin SEF, LLC Rule Amendment (Submission No 14-01)

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 amended Rules 302, 303, 305, 317, 322, 323, 407, 408, 504, 505, 513, 516, 523, 602, 605, 706, 801, 901 and various definitions (“Rule Amendments”). The Rule Amendments will be effective February 13, 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](mailto: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 – revised definition of “Authorized Trader”	Definition of Authorized Trader is revised to include Sponsored Person.	Core Principle 2 Rule 37.200 Rule 37.201
Chapter 1 Defined Terms – added new definition of “Customer”	New definition added to rulebook to define “Customer”.	Core Principle 2 Rule 37.200 Rule 37.201
Chapter 1 Defined Terms – revised definition of “Clearing Member”	Definition revised to conform to new defined term for Customer.	Core Principle 2 Rule 37.200 Rule 37.201
Chapter 1 Defined Terms – revised definition of “Designated Swap Broker” or “DSB”	Definition revised to clarify that a DSB may trade on behalf of a Customer for which it is authorized to exercise investment discretion	Core Principle 2 Rule 37.200 Rule 37.201
Chapter 1 Defined Terms – added new definition of “Sponsored Person”	New definition added to define “Sponsored Person”.	Core Principle 2 Rule 37.200 Rule 37.201
Chapter 1 Defined Terms – added new definition of “Sponsoring Participant”.	New definition added to define “Sponsoring Participant”.	Core Principle 2 Rule 37.200 Rule 37.201
Chapter 1 Defined Terms – revised definition of “Trading Manager”	Definition revised to conform to the new defined term for Customer and to make clear Trading Manager may set Trading Limits for a Customer’s Authorized Traders.	Core Principle 2 Rule 37.200 Rule 37.201

Chapter 1 Defined Terms – revised definition of “Trading Limits”	Definition revised to clarify the application of risk based limits.	Core Principle 2 Core Principle 7 Rule 37.200 Rule 37.700
Rule 302	Amendments made to conform to addition of new defined terms for Customer and Sponsored Person.	Core Principle 2 Rule 37.200 Rule 37.201
Rule 303	Amendments made to conform to addition of new defined terms for Customer and Sponsored Person.	Core Principle 2 Rule 37.200 Rule 37.201
Rule 305	Amendments made to conform to addition of new defined terms for Customer.	Core Principle 2 Rule 37.200 Rule 37.201
Rule 317	Amendments made to conform to addition of new defined terms for Customer.	Core Principle 2 Rule 37.200 Rule 37.201
Rule 322	New rule that provides for sponsored access on Javelin SEF.	Core Principle 2 Rule 37.200 Rule 37.201
Rule 323	New rule that describes access to Javelin SEF by Sponsored Persons.	Core Principle 2 Rule 37.200 Rule 37.201
Rule 407	Amendments made to conform to the (a) addition of new defined terms for Customer and (b) new rules regarding Sponsored Access.	Core Principle 2 Rule 37.200 Rule 37.201
Rule 408	Amendments made to conform to addition of new defined terms for Customer.	Core Principle 2 Rule 37.200 Rule 37.201
Rule 504	Amendments made to conform to addition of new defined terms for Customer and to clarify language regarding clearing services.	Core Principle 2 Core Principle 7 Rule 37.200 Rule 37.700
Rule 505	Amendments made to conform to addition of new defined terms for Customer.	Core Principle 2 Rule 37.200 Rule 37.201
Rule 513	Amendments made to conform to addition of new defined terms for Customer.	Core Principle 2 Rule 37.200 Rule 37.201
Rule 516	Amendments made to conform to addition of new defined terms for Customer.	Core Principle 2 Rule 37.200 Rule 37.201
Rule 523	Amendments made to conform to addition of new defined terms for Customer.	Core Principle 2 Rule 37.200 Rule 37.201

Rule 602	Amendments made to conform to addition of new defined terms for Customer.	Core Principle 2 Rule 37.200 Rule 37.201
Rule 605	Amendments made to conform to addition of new defined terms for Customer and to clarify language regarding clearing services.	Core Principle 2 Core Principle 7 Rule 37.200 Rule 37.700
Rule 706	Amendments made to conform to addition of new defined terms for Customer.	Core Principle 2 Rule 37.200 Rule 37.201
Rule 801	Amendments made to conform to addition of new defined terms for Customer	Core Principle 2 Rule 37.200 Rule 37.201
Rule 901	Amendments made to conform to addition of new defined terms for Customer	Core Principle 2 Rule 37.200 Rule 37.201

EXHIBIT B

Marked Copy of Rule Amendments

“Authorized Trader” shall mean a natural person that has been designated by a Participant or a Sponsored Person to be an Authorized Trader pursuant to the Javelin SEF Rules and who has been approved by Javelin SEF.

“Customer” shall mean an ECP, for which a Participant (including its Authorized Trader(s)) or a Sponsored Person (including its Authorized Trader(s)) is authorized to act on Javelin SEF, including entering orders and/or causing Trades.

“Clearing Member” shall mean any firm that is a member in good standing of any Clearinghouse that is authorized by such Clearinghouse to clear Trades executed on Javelin SEF and is approved by Javelin SEF pursuant to the Javelin SEF Rules. A Clearing Member may clear Trades for its own account (if it has also been admitted as a Participant), or on behalf of a Customercustomer, -Designated Swap Broker, Designated Market Maker, or any combination thereof.

“Designated Swap Broker” or “DSB” shall mean a category of Participant of Javelin SEF described in Chapter 3 of the Javelin SEF Rules. In addition to agency trades, a DSB shall be authorized to trade on behalf of a Customer for which it is authorized to exercise investment discretion.

“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 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.

“Sponsoring Participant” shall mean a Participant that has (i) designated a Sponsored Person to Javelin SEF pursuant to Javelin SEF Rules and (ii) been designated as the Sponsoring Participant by such

Sponsored Person generally and in respect of the applicable Trade on Javelin SEF. Upon acceptance of such designations by Javelin SEF and the provision of trading access to the Sponsored Person, the Sponsoring Participant shall be responsible for the undertakings provided in Javelin SEF Rule 322.

“Trading Manager” shall mean an employee of a Participant designated by the Participant to provide notice to Javelin SEF of what instruments such Participant’s Authorized Traders may trade and their respective Trading Limits or the Trading Limits of their Customercustomer and Customer’s Authorized Traders, as applicable.

“Trading Limits” shall mean the risk-based limits ~~set established in respect of~~ each proprietary account of Participant or Participant’s Authorized Traders or in respect of each Customercustomer account or Customer’s Authorized Traders.

### **Rule 302. Participant Status and Categories of Participants**

All Participants of Javelin SEF shall have Trading Privileges on the Javelin SEF which includes the right to access Javelin SEF and enter orders for proprietary and Customercustomer accounts as authorized by the Participant’s Participant Category. Trading Privileges are subject to any limitation, restriction or revocation imposed, from time to time, by Javelin SEF. Trading on Javelin SEF is limited to ECPs. All Participants that trade on behalf of a Customercustomer shall ~~provide documentation~~ obtain information or representations sufficient to demonstrate that such Customercustomer is an ECP. There are three categories of Participants: (i) Authorized Customer, (ii) Designated Swap Broker, and (iii) Designated Market Maker. Any Participant may designate, pursuant to the Javelin SEF Rules, one or more Authorized Traders or, if such Participant is a DSB or DMM, one or more Sponsored Persons.

### **Rule 303. Jurisdiction**

~~By becoming a~~ Each (a) Participant and Sponsored Person, whether or not acting through their Supervised Persons or Authorized Traders, accessing Javelin SEF, submitting an order for execution on Javelin SEF, entering orders into Javelin SEF, ~~or and (b) market participant~~ Customer authorizing a Participant or Sponsored Person to submit an order for execution or enter an order into Javelin SEF on its behalf, ~~and~~ without ~~need for~~ any further action or agreement, ~~each (a) market participant, and (b) Participant and its Sponsored Persons and Supervised Persons~~ (each a “Covered Person”) agrees -to: (i) be bound by and comply with the Javelin SEF Rules, and (ii) become subject to the jurisdiction of Javelin SEF with respect to all matters arising from trading on Javelin SEF. Unless agreed to in writing by Javelin SEF, no agreement between (a) Participants or Sponsored Persons, (b) ~~market participants~~ Customers, or (c) Participants and market participants may supersede the Javelin SEF Rules.

### Rule 305. Trading Privileges by Participant Category

Each Participant Category will have the following trading authority.

1. An Authorized Customer shall be authorized to enter orders on its own account.
2. A Designated Swap Broker shall be authorized to enter orders for (a) its own account, (b) the account of an Authorized Customer, or (c) a Customer's ~~the~~ account ~~of a customer~~.
3. A Designated Market Maker shall be authorized to enter orders for (a) its own account, (b) an Authorized Customer's account, or (c) a Customer's ~~customer's~~ account.

### Rule 317. Fees and Assessments

The Board, in its sole discretion, shall have the authority to determine the amounts and due dates of any fees to be paid by Participants and their Customers ~~customers~~. All fees and amounts owed to Javelin SEF by a Participant, shall be payable upon receipt of an invoice from Javelin SEF. Javelin SEF shall have the right to limit, restrict, suspend or terminate Trading Privileges of Participant that is more than 60 days late in making payment to Javelin SEF.

### Rule 322. Sponsored Access

1. Sponsoring Participants. A Javelin SEF DSB or DMM may be Sponsoring Participant and designate to Javelin SEF one or more Sponsored Person(s) for Sponsored Access, pursuant to the terms and conditions of the Javelin SEF Rules.
2. Request for Sponsored Access. A Sponsoring Participant's designation of a Sponsored Person for Sponsored Access shall be effective upon the approval of Javelin SEF. Prior to designating a Sponsored Person, the Sponsoring Participant shall:
  - a. submit or caused Sponsored Person to submit information in respect of the Sponsored Person as required by Javelin SEF, including information in respect of Sponsored Person's Authorized Traders; and
  - b. provide information sufficient to demonstrate the existence of the Sponsored Person's trading services or clearing relationship with Sponsoring Participant or another Clearing Member.
3. Provision of Sponsored Access. Upon receipt of a request for the granting of Sponsored Access, Javelin SEF will promptly make a determination whether or not to grant Sponsored Access and approve the Authorized Traders designated by the prospective Sponsored Person. Javelin SEF shall promptly notify a Sponsoring Participant of its determination in writing. Javelin SEF will issue Javelin SEF User IDs for each Authorized Trader of the Sponsored Person for which Sponsored Access is approved.
4. Sponsoring Participant. With respect to each Sponsored Person which it has designated for Sponsored Access to Javelin SEF and which has designated it as Sponsoring Participant generally and in respect of the applicable Trade on Javelin SEF, the Sponsoring Participant shall:



- a. represent and warrant to Javelin SEF that it has obtained information or representations in respect of each Sponsored Person which it designates that such Sponsored Person (i) is an ECP, (ii) has all registrations and licenses required under applicable law to trade Products on Javelin SEF, (iii) has corporate authority to trade Products on Javelin SEF, and (iv) is in compliance with, and Trades on Javelin SEF are not in violation of the Javelin SEF Rules or any other law or regulation or any agreement to which Sponsored Person is subject in relation to the service provided by Javelin SEF;
  - b. be financially responsible for all Trades on Javelin SEF identified to Sponsoring Participant by the Sponsored Person(s) which it has designated; and
  - c. assist Javelin SEF in any investigation into actual or potential violations of Javelin SEF Rules which occur through or with respect to the activity of each Sponsored Person. Such assistance must be timely and may include but not be limited to, requiring Sponsored Person to produce documents, to answer questions from Javelin SEF, and/or appear in connection with an investigation.
5. Sponsored Persons. Each Sponsored Person:
- a. Agrees that it shall be subject to the jurisdiction of Javelin SEF and shall comply with the Javelin SEF Rules and EULA with respect to itself and its Authorized Traders.
  - 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 using the services provided by Javelin SEF, (vi) has the authority, upon the request of Javelin SEF, to adjust or with draw any order its submits to Javelin SEF, and (vii) is not an ISV or automated trading system.
  - c. Agrees it shall have an arrangement with a Clearing Member that facilitates clearing of all Trades it executes on Javelin SEF and shall have a clearing account with a clearing broker and that the failure to maintain such arrangements and clearing accounts shall constitute conduct detrimental to Javelin SEF. Sponsored Person further agrees that upon request from Javelin SEF it shall provide documentation sufficient to demonstrate the existence of Sponsored Person's clearing facilitation arrangement and clearing account with a Clearing Member.
  - d. Ensure that all activity related to its access to Javelin SEF complies with the Javelin SEF Rules.
  - e. Cooperate fully and promptly with Javelin SEF in connection with any audit, examination, investigation, inquiry or proceeding regarding compliance with the Javelin SEF Rules or any Javelin SEF disciplinary proceeding or arbitration proceeding.
  - f. Shall designate one or more natural persons to be Authorized Traders, pursuant to Javelin SEF Rules.
6. Revocation of Sponsored Access.
- a. Javelin SEF can revoke the grant of Sponsored Access and/or the designation of a Sponsored Person's Authorized Trader at any time pursuant to the Javelin SEF Rules.

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.

**Rule 323. Access to Javelin SEF by Sponsored Persons**

1. A Sponsored Person is not a Participant of Javelin SEF and may only access Javelin SEF by means of a Sponsoring Participant pursuant to Javelin SEF Rules.
2. A Sponsored Person shall only be permitted to enter orders and execute Trades for itself or its Customers.

**Rule 407. Financial Requirements**

- Each Participant shall (i) maintain an account with a Clearing Member that provides for the clearing of all Trades that such Participant executes on Javelin SEF for its own account; and (ii) cause each of its Customer~~customer-on whose behalf it acts~~ to maintain an account with a Clearing Member that provides for the clearing of all Trades that Participant executes on Javelin SEF on behalf of such Customer~~customer~~.
- Each Participant shall maintain appropriate Trading Limits for its own account and for the account of each Customer~~customer~~ for which it trades and for each Sponsored Person and each Authorized Trader of Sponsored Persons, if any. Each Participant shall provide notice to Javelin SEF of such Trading Limits. Each Participant shall provide Javelin SEF with immediate written notice of any change in such Trading Limits.
- At least once a year, upon request by Javelin, each Participant shall provide Javelin SEF with a written certification that (a) Participant is and continues to be an ECP, and, (b) as applicable, Participant has obtained information and representations sufficient to establish that all of the Participant's Customers ~~the customers-on whose behalf the Participant has executed or will execute trades~~ are ~~also~~-ECPs.

**Rule 408. Customer Accounts**

Each Participant that handles Customer~~customer~~ accounts shall have a written agreement with the Customer~~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~~customer~~ that

such ~~Customer~~customer is an ECP, ~~and shall make Javelin SEF an express third party beneficiary of such representation~~. Each Participant that handles ~~Customer~~customer accounts agrees to inform Javelin SEF promptly if it determines that any ~~customer~~Customer is no longer an ECP or no longer has in place satisfactory ~~clearing~~arrangements ~~to facilitate clearing~~, and shall immediately cease executing Trades on Javelin SEF on behalf of such ~~Customer~~customer. In addition, each Participant shall provide ~~or cause the Customer to provide~~ the legal entity identifier information for such ~~Customer~~customers 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~~the customer for whom it is acting, as applicable, has ~~a clearing account~~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 trading activity as well as the~~and shall be financially responsible for all trading activity of Participant and Participant's Authorized Traders ~~(including such trading activity on behalf of Customer~~customers and for) of all trading activity identified to Participant in its capacity as a Sponsoring Participant for ~~of such Participant's Authorized Traders and 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~~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.
2. Entry of Orders. An order may be submitted directly by a Participant for its own account or on behalf of a Customer~~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. Market orders will be matched against all pending bids and offers in the market in accordance with the price-time priority protocol. If any portion of the market order is not filled, the unfilled remainder will be cancelled.
  - b. Limit Orders. 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. 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.
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 513. Customer Type Indicator Codes**

At the time of order entry, all Participants shall identify each order submitted to Javelin SEF with the correct Customer~~customer~~ type indicator code ("CTI Code"). The CTI Codes are as follows:

CTI 1 - order entered on behalf of the proprietary account of a Participant.

CTI 2 - all orders that do not fall within the definition of CTI 1.

#### **Rule 516. SDR Reporting**

1. Each swap counterparty shall provide Javelin SEF information sufficient to enable Javelin SEF to report all swap creation data as required by applicable law.

2. Javelin SEF shall determine the identity of the reporting counterparty, as required by applicable law, and will, as soon technologically practicable, report trades as follows: (a) all trades executed via voice trading will be reported to DTCC Data Repository (US) LLC, (b) all trades executed electronically (including voice hybrid trades) and cleared by the CME will be reported to the CME SDR, and (c) all trades executed electronically (including voice hybrid trades) and cleared by LCH. Clearnet, Ltd will be reported to DTCC Data Repository (US) LLC.
3. All Participants and their Customer(s)~~customer~~ agree that in the event that Javelin SEF cannot determine the reporting counterparty because either (a) both counter parties are swap dealers, (b) both counterparties are major swap participants, (c) both counterparties are a financial entities as defined by Section 2(h)(7)(C) of the CEA but not a swap dealer or a major swap participant, or (d) both counterparties are neither a swap dealer nor major swap participants nor financial entities as defined by Section 2(h)(7)(C) of the CEA, then the counterparty of an Accepted Trade that is the payer shall be the reporting counterparty.

### **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~~customer's~~ order or executing two Customers~~customers'~~ against each other through Javelin SEF's central limit order book or order book shall use the following procedure:

1. Cross Trades Executed Through the Central Limit Order Book
  - a. if a Participant seeks to execute an order against a Customer~~customer~~ order, then such Participant shall enter the Customer~~customer~~ order into Javelin SEF's 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~~customer~~ orders against each other, then such Participant shall enter one side of the trade into Javelin SEF's 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~~customer~~ order, then the Authorized Employee shall enter the Customer~~customer~~ order into the 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~~customer~~ orders against each other, then the Authorized Employee shall enter one side of the trade into the 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 Order Book
  - a. If, pursuant to Javelin SEF Rule 521, a Participant informs an Authorized Employee that they seek to execute an order against a Customer~~customer~~ order, then the Authorized Employee shall enter the Customer~~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 seeks to execute two ~~Customer~~~~customer~~ orders against each other, then the Authorized Employee shall enter one side of the trade into order book and wait at least 15 seconds before entering the second side of the trade for execution.

#### **Rule 602. Clearing Members**

A Clearing Member approved by Javelin SEF (a) shall not be required to execute a Javelin SEF Participant Agreement and (b) shall not have Trading Privileges. A Clearing Member consents to the jurisdiction of Javelin SEF only with respect to Clearing Services it provides to its ~~Customer~~~~customers~~ who submits orders on Javelin SEF. A Clearing Member agrees to comply with the Javelin Rules and be subject to the jurisdiction of Javelin SEF only with respect to such Clearing Services. "Clearing Services" shall be defined as those services necessary to process its ~~Customer's~~~~customer's~~ orders and trades with respect to applicable law including but not limited to CFTC Regulations 1.72, 1.73 and 1.71. Any Clearing Member that desires Trading Privileges may apply for Participant status pursuant to Chapter 3 of the Javelin SEF Rules.

#### **Rule 605. Obligations of a Clearing Member**

Each Clearing Member shall provide ~~clearing~~ services necessary to process and ~~facilitate clearing of its~~ ~~Customer's~~~~customer's~~ trades ~~to Customer's clearing broker~~, and for itself if it is a Participant.

#### **Rule 706. Rule Violations**

The following conduct shall be a violation of Javelin SEF Rules and will result in the commencement of a Disciplinary Proceeding and/or Summary Proceeding.

1. Aiding and Abetting. Participants are prohibited from aiding and abetting any Person that is alleged to have violated, or about to violate, any Javelin SEF Rule or any provision of applicable law for which Javelin SEF has jurisdiction.
2. Conduct Detrimental to Javelin SEF. Participants are prohibited from engaging in conduct that is detrimental to the welfare of Javelin SEF.
3. Disclosing of Customer Orders. Participants are prohibited from disclosing ~~Customer~~~~customer~~ orders to third-parties unrelated to the ~~Customer~~~~customer~~ order.
4. Disruptive Trading Practices. Participants are prohibited from engaging in any trading, practice or conduct that is disruptive of fair and equitable trading, which includes without limitation (i) violating a bid or offer, (ii) intentional or reckless disregard for orderly execution of Trades during the closing period, or (iii) bidding or offering with the intent to cancel the bid or offer before execution (i.e.; "spoofing").
5. Fictitious Trades. Participants are prohibited from engaging in fictitious Trades.
6. Fraud. Participants are prohibited from engaging in any fraudulent act or any scheme to defraud, mislead, or deceive in any activity related to their participation on Javelin SEF.

7. Market Manipulation. Participants are prohibited from engaging in, including the attempt to engage in, market manipulation.
8. Material Misstatements. No Participant shall knowingly make any material misstatement of fact to Javelin SEF including, without limitation, any member of Javelin SEF staff or a Javelin SEF Committee.
9. Non-Competitive Trades. Except as otherwise provided by Javelin SEF Rules, Participants are prohibited from engaging in non-competitive Trades.
10. Prohibition on Handling Customer Orders. Participants are prohibited from knowingly taking the opposite side of a ~~Customer~~customer order for their own account, or an account in which they have a direct or indirect financial interest, or account over which they have discretionary trading authority. The prohibition against ~~Customer~~customer orders shall not apply where the ~~Customer~~customer order has been entered into the Javelin SEF Trading System immediately upon receipt and has been exposed to the market prior to a Participant taking the opposite side of the ~~Customer~~customer order.
11. Trading Ahead of a Customer Order. Participants are prohibited from executing a trade on their own account while holding an executable ~~Customer~~customer order for the same Product, which could be executed at the same or better price.
12. Violation of Applicable Law. Participants are prohibited from engaging in activity on Javelin SEF that violates applicable law.
13. Wash Trades. Participants are prohibited from engaging in wash Trades.
14. Withholding Customer Orders. Participants are prohibited from withholding ~~Customer~~customer orders from the market for the benefit of any Person other than the ~~Customer~~customer.
15. Violation of Javelin SEF Rules. Participants are prohibited from violating the Javelin SEF Rules.
16. Money passing. No Participant may enter an order with another party for the purpose of entering a Trade with another party that does not result in a net change in either party's open positions, but instead results in a profit to one party and a loss to the other party.
17. Strobing. No Participant may engage in high-frequency trading strategy that rapidly sends and cancels the same order many times to create the (false) appearance of liquidity.
18. Improper Cross-Trades. No Participant may enter cross-trades in violation of Javelin SEF Rule 523.
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.

#### **Rule 801. Disputes Subject to Arbitration**

1. Mandatory Arbitration. The following matters shall be subject to mandatory arbitration in accordance with the Javelin SEF Rules:
  - a. disputes between Participants that arise out of any trading activity on or subject to the rules of Javelin SEF;
  - b. disputes between Participants and their ~~Customer(s)~~customers that arise out of any trading activity on or subject to the rules of Javelin SEF; or

- c. disputes between (i) Participants or (ii) ~~Customer~~customers of Participants, and Clearing Members that arise out of any trading activity on or subject to the rules of Javelin SEF.
2. Permissive Arbitration. Provided that the parties consent, any claim or dispute between a Participant and a ~~Customer~~customer of a Participant may be subject to arbitration in accordance with the Javelin SEF Rules.

#### Rule 901. Market Data

1. All Participants, ~~Customer~~customers of Participants and Clearing Members acknowledge and agree that Javelin SEF shall have a proprietary interest in all market data and information entered into and/or created on the Javelin SEF and/or displayed on Javelin SEF's systems ("Javelin SEF Market Data") including without limitation:
  - a. price, quantity, structure, date and time of entry of each and every bid and offer submitted on Javelin SEF;
  - b. price, quantity, structure, date and time of trade execution of each and every Trade executed on Javelin SEF;
  - c. the end of day price for each instrument traded on Javelin SEF;
  - d. any information that can be derived from (a), (b) or (c) above; and
  - e. the dissemination or transmission of Javelin SEF Market Data to Participants, ~~Customer~~customers of Participants, Clearing Members and/or any publisher of market data with whom Javelin SEF has a written agreement.
2. Except as permitted by the Javelin SEF Rules, Participants, ~~Customer~~customer of Participants, and Clearing Members shall not sell, distribute, re-transmit, transfer, license or otherwise provide Javelin SEF Market Data to any third-party.
3. A Participant shall not (a) provide to any third party access to or the ability to use Javelin SEF , Javelin SEF Market Data, or any content or data that may be accessible , in whole or in part, on Javelin SEF , (b) store, copy, modify, reverse engineer, reverse assemble or reverse compile the Javelin SEF Trading System, Javelin SEF Market Data, or any content or data that may be accessible , in whole or in part, on Javelin SEF ; (c) distribute, rent, sell, retransmit, redistribute, release or license to any third party other than a Participant the Javelin SEF Trading System, the Javelin SEF Market Data, or any content or data that may be accessible , in whole or in part, on Javelin SEF , and (d) use Javelin SEF , the Javelin SEF Market Data, or any content or data that may be accessible , in whole or in part, on Javelin SEF in constructing or calculating the value of any index or index products. For the avoidance of any doubt this section shall not prohibit Participant and/or Clearing Member from (i) providing the Javelin SEF Trading System, Javelin SEF Market Data, any content or data that may be accessible , in whole or in part, on Javelin SEF to an employee of a Participant and/or Clearing Member engaged in risk management or supervisory activities with the authority to establish, monitor, or modify credit controls for orders transmitted entered, or (ii) use Javelin SEF Market Data for internal business and regulatory reporting purposes.



4. Javelin SEF acknowledges and agrees that a Participant shall be permitted, and Javelin SEF hereby grants Participant a non-exclusive, revocable, non-transferable and royalty-free license (without warranties of any kind, express or implied), to use for the benefit of the Participant the Javelin SEF Market Data, and in particular to use the Javelin SEF Market Data to create pricing data for Participant's internal business purposes and Participant shall retain all ownership and proprietary interest with respect to such pricing data. Subject to the foregoing license, as between Javelin SEF and the Participant, Javelin SEF retains all ownership and proprietary interest with respect to the Javelin SEF Market Data.
5. Javelin SEF shall have the right to monitor compliance with this Javelin SEF Rule as follows. No more than once every 12 months, unless Javelin SEF has reasonable basis to believe that a Participant, ~~Customer~~customer of a Participant or a Clearing Member is in breach of this section, Javelin SEF may conduct an audit into a Participant's, ~~Customer's~~customers of Participants, or a Clearing Member's use of Javelin SEF Market Data ("Market Data Audit"). Javelin SEF shall provide prior written notice of a Market Data Audit, and such notice shall identify the areas of inquiry and the date of such Market Data Audit will be performed. All Market Data Audits will be performed upon at least three business days' notice, or such other time as mutually agreed upon the Javelin SEF and the Participant, ~~Customer~~customer of a Participant or a Clearing Member and during normal business hours. In performing a Market Data Audit Javelin SEF (by its employees or by an independent audit firm) shall be authorized to inspect or review such systems and records relating to the use and/or distribution of Javelin SEF Market Data solely for the purpose of verifying the Participant's compliance with the Javelin SEF Rules.
6. Javelin SEF shall report such Javelin SEF Market Data to a swap data repository required by Parts 43 and 45 of CFTC Regulations. Javelin SEF shall not disclose Javelin SEF Market Data in a manner that identifies the Participant or the ~~Customer~~customer, or the trading activity or market positions of any Participant or their ~~Customer~~customer, except that Javelin SEF may disclose Javelin SEF Market Data as required by law, government agency, court of competent jurisdiction, or administrative body.

## EXHIBIT C

### Rule Amendments

“Authorized Trader” shall mean a natural person that has been designated by a Participant or a Sponsored Person to be an Authorized Trader pursuant to the Javelin SEF Rules and who has been approved by Javelin SEF.

“Customer” shall mean an ECP, for which a Participant (including its Authorized Trader(s)) or a Sponsored Person (including its Authorized Trader(s)) is authorized to act on Javelin SEF, including entering orders and/or causing Trades.

“Clearing Member” shall mean any firm that is a member in good standing of any Clearinghouse that is authorized by such Clearinghouse to clear Trades executed on Javelin SEF and is approved by Javelin SEF pursuant to the Javelin SEF Rules. A Clearing Member may clear Trades for its own account (if it has also been admitted as a Participant), or on behalf of a Customer, Designated Swap Broker, Designated Market Maker, or any combination thereof.

“Designated Swap Broker” or “DSB” shall mean a category of Participant of Javelin SEF described in Chapter 3 of the Javelin SEF Rules. In addition to agency trades, a DSB shall be authorized to trade on behalf of a Customer for which it is authorized to exercise investment discretion.

“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.

“Sponsoring Participant” shall mean a Participant that has (i) designated a Sponsored Person to Javelin SEF pursuant to Javelin SEF Rules and (ii) been designated as the Sponsoring Participant by such

Sponsored Person generally and in respect of the applicable Trade on Javelin SEF. Upon acceptance of such designations by Javelin SEF and the provision of trading access to the Sponsored Person, the Sponsoring Participant shall be responsible for the undertakings provided in Javelin SEF Rule 322.

“Trading Manager” shall mean an employee of a Participant designated by the Participant to provide notice to Javelin SEF of what instruments such Participant’s Authorized Traders may trade and their respective Trading Limits or the Trading Limits of their Customer and Customer’s Authorized Traders, as applicable.

“Trading Limits” shall mean the risk-based limits established in respect of each proprietary account of Participant or Participant’s Authorized Traders or in respect of each Customer or Customer’s Authorized Traders.

### **Rule 302. Participant Status and Categories of Participants**

All Participants of Javelin SEF shall have Trading Privileges on the Javelin SEF which includes the right to access Javelin SEF and enter orders for proprietary and Customer accounts as authorized by the Participant’s Participant Category. Trading Privileges are subject to any limitation, restriction or revocation imposed, from time to time, by Javelin SEF. Trading on Javelin SEF is limited to ECPs. All Participants that trade on behalf of a Customer shall obtain information or representations sufficient to demonstrate that such Customer is an ECP. There are three categories of Participants: (i) Authorized Customer, (ii) Designated Swap Broker, and (iii) Designated Market Maker. Any Participant may designate, pursuant to the Javelin SEF Rules, one or more Authorized Traders or, if such Participant is a DSB or DMM, one or more Sponsored Persons.

### **Rule 303. Jurisdiction**

Each (a) Participant and Sponsored Person, whether or not acting through their Supervised Persons or Authorized Traders, accessing Javelin SEF, submitting an order for execution on Javelin SEF, entering orders into Javelin SEF, and (b) Customer authorizing a Participant or Sponsored Person to submit an order for execution or enter an order into Javelin SEF on its behalf, without any further action or agreement, (each a “Covered Person”) agrees to: (i) be bound by and comply with the Javelin SEF Rules, and (ii) become subject to the jurisdiction of Javelin SEF with respect to all matters arising from trading on Javelin SEF. Unless agreed to in writing by Javelin SEF, no agreement between (a) Participants or Sponsored Persons, (b) Customers, or (c) Participants and market participants may supersede the Javelin SEF Rules.

### **Rule 305. Trading Privileges by Participant Category**

Each Participant Category will have the following trading authority.

1. An Authorized Customer shall be authorized to enter orders on its own account.
2. A Designated Swap Broker shall be authorized to enter orders for (a) its own account, (b) the account of an Authorized Customer, or (c) a Customer's account.
3. A Designated Market Maker shall be authorized to enter orders for (a) its own account, (b) an Authorized Customer's account, or (c) a Customer's account.

### **Rule 317. Fees and Assessments**

The Board, in its sole discretion, shall have the authority to determine the amounts and due dates of any fees to be paid by Participants and their Customers. All fees and amounts owed to Javelin SEF by a Participant, shall be payable upon receipt of an invoice from Javelin SEF. Javelin SEF shall have the right to limit, restrict, suspend or terminate Trading Privileges of Participant that is more than 60 days late in making payment to Javelin SEF.

### **Rule 322. Sponsored Access**

1. Sponsoring Participants. A Javelin SEF DSB or DMM may be Sponsoring Participant and designate to Javelin SEF one or more Sponsored Person(s) for Sponsored Access, pursuant to the terms and conditions of the Javelin SEF Rules.
2. Request for Sponsored Access. A Sponsoring Participant's designation of a Sponsored Person for Sponsored Access shall be effective upon the approval of Javelin SEF. Prior to designating a Sponsored Person, the Sponsoring Participant shall:
  - a. submit or caused Sponsored Person to submit information in respect of the Sponsored Person as required by Javelin SEF, including information in respect of Sponsored Person's Authorized Traders; and
  - b. provide information sufficient to demonstrate the existence of the Sponsored Person's trading services or clearing relationship with Sponsoring Participant or another Clearing Member.
3. Provision of Sponsored Access. Upon receipt of a request for the granting of Sponsored Access, Javelin SEF will promptly make a determination whether or not to grant Sponsored Access and approve the Authorized Traders designated by the prospective Sponsored Person. Javelin SEF shall promptly notify a Sponsoring Participant of its determination in writing. Javelin SEF will issue Javelin SEF User IDs for each Authorized Trader of the Sponsored Person for which Sponsored Access is approved.
4. Sponsoring Participant. With respect to each Sponsored Person which it has designated for Sponsored Access to Javelin SEF and which has designated it as Sponsoring Participant generally and in respect of the applicable Trade on Javelin SEF, the Sponsoring Participant shall:

- a. represent and warrant to Javelin SEF that it has obtained information or representations in respect of each Sponsored Person which it designates that such Sponsored Person (i) is an ECP, (ii) has all registrations and licenses required under applicable law to trade Products on Javelin SEF, (iii) has corporate authority to trade Products on Javelin SEF, and (iv) is in compliance with, and Trades on Javelin SEF are not in violation of the Javelin SEF Rules or any other law or regulation or any agreement to which Sponsored Person is subject in relation to the service provided by Javelin SEF;
  - b. be financially responsible for all Trades on Javelin SEF identified to Sponsoring Participant by the Sponsored Person(s) which it has designated; and
  - c. assist Javelin SEF in any investigation into actual or potential violations of Javelin SEF Rules which occur through or with respect to the activity of each Sponsored Person. Such assistance must be timely and may include but not be limited to, requiring Sponsored Person to produce documents, to answer questions from Javelin SEF, and/or appear in connection with an investigation.
5. Sponsored Persons. Each Sponsored Person:
- a. Agrees that it shall be subject to the jurisdiction of Javelin SEF and shall comply with the Javelin SEF Rules and EULA with respect to itself and its Authorized Traders.
  - 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 using the services provided by Javelin SEF, (vi) has the authority, upon the request of Javelin SEF, to adjust or with draw any order its submits to Javelin SEF, and (vii) is not an ISV or automated trading system.
  - c. Agrees it shall have an arrangement with a Clearing Member that facilitates clearing of all Trades it executes on Javelin SEF and shall have a clearing account with a clearing broker and that the failure to maintain such arrangements and clearing accounts shall constitute conduct detrimental to Javelin SEF. Sponsored Person further agrees that upon request from Javelin SEF it shall provide documentation sufficient to demonstrate the existence of Sponsored Person's clearing facilitation arrangement and clearing account with a Clearing Member.
  - d. Ensure that all activity related to its access to Javelin SEF complies with the Javelin SEF Rules.
  - e. Cooperate fully and promptly with Javelin SEF in connection with any audit, examination, investigation, inquiry or proceeding regarding compliance with the Javelin SEF Rules or any Javelin SEF disciplinary proceeding or arbitration proceeding.
  - f. Shall designate one or more natural persons to be Authorized Traders, pursuant to Javelin SEF Rules.
6. Revocation of Sponsored Access.
- a. Javelin SEF can revoke the grant of Sponsored Access and/or the designation of a Sponsored Person's Authorized Trader at any time pursuant to the Javelin SEF Rules.

- 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.

**Rule 323. Access to Javelin SEF by Sponsored Persons**

1. A Sponsored Person is not a Participant of Javelin SEF and may only access Javelin SEF by means of a Sponsoring Participant pursuant to Javelin SEF Rules.
2. A Sponsored Person shall only be permitted to enter orders and execute Trades for itself or its Customers.

**Rule 407. Financial Requirements**

1. Each Participant shall (i) maintain an account with a Clearing Member that provides for the clearing of all Trades that such Participant executes on Javelin SEF for its own account; and (ii) cause each of its Customer to maintain an account with a Clearing Member that provides for the clearing of all Trades that Participant executes on Javelin SEF on behalf of such Customer.
2. Each Participant shall maintain appropriate Trading Limits for its own account and for the account of each Customer for which it trades and for each Sponsored Person and each Authorized Trader of Sponsored Persons, if any. Each Participant shall provide notice to Javelin SEF of such Trading Limits. Each Participant shall provide Javelin SEF with immediate written notice of any change in such Trading Limits.
3. At least once a year, upon request by Javelin, each Participant shall provide Javelin SEF with a written certification that (a) Participant is and continues to be an ECP, and, (b) as applicable, Participant has obtained information and representations sufficient to establish that all of the Participant's Customers are ECPs.

**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 such Customer is an ECP. Each Participant that handles Customer accounts 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.
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. Market orders will be matched against all pending bids and offers in the market in accordance with the price-time priority protocol. If any portion of the market order is not filled, the unfilled remainder will be cancelled.
  - b. Limit Orders. 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. 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.
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 513. Customer Type Indicator Codes**

At the time of order entry, all Participants shall identify each order submitted to Javelin SEF with the correct Customer type indicator code ("CTI Code"). The CTI Codes are as follows:

CTI 1 - order entered on behalf of the proprietary account of a Participant.

CTI 2 - all orders that do not fall within the definition of CTI 1.

**Rule 516. SDR Reporting**

1. Each swap counterparty shall provide Javelin SEF information sufficient to enable Javelin SEF to report all swap creation data as required by applicable law.
2. Javelin SEF shall determine the identity of the reporting counterparty, as required by applicable law, and will, as soon technologically practicable, report trades as follows: (a) all trades executed via voice trading will be reported to DTCC Data Repository (US) LLC, (b) all trades executed



electronically (including voice hybrid trades) and cleared by the CME will be reported to the CME SDR, and (c) all trades executed electronically (including voice hybrid trades) and cleared by LCH. Clearnet, Ltd will be reported to DTCC Data Repository (US) LLC.

3. All Participants and their Customer(s) agree that in the event that Javelin SEF cannot determine the reporting counterparty because either (a) both counter parties are swap dealers, (b) both counterparties are major swap participants, (c) both counterparties are a financial entities as defined by Section 2(h)(7)(C) of the CEA but not a swap dealer or a major swap participant, or (d) both counterparties are neither a swap dealer nor major swap participants nor financial entities as defined by Section 2(h)(7)(C) of the CEA, then the counterparty of an Accepted Trade that is the payer shall be the reporting counterparty.

### **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 against each other through Javelin SEF's central limit order book or order book shall use the following procedure:

1. Cross Trades Executed Through the 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 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 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 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 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 Order Book
  - a. If, pursuant to Javelin SEF Rule 521, 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 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 seeks to execute two Customer orders against each other, then the Authorized Employee shall enter one side of the trade into order book and wait at least 15 seconds before entering the second side of the trade for execution.

### **Rule 602. Clearing Members**

A Clearing Member approved by Javelin SEF (a) shall not be required to execute a Javelin SEF Participant Agreement and (b) shall not have Trading Privileges. A Clearing Member consents to the jurisdiction of Javelin SEF only with respect to Clearing Services it provides to its Customers who submits orders on Javelin SEF. A Clearing Member agrees to comply with the Javelin Rules and be subject to the jurisdiction of Javelin SEF only with respect to such Clearing Services. "Clearing Services" shall be defined as those services necessary to process its Customer's orders and trades with respect to applicable law including but not limited to CFTC Regulations 1.72, 1.73 and 1.71. Any Clearing Member that desires Trading Privileges may apply for Participant status pursuant to Chapter 3 of the Javelin SEF Rules.

### **Rule 605. Obligations of a Clearing Member**

Each Clearing Member shall provide services necessary to process and facilitate clearing of its Customer's trades to Customer's clearing broker, and for itself if it is a Participant.

### **Rule 706. Rule Violations**

The following conduct shall be a violation of Javelin SEF Rules and will result in the commencement of a Disciplinary Proceeding and/or Summary Proceeding.

1. Aiding and Abetting. Participants are prohibited from aiding and abetting any Person that is alleged to have violated, or about to violate, any Javelin SEF Rule or any provision of applicable law for which Javelin SEF has jurisdiction.
2. Conduct Detrimental to Javelin SEF. Participants are prohibited from engaging in conduct that is detrimental to the welfare of Javelin SEF.
3. Disclosing of Customer Orders. Participants are prohibited from disclosing Customer orders to third-parties unrelated to the Customer order.
4. Disruptive Trading Practices. Participants are prohibited from engaging in any trading, practice or conduct that is disruptive of fair and equitable trading, which includes without limitation (i) violating a bid or offer, (ii) intentional or reckless disregard for orderly execution of Trades during the closing period, or (iii) bidding or offering with the intent to cancel the bid or offer before execution (i.e.; "spoofing").
5. Fictitious Trades. Participants are prohibited from engaging in fictitious Trades.
6. Fraud. Participants are prohibited from engaging in any fraudulent act or any scheme to defraud, mislead, or deceive in any activity related to their participation on Javelin SEF.
7. Market Manipulation. Participants are prohibited from engaging in, including the attempt to engage in, market manipulation.
8. Material Misstatements. No Participant shall knowingly make any material misstatement of fact to Javelin SEF including, without limitation, any member of Javelin SEF staff or a Javelin SEF Committee.

9. Non-Competitive Trades. Except as otherwise provided by Javelin SEF Rules, Participants are prohibited from engaging in non-competitive Trades.
10. Prohibition on Handling Customer Orders. Participants are prohibited from knowingly taking the opposite side of a Customer order for their own account, or an account in which they have a direct or indirect financial interest, or account over which they have discretionary trading authority. The prohibition against Customer orders shall not apply where the Customer order has been entered into the Javelin SEF Trading System immediately upon receipt and has been exposed to the market prior to a Participant taking the opposite side of the Customer order.
11. Trading Ahead of a Customer Order. Participants are prohibited from executing a trade on their own account while holding an executable Customer order for the same Product, which could be executed at the same or better price.
12. Violation of Applicable Law. Participants are prohibited from engaging in activity on Javelin SEF that violates applicable law.
13. Wash Trades. Participants are prohibited from engaging in wash Trades.
14. Withholding Customer Orders. Participants are prohibited from withholding Customer orders from the market for the benefit of any Person other than the Customer.
15. Violation of Javelin SEF Rules. Participants are prohibited from violating the Javelin SEF Rules.
16. Money passing. No Participant may enter an order with another party for the purpose of entering a Trade with another party that does not result in a net change in either party's open positions, but instead results in a profit to one party and a loss to the other party.
17. Strobing. No Participant may engage in high-frequency trading strategy that rapidly sends and cancels the same order many times to create the (false) appearance of liquidity.
18. Improper Cross-Trades. No Participant may enter cross-trades in violation of Javelin SEF Rule 523.
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.

#### **Rule 801. Disputes Subject to Arbitration**

1. Mandatory Arbitration. The following matters shall be subject to mandatory arbitration in accordance with the Javelin SEF Rules:
  - a. disputes between Participants that arise out of any trading activity on or subject to the rules of Javelin SEF;
  - b. disputes between Participants and their Customer(s) that arise out of any trading activity on or subject to the rules of Javelin SEF; or
  - c. disputes between (i) Participants or (ii) Customers of Participants, and Clearing Members that arise out of any trading activity on or subject to the rules of Javelin SEF.
2. Permissive Arbitration. Provided that the parties consent, any claim or dispute between a Participant and a Customer of a Participant may be subject to arbitration in accordance with the Javelin SEF Rules.

**Rule 901. Market Data**

1. All Participants, Customer of Participants and Clearing Members acknowledge and agree that Javelin SEF shall have a proprietary interest in all market data and information entered into and/or created on the Javelin SEF and/or displayed on Javelin SEF's systems ("Javelin SEF Market Data") including without limitation:
  - a. price, quantity, structure, date and time of entry of each and every bid and offer submitted on Javelin SEF;
  - b. price, quantity, structure, date and time of trade execution of each and every Trade executed on Javelin SEF;
  - c. the end of day price for each instrument traded on Javelin SEF;
  - d. any information that can be derived from (a), (b) or (c) above; and
  - e. the dissemination or transmission of Javelin SEF Market Data to Participants, Customers of Participants, Clearing Members and/or any publisher of market data with whom Javelin SEF has a written agreement.
2. Except as permitted by the Javelin SEF Rules, Participants, Customers of Participants, and Clearing Members shall not sell, distribute, re-transmit, transfer, license or otherwise provide Javelin SEF Market Data to any third-party.
3. A Participant shall not (a) provide to any third party access to or the ability to use Javelin SEF , Javelin SEF Market Data, or any content or data that may be accessible , in whole or in part, on Javelin SEF , (b) store, copy, modify, reverse engineer, reverse assemble or reverse compile the Javelin SEF Trading System, Javelin SEF Market Data, or any content or data that may be accessible , in whole or in part, on Javelin SEF ; (c) distribute, rent, sell, retransmit, redistribute, release or license to any third party other than a Participant the Javelin SEF Trading System, the Javelin SEF Market Data, or any content or data that may be accessible , in whole or in part, on Javelin SEF , and (d) use Javelin SEF , the Javelin SEF Market Data, or any content or data that may be accessible , in whole or in part, on Javelin SEF in constructing or calculating the value of any index or index products. For the avoidance of any doubt this section shall not prohibit Participant and/or Clearing Member from (i) providing the Javelin SEF Trading System, Javelin SEF Market Data, any content or data that may be accessible , in whole or in part, on Javelin SEF to an employee of a Participant and/or Clearing Member engaged in risk management or supervisory activities with the authority to establish, monitor, or modify credit controls for orders transmitted entered, or (ii) use Javelin SEF Market Data for internal business and regulatory reporting purposes.
4. Javelin SEF acknowledges and agrees that a Participant shall be permitted, and Javelin SEF hereby grants Participant a non-exclusive, revocable, non-transferable and royalty-free license (without warranties of any kind, express or implied), to use for the benefit of the Participant the Javelin SEF Market Data, and in particular to use the Javelin SEF Market Data to create pricing data for Participant's internal business purposes and Participant shall retain all ownership and proprietary interest with respect to such pricing data. Subject to the foregoing license, as between Javelin SEF and the Participant, Javelin SEF retains all ownership and proprietary interest with respect to the Javelin SEF Market Data.

5. Javelin SEF shall have the right to monitor compliance with this Javelin SEF Rule as follows. No more than once every 12 months, unless Javelin SEF has reasonable basis to believe that a Participant, Customer of a Participant or a Clearing Member is in breach of this section, Javelin SEF may conduct an audit into a Participant's, Customer's of Participants, or a Clearing Member's use of Javelin SEF Market Data ("Market Data Audit"). Javelin SEF shall provide prior written notice of a Market Data Audit, and such notice shall identify the areas of inquiry and the date of such Market Data Audit will be performed. All Market Data Audits will be performed upon at least three business days' notice, or such other time as mutually agreed upon the Javelin SEF and the Participant, Customer of a Participant or a Clearing Member and during normal business hours. In performing a Market Data Audit Javelin SEF (by its employees or by an independent audit firm) shall be authorized to inspect or review such systems and records relating to the use and/or distribution of Javelin SEF Market Data solely for the purpose of verifying the Participant's compliance with the Javelin SEF Rules.
6. Javelin SEF shall report such Javelin SEF Market Data to a swap data repository required by Parts 43 and 45 of CFTC Regulations. Javelin SEF shall not disclose Javelin SEF Market Data in a manner that identifies the Participant or the Customer, or the trading activity or market positions of any Participant or their Customer, except that Javelin SEF may disclose Javelin SEF Market Data as required by law, government agency, court of competent jurisdiction, or administrative body.