



February 11, 2014

Submitted via email

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

Re: Submission of Javelin SEF, LLC Rule Amendment (Submission No. 14-03)

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 405, 512, and 520 (“Rule Amendments”). The Rule Amendments will be effective February 26, 2014.

A concise explanation and analysis of the Rule Amendments is attached as Exhibit A. A marked copy of the Rule Amendments, which indicates the revisions with additions underscored and deletions overstruck as indicated, is attached as Exhibit B. A clean copy of the Rule Amendments is attached as Exhibit C.

Javelin SEF certifies that these rule amendments comply with the CEA and the Commission’s Regulations. Javelin SEF further certifies that this Submission has been concurrently posted on Javelin SEF’s website at <http://www.theJavelin.com>. No substantive opposing views were expressed with respect to Rule Amendments.

If you have any questions regarding this submission, please contact me at (646) 307-5931 or suellen.galish@thejavelin.com.

Sincerely,

/s/Suellen Galish
Senior Managing Director
General Counsel and
Chief Compliance Officer

Attachments

Exhibit A

Explanation and Analysis of Javelin SEF Rule Changes

The following is a concise explanation and analysis of the proposed rule amendments which includes the core principles and Commission regulations thereunder.

Rule Amendment	Explanation	Applicable Core Principle and Commission Regulation
Rule 405	Amendments made to (a) clarify that only material changes and information must be reported to Javelin SEF, and (b) to remove repetitive language.	Core Principle 2 Rule 37.200 Rule 37.201
Rule 512	Amendments made to correct a typographical error and to increase the limitation of liability limits.	Core Principle 2 Rule 37.200 Rule 37.201
Rule 520	Amendments made to (a) indicated that Javelin SEF may rely upon information provided by third-party pre-trade credit checking service providers (Pre-Trade Credit Checking Services”) and (b) clarify liability issues related to Javelin SEF’s reliance upon Pre-Trade Credit Checking Services.	Core Principle 7 Rule 37.700 Rule 37.701 Core Principle 2 Rule 37.200 Rule 37.201

EXHIBIT B

Marked Copy of Rule Amendments

Rule 405. Disclosure and Reporting

All Participants shall immediately notify Javelin SEF upon becoming aware of any of the following events:

1. Any material change in contact information it has provided to Javelin SEF;
2. any material failure of or damage to the systems, facilities or equipment of such Participant used to effect Trades on Javelin SEF;
3. any material failure or damage to the system, facilities or equipment of such Participant used to timely perform such Participant's financial obligations related to Trades;
4. any expulsion, refusal of admission, or withdrawal of the Participant, under threat of expulsion, suspension or other penalty, of any application for membership in any self-regulatory organization, designated contract market or derivatives clearing organization;
- ~~5. any expulsion, suspension or fine greater than \$5,000 (regardless of whether such fine results from a Final Decision or settlement or otherwise) imposed upon a Participant by any self regulatory organization;~~
- ~~6.5.~~ any denial or withdrawal of any application for any registration or license by or from any Government Agency, and any revocation, suspension or material conditioning of any registration or license granted by any Governmental Agency in respect of swaps trading;
- ~~7.6.~~ the commencement of any judicial or administrative proceeding against a Participant or the imposition of any material sanction or remedy imposed by a Governmental Agency, including without limitation, a cease and desist letter, a fine, a revocation of trading privileges, or a permanent bar from trading; and
- ~~8.7.~~ the occurrence of an event of insolvency of a Participant, including without limitation, the filing of a bankruptcy petition by the Participant, the appointment of a trustee, receiver or administrator or the commencement of dissolution proceedings.

Rule 512. Limitation of Liability and Prohibition on Claims

ANY CLAIM BROUGHT AGAINST JAVELIN SEF (AND ANY OF ITS AFFILIATES, SUBSIDIARIES AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONSULTANTS, COMMITTEE MEMBERS AND MEMBERS) MUST BE BROUGHT IN COMPLIANCE WITH THIS RULE. A PERSON THAT HAS BEEN FINALLY ADJUDICATED TO HAVE ENGAGED IN WANTON OR WILLFUL MISCONDUCT CANNOT AVAIL ITSELF OF THE PROTECTIONS OF THIS RULE.

1. PARTICIPANT UNDERSTANDS AND AGREES THAT JAVELIN SEF IS NOT A PARTY (EITHER DIRECTLY OR INDIRECTLY) IN ANY TRADE OR TRANSACTION CONDUCTED OR EXECUTED THROUGH JAVELIN SEF AND JAVELIN SEF IS NOT LIABLE FOR ANY REASON TO ANY PERSON (INCLUDING WITHOUT LIMITATION ANY PARTICIPANT, AND/OR CUSTOMER, AGENT, EMPLOYEE OF A PARTICIPANT) FOR THE ACT OR OMISSION OF ANY PERSON (INCLUDING, WITHOUT LIMITATION,

ANY PARTICIPANT, AND/OR CUSTOMER, AGENT, OR EMPLOYEE OF A PARTICIPANT) ENTERING INTO ANY TRADES ON JAVELIN SEF.

2. NEITHER JAVELIN SEF, NOR ANY OF ITS AFFILIATES, SUBSIDIARIES AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONSULTANTS, COMMITTEE MEMBERS, MEMBERS AND SHAREHOLDERS (COLLECTIVELY "JAVELIN SEF REPRESENTATIVES") SHALL BE LIABLE TO ANY PERSON FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES, INCLUDING, WITHOUT LIMITATION, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES REGARDING A CLAIM, BROUGHT DIRECTLY OR AS A THIRD-PARTY CLAIM REGARDLESS OF NATURE OF THE CAUSE OF ACTION, ARISING FROM:
 - a. ANY FAILURE, MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION, TERMINATION OR OTHER CAUSE RELATED TO THE FURNISHING, MAINTENANCE, PERFORMANCE, OPERATION, USE, INABILITY TO USE ALL OR ANY PART OF THE SYSTEM OR SERVICES OF JAVELIN SEF, INCLUDING, WITHOUT LIMITATION, ORDER ENTRY/DELIVERY, TRADING BY ELECTRONIC MEANS, ELECTRONIC COMMUNICATION OF INFORMATION OR MARKET DATA, PRICE REPORTING SYSTEMS AND ALL SOFTWARE AND HARDWARE RELATED THERETO;
 - b. ANY FAILURE, MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION, TERMINATION OR OTHER CAUSE RELATED TO ANY SYSTEM OR SERVICES USED BY JAVELIN SEF TO SUPPORT SUCH SYSTEMS AND SERVICES PROVIDED BY JAVELIN SEF, INCLUDING, WITHOUT LIMITATION, THIRD PARTIES SUCH AS NETWORK PROVIDERS AND/OR INDEPENDENT SOFTWARE PROVIDERS;
 - c. ANY UNAUTHORIZED USE OR UNAUTHORIZED ACCESS TO ANY JAVELIN SEF SYSTEM, SERVICES, EQUIPMENT OR FACILITIES BY ANY PERSON;
 - d. EXCEPT FOR ORDER STATUS, ANY ERRORS OR INACCURACIES IN INFORMATION PROVIDED BY JAVELIN SEF;
3. TO THE EXTENT PERMITTED BY LAW THE TOTAL COMBINED LIABILITY OF JAVELIN SEF AND ITS AFFILIATES, SUBSIDIARIES, AND/OR ANY OF THE JAVELIN SEF REPRESENTATIVES SHALL NOT EXCEED (i) ~~\$1,000 FOR ANY SINGLE CLAIM~~ \$200,000 FOR ALL CLAIMS SUFFERED BY ALL PERSONS FROM ALL CAUSES IN A SINGLE CALENDAR MONTH; ~~OR~~ AND (ii) ~~\$10,000~~ \$750,000 IN THE AGGREGATE FOR ALL CLAIMS SUFFERED BY ALL PERSONS FROM ALL CAUSES IN A SINGLE CALENDAR YEAR. IF THE NUMBER OF ALLOWED CLAIMS ARISING OUT OF ANY FAILURES OR MALFUNCTIONS IN A SINGLE CALENDAR MONTH CANNOT BE FULLY SATISFIED OF THE ABOVE DOLLAR LIMITATIONS, ALL SUCH CLAIMS SHALL BE LIMITED TO A PRO RATA SHARE OF THE MAXIMUM AMOUNT FOR THE RESPECTIVE PERIOD.
4. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR USE, PROVIDED BY JAVELIN SEF, OR ANY OF ITS AFFILIATES OR SUBSIDIARIES, TO ANY PERSON REGARDING ANY SYSTEM FURNISHED BY JAVELIN SEF (AND ITS AFFILIATES AND SUBSIDIARIES).
5. ANY ACTION, PROCEEDING OR SUITS BROUGHT AGAINST JAVELIN SEF OR ANY OF ITS JAVELIN SEF REPRESENTATIVES SHALL BE BROUGHT WITHIN ONE YEAR FROM THE DATE THAT THE

CAUSE OF ACTION ACCRUED. ANY SUCH ACTION, PROCEEDING OR SUIT SHALL BE COMMENCED IN THE STATE AND FEDERAL COURTS LOCATED IN THE STATE, CITY AND COUNTY OF NEW YORK AND EACH PARTY EXPRESSLY WAIVES ANY OBJECTION TO VENUE THEREIN AND CONSENTS TO THE JURISDICTION OF SUCH COURTS. IN ANY SUCH ACTION, PROCEEDING, OR SUIT AGAINST JAVELIN SEF AND/OR THE JAVELIN SEF REPRESENTATIVES EACH PARTY WAIVES ANY RIGHT IT MAY HAVE TO A JURY TRIAL.

Rule 520. Pre-Execution Order Screening

1. Upon the entry of any order (including, without limitation, a RFQ inquiry) for execution through use of automated means, Javelin SEF shall facilitate prompt pre-execution screening of such order by the ~~applicable~~ Clearing Member identified by the Participant (or its Customer). If Javelin SEF (i) receives confirmation (by either an applicable established risk-based limit of sufficient size, or a discrete approval in respect of a particular order, including from a third-party platform, service or hub as described below) from the identified Clearing Member that it will accept responsibility for clearing any Trade resulting from such order through such Clearing Member at the Clearinghouse and (ii) has not been notified by the relevant Clearinghouse that the Clearing Member is at such time is not eligible to submit such order (or orders generally) for clearing as such Clearinghouse, then, and only then, may Javelin SEF accept such order. ~~As seen as such an order is determined to comply with the pre execution limits, Javelin SEF will enter the order into Javelin SEF.~~ Subject to Rule 512, and notwithstanding any other provisions of this rulebook, Javelin SEF will be responsible for actual losses of a Clearing Member, where such losses directly result from (i) an order that was incorrectly accepted by Javelin SEF pursuant to this Rule 520(1), because of the failure or error of the Javelin SEF Trading System; or (ii) the failure of Javelin SEF to comply with its obligations as relates to the pre-execution order screening process described in this Rule 520.
- 1.2. In making the determination whether or not to permit an order from or on behalf of any Participant (or its Customer) to be entered into Javelin SEF pursuant to this Rule 520, Javelin SEF shall be entitled to rely upon information provided to it by a trade processing platform, a credit hub or pre-trade credit or limit checking service provided by one or more third parties (“Pre-Trade Credit Checking Service”) and Javelin SEF shall not be responsible for any losses to a Clearing Member, Participant (including their Sponsored Persons), Customers (Including Customers of Sponsored Persons) or other Person arising from the failure, error or communication delay caused by a Pre-Trade Credit Checking Service.

EXHIBIT C

Rule Amendments

Rule 405. Disclosure and Reporting

All Participants shall immediately notify Javelin SEF upon becoming aware of any of the following events:

1. Any material change in contact information it has provided to Javelin SEF;
2. any material failure of or damage to the systems, facilities or equipment of such Participant used to effect Trades on Javelin SEF;
3. any material failure or damage to the system, facilities or equipment of such Participant used to timely perform such Participant's financial obligations related to Trades;
4. any expulsion or withdrawal of the Participant, under threat of expulsion, suspension or other penalty, in any self-regulatory organization, designated contract market or derivatives clearing organization;
5. any revocation, suspension or material conditioning of any registration or license granted by any Governmental Agency in respect of swaps trading;
6. imposition of any material sanction or remedy imposed by a Governmental Agency, including without limitation, a cease and desist letter, a fine, a revocation of trading privileges, or a permanent bar from trading; and
7. the occurrence of an event of insolvency of a Participant, including without limitation, the filing of a bankruptcy petition by the Participant, the appointment of a trustee, receiver or administrator or the commencement of dissolution proceedings.

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1. PARTICIPANT UNDERSTANDS AND AGREES THAT JAVELIN SEF IS NOT A PARTY (EITHER DIRECTLY OR INDIRECTLY) IN ANY TRADE OR TRANSACTION CONDUCTED OR EXECUTED THROUGH JAVELIN SEF AND JAVELIN SEF IS NOT LIABLE FOR ANY REASON TO ANY PERSON (INCLUDING WITHOUT LIMITATION ANY PARTICIPANT, AND/OR CUSTOMER, AGENT, EMPLOYEE OF A PARTICIPANT) FOR THE ACT OR OMISSION OF ANY PERSON (INCLUDING, WITHOUT LIMITATION, ANY PARTICIPANT, AND/OR CUSTOMER, AGENT, OR EMPLOYEE OF A PARTICIPANT) ENTERING INTO ANY TRADES ON JAVELIN SEF.
2. NEITHER JAVELIN SEF, NOR ANY OF ITS AFFILIATES, SUBSIDIARIES AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONSULTANTS, COMMITTEE MEMBERS, MEMBERS AND SHAREHOLDERS (COLLECTIVELY "JAVELIN SEF REPRESENTATIVES") SHALL BE

LIABLE TO ANY PERSON FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES, INCLUDING, WITHOUT LIMITATION, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES REGARDING A CLAIM, BROUGHT DIRECTLY OR AS A THIRD-PARTY CLAIM REGARDLESS OF NATURE OF THE CAUSE OF ACTION, ARISING FROM:

- a. ANY FAILURE, MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION, TERMINATION OR OTHER CAUSE RELATED TO THE FURNISHING, MAINTENANCE, PERFORMANCE, OPERATION, USE, INABILITY TO USE ALL OR ANY PART OF THE SYSTEM OR SERVICES OF JAVELIN SEF, INCLUDING, WITHOUT LIMITATION, ORDER ENTRY/DELIVERY, TRADING BY ELECTRONIC MEANS, ELECTRONIC COMMUNICATION OF INFORMATION OR MARKET DATA, PRICE REPORTING SYSTEMS AND ALL SOFTWARE AND HARDWARE RELATED THERETO;
 - b. ANY FAILURE, MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION, TERMINATION OR OTHER CAUSE RELATED TO ANY SYSTEM OR SERVICES USED BY JAVELIN SEF TO SUPPORT SUCH SYSTEMS AND SERVICES PROVIDED BY JAVELIN SEF, INCLUDING, WITHOUT LIMITATION, THIRD PARTIES SUCH AS NETWORK PROVIDERS AND/OR INDEPENDENT SOFTWARE PROVIDERS;
 - c. ANY UNAUTHORIZED USE OR UNAUTHORIZED ACCESS TO ANY JAVELIN SEF SYSTEM, SERVICES, EQUIPMENT OR FACILITIES BY ANY PERSON;
 - d. EXCEPT FOR ORDER STATUS, ANY ERRORS OR INACCURACIES IN INFORMATION PROVIDED BY JAVELIN SEF;
3. TO THE EXTENT PERMITTED BY LAW THE TOTAL COMBINED LIABILITY OF JAVELIN SEF AND ITS AFFILIATES, SUBSIDIARIES, AND/OR ANY OF THE JAVELIN SEF REPRESENTATIVES SHALL NOT EXCEED (i) \$200,000 FOR ALL CLAIMS SUFFERED BY ALL PERSONS FROM ALL CAUSES IN A SINGLE CALENDAR MONTH; AND (ii) \$750,000 IN THE AGGREGATE FOR ALL CLAIMS SUFFERED BY ALL PERSONS FROM ALL CAUSES IN A SINGLE CALENDAR YEAR. IF THE NUMBER OF ALLOWED CLAIMS ARISING OUT OF ANY FAILURES OR MALFUNCTIONS IN A SINGLE CALENDAR MONTH CANNOT BE FULLY SATISFIED OF THE ABOVE DOLLAR LIMITATIONS, ALL SUCH CLAIMS SHALL BE LIMITED TO A PRO RATA SHARE OF THE MAXIMUM AMOUNT FOR THE RESPECTIVE PERIOD.
 4. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR USE, PROVIDED BY JAVELIN SEF, OR ANY OF ITS AFFILIATES OR SUBSIDIARIES, TO ANY PERSON REGARDING ANY SYSTEM FURNISHED BY JAVELIN SEF (AND ITS AFFILIATES AND SUBSIDIARIES).
 5. ANY ACTION, PROCEEDING OR SUITS BROUGHT AGAINST JAVELIN SEF OR ANY OF ITS JAVELIN SEF REPRESENTATIVES SHALL BE BROUGHT WITHIN ONE YEAR FROM THE DATE THAT THE CAUSE OF ACTION ACCRUED. ANY SUCH ACTION, PROCEEDING OR SUIT SHALL BE COMMENCED IN THE STATE AND FEDERAL COURTS LOCATED IN THE STATE, CITY AND COUNTY OF NEW YORK

AND EACH PARTY EXPRESSLY WAIVES ANY OBJECTION TO VENUE THEREIN AND CONSENTS TO THE JURISDICTION OF SUCH COURTS. IN ANY SUCH ACTION, PROCEEDING, OR SUIT AGAINST JAVELIN SEF AND/OR THE JAVELIN SEF REPRESENTATIVES EACH PARTY WAIVES ANY RIGHT IT MAY HAVE TO A JURY TRIAL.

Rule 520. Pre-Execution Order Screening

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2. In making the determination whether or not to permit an order from or on behalf of any Participant (or its Customer) to be entered into Javelin SEF pursuant to this Rule 520, Javelin SEF shall be entitled to rely upon information provided to it by a trade processing platform, a credit hub or pre-trade credit or limit checking service provided by one or more third parties (“Pre-Trade Credit Checking Service”) and Javelin SEF shall not be responsible for any losses to a Clearing Member, Participant (including their Sponsored Persons), Customers (Including Customers of Sponsored Persons) or other Person arising from the failure, error or communication delay caused by a Pre-Trade Credit Checking Service.