



October 24, 2013

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. 13-07)

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. Javelin SEF is amending its Rulebook based upon comments received from participants and its experience since it began trading operations.

Specifically, Javelin SEF has amended certain definitions in Chapter 1, and Rules 212, 302, 303, 304, 305, 307, 308, 311, 318, 402, 404, 407, 408, 409, 504, 507, 509, 514, 520, 521, 522, 601, 602, 603, 604, 605, 606, and Chapter 10. Except for the amendment to Rule 520, all of the rule amendments will be effective immediately. The amendments to Rule 520 will be effective on November 1, 2013.

A concise explanation and analysis of amendments to Javelin SEF’s Rulebook is attached as Exhibit A. A marked copy of the Javelin SEF Rulebook, which indicates the revisions with additions underscored and deletions overstruck as indicated, is attached as Exhibit B. A clean copy of the Javelin SEF Rulebook 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>.

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

Sincerely,

/s/Suellen Galish
General Counsel and Chief Compliance Officer

Attachments

Exhibit A

Explanation and Analysis of Javelin SEF Rule Changes

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

Rule Amendment	Explanation	Applicable Core Principle and Commission Regulation
Chapter 1 Defined Terms: Added new definition for "Authorized Employee"	Defines new term used in new Rules 521 and 522	Core Principle 2 Rule 37.200 Rule 37.201
Chapter 1 Defined Terms: Revised definition of "Clearing Member"	Definition revised to conform with revisions made to Rule 602	Core Principle 2 Core Principle 7 Rule 37.200 Rule 37.700 Rule 37.701
Chapter 1 Defined Terms: Revised definition of "Matched Orders"	Definition revised to conform with new Rule 521 and 522	Core Principle 7 Rule 37.700 Rule 37.701
Chapter 1 Defined Terms: Deletion of definition of "Rejected Trade"	Definition was deleted since it is no longer used in the rulebook.	Core Principle 7 Rule 37.700 Rule 37.701
Chapter 1 Defined Terms: Deletion of definition of "Timed Out Trade"	Definition was deleted since it is no longer used in the rulebook.	Core Principle 7 Rule 37.700 Rule 37.701
Rule 212	Composition of IRS Vertical Committee is changed to provide greater flexibility in the number of members that can be appointed to the IRS Vertical Committee by the Board.	Core Principle 2 Rule 37.200
Rule 302	Amendments made to conform to changes resulting from the addition of new rules 521 and 522.	Core Principle 2 Rule 37.200 Rule 37.201
Rule 303	Amendments made to clarify the that all market participants are subject to the jurisdiction of Javelin SEF.	Core Principle 2 Rule 37.202

Rule 304	Amendments made to conform to changes resulting from addition of new rules 521 and 522.	Core Principle 2 Rule 37.200 Rule 37.201
Rule 305	Amendments made to avoid duplication of rules regarding clearing limits and acceptance for clearing which are addressed in Rules 520 and 606.	Core Principle 7 Rule 37.700 Rule 37.701
Rule 307	Amendments made to avoid duplication of participant eligibility requirements stated in Rules 307 and 308. Amended Rule 307 provides information concerning requirements for all types of participants on Javelin SEF.	Core Principle 2 Rule 37.202
Rule 308	Amendments made to avoid duplication of participant eligibility requirements stated in Rules 307 and 308. Amended Rule 308 provides additional eligibility requirements by participant category.	Core Principle 2 Rule 37.202
Rule 311	Amendments made to conform to changes resulting from the addition of new rules 521 and 522. In addition, amendments were made to avoid duplication of rules regarding clearing limits and acceptance for clearing which are addressed in Rules 520 and 606.	Core Principle 2 Core Principle 7 Rule 37.200 Rule 37.201 Rule 37.700 Rule 37.701
Rule 318	Amendments made to (a) provide that market maker programs are not mandatory and (b) conform to Javelin SEF's current product offering.	Core Principle 2 Rule 37.200 Rule 37.201
Rule 402	Amendments made to avoid duplication of requirements. The deleted language falls within the scope of 402(3).	Core Principle 2 Rule 37.200 Rule 37.201

Rule 404	Amendments made to clarify record retention obligations relate to audit trail requirements.	Core Principle 2 Rule 37.200 Rule 37.205
Rule 407	Amendments made to clarify a Javelin SEF participant's requirements for annual certification for ECP status.	Core Principle 7 Rule 37.700 Rule 37.703
Rule 408	Amendments made to correct typographical errors.	Core Principle 2 Core Principle 7 Rule 37.202 Rule 37.700
Rule 409	Amendments made to revise what information Javelin SEF may require in a participant's business continuity plan.	Core Principle 2 Rule 37.200 Rule 37.201
Rule 504	Amendments made to conform to changes resulting from the addition of new rules 521 and 522. Amendments now make clear the methods of trade execution on Javelin SEF are electronic, voice and voice hybrid electronic.	Core Principle 2 Rule 37.200 Rule 37.201
Rule 507	Amendments made to conform to changes resulting from the addition of new rules 521 and 522.	Core Principle 2 Rule 37.200 Rule 37.201
Rule 509	Amendments made to avoid duplication of rules regarding clearing limits and acceptance for clearing which are addressed in Rules 520 and 606 and to correct typographical errors.	Core Principle 7 Rule 37.700 Rule 37.701
Rule 514	This rule has been deleted to (a) conform to our current system capabilities and development plan, and (b) to accommodate the ongoing development of industry protocols.	Core Principle 2 Rule 37.200 Rule 37.201
Rule 520	Amendments made to clarify that pre-execution screening of orders only relates to orders entered through use of automated means.	Core Principle 7 Rule 37.700 Rule 37.701

Rule 521	Amendment creates new rule that provides for the voice execution of trades on Javelin SEF.	Core Principle 2 Rule 37.200 Rule 37.201
Rule 522	Amendment creates a new rule that provides for the voice hybrid electronic execution of trades on Javelin SEF.	Core Principle 2 Rule 37.200 Rule 37.201
Rule 601	Amendments made to conform this rule to changes made to Rules 521 and 522, and 602.	Core Principle 2 Core Principle 7 Rules 37.200 Rule 37.201 Rule 37.700 Rule 37.701
Rule 602	Amendments made to clarify that the role of a clearing members is to provide clearing services to Javelin SEF participants and that a clearing member is not required to execute a Javelin SEF participant agreement. The amendments also provide that a clearing member does not have trading privileges unless the clearing member applies to become a participant of Javelin SEF.	Core Principle 2 Core Principle 7 Rules 37.200 Rule 37.201 Rule 37.700 Rule 37.701
Rule 603	Amendments made to conform to the amendments made to Rule 602.	Core Principle 2 Core Principle 7 Rules 37.200 Rule 37.201 Rule 37.700 Rule 37.701
Rule 604	Amendments made to conform to the amendments made to Rule 602.	Core Principle 2 Core Principle 7 Rules 37.200 Rule 37.201 Rule 37.700 Rule 37.701

Rule 605	Amendments made to clarify the role of the clearing member.	Core Principle 7 Rule 37.700 Rule 37.701
Rule 606	Amendments made to clarify the work flow related to screening of orders for compliance with risk based limits regarding (a) orders entered by automated means and (b) orders entered by non-automated means.	Core Principle 7 Rule 37.700 Rule 37.701
Chapter 10	Amendments made to delete all product listings from the rulebook. Javelin SEF will post all product listings on its website.	Core Principle 2 Rule 37.4 Rule 37.200

Exhibit B

Marked Copy of Javelin SEF, LLC Rulebook

RED LINED COPY



Javelin SEF, LLC

RULEBOOK

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CHAPTER 1 DEFINED TERMS

“Accepted Trade” shall have the meaning set forth in Javelin SEF Rule 606.

“Affected Person” shall have the meaning set forth in Javelin SEF Rule 313.

“Answer” shall mean a written pleading served by either (a) a Respondent in a Disciplinary Proceeding that meets the requirements of Javelin SEF Rule 719, or (b) a Respondent in a Javelin SEF Arbitration that meets the requirements of Javelin SEF Rule 807.

“Applicant” shall have meaning set forth in Javelin SEF Rule 309.

“Arbitration Panel” shall mean a panel appointed to fulfill the various adjudicative responsibilities described in Chapter 8 regarding arbitration matters.

“Authorized Customer” shall mean a category of Participant of Javelin SEF described in Chapter 3 of the Javelin SEF Rules.

“Authorized Employee” shall mean an employee of Javelin SEF that is authorized by Javelin SEF to facilitate the execution of trades via voice execution and voice hybrid electronic execution pursuant to the Javelin SEF Rules.

“Authorized Representative” shall have the meaning set forth in Javelin SEF Rule 314.

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

“Board” shall mean the members of the Board of Managers of Javelin SEF.

“CEA” shall mean the Commodity Exchange Act.

“CDS Vertical” shall mean a division of Javelin SEF on which such Products as determined by Javelin SEF are traded, including, without limitation, credit indices.

“CFTC” shall mean the United States Commodity Futures Trading Commission.

“CFTC Clearing Guidance” shall have the meaning set forth in Javelin SEF Rule 603.

“Chief Executive Officer” shall mean the individual appointed by the Board as Javelin SEF’s chief executive officer.

“Chief Compliance Officer” shall mean the individual appointed by the Board as Javelin SEF’s chief compliance officer.

“Claimant” shall mean a party that commences an Arbitration proceeding pursuant to Chapter 8 of the Javelin SEF Rules.

“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 registered with~~ Javelin SEF pursuant to ~~Chapter 6 of~~ 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 ~~c~~Customer, Designated Swap Broker, Designated Market Maker, or any combination thereof.

“Clearinghouse” shall mean any derivatives clearing organization registered with the CFTC that Javelin SEF may designate to provide clearing services regarding any or all of the Products traded on Javelin SEF.

“Complaint” shall have the meaning set forth in Javelin SEF Rule 714.

“Covered Person” shall have the meaning set forth in Javelin SEF Rule 303.

“Deliberating Body” shall have the meaning set forth in Javelin SEF Rule 206.

“Designated Market Maker” or “DMM” shall mean a category of Participant of Javelin SEF described in Chapter 3 of the Javelin SEF Rules that has been accepted into the Javelin SEF market maker program and continues to meet the required performance obligations.

“Designated Swap Broker” or “DSB” shall mean a category of Participant of Javelin SEF described in Chapter 3 of the Javelin SEF Rules.

“Designated Operational Contact” shall mean a natural person that is an employee of a Participant designated by such Participant (subject to Javelin SEF’s approval) in accordance with Javelin SEF Rule 314 to liaise with Javelin SEF for the purposes of on-boarding onto the Javelin SEF and to perform other operational duties.

“Director” shall mean any member of the Board.

“disciplinary committee” shall mean a “disciplinary committee” and a “oversight panel” as both defined in CFTC Regulation 1.69, the Disciplinary Committee described in Javelin SEF Rule 217 (“Disciplinary Committee”) and any subcommittee thereof (including, without limitation, any Disciplinary Panel), and the Regulatory Oversight Committee.

“Disciplinary Offense” shall mean “disciplinary offense” as defined in CFTC Regulation 1.63(a)(6).

“Disciplinary Panel” shall mean the types of panels, described in Javelin SEF Rule 217, appointed by the Regulatory Oversight Committee from Javelin SEF’s Disciplinary Committee. Such panels shall fulfill the various adjudicative responsibilities described in Chapter 7.

“Disciplinary Proceeding” shall mean an inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, Summary Proceeding or appeal from a Summary Proceeding conducted pursuant to Chapter 7 of the Javelin SEF Rules.

“ECP” shall mean an eligible contract participant as defined by Section 1a(18) of the CEA.

“Emergency” shall mean any occurrence or circumstance which, in the opinion of the Board, or its designee authorized pursuant to Javelin SEF Rule 203, or as indicated to Javelin SEF by the CFTC, requires immediate action to maintain markets with fair and orderly trading and to prevent or address manipulation or disruptive trading practices, whether the need for intervention arises exclusively from such occurrence or circumstance only involving Javelin SEF’s market or as part of a coordinated, cross-market intervention including, without limitation, the following:

- a) any circumstance that may materially affect trading on Javelin SEF or Javelin SEF’s market , including the failure of a Clearinghouse or Clearing Member;

- b) any action taken by any United States or foreign regulatory, self-regulatory, judicial, arbitral, or governmental (whether national, state or municipal) or quasi-governmental authority, or any agency, department, instrumentality, or sub-division thereof; or other Person exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; or any other swap execution facility, designated contract market, board of trade, clearinghouse, security-based swap execution facility or other exchange or trade association (foreign or domestic) that may have a direct impact on trading on Javelin SEF, the settlement or enforceability of any Trades conducted on Javelin SEF, or Javelin SEF's market;
- c) any actual, attempted or threatened corner, squeeze, congestion, manipulative activity or undue concentration of positions on Javelin SEF or in Javelin SEF's market;
- d) any circumstance that may have a severe, adverse effect upon the physical operations and facilities of Javelin SEF including, without limitation, fire or other casualty, flood or other natural disasters, bomb threats, acts of terrorism or war, other loss of or interruptions of essential services such as power, computer failures or malfunctions, communications failures, or disruptions in transportation; and
- e) any other unusual, unforeseeable or adverse circumstances as determined by Javelin SEF.

"Emergency Rules" shall have the meaning set forth in Javelin SEF Rule 203.

"EULA" shall have the meaning set forth in Javelin SEF Rule 309.

"FCM" shall mean a futures commission merchant registered with the CFTC.

"Family Relationship" of a natural person shall mean a person's spouse, former spouse, co-habitator, parent, stepparent, child, stepchild, sibling, stepbrother, stepsister, grandparent, grandchild, uncle, aunt, nephew, niece or in-law.

"Final Decision" shall mean any decision of: (a) a self-regulatory organization which cannot be further appealed within the self-regulatory organization, is not subject to the stay of CFTC or SEC or a court of competent jurisdiction and has not been reversed by the CFTC, SEC, or any court of competent jurisdiction; or (b) an administrative law judge, a court of competent jurisdiction, the CFTC, or the SEC which has not been stayed or reversed.

“Independent Committee Member” shall mean an individual appointed by the Board to serve on a Javelin SEF committee, who has been found by the Board, on the record, to have no Material Relationship with Javelin SEF.

“Independent Director” shall mean an independent member of the Board, who has been found, by the Board, on the record, to have no Material Relationship with Javelin SEF.

“Interested Person” shall have the meaning set forth in Javelin SEF Rule 206.

“Investigative Report” shall have the meaning set forth in Javelin SEF Rule 716.

“IRS Liquidity Commitment” shall mean the market maker performance obligations of Designated Market Makers regarding Javelin SEF’s market maker program for the IRS Vertical.

“IRS Vertical” shall mean a division of Javelin SEF on which such Products as determined by Javelin SEF are traded, including, without limitation, interest rate swaps.

“ISV” shall have the meaning set forth in Javelin SEF Rule 321.

“Javelin SEF Arbitration” shall mean an arbitration proceeding commenced and conducted pursuant to the Javelin SEF Rules.

“Javelin SEF Committee” shall mean the Board including, without limitation, any subcommittee of the Board or any special committee appointed by the Board, and any committee described in the Javelin SEF Rules.

“Javelin SEF Market Data” shall have the meaning set forth in Javelin SEF Rule 901.

“Javelin SEF Market Monitor” shall mean one member of Javelin SEF senior staff and one member of Javelin SEF compliance staff that are authorized to resolve error trades pursuant to Javelin SEF Rule 510.

“Javelin SEF Rules” shall mean the rules, policies, procedures, interpretations, guidelines and orders of the Javelin SEF Board of Directors that are established, and amended from time to time, by Javelin SEF.

“Javelin SEF User ID” shall mean the unique identification number assigned by Javelin SEF to each an Authorized Trader which enables such Authorized Trader to access the Javelin SEF Trading System.

“Javelin SEF Proceeding” shall mean any meeting, hearing or other proceeding before any Javelin SEF Committee including, without limitation, the Board, the Arbitration Committee, the Disciplinary Committee, the Participation Committee and the Regulatory Oversight Committee.

“Javelin SEF Trading System” shall mean the electronic proprietary order entry and execution system operated by Javelin SEF for the entry and execution of orders regarding the swaps traded on Javelin SEF and the collection and transmission of information related thereto.

“JCM Board” shall mean the Board of Managers of Javelin Capital Markets, LLC.

“Macro News Event” shall mean a significant news event that has an economic effect on the financial markets and prevents Javelin SEF from maintaining an orderly market in the IRS Vertical.

“Macro News Out” shall mean the suspension of the IRS Liquidity Commitment, as a result of a Macro News Event, for a period of 60 minutes by the IRS Markets Committee or the Board.

“Matched Orders” shall mean an electronic message that contains both sides of a Trade executed on Javelin SEF, one for the trade buy side and the other for the trade sell side (regardless of whether the trade is executed on Javelin SEF's by central limit order book, ~~or~~ request-for-quote system, voice or voice hybrid electronic), which shall contain data sufficient to clear the Trade.

“Material Conflict of Interest” shall have the meaning set forth in Javelin SEF Rule 206.

“Material Relationship” shall mean any relationship that could reasonably affect the independent judgment or decision making of an Independent Director, which shall be subject to a one year look back period. Circumstances in which an Independent Director shall be considered to have a “material relationship” with Javelin SEF include, without limitation, the following: (i) such director is an officer or an employee of Javelin SEF, or an officer or an employee of any of its affiliates (for the purposes of this definition “affiliate” includes parents

or subsidiaries of the Javelin SEF or entities that share a common parent with Javelin SEF or direct or indirect controlling interest holders); (ii) such director is a member of Javelin SEF, or a director, and officer, or an employee of a member (for the purposes of this definition “member” is defined according to Section 1a(34) of the CEA and any regulation promulgated thereunder, including, without limitation, 1.3(c) and 1.3(q)); (iii) such director is an officer of another entity, which entity has a compensation committee (or similar body) on which any officer of Javelin SEF serves; (iv) such director, or an entity with which the director is a partner, an officer, an employee, or a director, received more than \$100,000 in combined annual payments for legal, accounting, or consulting services from Javelin SEF or any affiliate thereof, any member of Javelin SEF or any affiliate of such member (the terms “affiliate” and “member” shall have the same meanings as stated above), except that compensation for services as a director of the registered entity or as a director of an affiliate thereof does not count toward the \$100,000 payment limit, nor does deferred compensation for services rendered prior to becoming a director of Javelin SEF, so long as such compensation is in no way contingent, conditional or revocable; or (v) notwithstanding the foregoing, in the case of an Independent Director that is a member of the Regulatory Oversight Committee, or the Membership or Participation Committee (or any committee serving a similar function), such director (other than in the capacity of a member of such committee, and other committee, or the Board, in each case, of Javelin SEF), accepts, directly or indirectly, any consulting, advisory, or other compensatory fee from Javelin SEF, any affiliate thereof (as defined herein), any member of Javelin SEF (as defined herein), or any affiliate of such member, other than deferred compensation for service rendered prior to becoming a member of the Regulatory Oversight Committee or the Membership or Participation Committee (or any committee serving a similar function), provided that such compensation is in no way contingent, conditioned or revocable. All the relationships set forth in this definition shall apply to “immediate family” of such Independent Director (i.e.; spouse, parents, children, and siblings, in each case, whether by blood, marriage, or adoptions, or any person in the home of the Independent Director or that of his or her “immediate family”).

“NFA” shall mean the National Futures Association.

“Notice of Arbitration” shall mean a pleading served by a Claimant in connection with a Javelin SEF Arbitration that meets the requirements of Javelin SEF Rule 803.

“Notice to Participants” shall have the meaning set forth in Javelin SEF Rule 315.

“Operating Agreement” shall have the meaning set forth in Javelin SEF Rule 201.

“Order Modify” shall mean instructions entered into the Javelin SEF Trading System that updates an existing order to change the size or price of such order.

“Participant” shall mean an entity that has been granted, and continues to have, Trading Privileges on Javelin SEF pursuant to Chapter 3 of the Javelin SEF Rules. For the purposes of the CEA, Participants shall be deemed to be members of Javelin SEF.

“Participant Category” shall mean an Authorized Customer, a Designated Swap Broker, or a Designated Market Maker.

“Participant Representative” shall mean an Authorized Representative, Designated Operational Contact or Trading Manager, as applicable, designated by a Participant and approved by Javelin SEF.

“Person” shall mean any natural person or entity, including, without limitation, any association, corporation, governmental or quasi-governmental authority, limited liability company, or partnership.

“Position Limits” shall have the meaning set forth in Javelin SEF Rule 517.

“Product” shall mean any interest rate swap, credit indices swap, treasury spread trade, or other product available for trading on Javelin SEF.

“Reconsideration Request” shall have the meaning set forth in Javelin SEF Rule 313.

“Regulatory Service Provider” shall mean the organization, if any, that provides regulatory services to Javelin SEF.

~~“Rejected Trade” shall have the meaning set forth in Javelin SEF Rule 606.~~

“Required Records” shall have the meaning set forth in Javelin SEF Rule 404.

“Required Transaction” have the meaning set forth in CFTC Regulation 37.9(a)(1).

“Respondent” shall mean either (a) the subject of an investigation, Disciplinary Proceeding or Summary Proceeding, or (b) a Person against whom a Javelin SEF Arbitration has been commenced pursuant to Javelin SEF Rules.

“Self-Regulatory Action” shall have the meaning set forth in Javelin SEF Rule 206.

“Status Determination Notice” shall have the meaning set forth in Javelin SEF Rule 313.

“Summary Proceeding” shall have the meaning set forth in Javelin SEF Rule 727.

“Summary Proceeding Decision” shall have the meaning set forth in Javelin SEF Rule 727.

“Summary Proceeding Review Notice” shall have the meaning set forth in Javelin SEF Rule 727.

“Summary Proceeding Review Conference” shall have the meaning set forth in Javelin SEF Rule 727.

“Supervised Persons” shall mean the directors, officers, employees or agents of a Participant, including, without limitation, such Participant’s Authorized Representative, Authorized Trader(s), Trading Manager and Designated Operational Contact.

“Technology Service Provider” shall mean the organization, if any, that provides technology services to Javelin SEF.

~~“Timed-Out Trade” shall have the meaning set forth in Javelin SEF Rule 606.~~

“Trade” shall mean the purchase or sale of any Product executed on Javelin SEF.

“Trading Day” shall mean each day that the Javelin SEF is open for trading, which will be based upon the Securities Industry and Financial Markets Association’s holiday recommendations for financial markets in the United States.

“Trading Hours” shall mean with respect to any Product, the hours during the Trading Day that Javelin SEF is regularly open for the trading of such Product, which are published on Javelin SEF’s website.

“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, as applicable.

“Trading Limits” shall mean the risk-based limits set on each proprietary account or customer account.

“Trading Privileges” shall mean the rights granted to a Participant to enter orders for Products directly into to the Javelin SEF Trading System, subject to the terms and conditions of the Javelin SEF Rules.

“Vertical” shall mean a division of Javelin SEF.

CHAPTER 2 GOVERNANCE AND COMMITTEES

Rule 201. Governance

Javelin SEF is a Delaware Limited Liability Company, and its limited liability company agreement governs the management and operations of Javelin SEF ("Operating Agreement").

Rule 202. Board

The Board shall oversee the operation of Javelin SEF and shall have the authority to review, call for review, amend, suspend or overrule the decisions and actions of any Javelin SEF Committee. Without limiting the generality of the foregoing, the Board shall have the power to: (a) adopt, amend, implement and repeal Javelin SEF Rules, not contrary to applicable law or the Operating Agreement, as in the Board's judgment promotes the best interest of Javelin SEF, and (b) make interpretations of the Javelin SEF Rules, which shall be binding on all Persons subject to the jurisdiction of Javelin SEF.

Rule 203. Emergency Authority

1. Subject to applicable law, during an Emergency Javelin SEF will approve and apply temporary rules and procedures ("Emergency Rules") pursuant to procedures set forth in this Rule.
2. Emergency Rules may require or authorize Javelin SEF, the Board, any committee of the Board, the Chief Executive Officer or any other Officer to take actions necessary or appropriate to respond to the Emergency, including, but not limited to, the following actions:
 - a. suspending or restricting trading or limiting trading to liquidating only (in whole or in part);
 - b. extending, limiting or changing trading hours;

- c. temporarily modifying or suspending any provision of Javelin SEF Rules or Participant obligations;
 - d. imposing intraday market restrictions;
 - e. ordering the liquidation or transfer of open positions ;
 - f. shortening or extending trading hours;
 - g. suspending or curtailing trading in a Product;
 - h. altering the terms and conditions of a Product;
 - i. imposing or modifying price limits; and/or
 - j. imposing or modifying position limits.
3. Before any Emergency Rules may be adopted and enforced, a vote of the Board approving such Emergency Rules must occur at a duly convened Board meeting. Directors may attend such meeting in person or by teleconference. If the Chief Executive Officer determines that the Emergency Rules must be implemented with respect to an Emergency before a meeting of the Board can reasonably be convened, then the Chief Executive Officer shall have the authority, without Board action, to implement any Emergency Rules with respect to such Emergency that he or she deems necessary or appropriate to respond to such Emergency. In such circumstances, the Chief Executive Officer must convene a meeting as soon as practicable. The Board may modify any Emergency Rules implemented by the Chief Executive Officer.
4. Any time that Javelin SEF takes actions necessary or appropriate to respond to an Emergency, including any modification of previously adopted actions, a duly authorized representative of Javelin SEF will promptly notify the CFTC of such actions and, when possible, will post an announcement of such actions on the Javelin SEF website. When the Board, any committee of the Board or the Chief Executive Officer determines that the Emergency has been reduced sufficiently to allow Javelin SEF to resume normal functioning, any such actions responding to the Emergency will be terminated and notification of such termination will be provided on Javelin SEF's website.

Rule 204. Officers

1. The Board shall appoint a Chief Executive Officer, a Chief Compliance Officer and such other officers as it deems necessary or appropriate from time to time, in each case for such term and on such conditions it sees fit.
2. The officers shall have the authority and powers in the management of Javelin SEF as determined by the Board subject to any restrictions set forth in the Operating Agreement. The Chief Compliance Officer shall have all authority required under CFTC Rules 37.1500 et seq.
3. Any officer may also be a director, officer, or employee of the parent of Javelin SEF or any affiliate of Javelin SEF.

Rule 205. Disqualifications of Board and Committee Members

No Person may serve as a member of the Board or a Committee of Javelin SEF if such Person:

1. within the past three years was found by a Final Decision to have committed a Disciplinary Offense;
2. within the past three years entered into a settlement agreement in which any of the findings, or in the absence of such findings, any of the acts charged included a Disciplinary Offense;
3. is currently or has been barred, expelled from membership or suspended from trading on a self-regulatory organization, is serving any sentence of probation or owes any portion of a fine imposed as a result of either:
 - a. a settlement agreement in which any of the findings, or in the absence of such findings, any of the acts charged included a Disciplinary Offense; or
 - b. a Final Decision determining such Person committed a Disciplinary Offense;
4. is currently subject to an agreement with the CFTC or any self-regulatory organization not to apply for registration with the CFTC or membership in any self-regulatory organization;

5. is currently subject to or has had imposed on him or her within the prior three years a registration revocation or suspension in any capacity for any reason, or has been convicted within the prior three years of any of the felonies listed in section 8a(2)(D)(ii) through (iv) of the CEA; or
6. is currently subject to a denial, suspension or disqualification from serving on the disciplinary committee, arbitration committee or governing board of any self-regulatory organization as that term is described in section 3(a)(26) of the Securities Exchange Act of 1934.

Rule 206. Conflicts of Interest

Javelin SEF believes that it is in the best interest of Javelin SEF and Participants to be aware of and properly manage all conflicts of interest and appearances of conflicts of interest. Accordingly, the following rules shall apply to mitigate potential and actual conflicts of interest.

1. Except as provided below, no Director, Officer, member of the Disciplinary Committee or any Person authorized to act on behalf of Javelin SEF in connection with any (i) Disciplinary Proceeding, or (ii) emergency action, (collectively a “Self-Regulatory Action”); the Board and/or any Javelin SEF Committee considering a Self-Regulatory Action collectively a “Deliberating Body”), shall not knowingly participate in the deliberations and/or voting on any Self-Regulatory Action if such person has a Material Conflict of Interest (as defined below).
2. Prior to consideration of any Self-Regulatory Action, each member of a Deliberating Body who determines to participate in any deliberations or vote in a Self-Regulatory Action shall disclose to the Chief Compliance Officer any Material Conflict of Interest (any such person disclosing a Material Conflict of Interest an “Interested Person”).
3. For the purposes of this Rule, “Material Conflict of Interest” shall mean with respect to a Director, Officer, and member of the Disciplinary Committee:
 - a. being named as a potential or actual Respondent in a Disciplinary Proceeding;

- b. being an employer, employee, fellow employee or an affiliate of a Respondent or potential Respondent in a Disciplinary Proceeding;
 - c. having any significant, on-going business relationship with a Respondent or potential Respondent in a Disciplinary Proceeding;
 - d. having a Family Relationship with a Respondent or potential Respondent in a Disciplinary Proceeding;
 - e. having a direct and substantial financial interest in the result of a vote, other than based on a direct or indirect equity or other interest in Javelin SEF, that could reasonably be expected to be affected by the Self-Regulatory Action. For the purposes of this definition a “direct and substantial financial interest” includes, without limitation, positions held in swaps in the accounts of, controlled by, or affiliated with the Interested Person or any other types of direct and substantial financial positions of the Interested Person that are reasonably expected to be affected by the vote; and/or
 - f. any other circumstance that creates a conflict between the Director’s, Officer’s, or members of a Disciplinary Committee’s exercise of authority regarding any Self-Regulatory Action and his or her personal interests.
4. Any Interested Person who would be required otherwise to abstain from deliberations and voting because of a Material Conflict may participate in the deliberations, prior to a vote on the matter, if:
 - a. the material facts about the Interested Person’s interest in the matter are disclosed or known to the Deliberating Body;
 - b. the Deliberating Body determines that the participation by the Interested Person would be consistent with the public interest; and
 - c. a majority of the members of the Deliberating Body that are not Interested Persons with respect to the matter vote to allow the Interested Person to participate in the deliberations on the Self-Regulatory Action.
 5. If, pursuant to paragraph (4), a determination is made that an Interested Person may participate in deliberations, then the minutes of the meeting of the Deliberating Body will reflect the determination and the reasons for the determination.
 6. If all of the members of the Deliberating Body are Interested Persons with respect to a matter subject to a vote by the Deliberating Body, then the Chief Executive Officer will

appoint a panel of individuals who are not Interested Persons with respect to such matter, which will have the same authority and powers over such matter that the Deliberating Body would have if the members thereof were not Interested Persons with respect to such matter.

Rule 207. Disclosure or Use of Material, Non-Public Information

No member of the Board or Javelin SEF Committee shall use or disclose material, non-public information for any purpose other than the performance of his or her official duties and responsibilities as a member of the Board or Javelin SEF Committee. No member of the Board or Javelin SEF Committee shall, directly or indirectly, disclose or use at any time, either during his or her association with Javelin SEF or thereafter, any material, non-public information of which a member of the Board or Javelin SEF Committee becomes aware except when reporting to or at the direction of the Board, when requested by a Government Agency or when compelled to testify at any judicial or administrative proceeding. Each member of the Board or Javelin SEF Committee, in possession of material, non-public information shall take all appropriate steps to safeguard the information and to protect it against disclosure, misuse, espionage, loss and theft.

Rule 208. Committees

1. Javelin SEF shall have such committees, and special committees that the Board may deem, from time to time, necessary for the operations of Javelin SEF and appointed in accordance with the Javelin SEF Rules. For the avoidance of any doubt, all references to “committee” shall include any panel appointed from a committee.
2. A majority of the committee shall constitute a quorum for the transaction of business at any meeting of the committee, provided that if less than a majority of committee members is present, those present may adjourn the meeting to another time and place. Any committee may act only by (i) the decision of a majority vote of the members of

such committee present at that meeting at which a quorum is present; or (ii) by written consent.

3. All committee decisions shall be reported to the Board for final approval. Except as otherwise provided in the Javelin SEF Rules, the Board shall have the authority to overrule the decision of any Javelin SEF Committee.

Rule 209. Arbitration Committee

1. The Arbitration Committee shall consist of six members, which will include a Chairperson and Vice Chairperson, appointed by the Board. Upon the commencement of an Arbitration proceeding pursuant to the Javelin SEF Rules, the Chairperson of the Arbitration Committee will appoint an Arbitration Panel to hear and decide the arbitration matter. If the Chairperson of the Arbitration Committee is unavailable the Vice Chairman will appoint an Arbitration Panel. Each Arbitration Panel will consist of three members.
2. Members of the Arbitration Committee shall each serve a one year term to which he or she is appointed, and until the appointment of their successor, or until his or her earlier resignation or removal as a member of the Arbitration Committee. A member of the Arbitration Committee may serve for multiple terms.

Rule 210. Reserved

Rule 211. Reserved

Rule 212. IRS Vertical Committee

1. Composition. The IRS Vertical Committee shall have such members as determined by the Board. ~~the following members: (a) one member appointed by each Designated Market Maker (b) one member of Javelin SEF senior staff appointed by Javelin SEF, and (c) one member appointed by majority vote of the Designated Swap Brokers.~~

2. Term of Service. Members of the IRS Vertical Committee shall each serve a one year term to which he or she is appointed, and until the appointment of a successor, or until his or her earlier resignation or removal as a member of the IRS Vertical Committee. A member of the IRS Vertical Committee may serve for multiple terms.
3. Removal. A Designated Market Maker may remove and replace the committee member it appointed to the IRS Vertical Committee for any reason. The Designated Swap Brokers may remove and replace by majority vote the committee member it appointed to the IRS Vertical Committee for any reason. Javelin SEF may remove and replace the committee member it appointed to the IRS Vertical Committee for any reason. In addition, Javelin SEF may remove any member of the IRS Vertical Committee pursuant to the Javelin SEF Rules on committee disqualification, provided, however, that such removed committee member shall be replaced only by the party who appointed such removed committee member. If a Designated Market Maker or Designated Swap Broker ceases to be a Participant or a Designated Market Maker or Designated Swap Broker, as applicable, or a committee member ceases to be employed by the Designated Market Maker or Designated Swap Broker by which he or she was employed at the time of appointment then the committee member shall no longer be a (a) member of the IRS Vertical Committee or (b) if applicable, a member of the Javelin SEF Board.
4. Meeting Schedule. The IRS Vertical Committee shall meet the third Thursday of each month.
5. Powers. The IRS Vertical Committee shall have the following powers: (a) appoint two members of the IRS Markets Committee, (b) appoint one member of the Javelin SEF Board, (c) make recommendations to Javelin SEF regarding general trading protocols, new products and software enhancements.

Rule 213. IRS Markets Committee

1. Purpose. The purpose of the IRS Markets Committee is to monitor the market and liquidity conditions on a day to day basis.

2. Composition. The IRS Markets Committee shall have the following members: (a) two members appointed by the IRS Vertical Committee and (b) one member of Javelin SEF senior staff appointed by Javelin SEF.
3. Term of Service. Members of the IRS Markets Committee shall each serve a six month term to which he or she is appointed, and until the appointment of a successor, or until his or her earlier resignation or removal as a member of the IRS Markets Committee. A member of the IRS Markets Committee may serve for multiple terms.
4. Removal. The IRS Vertical Committee may remove and replace one or both of the committee members that it appointed to the IRS Markets Committee for any reason. Javelin SEF may remove and replace the committee member it appointed to the IRS Markets Committee for any reason. In addition, Javelin SEF may remove any member of the IRS Markets Committee pursuant to the Javelin SEF Rules on committee disqualification, provided, however, that such removed committee member shall be replaced only by the party who appointed such removed committee member. If a Designated Market Maker or Designated Swap Broker ceases to be a Participant or a Designated Market Maker or Designated Swap Broker, as applicable, or a committee member ceases to be employed by the Designated Market Maker or Designated Swap Broker by which he or she was employed at the time of appointment, then the committee member, shall no longer be a member of the IRS Markets Committee.
5. Meeting Schedule A meeting of the IRS Markets Committee can be called at any time by any member of the IRS Markets Committee.
6. Powers. The IRS Markets Committee shall have the following powers (a) to declare a Macro News Out and (b) to make recommendations to Javelin SEF to extend the suspension of the Liquidity Commitment in excess of 60 minutes.

Rule 214. Reserved

Rule 215. Participation Committee

1. The Participation Committee shall consist of three members, two of which shall be Independent Directors, appointed by the Board or such other number as the Board shall determine is necessary to comply with any final governance rules adopted by the CFTC.
2. Members of the Participation Committee shall each serve a one year term to which he or she is appointed, and until the appointment of a successor, or until his or her earlier resignation or removal as a member of the Participation Committee; provided, however, that any member of the Participation Committee who does not qualify to act as such under any final governance rules adopted by the CFTC, shall cease to be a member of the Participation Committee upon the appointment of a qualifying successor. A member of the Participation Committee may serve for multiple terms.
3. The Participation Committee shall (i) determine the standards and requirements for initial and continuing eligibility for participation on Javelin SEF and (ii) review appeals of staff denials of participation applications.

Rule 216. Regulatory Oversight Committee ("ROC")

1. The ROC shall consist of three Independent Directors, and appointed by the Board or such other number as the Board shall determine is necessary to comply with any final governance rules adopted by the CFTC . The Board shall delegate sufficient authority, dedicate sufficient resources, and allow sufficient time for the ROC to fulfill its mandate. The ROC shall oversee the all aspects of Javelin SEF's regulatory program on behalf of the Board. The ROC shall report to the Board and shall make such recommendations to the Board as may, in its judgment, best promote the interests of Javelin SEF. The Chief Compliance Officer shall meet with the ROC at least once each calendar quarter.
2. Members of the ROC shall each serve a one year term to which he or she is appointed, and until the appointment of a successor, or until his or her earlier resignation or removal as a member of the ROC; provided, however, that any member of the Participation Committee who does not qualify to act as such under any final governance

rules adopted by the CFTC, shall cease to be a member of the Participation Committee upon the appointment of a qualifying successor. A member of the ROC may serve for multiple terms.

3. Without limiting the generality of the foregoing, the ROC shall have authority to monitor all aspects of Javelin SEF's regulatory program for sufficiency, effectiveness, and independence regarding:
 - a. trade practice and market surveillance, audits, examinations and other regulatory responsibilities with respect to Javelin SEF Participants, including, without limitation, compliance with financial integrity, financial reporting, sales practice, recordkeeping, and conducting investigations;
 - b. reviewing the size and allocation of regulatory budget and resources, and the number, hiring, termination, and compensation of regulatory personnel;
 - c. reviewing the performance of the Chief Compliance Officer and making recommendations with respect to such performance to the Board of Directors;
 - d. recommending changes that would ensure fair, vigorous, and effective regulation;
 - e. reviewing all regulatory proposals prior to implementation and advising the Board as to whether and how such changes may impact regulation; and
 - f. assisting in minimizing actual or potential conflicts of interest.

Rule 217. Disciplinary Committee

1. The Disciplinary Committee shall consist of at least 10 members, three of which shall be Independent Committee Members, appointed by the Board or such other number as the Board shall determine is necessary to comply with any final governance rules adopted by the CFTC . The members of the Disciplinary Committee shall provide a fair representation of the Participants on Javelin SEF.
2. Members of the Disciplinary Committee shall each serve a one year term, to which he or she is appointed and until the appointment of a successor, or until his or her earlier resignation or removal as a member of the Disciplinary Committee. A member of the Disciplinary Committee may serve for multiple terms.

3. Members of the Disciplinary Committee will be appointed to serve on Disciplinary Panels by the Regulatory Oversight Committee. Each Disciplinary Panel shall consist of three members, including one Independent Committee Member, who shall serve as Chairperson of the Disciplinary Panel.
4. The Regulatory Oversight Committee shall establish one or more of the following Disciplinary Panels .
 - a. Review Panel. The Review Panel shall be responsible for reviewing the Investigative Report and taking such action as permitted under Chapter 7 of the Javelin SEF Rules.
 - b. Hearing Panel. The Hearing Panel shall be responsible for adjudicating disciplinary cases against persons alleged to have committed rule violations, including, without limitation, the consideration of offers of settlement and conducting hearings.
 - c. Appeal Panel. The Appeal Panel shall be responsible for hearing appeals of decisions issued by a Hearing Panel.
5. No member of the Disciplinary Committee may serve on a Disciplinary Panel for more than one stage in the disciplinary process for the same disciplinary matter. No member of Javelin SEF compliance staff shall serve on a Disciplinary Panel.

CHAPTER 3 APPLICATIONS FOR PARTICIPANT STATUS

Rule 301. Javelin SEF Divisions

Javelin SEF shall have two divisions: (i) the CDS Vertical and (ii) the IRS Vertical. Applicants shall apply for admission to each division for which they wish to have Participant status. All references to Participant status and Trading Privileges of a Participant refer to the Javelin SEF Division to which the Participant is admitted.

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 ~~electronically access Javelin SEF the Javelin SEF Trading System~~ 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 provide documentation 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.

Rule 303. Jurisdiction

By becoming a Participant, accessing Javelin SEF, submitting an order for execution on Javelin SEF, entering orders into Javelin SEF, or authorizing a Participant 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, eEach Participant and its Supervised Persons (each a "Covered Person") agree 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 Participants may supersede the Javelin SEF Rules.

Rule 304. Trading Privileges

1. Each Participant shall have the right to ~~electronically access the~~ Javelin SEF ~~Trading System~~ and enter orders as permitted by such Participant's Participant Category, pursuant to the Javelin SEF Rules.
2. The granting of Trading Privileges to a Participant does not confer (i) any right of ownership in Javelin SEF; (ii) any right to share in the profits of Javelin SEF, or (iii) any right to attend or vote at any meeting of Javelin SEF, including, without limitation, any meeting of the Board or any Javelin SEF Committee.
3. Trading Privileges are non-transferable, non-assignable and may not be sold or leased.
4. Trading Privileges, but not the obligations, of a Participant terminate upon dissolution of a Participant, with respect to an Authorized Trader, upon the death or incapacity of the Authorized Trader.

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 ~~within the limits set by its Clearing Member.~~
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) the account of a customer, ~~in each case within the limits set by the Clearing Member of the Designated Swap Broker, Authorized Customer or customer, as applicable.~~
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, ~~in each case within the limits set by the Clearing Member of the Designated Market Maker, Authorized Customer or customer, as applicable.~~

Rule 306. Restrictions on Trading Privileges

1. No employee of Javelin SEF shall be given Trading Privileges on Javelin SEF or be permitted to trade, directly or indirectly:
 - a. in any swap traded on Javelin SEF; and
 - b. in any swap traded on another swap execution facility that is fungible with or economically equivalent to swaps traded on Javelin SEF.
2. No employee, Director, member of any committee, or consultant of Javelin SEF shall trade, directly or indirectly, in any swap, security or other instrument on the basis of material, non-public information obtained in connection with the performance of his or her official duties.
3. For the purposes of this rule the term “employee” shall mean any person hired or otherwise employed on a salaried or on a contractual basis by Javelin SEF, but does not include any:
 - a. Director compensated by Javelin SEF solely for his or her participation in Board matters;
 - b. Javelin SEF Committee member compensated by Javelin SEF solely for his or her participation in Javelin SEF Committee matters; and
 - c. consultant performing consulting services for Javelin SEF.

Rule 307. Eligibility

To be admitted as a Participant on Javelin SEF, an Applicant shall be an entity, including, without limitation, a corporation, limited liability company, partnership or trust, that meets the following requirements:

1. General Requirements:

~~1.a.~~ is duly organized;

~~2.b.~~ is of good reputation and business integrity is in good standing;

c. has the requisite organizational power to become a Participant of and effect Trades on Javelin SEF;

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- d. holds all necessary regulatory authorizations, licenses, registrations and approvals;
 - e. is not subject to statutory disqualification under Section 8a(2) of the CEA;
 - 3-f. is not prohibited, for any reason, from using the services of Javelin SEF;
 - g. has established appropriate clearing arrangements with a Clearing Member registered under Chapter 6 of the Javelin SEF Rule;
 - 4-h. has appropriate technical and operational controls;
 - i. is an ECP;
 - j. is not currently in bankruptcy;
 - 5-k. and is not an ISV or an automated trading system; and
 - 6-l. satisfies all other criteria Javelin SEF, from time to time, may require.
2. Clearing Account. All Applicants shall:
- a. have a clearing account with at least one Clearing Member regarding all Trades executed on Javelin SEF;
 - b. provide Javelin SEF with documentation from each Clearing Member sufficient to demonstrate the existence of the Applicant's clearing relationship with that Clearing Member in a form acceptable to Javelin SEF;
 - c. provide immediate written notice to Javelin SEF of any change to their status with any Clearing Member regarding Trades executed on Javelin SEF; and
 - d. consent to Javelin SEF's ability to (a) cancel trades, or (b) restrict, suspend or terminate access to the Javelin SEF at the direction of their Clearing Member.
3. Continuing Obligations. Once an Applicant is admitted as a Participant, it shall continue to comply with all eligibility criteria set by Javelin SEF.

Rule 308. Criteria for Becoming a Participant Additional Eligibility Requirements by Participant Category

In addition to the eligibility criteria stated in Javelin Rule 307, an Applicant shall meet the following additional requirements for the Participant category for which it seeks to be admitted.

1. General Criteria. To be considered for admission as a Participant on the Javelin SEF, an Applicant must demonstrate that it:

- ~~a. is of good reputation and business integrity;~~
- ~~b. holds all necessary regulatory authorizations, licenses, permissions and approvals;~~
- ~~c. is not subject to statutory disqualification under Section 8a(2) of the CEA;~~
- ~~d. is an ECP;~~
- ~~e. has established appropriate clearing arrangement with a Clearing Member registered under Chapter 6 of the Javelin SEF Rules;~~
- ~~f. is not currently in bankruptcy;~~
- ~~g. is not prohibited, for any reason, from using the services of Javelin SEF;~~
- ~~h. has appropriate technical and operational controls;~~
- ~~i. is not an ISV or an automated trading system; and~~
- ~~j. satisfies any other requirements that Javelin SEF may deem necessary or desirable.~~

~~2. Additional Criteria by Category of Participant.~~

~~3.1. Authorized Customer.~~ An Authorized Customer must have at least one natural person that is an Authorized Trader, approved by Javelin SEF.

~~4.2. Designated Swap Broker.~~ A Designated Swap Broker must:

- ~~i.a.~~ meet all requirements for Designated Swap Brokers; and
- ~~ii.b.~~ have at least two natural persons that are Authorized Traders approved by Javelin SEF.

~~b.3. Designated Market Maker.~~ Designated Market Makers must:

- ~~i.a.~~ meet all requirements of the Javelin SEF market maker program for the Vertical for which it has been admitted as a Designated Market Maker; and
- ~~ii.b.~~ must have at least two natural persons that are Authorized Traders approved by Javelin SEF.

~~c.~~

~~5. Clearing Account.~~ All Participants shall:

- ~~a.~~ have a clearing account with at least one Clearing Member regarding all Trades executed on Javelin SEF;
- ~~b.~~ provide Javelin SEF with documentation from each Clearing Member sufficient to demonstrate the existence of the Participant's clearing relationship with that Clearing Member in a form acceptable to Javelin SEF, assuring the financial

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- ~~performance of all Trades and positions for the accounts for which they are authorized to trade;~~
- ~~e. provide immediate written notice to Javelin SEF of any change to their status with any Clearing Member regarding Trades executed on Javelin SEF; and~~
- ~~d. consent to Javelin SEF's ability to (a) cancel trades, or (b) restrict, suspend or terminate access to the Javelin SEF at the direction of their Clearing Member.~~
- ~~6. Continuing Obligations. Once a Participant is admitted, it shall continue to comply with all eligibility criteria set by Javelin SEF.~~

Rule 309. Participant Application Process

1. Any Person wishing to become a Participant of Javelin SEF ("Applicant") shall complete and submit, with complete and accurate information, the forms required by Javelin SEF which include, without limitation, the following:
 - a. a Javelin SEF Participant Application, which includes, without limitation, an agreement to abide by Javelin SEF Rules and applicable law and submit to Javelin SEF jurisdiction;
 - b. a Javelin SEF Electronic User License Agreement (or "EULA"); and
 - c. any additional documents and information Javelin SEF may reasonably deem necessary or desirable to further clarify information provided to Javelin SEF by an Applicant.
2. Applicant agrees that if any of the information provided in its Application is no longer accurate or any other information becomes available that would affect the accuracy of any information provided by Applicant in its Application, Applicant will notify Javelin SEF within three business days of first learning of such information. The obligation stated in the preceding sentence is a continuing obligation that shall commence upon Applicant's submission of its Application to Javelin SEF and continue throughout the application process and include the period of time that Applicant is a Participant of Javelin SEF.
3. In considering an Application from an Applicant, Javelin SEF may conduct an investigation to verify information submitted by the Applicant.

4. All applications for Participation status will be reviewed by Javelin SEF staff. Such review shall not take place until such Application is complete. Javelin SEF shall provide each Applicant with written notice of if its determination to grant or deny such Applicant's request to become a Participant.
5. Javelin SEF may deny or condition the grant of Participant status of any Applicant:
 - a. if such Applicant is unable to satisfactorily demonstrate its ability to satisfy the eligibility criteria to become or remain a Participant;
 - b. if such Applicant is unable to satisfactorily demonstrate its capacity to adhere to Javelin SEF Rules; or
 - c. for any such other cause reasonably determined by Javelin SEF.
6. Any Applicant whose application to become a Javelin SEF Participant was denied shall not be entitled to re-apply to become a Javelin SEF Participant for six months from the date of such denial.
7. Unless extended in writing by Javelin SEF, if the newly admitted Participant does not begin trading on Javelin SEF within six months from the date of Javelin SEF's approval, then the newly admitted Participant's application will be deemed withdrawn.

Rule 310. Authorized Traders

1. Each Participant shall designate one or more natural persons to be an Authorized Trader. Each Participant designating an Authorized Trader shall notify Javelin SEF of such designation in writing. Prior to accessing the Javelin SEF Trading System such prospective Authorized Trader shall satisfy the requirements of this Rule and Javelin SEF Rule 311. Upon approval of its designation as an Authorized Trader by Javelin SEF, any such Authorized Trader shall be entitled to exercise Trading Privileges subject to the terms and conditions of the Javelin SEF Rules including, without limitation, the Authorized Trader being subject to the jurisdiction of Javelin SEF with respect to disciplinary matters, and the possible conditioning, restriction or revocation of Trading Privileges.
2. Each Participant shall guarantee and assume responsibility for all of the trading activity of its Authorized Trader(s) on Javelin SEF. Such trading activity shall include, without limitation: (i) orders entered, (ii) orders accepted for execution, (iii) trades executed, (iv) orders such Authorized Trader fails to execute, (v) orders executed negligently, (vi) orders executed fraudulently, (vii) orders executed in violation of Javelin SEF Rules, or (viii) orders executed in violation of applicable law.
3. At any time a Participant may revoke the designation it has granted to any Authorized Trader by providing written notice of such revocation to Javelin SEF at least one Trading Day before the effective date of any such revocation. Each Participant shall take all such immediate measures appropriate to insure that, after such revocation the affected Authorized Trader(s) shall not (i) have access to the Javelin SEF Trading System 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, to take all steps necessary to disallow access to the Javelin Trading System by such formerly designated Authorized Trader.
4. Each Participant shall be responsible for the acts and omissions of each of its Authorized Traders. Each Participant shall make certain on an ongoing basis that none of its Authorized Traders are subject to a disqualification pursuant to applicable law and that each Authorized Trader is technically proficient in the use of the Javelin SEF Trading System. Each Participant shall have procedures for performing day-to-day monitoring of

its Authorized Trader(s) to make certain that each will conduct its business in a fair and equitable way and in accordance with the Javelin SEF Rules.

5. In connection with the application and interpretation of these Javelin SEF Rules, any reference to:
 - a. the Trading Privileges of a Participant shall also be deemed to refer and apply to the exercise of Trading Privileges by any such Participant's Authorized Trader(s);
 - b. a Participant's entry or receipt of orders, bids, offers into or from the Javelin SEF Trading System or engaging in Trades on the Javelin SEF Trading System, shall be deemed to also refer to and apply to any such actions engaged in by any of such Participant's Authorized Trader(s); and
 - c. the knowledge of, or matters known to, any Participant shall be deemed to also refer to and include, without limitation, the knowledge of, or matters known, to its Authorized Trader(s).

Rule 311. Access to Javelin SEF ~~Trading System~~ by Authorized Traders

An Authorized Trader may directly access ~~the Javelin SEF Trading System~~ provided that the following requirements are satisfied.

1. The Authorized Trader shall only be permitted to enter orders as permitted by the Javelin SEF Rules.
2. Each Participant designating an Authorized Trader shall provide to Javelin SEF such information as requested by Javelin SEF regarding their Authorized Trader(s) including, without limitation, name, email address, street address, phone number(s), fax number, and authorized account number(s).
3. Once Javelin SEF is satisfied that all requested information has been provided, Javelin SEF shall issue a User ID and password, or other such identifiers as Javelin SEF shall determine are necessary, for such Authorized Trader to exercise his or her Trading Privileges.
4. ~~Javelin SEF shall not activate the User ID as authorized for trading until the Authorized Trader's Clearing Member enters risk controls into the Javelin SEF Trading System for such Authorized Trader.~~ Javelin SEF will enable the User ID when it determines, in its

sole discretion, that all requirements and procedures have been met and all necessary risk controls are in place. Notwithstanding the foregoing, each Participant shall remain accountable, pursuant to the Javelin Rules, for the acts and omissions of any of its Authorized Traders, regardless of the risk controls ~~set by the Participant's Clearing Member.~~

Rule 312. Suspension and Termination of Participant Status

1. Javelin may summarily limit, restrict, suspend or terminate Participation status of any Participant:
 - a. if such Participant is unable to demonstrate its ability to continue to satisfy all eligibility requirements;
 - b. within a reasonable time from, and in compliance with, a notice of Final Decision regarding a violation of Javelin SEF Rules; and
 - c. within a reasonable period of time from, and in compliance with, a notice of Final Decision of a self-regulatory organization or regulator in which the Participant has been barred, expelled or suspended.
2. Javelin SEF may limit, restrict, suspend or terminate a Participant, including any of its Authorized Traders in accordance with Chapters 3, 6 and 7 of the Javelin SEF Rules.
3. All Participants shall receive prompt written notice of any restriction, suspension or termination of their Participant status.

Rule 313. Process for Review of Denial or Change in Participant Status

1. If Javelin SEF determines to (i) deny an application for Participant status or (ii) condition, suspend and/or terminate a Javelin SEF's Participant status ("Status Determination Notice"), then Javelin SEF shall promptly notify to such Applicant or Participant ("Affected Person"), in writing at the address provided by such application or Participant for notices.
2. An Affected Person may, within five business days of the date of Status Determination Notice, send a written request to Javelin SEF requesting that Javelin SEF provide the

reasons for the denial, conditioning or termination of Participant status. Within 10 business days after receiving such written request, Javelin SEF shall respond to such Affected Person and provide the reasons for denial, conditioning or termination of Participant status. Within 10 business days of receiving the response, the Affected Person may request in writing that the Participation Committee review the determination to deny, condition or terminate its Participant status ("Reconsideration Request").

3. Upon receipt of the Reconsideration Request the Participation Committee may, in its sole discretion, schedule a hearing (in-person or via teleconference), request additional information from the Applicant or Participant, or establish any other process that it believes is appropriate or necessary to consider the Reconsideration Request.
4. Within the later of 45 days of receiving a Reconsideration Request or 30 days from the date of the hearing is concluded the Participation Committee shall either confirm, reverse or modify the denial, conditioning or termination of the Affected Person and shall promptly send notice to the Affected Person. The decision of the Participation Committee is the final action of Javelin SEF and is not subject to any appeal.

Rule 314. Participant Representatives

1. Each Participant shall designate, subject to Javelin SEF's approval, an Authorized Representative to be the primary contact with Javelin SEF ("Authorized Representative"). An Authorized Representative may be an employee of the Participant that is not an Authorized Trader. Each such Authorized Representative will:
 - a. represent such Participant before Javelin SEF and its committees and receive notices on behalf of such Participant including, without limitation, notice regarding a Disciplinary Proceeding or Javelin SEF Arbitration and any subpoena or document demand, issued pursuant to the Javelin SEF Rules, related thereto; and
 - b. have authority to act on behalf of the Participant and Javelin SEF shall be entitled to rely on the actions and communications of such Authorized Representative.
2. A Participant may designate a Designated Operational Contact, subject to Javelin's SEF's approval, to liaise with Javelin SEF for the purposes of on-boarding onto the Javelin SEF

and to perform other operational duties. A Designated Operational Contact may be an employee of the Participant that is not an Authorized Trader. Javelin SEF shall be entitled to rely on the information supplied by the Designated Operational Contact to be accurate and complete.

3. A Participant may choose to designate, subject to Javelin SEF's approval, a Trading Manager, who is an employee of Participant, that may provide notice to Javelin SEF of the following matters:
 - a. what Instruments its Authorized Trader(s) may trade; and
 - b. what Trading Limits its Authorized Trader(s) must adhere to.
4. Javelin SEF shall promptly notify a Participant in writing of its approval or disapproval of a Participant's designation of an Authorized Representative, a Designated Operational Contact or a Trading Manager.
5. Upon Javelin SEF's approval of a Participant's designation of an Authorized Representative, Designated Operational Contact or Trading Manager, and at all times that such Authorized Representative, Designated Operational Contact or Trading Manager continues in such capacity, Javelin Users shall provide Javelin SEF with:
 - a. current contact information and other information Javelin SEF deems necessary or desirable regarding its Authorized Representative, Designated Operational Contact or Trading Manager, as applicable; and
 - b. prompt written notice of the removal and replacement of any Authorized Representative, Designated Operational Contact or Trading Manager.
6. For the avoidance of any doubt the replacement of any Participant Representatives designated by a Participant shall be subject to the terms and conditions of this Javelin SEF Rule.

Rule 315. Notices to Participants

Javelin SEF shall publish notice with respect to each amendment, modification, clarification or interpretation of Javelin SEF Rules or any action to implement any Javelin SEF Rules, in a form and manner that is reasonably designed to permit each Participant to become aware of and familiar with, and to implement any necessary preparatory measures to be taken by it with

respect to such additions or modification, prior to the effective date thereof (each such notice “Notice to Participants”); provided however that any failure by Javelin SEF to publish a Notice to Participants shall not affect the effectiveness of the amendment, modification, clarification or interpretation of Javelin SEF Rules. For the purposes of this Javelin SEF Rule, it shall be sufficient (without limiting the discretion of Javelin SEF as to any other reasonable means of communication) if a Notice to Javelin SEF Members is published on Javelin SEF’s website. Notwithstanding the foregoing, any amendment, modification, clarification or interpretation of Javelin SEF Rules shall be made in compliance with the CFTC’s Part 40 Rules.

Rule 316. Communications between Javelin SEF and Participants

1. Each Participant shall provide Javelin SEF with complete and current contact information, including, without limitation, contact information regarding its Authorized Representative, Authorized Trader(s), Trading Manager, and Designated Operational Contact, as applicable.
2. All communications made to an Authorized Representative shall be deemed to have been made to the Participant such Authorized Representative represents. Each Authorized Representative shall be responsible for conveying all communications from Javelin SEF to the Participant it represents including, without limitation, its Authorized Trader(s), Trading Manager and Designated Operational Contact, as applicable.

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 318. Market Maker Program

1. ~~Each Vertical of the~~ Javelin SEF ~~will~~shall have a market maker programs that ~~are is~~ approved by the Board. ~~A Participant approved by the Board to participate in the Javelin SEF CDS Vertical market maker program shall be a CDS Designated Market Maker.~~ A Participant approved by the Board to participate in the Javelin SEF IRS Vertical market maker program shall be an IRS Designated Market Maker.
2. ~~The market maker program for the CDS Vertical shall be implemented by the CDS Vertical Committee, the CDS Markets Committee and Javelin SEF Staff.~~
- 3.2. The market maker program for the IRS Vertical shall be implemented by Javelin SEF Staff.

Rule 319. Withdrawal of a Participant

A Participant may withdraw from Javelin SEF by submitting a written request to Javelin SEF. All requests for withdrawal of Participant status will be reviewed by Javelin SEF Staff. Unless otherwise provided by written agreement Participant's request to withdraw from the Javelin SEF shall be effective 30 Trading Days after Javelin SEF's receipt of a Participant's request to withdraw and shall be conditioned upon payment of all fees due and owing to Javelin SEF by such Participant. Subject to Rule 320, a Participant shall be subject to the jurisdiction of Javelin SEF for one year from the date of its withdrawal from Javelin SEF or such longer period as shall be required under CFTC rules.

Rule 320. Continuing Jurisdiction

Notwithstanding Rule 319, any Participant who either has (i) withdrawn from Javelin SEF or (ii) had its Trading Privileges terminated or revoked by Javelin SEF shall remain subject to the jurisdiction of Javelin SEF with respect to all matters arising from, in connection with or related to the status, acts or omissions of such Participant that occurred prior to such Participant's withdrawal, or termination or revocation of Trading Privileges.

Rule 321. Independent Software Vendors

An “Independent Software Vendor” or “ISV” means a Person that makes available to Participants a system or platform offering smart order routing, trading software, an aggregator platform or a combination of the foregoing, but does not provide Participants with the ability to effect Trades on Javelin SEF. Only a Javelin SEF ISV may have access to Javelin SEF. An ISV that has been approved by Javelin SEF may become a Javelin SEF ISV. To be approved as a Javelin SEF ISV an ISV shall:

1. be an entity, including without limitation, a corporation, limited liability company, partnership or trust that is duly organized and in good standing;
2. be of good reputation and business integrity;
3. have no legal restriction(s) that would prohibited it from obtaining access to Javelin SEF;
4. have appropriate technical and operational controls; and
5. satisfy any other requirements regarding system testing and/or certification that Javelin SEF may deem necessary or desirable.

CHAPTER 4 PARTICIPANT OBLIGATIONS

Rule 401. Payment of Fees and Assessments

All Participants shall promptly pay all fees and assessments as determined by the Javelin SEF.

Rule 402. Compliance with the Rules

All Participants shall:

1. comply with the Javelin SEF Rules and all laws applicable to their use of Javelin SEF;
2. use the Javelin SEF Trading System in a responsible manner and not for any improper or illegal purpose;
3. comply with all applicable laws and regulations;
- ~~4. to the extent applicable, comply with the rules of NFA;~~
- ~~5. to the extent applicable, comply with the rules of FINRA;~~
- ~~6.4.~~ comply with high standards of integrity, market conduct, commercial honor, fair dealing, and just and equitable principles of trade while performing or attempting to perform any acts related to any business related to or concerning Javelin SEF;
- ~~7.5.~~ not knowingly mislead or conceal any material fact or matter in any dealings with Javelin SEF or in response to any Javelin SEF Proceeding; and
- ~~8.6.~~ promptly inform Javelin SEF of material change in the information provided to Javelin SEF in connection with the Participant's application for Participant status on Javelin SEF.

Rule 403. Supervision

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Participants shall create, implement and maintain such supervisory procedures as are necessary to adequately supervise its Supervised Persons, independent contractors and consultants to insure their compliance with Javelin SEF Rules, the rules of any self-regulatory organizations of which the Participant is a member and all applicable laws.

Rule 404. Required Records

1. Required Records. Each Participant shall (i) prepare and keep current full, complete and systematic records and information which include all pertinent data and memoranda relating to the complete audit trail all of the Trades it executes and attempts to execute on Javelin SEF as are required to be kept by it pursuant to applicable law and regulation including, without limitation, all records required by CFTC Regulation 37.404, and (ii) shall keep current such other records and information and adopt such forms as Javelin SEF may from time to time require ("Required Records").
2. Retention of Required Records. Unless otherwise provided by applicable law or the Javelin SEF Rules, all Participants shall retain all Required Records for a period of five years from the date on which they are first prepared. Required Records shall be readily accessible during the first two years of the five year retention period. During the five year retention period, all Required Records shall be made available for inspection by, and copies thereof shall be provided to Javelin SEF and its authorized representatives promptly upon request, and such production shall be made at the expense of the Participant required to keep such Required Records.
3. Commission Requests. Participants shall make Required Records available to the CFTC upon request and/or permit on site visitation by duly authorized representatives of the CFTC.

Rule 405. Disclosure and Reporting

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

1. any change in contact information it has provided to Javelin SEF;
2. any failure of or damage to the systems, facilities or equipment of such Participant used to effect Trades on Javelin SEF;
3. any 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 refusal of admission to, or withdrawal of the Participant 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. any denial or withdrawal of any application for any registration or license by or from any Governmental Agency, and any revocation, suspension or conditioning of any registration or license granted by any Governmental Agency;
7. the commencement of any judicial or administrative proceeding against a Participant or the imposition of any 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. 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 406. System Security

1. Each Participant shall be solely responsible for controlling and monitoring the use of the Javelin SEF User ID(s) issued to it and its Authorized Trader(s) and ensuring that each Javelin SEF User accessing the Javelin SEF Trading System using such Javelin SEF User ID is (i) assigned a unique password, (ii) that each password is used only by the Participant

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- to whom it is assigned, and (iii) each Participant takes necessary precautions to prevent the unauthorized disclosure of its Javelin SEF User ID and unique password.
2. In the event of any system security breach, including, without limitation, the unauthorized disclosure or use of a Javelin SEF User ID or passwords or unauthorized access to the Javelin SEF Trading System, each Participant that becomes aware of such security breach shall promptly notify Javelin SEF by the fastest means possible.
 3. Except for actions resulting from the gross negligence of Javelin SEF, each Participant shall be bound by any and all actions taken through use of their Javelin SEF User ID or passwords regardless of whether such actions were authorized by such Participant.
 4. No Person may knowingly permit or assist the unauthorized use of a Javelin SEF User ID for any purpose.

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 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.
2. Each Participant shall maintain appropriate Trading Limits for its own account and for the account of each customer for which it trades. 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.
- ~~2.3.~~ At least once a year, each Participant shall provide Javelin SEF with a written certification that (a) Participant is and continues to be an ECP, and, (b) as applicable, all 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 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, and shall make Javelin SEF an express third-party beneficiary of such representation. 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 clearing arrangements, and shall immediately cease executing Trades on Javelin SEF on behalf of such customer. In addition, each Participant shall ~~the~~ provide the legal entity identifier information for such customers to enable Javelin SEF to perform swap data reporting pursuant to Parts 43 and 45 of the CFTC Regulations.

Rule 409. Disaster Recovery; Business Continuity

Each Participant ~~and Clearing Member~~ shall have written disaster recovery and business continuity policies and procedures in place to ensure it is able to perform certain basic operational functions in the event of a significant internal or external interruption to its operations. ~~At a minimum, the Participant's or Clearing Member's policies and procedures must:~~

- ~~1. — allow the continuation of operations during periods of stress and provide for the performance of periodic testing of disaster recovery and business continuity plans, duplication of critical systems at back up sites and periodic back up of critical information; and~~
- ~~2. require the Participant or Clearing Member to maintain and, at the request of Javelin SEF, provide accurate and complete information for its key personnel.~~

~~Javelin SEF staff may prescribe additional and/or alterative requirements for a Participant's or Clearing Member's compliance with this Rule.~~

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CHAPTER 5 TRADING PRACTICES AND SDR REPORTING

Rule 501. Scope

1. Scope. Unless otherwise provided in the Javelin SEF Rules, this Chapter 5 governs all trading activity on the IRS Vertical and CDS Vertical of Javelin SEF.
2. Trade Execution. There are two methods of trade execution on Javelin SEF: (i) a central limit order book, and (ii) a request for quote system.

Rule 502. Trading Day and Trading Hours

From time to time Javelin SEF shall determine the Trading Days for each calendar year and the Trading Hours. Trading Hours may vary by Product. Javelin SEF shall publish notice of Trading Hours, Trading Days and holidays on its website. Unless expressly stated on the website, all time references shall be based upon local time in New York, New York.

Rule 503. Publication of Trading Information

Javelin SEF will publish trading information as required by CEA Section 5h(f)(9) and Parts 16 and 37 of the CFTC regulations.

Rule 504. Order Entry on Javelin SEF ~~Trading System~~

1. No Person may use a Javelin SEF User ID to place an order except as permitted by the Javelin SEF Rules.

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2. No Participant shall engage in trading activity on Javelin SEF unless such Participant or the customer for whom it is acting, as applicable, has a clearing account with is guaranteed by a Clearing Member.
3. Orders shall be entered by on electronic transmission to the Javelin SEF Trading System 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.
- ~~3.~~
4. Javelin SEF shall maintain an electronic record of all orders entered into the Javelin SEF ~~Trading System~~ 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 such Participant's trading activity as well as the trading activity (including such trading activity on behalf of customers) of all of such Participant's Authorized Traders 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,
 - b. the name of Authorized Trader,
 - 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 the Javelin SEF Trading System.
 - a. Market Orders. A "Market Order" is an order to purchase or sell a Product at the best price obtainable in the Javelin SEF Trading System at the time the order is entered into the Javelin SEF Trading System.
 - 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. Time Delay Requirement. All Participants who, in connection with the execution of a Required Transaction, seek to either execute against a customer's order or execute two customers' against each other through Javelin SEF's central limit order book shall use the following procedure:
 - 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;
or
 - 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.
4. Price-Time Priority. All prices received in the central limit order book are sorted based on a strict price-time priority protocol.
5. Trading Limits. Participants shall only enter orders for such Products and for such amounts as is permitted within the scope of their Trading Limits.
6. 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.
7. Unfilled Orders.
- a. After the close of trading each Trading Day, all unfilled bids and offers will be cancelled.
 - b. Upon a Participant's logging out from the Javelin SEF Trading System during the Trading Day, all unfilled bids and offers entered by such Participant will be cancelled.
 - c. In the event that connectivity to a Clearinghouse is lost during a Trading Day all unfilled bids and offers designated for such Clearinghouse will be cancelled.

Rule 506. Entry of Orders on Javelin SEF's Request for Quote ("RFQ") System

1. Entry of Orders. Participants may submit RFQ inquiries. Submission of RFQ inquiries shall be sent to a minimum of three counterparties which shall not be (a) affiliates of or controlled by the counterparty requesting the RFQ inquiry or (b) affiliates of or controlled by each other.
2. Anonymous RFQ. Participants may submit RFQ inquiries on an anonymous basis. Participants may respond to the anonymous RFQ inquiry on an anonymous or disclosed basis.

Rule 507. Modification and Cancellation of Orders

Unless otherwise provided in the Javelin SEF Rules, any order entered into ~~the~~ Javelin SEF ~~Trading System~~ may be modified or cancelled until such time that such order is executed or has otherwise expired. Any such modification or cancellation of an order requires that an Order Modify or Order Cancel be entered into ~~the~~ Javelin SEF ~~Trading System~~. Such modification or

cancellation shall become effective upon receipt by Javelin SEF ~~the Javelin SEF Trading System~~ of the Order Modify or Order Cancel.

Rule 508. Market Information

Javelin SEF will make available on an anonymous basis, (whether through the Javelin SEF Trading System, a ticker, a financial information services provider or otherwise), market information regarding prices bid and offered, trades executed and any other information it deems appropriate to Participants in such manner and at such times as it believes is necessary or desirable and consistent with CFTC regulations. Each Participant receiving such information may only redistribute such information to such extent and in such manner as may be permitted by the Javelin SEF Rules.

Rule 509. Real-Time Market Monitoring

Real-time monitoring of trading on Javelin SEF for compliance purposes shall be conducted by Javelin SEF's compliance department.

1. Javelin SEF shall monitor and evaluate data on:
 - a. an ongoing basis in order to detect and prevent manipulation, price distortion, and where necessary disruptions in the cash-settlement process, and
 - b. general market data in order to detect and prevent manipulative activity that would result in the failure of the market price to reflect the normal forces of supply and demand, unusual trading volumes, and impairments to market liquidity.
2. In addition, Javelin SEF may protect market integrity through use of the following system safeguards to prevent the entry of orders in any of the following circumstances:
 - a. pre-trade quantity limits on individual orders to screen for order quantities not within acceptable parameters;

- b. pre-trade price collars to screen for orders outside of current market conditions;
- c. ~~execution~~ throttles to screen for the execution of too many orders over a specified period of time; and
- d. ~~message~~ throttles to screen for the submission of too many messages in a specified period of time; and
- e. ~~pre-trade check to screen for risk based limits set by the clearing member.~~

Rule 510. Error Trades

1. Authority. Javelin SEF shall be authorized to adjust trade prices or cancel Accepted Trades when necessary to mitigate market disrupting events, which include, without limitation, errors resulting from order entry or system malfunctions.
2. Process for Trade Review.
 - a. Javelin SEF may adjust trade prices or cancel any Accepted Trade that, if allowed to remain, would have meaningful adverse effects on the integrity of the market that result from (i) Javelin SEF's observation of the market, (ii) system malfunction, or (iii) a request from a Participant.
 - b. Any request for review made by a Participant shall be made within 8 minutes of trade execution. Javelin Market Monitor, in its sole discretion will determine if the request for review will be accepted. If the request to review an Accepted Trade is granted, Javelin Market Monitor will issue a notice to all Participants that the Accepted Trade has entered the review process.
 - c. The non-reviewable range test shall be applied to all Accepted Trades accepted for review, which shall be as follows. If the Accepted Trade under review is within the non-reviewable range the Accepted Trade will stand. Accepted Trades that fall outside the non-reviewable range will be price adjusted to the fair value level determined by Javelin Market Monitor plus or minus the non-reviewable range. The following ranges shall apply to the IRS Vertical.

Product	Non-Reviewable Range
IRS-Rate	6 basis points from fair value
IRS-Spread	3 basis points from fair value

- d. In the event of a trade review that results in a price adjustment or cancellation, Participants agree that Accepted Trades will be subject to cancel and correct protocols and will notify their respective Clearing Member as required to

complete the necessary adjustments or cancellations. In the event that a U.S Treasury spread trade is cancelled the Matched Orders related to U.S. Treasury hedge of the cancelled U.S. Treasury spread trade shall also be cancelled.

- e. Promptly upon completion of its trade review Javelin SEF will issue a notice to all Participants of the results of the trade review indicating whether the Accepted Trade stands, the Accepted Trade has been cancelled or, if the Accepted Trade has been adjusted, the adjusted price.

Rule 511. Price Limits

The Javelin SEF Rules regarding (i) price limits, (ii) trading pauses, and/or (iii) trading halts to trading in a particular Product in the event of extraordinary price movements that may result in distorted prices or trigger market disruptions, shall be as provided in Chapter 10 of the Javelin SEF Rules.

Rule 512. Limitation of Liability and Prohibition on Claims

1. 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.
2. 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.
3. 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 SYSTEM, SERVICES, EQUIPMENT OR FACILITIES BY ANY PERSON;
 - d. EXCEPT FOR ORDER STATUS, ANY ERRORS OR INACCURACIES IN INFORMATION PROVIDED BY JAVELIN SEF;
 4. 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; or (ii) \$10,000 IN THE AGGREGATE FOR ALL CLAIMS IN A SINGLE CALENDAR YEAR.

5. 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 AFFILATES AND SUBSIDIARIES).
6. 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 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 514. ~~Bunched Orders~~Reserved

- ~~1. Only Designated Swap Brokers and Designated Market Makers may place bunched orders on Javelin SEF.~~
- ~~2. All bunched orders shall be allocated and recorded in compliance with CFTC regulation 1.35(b) and the National Futures Association ("NFA") Interpretive Notice related to NFA Rule 2-10.~~

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~~3. No later than the end of the Trading Day in which a bunched order is executed all Designated Swap Brokers and Designated Market Makers shall provide Javelin SEF with final allocation information that is sufficient to identify the actual counterparties of each allocated trade.~~

Rule 515. Block Trades

Block trades shall only be entered on Javelin SEF through Javelin SEF's RFQ system. If the RFQ inquiry is for a block trade, the RFQ can be flagged as a block trade and shall be directed to the minimum number of counterparties required by applicable law.

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 report trades to the CME SDR as soon technologically practicable.
3. All Participants and their 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 dealers 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 payor shall be the reporting counterparty.

Rule 517. Position Limits

Javelin SEF may set position limits for any Product (“Position Limits”). Except as provided by Javelin SEF Rules, no Covered Person that executes Trades on Javelin SEF may own or control a position in excess of such Position Limit.

Rule 518. Position Limit Exemptions

Any Covered Person that executes Trades on Javelin SEF may seek an exemption from Position Limits by submitting a Position Limit exemption application in the manner required by Javelin SEF. Javelin SEF, in its sole discretion, subject to CFTC regulations, may take the following action with respect to a Position Limit exemption application: (a) grant the exemption conditioned upon certain limitations or conditions, (b) grant the exemption, or (c) deny the exemption. Javelin SEF shall provide the applicant with written notice of its determination, which shall be final.

Rule 519. Position Accountability

Javelin SEF may establish a position accountability level for any Product. Any Covered Person who owns or controls a position that exceeds the position accountability level in a Product shall provide, upon the request of Javelin SEF, information to Javelin SEF regarding the nature of the position, trading strategy or hedging activities, as applicable. Javelin SEF shall have the right to direct a Covered Person not to increase the size of a position that is subject to position accountability levels.

Rule 520. Pre-Execution Order Screening

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~~At the time an order is submitted to Javelin SEF the Participant submitting such an order must designate a Clearing Member. Upon the entry of any order for execution through use of automated means receipt of an order,~~ Javelin SEF shall facilitate prompt pre-execution screening of ~~such the~~ order by the ~~applicable designated~~ Clearing Member. As soon as such an order is determined to comply with the pre-execution limits, Javelin SEF will enter the order into Javelin SEF.

Rule 521. Trade Execution on Javelin SEF via Voice Trading

Participants may execute Trades on Javelin SEF by voice trading. Voice trading on Javelin SEF is a Trading Facility, as defined by section 1a(51) of the CEA, that enables multiple Participants to make bids and/or offers into Javelin SEF that are open to multiple Participants through the use of the telephone, instant message and electronic mail that are acceptable to Javelin SEF. Voice trading is facilitated by Authorized Employees who communicate to Participants engaged in voice trading the existence of bids and/or offers to multiple Participants and assists in the order execution of voice Trades. Voice trading is accomplished as follows.

1. Participants may submit a bid or offer to an Authorized Employee. All bids and offers communicated to Authorized Employees shall be considered to be firm at the time first communicated to the Authorized Employee and subsequently may be indicative. An Authorized Employee, in his or her discretion, may communicate with Participants to determine trading interest.
2. Promptly upon receipt of a bid or offer the Authorized Employee shall communicate, on an anonymous basis, such bid or offer to all Participants engaged in voice trading, which at no time shall be less than five Participants.
3. Participants may cancel or modify firm bids or offers at any time prior to trade execution by communicating such cancellation or modification to an Authorized Employee, and such cancellation or modification shall become effective upon the Authorized Employee's receipt of such cancellation or modification.
4. Bids and offers shall be matched by Authorized Employees on a price time priority (the bid and/or closest in price that is first in time is given priority).
5. The Authorized Employee shall promptly inform Participants when they are matched in a voice trade and Javelin SEF will enter the Trade into its system.

Rule 522. Trade Execution on Javelin SEF via Voice Hybrid Electronic Trading

Participants may execute Trades on Javelin SEF by a hybrid of voice and electronic trading as follows.

1. Participants may submit bids and/or offers to Authorized Employees and direct that such bids and/or offers be submitted for execution via Javelin SEF's central limit order book or request for quote system. All bids and offers communicated to Authorized Employees shall be considered to be firm at the time first communicated to the Authorized Employee. An Authorized Employee, in his or her discretion, may communicate with Participants to determine trading interest.
2. All bids and/or offers that a Participant directs an Authorized Employee to enter into the central limit order book shall be promptly entered into the central limit order book pursuant to Javelin SEF Rule 505. All bids and/or offers that a Participant directs an Authorized Employee to enter into the request for quote system shall be promptly entered into the request for quote system pursuant to Javelin SEF Rule 506.
3. Participants may cancel or modify bids or offers at any time prior to trade execution by communicating such cancellation or modification to an Authorized Employee and such cancellation or modification shall become effective upon the Authorized Employee's entry of the cancellation or modification of the order into the central limit order book or request for quote system, as applicable.
4. The Authorized Employee shall promptly inform Participants when they are matched in a Trade.

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CHAPTER 6 CLEARING

Rule 601. General

All Trades executed on Javelin SEF shall be routed for clearing through the Clearinghouse ~~selected for applicable to~~ such Trade at the time of order entry. ~~For any Trade occurring on the central limit order book of the Javelin SEF Trading System the Clearinghouse applicable to such Trade shall be the Clearinghouse designated in the product description as it appears at the time of order entry. For any Trade occurring on the RFQ system of the Javelin SEF Trading System the Clearinghouse applicable to such Trade shall be specified by the requestor at the time the RFQ is entered.~~ All Trades executed on Javelin SEF shall be subject to the rules, policies and procedures of such Clearinghouse, the Javelin SEF Rules and applicable law. Clearing Members ~~approved by registered with~~ Javelin SEF shall provide such ~~clearing~~ services as are necessary to process and ~~clear guarantee~~ Trades as provided by ~~Chapter 6 of the Javelin SEF Rules~~ applicable law. Javelin SEF shall route Matched Orders to the Clearinghouse in a manner acceptable to the Clearinghouse for the purposes of facilitating the processing of Matched Orders for clearing in a prompt, efficient and accurate manner, in compliance with applicable law.

Rule 602. Clearing Members

Clearing Members approved by Javelin SEF shall not (a) be required to execute a Javelin SEF Participant Agreement and (b) have Trading Privileges.

Only a Clearing Member ~~approved by registered with~~ Javelin SEF shall be authorized to provide clearing services to Participants and their ~~c~~Customers for Trades executed on Javelin SEF ~~for the Javelin SEF Division for which they are registered. All Clearing Members shall provide clearing services in compliance with applicable law and the Javelin SEF Rules.~~

Any Clearing Member that desires Trading Privileges may apply for Participant status pursuant to Chapter 3 of the Javelin SEF Rules.

Rule 603. Criteria for ~~Registering~~ Approving as a Clearing Members

Comment [RN1]: I'm suggesting "Approving" rather than "becoming" because we use it in the first sentence below, and it better reflects that we are doing the approving.

To be approved ~~considered for registration~~ as a Clearing Member on Javelin SEF, a Clearing Member an Applicant ~~must demonstrate the following~~:

1. ~~The Clearing Member is~~ be a member in good standing of at least one Clearinghouse and is authorized by such Clearinghouse to clear Trades ~~executed on Javelin SEF; and.~~
2. ~~The Clearing Member may also be a Participant. For the avoidance of any doubt, an Applicant wishing to register as a Clearing Member may do contemporaneously with an application for admission as a Javelin SEF Participant. Each Clearing Member shall register for the Javelin SEF vertical in which it wishes to be authorized to provide clearing services to Participants and their Customers.~~
3. ~~The Clearing Member is of good reputation and business integrity.~~
4. 2. ~~The Clearing Member holds~~ all necessary regulatory authorizations, licenses, permissions and approvals.
5. ~~In compliance with CFTC Regulation 1.74 and the guidance issued by the CFTC's Division of Clearing and Risk on September 21, 2012 ("CFTC Clearing Guidance"), the Clearing Member shall accept or reject Matched Orders submitted to it for clearing within 60 seconds.~~
6. ~~The Clearing Member has not entered into any agreement to provide clearing services that:~~
 - a. ~~discloses to an FCM or any swap dealer or major swap participant the identity of a Customer's original executing counterparty;~~
 - b. ~~limits the number of counterparties with whom a Customer may enter a trade;~~
 - c. ~~restricts the size of the position a Customer may take with any individual counterparty, apart from an overall limit for all positions held by the Customer at the FCM;~~

- ~~d.—impairs a Customer’s access to execution of a trade on terms that have reasonable relationship to the best terms available; and~~
- ~~e.—attempts to limit or supersede Javelin SEF Rules.~~

~~7.—The Clearing Member has the ability to:~~

- ~~a.—monitor for adherence to the risk based limits intra-day and overnight;~~
- ~~b.—conduct stress testing as required by applicable law;~~
- ~~c.—evaluate its ability to meet initial requirements at least once per week;~~
- ~~d.—evaluate its ability to meet variation margin requirements at least once per week;~~
- ~~e.—evaluate its ability to liquidate, in an orderly manner, positions in the proprietary and customer accounts and estimate the cost of the liquidation at least once per quarter; and~~
- ~~f.—test all lines of credit at least once a year.~~

Rule 604. Clearing Member Registration Process Reserved

- ~~1.—Any entity wishing to become a Clearing Member registered with Javelin SEF shall complete the following forms with complete and accurate information:
 - ~~a.—a Javelin SEF Clearing Member Registration Application, which includes, without limitation, an agreement to abide by Javelin SEF Rules and applicable law and submit to Javelin SEF jurisdiction; and~~~~
- ~~2.—any additional documents and information Javelin SEF may reasonably deem necessary or desirable to further clarify information provided in the Javelin SEF Clearing Member Registration Application. In considering an application for registration from a Clearing Member, Javelin SEF may conduct an investigation to verify information submitted by the Clearing Member.~~
- ~~3.—All applications for Clearing Member registration will be reviewed by Javelin SEF staff. Such review shall not take place until such Clearing Member Registration Application is complete. Javelin SEF shall provide each Clearing Member requesting Javelin SEF Clearing Member registration with written notice of its determination to grant or deny such request.~~

4. ~~Javelin SEF may deny or condition the grant of Clearing Member registration:~~
- ~~a. if such Clearing Member is unable to satisfactorily demonstrate its ability to satisfy the eligibility criteria to become or remain a Clearing Member; and~~
 - ~~b. if such Clearing Member is unable to satisfactorily demonstrate its capacity to adhere to Javelin SEF Rules.~~
- 5.1. ~~Upon Javelin SEF's approval of a Clearing Member's request to register as a Javelin SEF Clearing Member, such newly registered Clearing Member shall complete the on-boarding process including, without limitation, performing all acts and providing all documents and information Javelin SEF deems necessary or desirable for the prompt, efficient and accurate clearing of Javelin SEF Products.~~

Rule 605. Obligations of a Clearing Member

Each Clearing Member shall ~~guarantee and assume responsibility for the financial obligations regarding all trading activity for each account of the Participant(s) and their customer(s) for which it provides~~ clearing services necessary to process and clear its customer's trades, and for itself if it is a Participant.

Rule 606. Acceptance and Rejection for Clearing

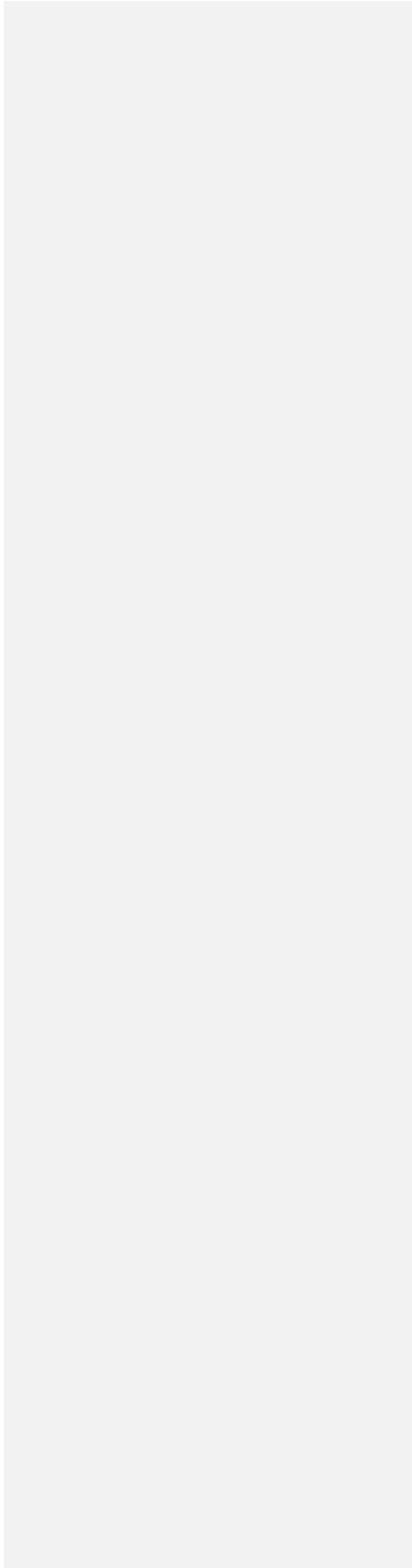
Upon the execution of any orders resulting in Matched Orders through use of automated means to screen orders for compliance with risk based limits, Javelin SEF shall promptly submit such Matched Orders to the Clearinghouse for acceptance for clearing. Upon the execution of any orders resulting in Matched Orders without the use of automated means for compliance with risk based limits, Javelin SEF shall promptly submit such Matched Orders to the Clearinghouse for acceptance for clearing by the applicable Clearing Member and Clearinghouse. Matched Orders submitted for clearing and for which a rejection notice from the Clearinghouse has been received by Javelin SEF shall be void *ab initio*.

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Rule 607. Reserved



CHAPTER 7 BUSINESS CONDUCT

Rule 701. General

For purposes of this Chapter 7, the term “Participant” shall mean each Participant and its Supervised Persons and Participant Representatives. All Participants shall be subject to the jurisdiction of Javelin SEF, which includes, without limitation, compliance with Javelin SEF’s business conduct rules. All Participants are deemed to know, consent to and agree to be bound by the Javelin SEF Rules. Javelin SEF may hold a Participant liable for its acts and omissions that constitute violations of Javelin SEF Rules and impose sanctions against such Participant as provided in the Javelin SEF Rules.

Rule 702. Inquiries and Investigations

Javelin SEF’s Compliance Department will monitor compliance with the Javelin SEF Rules and investigate any possible rule violations of which it becomes aware and recommend the commencement of Summary Proceedings and/or Disciplinary Proceedings as it deems appropriate. In addition to discovery or receipt of information that is an indication of a possible rule violation, Javelin SEF may commence an investigation upon the request of a regulator or law enforcement agency.

Rule 703. Services Agreement with Regulatory Services Provider

Javelin SEF may, at any time, choose to contract with a registered futures association, or other registered entity, for the provision of regulatory services which includes, without limitation, assistance with Javelin SEF’s enforcement of the Javelin SEF Rules. Any act or requirement that is required to be performed by the Compliance Department, under the Javelin SEF Rules, may

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be performed by a regulatory service provider. Javelin SEF shall retain ultimate decision-making authority with respect to any functions that are contracted to a Regulatory Service Provider.

Rule 704. Appointment of Disciplinary Panel

1. At the commencement of a Disciplinary Proceeding the Regulatory Oversight Committee shall serve the Compliance Department, the Respondent, as applicable, and the Disciplinary Panel members with written notice of the appointment of such Disciplinary Panel. The Respondent shall not be provided with notice of the appointment of a Review Panel unless the Respondent has been notified that it must appear before the Review Panel.
2. Within 10 days of service of the appointment of a Disciplinary Panel the Compliance Department and the Respondent, as applicable, may seek to disqualify any individual named to serve on the Disciplinary Panel because such individual has a Material Conflict of Interest or for reasons provided in Javelin SEF Rule 206 or for any other reason by serving written notice of their disqualification request on the Chairperson of the Regulatory Oversight Committee and contemporaneously serving a copy of the request for disqualification on the Compliance Department. By failing to timely file a request for disqualification, the Compliance Department and Respondent, as applicable, shall be deemed to have consented to and waived any objection to the composition of the Disciplinary Panel. The Chairperson of the Regulatory Oversight Committee, in his or her sole discretion, shall determine the merits of any request for disqualification. If the Chairperson of the Regulatory Oversight Committee determines that the request for disqualification has merit, the Disciplinary Panel member shall be replaced and a new member shall be appointed. Any such decision shall be final and not subject to appeal.
3. Upon appointment to a Disciplinary Panel each member of the Disciplinary Panel shall promptly disclose to the Chief Compliance Officer any actual or potential Material Conflict of interest. The Chief Compliance Officer, will determine if an actual or potential Material Conflict of Interest exists. In the event an actual or potential Material Conflict of Interest exists, the member of the Disciplinary Panel having such actual or potential

Material Conflict of Interest shall be removed from the Disciplinary Panel and another panel member shall be appointed.

Rule 705. Confidentiality

All information regarding a Disciplinary Proceeding shall be confidential and not be disclosed except as necessary to conduct such Disciplinary Proceeding, or as may be required by law.

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 505.
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 707. Disciplinary Proceedings and Summary Proceedings

Javelin SEF through its Compliance Department will conduct market surveillance and Disciplinary Proceedings that include, without limitation, inquires, investigations, disciplinary proceedings, disciplinary hearings, appeals from disciplinary decisions, and Summary Proceedings. Javelin SEF may impose sanctions, as provided by the Javelin SEF Rules, against Participants regarding conduct (including the failure to act) that constitutes a violation of Javelin SEF Rules.

Rule 708. Service of Documents

Any Complaint, Answer or other documents regarding Javelin SEF Disciplinary Proceeding or Summary Proceeding may be served, and service shall be deemed completed upon (i) hand delivery, (ii) deposit in the United States mail, postage paid, via registered mail or certified mail return receipt requested; (iii) deposit in nationally recognized overnight mail carrier; or (iv) sending of such documents by electronic mail with a confirmation copy promptly sent by United States mail. Service made on a Respondent shall be to the address Respondent provided to Javelin SEF for notices from Javelin SEF. Service to the Compliance Department shall be made to the address of the Chief Compliance Officer, or such other address designated by the Chief Compliance Officer. Service to a Disciplinary Committee shall be made at the address of Javelin SEF and shall state the name of the Javelin SEF Committee and its Chairperson.

Rule 709. Representation

During any Javelin SEF Disciplinary Proceeding, a Respondent may represent itself, or be represented by counsel (at such Respondent's sole cost and expense), the compliance staff of such Respondent or another Participant (including in-house counsel or compliance staff of a Participant) other than a Participant that is a member of a Disciplinary Committee. A Respondent shall provide the Chief Compliance Officer with prompt notice of the name and contact information of its counsel or representative. For the purposes of this Chapter 7, all references to Respondent shall include such Respondent's counsel or representative, and any reference to Respondent's counsel shall include Respondent's representative.

Rule 710. Prohibited Activities

No Person shall delay, impede, interfere with, or attempt to influence a Javelin SEF Disciplinary Proceeding or Summary Proceeding. Any Person that learns of any activity prohibited by this Javelin SEF Rule shall give prompt notice of such activity to the Chief Compliance Officer.

Rule 711. Ex Parte Communications

1. The Respondent and the Javelin SEF compliance staff involved in a Disciplinary Proceeding shall have the opportunity to participate in all communications with the Disciplinary Committee.
2. Neither Javelin SEF's compliance staff nor any Respondent, or its counsel, involved in a Disciplinary Proceeding shall knowingly make or cause to be made an ex-parte communications regarding the merits of such Disciplinary Proceeding with any member of the Disciplinary Committee assigned to handle such Disciplinary Proceeding.

3. No member of the Disciplinary Committee assigned to handle a Disciplinary Proceeding shall knowingly make or cause to be made an ex parte communication with the Respondent or Javelin SEF compliance staff regarding a Disciplinary Proceeding.
4. It shall not be a violation of this Javelin SEF Rule for the Respondent or Javelin SEF compliance staff involved in a Disciplinary Proceeding to individually have communications with the Disciplinary Committee regarding scheduling or procedural matters, nor shall it be a violation of this Javelin SEF Rule if a Person refuses an attempted ex parte communication concerning the merits of a Disciplinary Proceeding as soon as it become apparent that such communication concerns the merits of a Disciplinary Proceeding.
5. Any Person that receives or learns of any communication prohibited by this Javelin SEF Rule shall give prompt notice of such communication (including any response thereto) to the Chief Compliance Officer.

Rule 712. Testimony and Production of Documents

The Board, Chief Executive Officer, Chairperson of any Disciplinary Committee, Chief Compliance Officer and Javelin SEF compliance staff engaged in any Disciplinary Proceeding shall have the power to issue (i) subpoenas compelling the appearance of any Participant before a Javelin SEF Committee or Javelin SEF compliance staff conducting a Disciplinary Proceeding, or (ii) document demands compelling the production of documents, information, records and other tangible evidence to a Javelin SEF Committee or Javelin SEF compliance staff conducting a Disciplinary Proceeding. A Participant receiving a subpoena pursuant to the Javelin SEF Rules shall appear by an Authorized Trader, Participant Representative, officer or employee fully familiar with the relevant facts and circumstances. A Participant's failure to provide testimony as requested by a subpoena or the failure to provide documents, information, records and other tangible evidence as required by a document demand shall be a violation of the Javelin SEF Rules and shall be subject to disciplinary action.

Rule 713. Reserved

Rule 714. Authority of the Chief Compliance Officer and the Compliance Department

The Chief Compliance Officer shall be responsible for enforcing Javelin SEF Rules and shall have available to him or her all the resources of the Compliance Department. Under the direction of the Chief Compliance Officer, the Javelin SEF Compliance Department will determine the nature and scope of its inquiries and investigations and will perform its compliance functions independently of any commercial interests of Javelin SEF. The Compliance Department shall have the authority to:

1. conduct annual audit trail and recordkeeping reviews;
2. initiate inquiries;
3. request that Participants appear for an interview, which at the Compliance Department's discretion may be conducted under oath;
4. request documents and/or other tangible evidence;
5. review other trading activity;
6. gather any additional information the Compliance Department, in its discretion, deems necessary;
7. prepare investigative reports, make determinations as to whether or not reasonable cause exists to believe that a rule violation has been committed, and make recommendations as to what charges should be brought;
8. recommend the commencement of a Summary Proceeding or Disciplinary Proceeding;
9. prosecute alleged violations of Javelin SEF Rules within Javelin SEF's disciplinary jurisdiction;
10. represent the Compliance Department before the Disciplinary Committee during all phases of the disciplinary process, including, without limitation, settlement offers, hearings and appeals;
11. issue and serve notices of disciplinary charges ("Complaint") on Participants;
12. review denials of access to Javelin SEF for disciplinary reasons; and
13. issue subpoenas and document requests as provided in the Javelin SEF Rules.

Rule 715. Obligations of Participants

Each Participant shall:

1. promptly respond to inquiries made by the Compliance Department, including requests for interviews;
2. produce documents and/or other tangible evidence in response to a document demand issued pursuant to Javelin SEF Rules;
3. appear before a Disciplinary Committee in response to a subpoena;
4. appear before a Disciplinary Committee as a witness called by either party to a Javelin SEF Disciplinary Proceeding; or
5. appear before a Disciplinary Committee as a Respondent in any Disciplinary Proceeding or appear before the ROC in connection with a Summary Proceeding.

Rule 716. Investigative Reports

1. Investigation. The Compliance Department shall maintain a log of all inquiries, investigations and their disposition. At the conclusion of each investigation the Compliance Department will prepare a written report of such investigation ("Investigative Report"). The Investigative Report will provide the following information: (i) whether there is reasonable cause to believe that a rule violation is about to occur or has occurred, (ii) a description of the facts supporting the Compliance Departments' determination, (iii) the Respondent's disciplinary history, and (iv) the recommendations of the Compliance Department.
2. Review of Investigative Reports by Chief Compliance Officer. All Investigative Reports will be reviewed by the Chief Compliance Officer to determine whether there is reasonable cause to believe that a rule violation is about to occur or has occurred. At the conclusion of such review if the Chief Compliance Officer determines that additional evidence or investigation is needed to determine whether a reasonable basis exists to

believe that a rule violation is about to occur or has occurred, the Chief Compliance Officer may direct the Compliance Department to conduct such further investigation.

3. Recommendations of the Compliance Department. At the conclusion of its investigation the Compliance Department may make any of the following recommendations:
 - a. that the investigation be closed without any further action;
 - b. that a Warning Letter be issued;
 - c. that the matter be settled prior to preparation of a complaint; or
 - d. that a Complaint be issued.

Rule 717. Review of Investigative Reports by the Review Panel

The Compliance Department shall present all Investigative Reports to the Review Panel.

1. Upon due consideration of the Investigative Report the Review Panel may:
 - a. reject the recommendation(s) of the Compliance Department and send the matter back for further investigation;
 - b. adopt the recommendation(s) of the Compliance Department;
 - c. adopt in part the recommendation(s) of the Compliance Department; or
 - d. approve the settlement of disciplinary charges (based upon the Investigative Report and prior to the issuance of a complaint).
2. If the Compliance Department makes a recommendation that the preparation and service of a Complaint is warranted, then the Compliance Department may serve the Respondent with notice that the Compliance Department has recommended that disciplinary charges be brought against it.
3. The Compliance Department may permit the Respondent to propose a settlement of the alleged charges or submit a written statement explaining why a disciplinary proceeding should not be commenced or why one or more of the charges alleged should not be brought.

Rule 718. Complaint

If the Review Panel determines that a complaint should be issued the Compliance Department shall prepare a complaint and serve it within 30 days of the Review Panel's determination that a Complaint should be issued. The Complaint shall:

1. describe the acts, omissions or conduct that the Respondent is alleged to have engaged in;
2. indicate the Javelin SEF Rules that the Respondent is alleged to have violated or is about to violate;
3. indicate the proposed sanctions for such violation(s);
4. advise the Respondent of Respondent's right to respond to the Complaint and request a hearing and the time deadline provided in the Javelin SEF Rules for doing so;
5. advise the Respondent that, except for good cause, Respondent's failure to respond to the Complaint within the time deadline provided in the Javelin SEF Rules will be deemed to be a waiver of the right to a hearing; and
6. advise the Respondent that all allegations in the Complaint not expressly denied shall be deemed admitted.

Rule 719. Answer

The Respondent shall serve an Answer no later than 20 days after service of the Complaint, or such other date agreed upon by the Respondent and the Compliance Department. The Answer shall:

1. state the allegations the Respondent admits or denies;
2. state which allegations the Respondent does not have sufficient knowledge to either admit or deny;
3. state any affirmative defenses and, where applicable, include any facts that contradict the notice of charges; and
4. be signed by the Respondent.

A general denial of the charges shall not satisfy the requirements of this Javelin SEF Rule. Any allegation for which the Answer does not provide a response shall be deemed admitted. Unless good cause is shown, if a Respondent fails to serve an Answer within the required time frame, then all charges in the Complaint shall be deemed admitted.

Rule 720. Pre-hearing Procedures

1. Discovery between the Respondent and the Compliance Department. At any time prior to the start of a hearing a Respondent may make a written request to the Compliance Department to review the records, information and tangible evidence in the possession and control of the Compliance Department that the Compliance Department will rely upon to support the allegations and proposed sanctions stated in the Complaint. Such review shall occur at a date and time mutually convenient to the Respondent and Compliance Department. The Respondent may obtain a copy of all such evidence at the sole cost and expense of the Respondent. Javelin SEF may withhold documents that: (i) are privileged or constitute attorney work product, (ii) were prepared by an employee of Javelin SEF but will not be offered in evidence in the disciplinary proceedings; (iii) may disclose a technique or guideline used in examinations, investigations, or enforcement proceedings, or (iv) disclose the identity of a confidential source. The Compliance Department is not required to produce or obtain documents that are not in its possession and control. For the avoidance of any doubt, information that could adversely affect competitive positions include positions in Products currently held, trading strategies used in establishing or liquidating positions, the identity of any Respondent and the personal finances of the Person providing the information.
2. Discovery between the Respondent and Third-parties. Prior to the hearing the Respondent may seek documents, information or other tangible evidence, not in the possession of the Compliance Department from a third-party. If such third-party is subject to the jurisdiction of Javelin SEF and fails to provide the documents, information or other tangible evidence requested by the Respondent on a voluntary basis the Respondent may make a written application to the Hearing Panel for an order compelling such production. At any time prior to the hearing the Respondent may

make an application to the Hearing Panel requesting the Hearing Panel issue a subpoena compelling the appearance and testimony of a Person, subject to the jurisdiction of Javelin SEF, at the hearing. The Respondent shall serve the Compliance Department with a copy of any application made to the Hearing Panel pursuant to this Javelin SEF Rule and the Compliance Department may object in whole or in part to any such application made by the Respondent.

3. Resolution of Discovery Disputes. Either party may make a written application to the Hearing Panel for resolution of any discovery dispute. Any party making an application to the Hearing Panel for the resolution of a discovery dispute shall timely serve the other party with a copy of their written application to the Hearing Panel. Any such application to the Hearing Panel shall include the following information (i) a description of the documents, information or other tangible evidence that is sought, (ii) the name of the custodian of the documents, information or other tangible evidence that is sought, (iii) the nature of the custodian's objection to their production, and (iv) the reasons why the Hearing Panel should compel the production of documents, information or other tangible evidence that is sought.
4. Pre-Hearing Disclosure. At least 14 days before the start of the hearing each party shall provide the other party with a (i) list of witnesses that the party intends to call to testify at the hearing, and (ii) copies of the documents, information and other tangible evidence that the party intends to rely upon at the hearing. The Hearing Panel may refuse to consider any documents, information or other tangible evidence which was not produced to a party or permit testimony from a witness whose name was not disclosed to the other party pursuant to this Javelin SEF Rule.
5. Pre-Hearing Conference. Prior to the hearing the Hearing Panel may hold a meeting to determine motions, procedural issues and evidentiary matters.
6. Notice of the Hearing. The Hearing Panel shall provide the parties with reasonable notice, confirmed in writing, of the date, time and place of the hearing.

Rule 721. Hearing Procedures

1. Hearing Panel Procedures. After the Complaint is served on the Respondent, the proceeding will be referred to the Hearing Panel. The Hearing Panel will have the authority to review and consider (i) any settlement offers made by the Respondent and (ii) any evidence presented at a hearing.
2. Hearing Procedures. The following procedures will apply during a hearing.
 - a. The entire Hearing Panel shall be present during the hearing. The Chairperson of the Hearing Panel may adjourn, continue, or otherwise conduct the hearing.
 - b. The Compliance Department will represent Javelin SEF at the hearing and may present evidence in support of its case.
 - c. The Compliance Department shall have the burden of proof and shall prove alleged rule violations by a preponderance of the evidence.
 - d. The Respondent may present evidence in support of his or her defense. If the Respondent fails to appear, the hearing may proceed without the Respondent.
 - e. Each party will have the right to call and cross-examine witnesses.
 - f. The formal rules of evidence do not apply. The Chairperson of the Disciplinary Panel will make all evidentiary and procedural determinations, including, without limitation, the admissibility and relevance of evidence. Javelin SEF staff may provide guidance to the Chairperson of the Disciplinary Panel conducting the hearing.
 - g. After the conclusion of the hearing the Hearing Panel will issue a written decision, which it shall provide to all parties.
 - h. The Hearing proceedings will be recorded in a format that can be transcribed.

Rule 722. Decision of the Hearing Panel

As soon as reasonably practicable after the hearing, the Hearing Panel will issue a written decision and order rendering its determination based upon the weight of the evidence contained in the record of the hearing, and will serve a copy on the Compliance Department and the Respondent. A decision of the majority of the Hearing Panel shall constitute the

decision of the Hearing Panel. The Hearing Panel's decision and order shall contain the following (i) a summary of the allegations contained in the Complaint; (ii) a summary of the Answer, including any affirmative defenses asserted; (iii) a brief summary of the documents, information, testimony and/or other tangible evidence admitted into evidence at the hearing; (iv) the Hearing Panel's findings and conclusions concerning each of the allegations charged in the Complaint, including each Javelin SEF Rule and provision of law the Respondent is found to have violated; (v) the sanctions imposed, if any, and the effective date of each sanction; and (vi) notice of the Respondent's right to appeal. Unless a timely notice of appeal is filed pursuant to Javelin SEF Rules, the decision and order of the Hearing Panel will become a Final Decision.

Rule 723. Offers of Settlement

1. A Respondent may propose an offer of settlement at any time during the disciplinary process.
2. All offers of settlement shall be in writing, signed by the Respondent and contain proposed findings and sanctions agreed upon by the Respondent and the Compliance Department. A Respondent may offer to settle a Disciplinary Proceeding without admitting or denying the findings contained in the Complaint, but must consent to the jurisdiction of Javelin SEF to impose sanctions on Respondent in connection with the Disciplinary Proceeding.
3. Respondent shall serve a copy of the offer of settlement on the Compliance Department and the Chairperson of the Review Panel or Hearing Panel, as applicable.
4. The Review Panel or Hearing Panel, as applicable, may accept or reject the offer of settlement, but may not modify the terms of the offer without the Respondent's consent. In making its determination the Review Panel or Hearing Panel may provide the Compliance Department and the Respondent the reasons why the offer of settlement has been accepted or rejected.
5. All offers of settlement that have been accepted by the Review Panel or Hearing Panel shall be submitted to the Board for approval. If the offer of settlement is accepted by the Board it shall be a Final Action and shall be deemed to constitute a waiver of Respondent's right to hearing. The Compliance Department and Respondent shall

receive prompt notice of the Board's determination to accept or reject the offer of settlement.

6. A Respondent may withdraw an offer of settlement any time prior to acceptance of such offer of settlement by the Board.
7. If the offer of settlement is not accepted by the Hearing Panel, Review Panel, or Board, as applicable, then the Disciplinary Proceeding shall continue as if the offer of settlement had not been made. All documents relating to such offer of settlement shall not become part of the record in such Disciplinary Proceeding. Neither the Compliance Department, nor the Respondent shall use an unaccepted offer of settlement for any purpose during any stage in the Disciplinary Proceeding, including, without limitation, as an admission of wrong doing.

Rule 724. Appeals

1. No later than 30 days after service of a hearing decision any party may file a notice of appeal with the Compliance Department that shall state the reason for the appeal. Upon the timely service of a notice of appeal the sanctions imposed in the decision and order of the Hearing Panel will be suspended pending the determination of the Respondent's appeal.
2. The notice of appeal shall state the grounds for appeal, including the findings of fact, conclusions or sanctions to which the Respondent objects. A Respondent may appeal a decision and order of the hearing panel on the grounds that:
 - a. the decision and order was arbitrary, capricious, an abuse of discretion, or not in accordance with the rules of Javelin SEF;
 - b. the decision and order exceeded the authority or jurisdiction of the Hearing Panel;
 - c. the decision and order failed to observe required procedures;
 - d. the decision and order was unsupported by the facts or evidence; or
 - e. the imposed sanctions are inappropriate or unsupported by the record.
3. Upon receipt of the notice of appeal the Compliance Department will compile the appeal record, which will include, without limitation, (i) the complaint, (ii) the Answer,

(iii) a copy of all items accepted into evidence, (iv) the transcript of the hearing, and (v) the hearing decision. The Compliance Department will provide the Respondent(s) and Appeal Panel with a copy of the record on appeal no later than 60 days after the Compliance Department's receipt of the notice of appeal or such other deadline agreed upon by the Respondent and the Compliance Department.

4. No later than 20 days after service of the record on appeal by the Compliance Department, the Respondent shall serve the Compliance Department and the Chairperson of the Appeal Panel with a brief supporting its appeal.
5. No later than 20 days after service of Respondent's appeal brief, the Compliance Department may serve a brief in response to Respondent's appeal brief on the Respondent and the Chairperson of the Appeal Panel.
6. No later than 10 days after service of the Compliance Department's responding brief, the Respondent may serve a reply brief on the Compliance Department and the Chairperson of Appeal Panel.
7. After service of the notice of appeal, the Appeal Panel will schedule a meeting at which each party will be given an opportunity to present oral argument to the Appeal Panel. The proceedings held during this meeting will be recorded in a format that can be transcribed. The Appeal Panel shall only consider the record before it, the notice of appeal and the briefs submitted by the parties. The Appeals Panel may only consider new evidence if the Appeals Panel determines that good cause exists as to why the evidence was not introduced during the hearing.
8. After the conclusion of the appeal proceeding, the Appeal Panel will issue a written decision, which it shall provide to all parties.

Rule 725. Decision of the Appeal Panel

As promptly as reasonably possible after the conclusion of oral argument, the Appeal Panel will issue a written decision, based upon the weight of the evidence before the Appeal Panel. The decision of the Appeal Panel will include a statement of the findings of fact and conclusion for each of the findings and sanctions made by the Hearing Panel. In its decision the Appeal Panel may affirm, modify or reverse, in whole or in part, the decision and order of the Hearing Panel,

including the increasing, decreasing or elimination of sanctions or remedies imposed by the Hearing Panel. The Appeals Panel shall not set aside, modify or amend the Hearing Panel's decision unless it determines by majority vote that the Hearing Panel's decision was:

1. arbitrary, capricious, or an abuse of the Hearing Panel's discretion;
2. beyond the authority or jurisdiction of the Hearing Panel; or
3. based upon a clearly erroneous application or interpretation of CFTC Regulations or Javelin SEF Rules.

If the standards for setting aside, modifying or amending the Hearing Panel's decision and order have not been met, and a majority of the Appeal Panel believes that the Hearing Panel's decision and order resulted from a specific error, impropriety, or deficiency in the hearing it may order, by majority vote, that a new hearing be held. In the event that the Appeal Panel determines that a new hearing be held, the Appeals Panel shall provide a copy of the Appeal Panel's decision to the Chairperson of the Regulatory Oversight Committee. No later than 30 days after the receipt of the Appeal Panel's decision, the Regulatory Oversight Committee shall appoint a new Hearing Panel and serve the Compliance Department and the Respondent with notice of such panel appointment.

The decision of the Appeal Panel shall be the Final Action of Javelin SEF and will not be subject to further appeal within Javelin SEF.

Rule 726. Imposition of Summary Fines

1. The Chief Compliance Officer may summarily impose a fine, pursuant to Javelin SEF Rule 728(5), against a Respondent for failing (i) to make timely and accurate submissions of notices, reports or other required information to Javelin SEF or (ii) keep such books and records as required by the Javelin SEF Rules.
2. The Chief Compliance Officer shall serve written notice of each summary fine imposed which shall include (i) the violation of the Javelin SEF Rule for which the fine has been issued; (ii) the date of the violation of the Javelin SEF Rule; (iii) the amount of the fine; and (iv) the payment due date.

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3. No later than 20 days after service of the notice of a summary fine, the Respondent upon whom the notice of summary fine was served may appeal the imposition of such summary fine by serving a written request for review of the summary fine to the Regulatory Oversight Committee and the Chief Compliance Officer. The service of a request to review a summary fine shall suspend the payment due date pending the determination of the Respondent's request for review.
4. Within 10 days after service of the request for review of a summary fine, the Chief Compliance Officer may serve a response to the Respondent's review on the Respondent and the Regulatory Oversight Committee.
5. As soon as reasonably possible after service of the Chief Compliance Officer's response to the Respondent's request for review of the summary fine, the Regulatory Oversight Committee will render a written decision that affirms, modifies or sets aside the summary fine imposed by the Chief Compliance Officer. The decision of the Regulatory Oversight Committee shall be the final action of Javelin SEF and will not be subject to further appeal within Javelin SEF.

Rule 727. Summary Proceedings

1. A Summary Proceeding may be commenced in addition to any other Disciplinary Proceeding.
2. After consultation with the Chief Compliance Officer, the Regulatory Oversight Committee, may summarily suspend, restrict or revoke the Trading Privileges of any Respondent as result of (i) Respondent's statutory disqualification, (ii) the reasonable belief that immediate action is required to protect the public or Participants; or (iii) the nonpayment of disciplinary fines ("Summary Proceeding"). The Regulatory Oversight Committee's determinations from the Summary Proceeding shall be in written decision that states (i) the acts, omissions or conduct the Respondent is alleged to have committed; (ii) the sanctions imposed and their effective date; and (iii) the Respondent's right to appeal ("Summary Proceeding Decision"). The sanctions imposed by Summary Proceeding Decision may be effective immediately, on a future date or

dependent upon the occurrence of a future event. The Chief Compliance Officer shall promptly serve a copy of the Summary Proceeding Decision on the Respondent.

3. No later than 10 days after service of the Summary Proceeding Decision, the Respondent may appeal the Summary Proceeding Decision by serving a written request ("Summary Proceeding Review Notice") on the Chairperson of the Regulatory Oversight Committee and serving a copy on the Chief Compliance Officer. The Summary Proceeding Review Notice shall state the grounds for appeal, including the findings of fact, conclusions or sanctions to which the Respondent objects. The Respondent's failure to serve Summary Proceeding Review Notice in a timely manner shall constitute a waiver of Respondent's right to appeal the Summary Proceeding Decision.
4. The Regulatory Oversight Committee shall meet to consider the Summary Proceeding Review Notice as soon as practicable after its receipt by the Chairperson of the Regulatory Oversight Committee ("Summary Proceeding Review Conference"). Both the Chief Compliance Officer and the Respondent may be present at the Summary Proceeding Review Conference. No later than 20 days after the Summary Proceeding Review Conference, the Regulatory Oversight Committee shall issue a written decision either affirms, modifies or reverses the Summary Proceeding Decision. Such decision shall be promptly served on the Chief Compliance Officer and the Respondent and shall not be subject to further review by any Javelin SEF Committee.

Rule 728. Sanctions

1. Disciplinary Committees are authorized to impose the following sanctions upon a finding of a rule violation:
 - a. a warning letter, as provided below
 - b. a condition or limit Trading Privileges
 - c. suspension or in lieu of a suspension, with the Respondent's consent, a fine as described in section 2 below;
 - d. restitution;
 - e. expulsion; or
 - f. any combination of sanctions.

2. As an alternative to suspension a Respondent may choose to pay a fine to Javelin SEF, provided that the Disciplinary Committee that imposed such suspension consents to the imposition and amount of the fine. Javelin SEF may impose a fine in an amount up to \$100,000 for each disciplinary offense. Failure to pay an agreed fine within 30 days of the date from which the fine is due shall result in suspension and/or further disciplinary action.
3. The following restriction shall apply to the issuance of warning letters. No more than one warning letter, in lieu of stronger disciplinary action, shall be issued to a Respondent for the same rule violation during a rolling 12 month period.
4. The Regulatory Oversight Committee is authorized to impose the following sanctions in connection with a Summary Proceeding:
 - a. condition or limit Trading Privileges;
 - b. suspension of Trading Privileges;
 - c. expulsion; or
 - d. any combination of sanctions.
5. Javelin SEF may impose summary fines in an amount up to \$5,000 per offense. Failure to pay a fine within 30 days of date from which the fine is due shall result in the accrual of interest on the fine at the prime rate. Failure to pay a fine within 60 days from the date that the fine was imposed may result in suspension and/or disciplinary action.

Rule 729. Rights and Responsibilities after Suspension or Termination

1. If the Trading Privileges of a Respondent are suspended by Javelin SEF none of such Respondent's rights and Trading Privileges (including the right to enter orders in the Javelin SEF Trading System and hold oneself out as a Participant) and the Trading Privileges of its Authorized Traders) will apply during the period of suspension, except for the Respondent's right to assert claims against others as provided in the Javelin SEF Rules. Any such suspension will not affect the rights of creditors under the Javelin SEF Rules or relieve the Respondent from his or her obligations under the Javelin SEF Rules to perform on Trades entered into before the effective date of such suspension, or for any Javelin SEF fees or costs incurred during the suspension. Javelin SEF may discipline

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any suspended Respondent for any violation of Javelin SEF Rules committed by such Respondent before, during or after the suspension.

2. If the Trading Privileges of a Respondent are terminated, all of such Respondent's rights and Trading Privileges will terminate (including the right to enter orders in the Javelin SEF Trading System and hold oneself out as a Participant and the Trading Privileges of such Respondent's Authorized Traders), except for the right of such Respondent to assert claims against others, as provided by the Javelin SEF Rules. Any such termination will not affect the rights of creditors under the Javelin SEF Rules or relieve the Respondent from Respondent's obligations under the Javelin SEF Rules to perform on Trades entered into before the effective date of such termination. Any Respondent who has had Respondent's Trading Privileges terminated may only obtain reinstatement of Trading Privileges by applying to become Javelin SEF Participant pursuant to the Javelin SEF Rules, and such Respondent may not apply to be a Javelin SEF Participant until six months after the effective date of the termination of such Respondent's Trading Privileges.
3. A terminated Respondent remains subject to the Javelin SEF Rules and the Jurisdiction of Javelin SEF for the acts and omissions that occurred before such Respondent's termination and must cooperate in any Disciplinary Proceeding as if the suspension or termination had not occurred. A suspended Respondent remains subject to the Javelin SEF Rules and the jurisdiction of Javelin SEF for the acts and omissions that occurred before, during or after such Respondent's suspension and must cooperate in any Disciplinary Proceeding as if the suspension had not occurred.

CHAPTER 8 ARBITRATION

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 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) 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 802. Services Agreement with Regulatory Services Provider

Javelin SEF may, at any time, choose to contract with a registered futures association, or other registered entity, for the provision of regulatory services which includes, without limitation, assistance with the resolution of disputes pursuant to Javelin SEF Rules. Any act or requirement that is required to be performed by the Javelin SEF under the Javelin SEF Rules, with respect to Arbitration proceedings may be performed by a regulatory service provider. Javelin SEF shall retain ultimate decision-making authority with respect to any functions that are contracted to a Regulatory Service Provider.

Rule 803. Commencement of an Arbitration Proceeding

1. Any Person wishing to commence an arbitration proceeding (“Claimant”) against a Person (“Respondent”) may do so by serving a Notice of Arbitration on the Respondent and the Chairperson of the Arbitration Committee, together with proof of service, within two years from the date the cause of action accrued.
2. The Notice of Arbitration served on the Chairperson of the Arbitration Committee shall be accompanied by the Claimant’s non-refundable check for arbitration filings fees, as determined by the Javelin SEF Board, which shall be as follows:

<u>Amount of Relief Requested</u>	<u>Filing Fee</u>
up to \$5,000	\$100
over \$5,000 and up to \$25,000	\$250
over \$25,000 and up to \$100,000	\$500
over \$100,000	\$1,500

3. The Notice of Arbitration shall set forth the name and address of the Claimant(s) and Respondent(s), the nature of the allegations against the Respondent(s), the relief requested and the factual and legal basis for granting such relief.

Rule 804. Service Documents

Any Complaint, Answer or other documents regarding a Javelin SEF Arbitration may be served, and service shall be deemed completed upon (i) hand delivery, (ii) deposit in the United States mail, postage paid, via registered mail or certified mail return receipt requested; (iii) deposit in nationally recognized overnight mail carrier; or (iv) sending of such documents by electronic mail with a confirmation copy promptly sent by United States mail. Service made on the Claimant and Respondent shall be made to the address provided by the Claimant and Respondent to Javelin SEF for notices from Javelin SEF. Service to the Arbitration Panel shall be made at the address of Javelin SEF to the attention of the Arbitration Panel and shall state the name of the Chairperson of the Arbitration Panel.

Rule 805. Appointment of Arbitration Panel

1. Promptly after service of the Notice of Arbitration, Javelin SEF will appoint an Arbitration Panel to hear and decide the Arbitration matter. The Arbitration Committee Chairperson shall serve the Claimant, Respondent and each member of the Arbitration Panel with notice of the appointment of the Arbitration Panel.
2. Upon appointment to an Arbitration Panel each member of the Arbitration Panel shall promptly disclose to the Chairman of the Arbitration Committee any matter, relationship or interest with (i) the subject matter of the dispute, and/or (ii) any party to the dispute, that may affect the Arbitration Panel member's ability to be, or create the appearance that he or she is not, impartial in deliberating and deciding the dispute. The Chairperson of the Arbitration Committee will consider such disclosure and determine whether the objection warrants the removal of a member of the Arbitration Panel. If a member of the Arbitration Panel is removed, a replacement will be appointed.
3. Any party wishing to object to the members of the Arbitration Panel may do so provided that such objection is made in writing no later than 10 days after service of notice of the panel appointment and is provided to all parties and the Chairperson of the Arbitration Committee.
4. The Chairperson of the Arbitration Committee will review the objection and determine whether the objection warrants the removal of a member of the Arbitration Panel. If a member of the Arbitration Panel is removed, a replacement will be appointed. The parties shall be notified of any replacement to the Arbitration Panel and will have 10 days to object to the new member of the Arbitration Panel.

Rule 806. Ex-Parte Communications

1. The Claimant and Respondent involved in a Javelin SEF Arbitration shall have the opportunity to participate in all communications with the Arbitration Panel.
2. Neither the Claimant nor the Respondent, or their counsel, involved in a Javelin SEF Arbitration shall knowingly make or cause to be made an ex-parte communication

regarding the merits of such Javelin SEF Arbitration with any member of the Arbitration Panel assigned to handle such Javelin SEF Arbitration.

3. No member of the Arbitration Panel assigned to handle a Javelin SEF Arbitration Proceeding shall knowingly make or cause to be made an ex parte communication with the Claimant or Respondent regarding a Javelin SEF Arbitration.
4. It shall not be a violation of this Javelin SEF Rule for the Claimant or Respondent involved in a Javelin SEF Arbitration to individually have communications with the Arbitration Panel regarding scheduling or procedural matters, nor shall it be a violation of this Javelin SEF Rule if a Person refuses an attempted ex parte communication concerning the merits of a Javelin SEF Arbitration as soon as it becomes apparent that such communication concerns the merits of a Javelin SEF Arbitration.
5. Any Person that receives or learns of any communication prohibited by this Javelin SEF Rule shall give prompt notice of such communication (including any response thereto) to the Chief Compliance Officer.

Rule 807. Arbitration Pre-Hearing Proceedings

1. Each Respondent shall serve an Answer to the Notice of Arbitration on the Claimant and the Chairperson of the Arbitration Committee, no later than 20 days after the service of the Notice of Arbitration, or such other date mutually agreed to by Claimant and Respondent. The Answer may set forth (i) any affirmative defenses, (ii) counterclaims, (iii) cross-claims and/or (iv) third-party claims, provided such claims are asserted over a Person who is subject to mandatory arbitration of such claim or consents to the jurisdiction of the Arbitration Committee. Any party against whom a cross-claim, counter-claim or third-party claim has been asserted shall file a written Answer to those claims with the Chairperson of the Arbitration Committee, with a copy to all parties, no later than 20 days after service of the cross-claim, counter-claim or third-party claim, or such other date mutually agreed to by the parties.
2. As soon as practicable after the appointment of the panel is finalized, the Arbitration Panel shall hold a scheduling conference. At the scheduling conference the Arbitration Panel and the parties will agree upon the case schedule and set a date (or dates) for the

hearing. The Panel shall service all parties with written notice of the date, time and place of the hearing.

3. No later than 30 days after the scheduling conference, each party shall provide to the other party and the Arbitration Panel a copy of the documents and information that will be presented at the hearing. After disclosure of documents and information, any party may serve another party (with a copy to the Chairman of the Arbitration Panel) with a request for additional documents and/or information. The party receiving a request for additional documents and/or information shall respond within 30 days of service of such request or such other date as agreed upon by the parties. A party that receives a request for documents and/or information from another party may raise any objections to such request to the Arbitration Panel. Based upon the facts and circumstances of the matter, the Arbitration Panel, in its sole discretion, will determine whether such additional discovery will be permitted.
4. At least 14 days before the start of the hearing each party shall provide the other party with a (i) list of witnesses that the party intends to call to testify at the hearing, and (ii) copies of the documents, information and other tangible evidence that the party intends to rely upon at the hearing. The Arbitration Panel may refuse to consider any documents, information or other tangible evidence which was not produced to a party or permit testimony from a witness whose name was not disclosed to the other party pursuant to this Javelin SEF Rule.

Rule 808. Arbitration Hearing Proceedings

1. Each party shall be entitled to appear at the hearing personally or with counsel of such party's choice.
2. Each party shall present its case and present the testimony of disclosed witnesses and documents. The claimant must prove their case by the preponderance of the evidence.
3. The formal rules of evidence will not apply.
4. Unless requested by a party no recording of the hearing will be made. Any party may request that a stenographic transcript of the hearing be made provided that party bears the cost of such transcription.

5. The Arbitration Panel, in their sole discretion, may permit the parties to submit post hearing statements.

Rule 809. Arbitration Decision

No later than 90 days after the conclusion of the hearing the Arbitration Panel will render its decision and order in which it may grant such remedy or relief it deems just and equitable. The Arbitration Panel shall serve a copy of its decision and order on all parties. The decision and order may include the following (i) a summary of the allegations contained in the Notice of Arbitration; (ii) a summary of the Answer, including any affirmative defenses asserted; (iii) a brief summary of the documents, information and other tangible evidence admitted into evidence at the hearing; (iv) the Arbitration Panel's findings and conclusions concerning each of the allegations charged in the Notice of Arbitration; and (v) the relief awarded by the Arbitration Panel.

Rule 810. Compensation of Arbitrators

Parties to a Javelin SEF Arbitration shall pay the members of an Arbitration Panel appointed to hear and decide their matter, compensation in compliance with the Arbitrator Fee Schedule determined by the Board. The Arbitrator's Fee Schedule, if any, shall be available on Javelin SEF's website.

Rule 811. Fictitious Claims

The commencement of false or fictitious claims in a Javelin SEF Arbitration shall be a violation of Javelin SEF Rules.

Rule 812. Other Proceedings

No permissive arbitration claims will be accepted by Javelin SEF for arbitration, if Javelin SEF receives notice that another arbitration or civil court proceeding is pending between the parties regarding the same underlying facts.

CHAPTER 9 MISCELLANEOUS

Rule 901. Market Data

1. All Participants, 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, 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 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 the Javelin SEF Trading System, Javelin SEF Market Data, any content or data that may be accessible using, in whole or in part, the Javelin SEF Trading System, (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 using, in whole or in part, the Javelin SEF Trading System; (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 using, in whole or in part, the Javelin SEF Trading System, and (d) use the Javelin SEF Trading System, the Javelin SEF Market Data, any content or data that may be accessible using, in whole or in part, the Javelin SEF Trading System 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 using, in whole or in part, the Javelin SEF Trading System 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, 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 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.

Rule 902. Javelin SEF Employees

1. Javelin SEF employees, officers, agents, independent contractors and consultants are prohibited from disclosing material, non-public information obtained as a result of their employment or relationship with Javelin SEF. Javelin SEF employees, officers, agents, independent contractors and consultants are prohibited from providing non-public information obtained as a result of their employment or relationship with Javelin SEF if such employee, officer, agent, independent contractor or consultant expects or should have reasonably expected that such disclosed information may assist a Person trading in an instrument traded on Javelin SEF or other trading venue.
2. Except as otherwise provided, an employee or officer of Javelin SEF shall not, directly or indirectly, buy or sell any instruments traded on Javelin SEF, or any other trading venue that trades such instruments. This rule does not prohibit an employee or officer of Javelin SEF that has received the prior written approval of the Javelin SEF's Chief Compliance Officer from participating in a pooled investment vehicle or other investment vehicle that is directed by a third-party advisor over which the Javelin SEF officer or employee has no direct or indirect control.
3. Unless a written waiver is granted by the Chief Executive Officer, no Javelin SEF officer or employee may accept a gift or gratuity from a Participant that is more than \$25 (per person) during any calendar year.

Rule 903. Information Sharing Agreements

1. Javelin SEF may enter into information-sharing agreements or other arrangements or procedures to coordinate surveillance with other markets and clearing organizations on

which swaps or financial instruments related to the swaps traded on Javelin SEF are traded or cleared. As part of any information-sharing agreements or other arrangements or procedures adopted pursuant to this rule, Javelin SEF may, among other things:

- a. provide market surveillance reports to other markets;
 - b. share information and documents concerning current and former Participants with other markets and clearing organizations;
 - c. share information and documents concerning on-going and completed investigations with other markets and clearing organizations; and/or
 - d. require Participants to provide information and documents to the Javelin SEF at the request of other markets or clearing organizations with which the Javelin SEF has an information-sharing agreement or other arrangements or procedures.
2. Javelin SEF may enter into an information-sharing arrangement with any Person or body (including, without limitation, the CFTC, the SEC, or any government authority, self-regulatory organization, exchange, market, clearing organization or foreign regulatory authority) if Javelin SEF (i) believes that such Person or body exercises a legal or regulatory function under any law or regulation, or a function comprising or associated with the enforcement of a legal or regulatory function, or (ii) considers such arrangement to be in furtherance of Javelin SEF's purpose or duties under applicable law.
 3. Javelin SEF may disclose to any Person or body information concerning or associated with a Participant or other Person that Javelin SEF believes is necessary and appropriate in exercising a legal or regulatory function (including, without limitation, information concerning any aspect of the business of Javelin SEF) whether or not a formal arrangement governing the disclosure exists or a request for information was made.

Rule 904. Recording of Communications

In the regular course of business, Javelin SEF may record conversations and retain copies of electronic communications between (a) Javelin SEF and (b) Participants and their Supervised Person~~the agents, representatives, staff, officers and Directors of Javelin SEF~~. All such

recording will be retained by Javelin SEF in such manner and for such period of time as Javelin SEF, in its sole discretion, determines is necessary or desirable to comply with applicable law. For the avoidance of any doubt, any Regulatory Service Provider that provides regulatory services to Javelin SEF will have access, to the extent necessary to perform regulatory services, to all such recordings.

Rule 905. Books and Records

Javelin SEF shall keep, or cause to be kept, complete and accurate books and records of accounts of the Javelin SEF, including, without limitation, all books and records required to be maintained pursuant to the CEA and CFTC regulations, as well as the Securities Exchange Act of 1934 and applicable SEC regulations. Javelin SEF shall retain all such books and records for at least seven years, or such longer time as may be required by applicable law, and shall make such books and records readily accessible for inspection, as may be required by applicable law, during the first two years of the such seven year period. Upon request Javelin SEF shall make its books and records available to the CFTC and/or permit on site visitation by duly authorized representatives of the CFTC.

Rule 906. Service Agreement with Technology Services Provider

Javelin SEF may contract with a Technology Service Provider to provide certain technology services to Javelin SEF. In accordance with any agreement between the Technology Services Provider and Javelin SEF, the Technology Services Provider may perform certain functions under the Javelin Rules and Javelin SEF may provide information to the Technology Services Provider in connection with the Technology Services Providers performance of such functions.

Rule 907. Governing Law

The Javelin SEF Rules, and the rights and obligations of Javelin SEF and Participants under the Javelin SEF Rules shall be governed by, and construed in accordance with, the laws of the State of New York.

Rule 908. Javelin SEF Disaster Recovery, Business Continuity and Risk Oversight

1. Javelin SEF shall establish and maintain a program of risk analysis and oversight to identify and minimize sources of operational risk through the development of appropriate controls and procedures and automated systems that are scalable, reliable and secure. Such risk analysis and oversight shall address each of the following categories: (i) information security, (ii) business continuity and disaster recovery planning and resources, (iii) capacity and performance planning, and (iv) systems operations.
2. Javelin shall establish and maintain emergency procedures, back up facilities and a plan for disaster recovery that permits the timely recovery and resumption of operations, and the fulfillment of the responsibilities and obligations of Javelin SEF. Such written policies regarding disaster recovery, business continuity will ensure that Javelin SEF is able to continue to operate during periods of stress. Javelin SEF shall perform periodic testing of disaster recovery and business continuity plans, duplication of critical systems at back up sites and periodic back-up of critical information.

Rule 909. Appointment of Agent for Service of Process

Any Participant organized or located outside of the United States will enter into a written agreement acceptable to Javelin SEF appointing a third party as its U.S. agent for service of process for purposes of CFTC Regulation 15.05, and will provide Javelin SEF with a copy of such agreement.

CHAPTER 10 — INSTRUMENT SPECIFICATIONS

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Rule 1001. Instrument Specifications

1. The following is a summary of terms of IRS Products cleared through the CME.

Contract Overview	An agreement to exchange a stream of cash flows by applying a fixed and floating interest rate to a specified notional over a term to maturity.
Currency Units	US Dollar, British Pounds, Euros
Floating Rate	USD LIBOR, Sterling LIBOR, EURIBOR

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Index	
Contract Size	Increments of 1 million currency units
Minimum Size	1 million currency units notional
Trading Conventions	Buy – Pay Fixed, Receive Float Sell – Receive Fixed, Pay Float
Swap	Fixed-Leg

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Conventions	<ul style="list-style-type: none">• Payment Frequency: Monthly, Quarterly, Semi-Annual, Annual • Day Count Convention: 30/360, 30E/360, ACT/360, ACT/365, ACT/ACT • Holiday Calendars: London, New York, TARGET¹ • Business Day Conventions: Following, Modified Following with adjustment for period end dates & Unadjusted for period end dates <p style="text-align: center;">Floating Leg</p> • Payment/Resets : Monthly, Quarterly, Semi-Annual • Day Count Conventions: 30/360, 30E/360, ACT/360, ACT/365, ACT/ACT, • Holiday Calendars: London, New York, TARGET • Business Day Conventions: Following, Modified Following
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¹ TARGET shall mean any day on which TARGET (the Trans-European Automated Real-time Gross settlement Express Transfer system) is open.

	with adjustment for period-end dates & Unadjusted for 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 month to 51 years.
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	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.

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<p>Payment and Resets</p>	<p>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.</p> <p>Payments are settled in accordance with the payment frequency of the swap.</p>
<p>Floating Fixing Date</p>	<ul style="list-style-type: none"> • USD: The LIBOR Fixing Date is 2 London business days prior to the floating effective date. • GBP: The LIBOR Fixing Date is 2 London business days prior to the floating effective date. • EUR: The EURIBOR Fixing Date is 2 TARGET London business days prior to the floating effective date.

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<p>Trade Start</p> <p>Types</p>	<p style="text-align: center;">Next-Day:</p> <ul style="list-style-type: none"> ● A new swap where the Effective Date is T+1 from the trade date. <p style="text-align: center;">Spot:</p> <ul style="list-style-type: none"> ● A new swap where the Effective Date is T+2 from the trade date. <p style="text-align: center;">Forward:</p> <ul style="list-style-type: none"> ● A new swap with an effective date on any day after the spot start date, before the maturity date, and no longer than 50 years and 11 months.
<p>Trade</p> <p>Types</p>	<ul style="list-style-type: none"> ● “Rate Trades”; interest rate swaps ● “Spreads”; combination of interest rate swaps and US

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	<p style="text-align: center;">Treasury Bond purchases or sales</p> <ul style="list-style-type: none"> • IMM²; interest rate swaps where Effective Date, Accrual Dates and Maturity Date are IMM Dates. • “MAC” Swaps; Market Agreed Coupon • _____
<p>Notional Types</p>	<p style="text-align: center;">“Bullet”; Notional remains constant over term of swap.</p> <p style="text-align: center;">“Variable Notional Swaps”; Notional changes over term of swap.</p>
<p>Settlement Procedure</p>	<p style="text-align: center;">As determined by the Clearing Venue</p>

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~~² 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.~~

Trading Hours	Javelin SEF, LLC trading hours are Monday to Friday 7:15 am to 5:00 pm
Clearing Venue	CME
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.

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Reporting Levels	As provided by Commission Regulation 15.03
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2. The following is a summary of terms of IRS Products cleared through LCH.Clearnet, Ltd and LCH.Clearnet, LLC.

Contract Overview	An agreement to exchange a stream of cash flows by applying a fixed and floating interest rate to a specified notional over a term to maturity.
Currency Units	US Dollar, British Pounds, Euros
Floating Rate Index	USD LIBOR, Sterling LIBOR, EURIBOR
Contract	Increments of 1 million currency units

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Size	
Minimum Size	1 million currency units notional
Trading Conventions	Buy = Pay Fixed, Receive Float Sell = Receive Fixed, Pay Float
Swap Conventions	Fixed Leg <ul style="list-style-type: none"> • Payment Frequency: Monthly, Quarterly, Semi-Annual, Annual • Day Count Convention: 30/360, 30E/360, ACT/360, ACT/365, ACT/ACT

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	<ul style="list-style-type: none"> • Holiday Calendars: London, New York, TARGET³ • Business Day Conventions: Following, Modified Following with adjustment to period end dates & Modified Following without adjustment to period end dates <p style="text-align: center;"><i>Floating Leg</i></p> <ul style="list-style-type: none"> • Payment/Resets : Monthly, Quarterly, Semi-Annual • Day Count Conventions: 30/360, 30E/360, ACT/360, ACT/365, ACT/ACT, • Holiday Calendars: London, New York, TARGET • Business Day Conventions: Following, Modified Following with adjustment to period end dates & Modified Following without adjustment to period end dates
<p>Swap Tenor or</p>	<p>The duration of time from the effective date to the maturity date. A contract can have a Swap Tenor from 1 month to 50 years.</p>

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

Swap Term	
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	<p>Fixed Leg: The payment amount of the Fixed Leg is based on the following: Notional, Fixed Interest Rate, Payment Frequency, and Day Count Convention.</p> <p>Floating Leg: The payment amount of the Floating Leg is based on the following: Notional, Floating Interest Rate Index, Payment Frequency, Day Count Convention, and Floating Reset Dates.</p>

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	<p style="text-align: center;">Payments are settled in accordance with the payment frequency of the swap.</p>
<p>Floating Fixing Date</p>	<ul style="list-style-type: none"> • USD: The LIBOR Fixing Date is 2 London business days prior to the floating effective date. • GBP: The LIBOR Fixing Date is 2 London business days prior to the floating effective date. • EUR: The EURIBOR Fixing Date is 2 TARGET London business days prior to the floating effective date.
<p>Trade Start Types</p>	<p style="text-align: center;">Next Day:</p> <ul style="list-style-type: none"> • A new swap where the Effective Date is T+1 from the trade date. <p style="text-align: center;">Spot:</p> <ul style="list-style-type: none"> • A new swap where the Effective Date is T+2 from the trade date.

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	<p style="text-align: center;"><i>Forward:</i></p> <ul style="list-style-type: none">• <i>A new swap with an effective date on any day after the spot start date, before the maturity date, and no longer than 49 years and 11 months.</i>
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<p>Trade Types</p>	<ul style="list-style-type: none"> • “Rate Trades”; interest rate swaps • “Spreads”; interest rate swaps with US Treasury Bond • IMM⁴; interest rate swaps where Effective Date, Accrual Dates and Maturity Date are IMM Dates. • “MAC” Swaps; Market Agreed Coupon
<p>Notional Types</p>	<p>“Bullet”; Notional remains constant over term of swap.</p> <p>“Variable Notional Swaps”; Notional changes over term of swap.</p>
<p>Settlement Procedure</p>	<p>As determined by the Clearing Venue</p>

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~~4 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.~~

Trading Hours	Javelin SEF, LLC trading hours are Monday to Friday 7:15 am to 5:00 pm
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.

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Reporting Levels	As provided by Commission Regulation 15.03.
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Exhibit C

Clean Copy of Javelin SEF, LLC Rulebook



Javelin SEF, LLC

RULEBOOK

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CHAPTER 1 DEFINED TERMS

“Accepted Trade” shall have the meaning set forth in Javelin SEF Rule 606.

“Affected Person” shall have the meaning set forth in Javelin SEF Rule 313.

“Answer” shall mean a written pleading served by either (a) a Respondent in a Disciplinary Proceeding that meets the requirements of Javelin SEF Rule 719, or (b) a Respondent in a Javelin SEF Arbitration that meets the requirements of Javelin SEF Rule 807.

“Applicant” shall have meaning set forth in Javelin SEF Rule 309.

“Arbitration Panel” shall mean a panel appointed to fulfill the various adjudicative responsibilities described in Chapter 8 regarding arbitration matters.

“Authorized Customer” shall mean a category of Participant of Javelin SEF described in Chapter 3 of the Javelin SEF Rules.

“Authorized Employee” shall mean an employee of Javelin SEF that is authorized by Javelin SEF to facilitate the execution of trades via voice execution and voice hybrid electronic execution pursuant to the Javelin SEF Rules.

“Authorized Representative” shall have the meaning set forth in Javelin SEF Rule 314.

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

“Board” shall mean the members of the Board of Managers of Javelin SEF.

“CEA” shall mean the Commodity Exchange Act.

“CDS Vertical” shall mean a division of Javelin SEF on which such Products as determined by Javelin SEF are traded, including, without limitation, credit indices.

“CFTC” shall mean the United States Commodity Futures Trading Commission.

“CFTC Clearing Guidance” shall have the meaning set forth in Javelin SEF Rule 603.

“Chief Executive Officer” shall mean the individual appointed by the Board as Javelin SEF’s chief executive officer.

“Chief Compliance Officer” shall mean the individual appointed by the Board as Javelin SEF’s chief compliance officer.

“Claimant” shall mean a party that commences an Arbitration proceeding pursuant to Chapter 8 of the Javelin SEF Rules.

“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.

“Clearinghouse” shall mean any derivatives clearing organization registered with the CFTC that Javelin SEF may designate to provide clearing services regarding any or all of the Products traded on Javelin SEF.

“Complaint” shall have the meaning set forth in Javelin SEF Rule 714.

“Covered Person” shall have the meaning set forth in Javelin SEF Rule 303.

“Deliberating Body” shall have the meaning set forth in Javelin SEF Rule 206.

“Designated Market Maker” or “DMM” shall mean a category of Participant of Javelin SEF described in Chapter 3 of the Javelin SEF Rules that has been accepted into the Javelin SEF market maker program and continues to meet the required performance obligations.

“Designated Swap Broker” or “DSB” shall mean a category of Participant of Javelin SEF described in Chapter 3 of the Javelin SEF Rules.

“Designated Operational Contact” shall mean a natural person that is an employee of a Participant designated by such Participant (subject to Javelin SEF’s approval) in accordance with Javelin SEF Rule 314 to liaise with Javelin SEF for the purposes of on-boarding onto the Javelin SEF and to perform other operational duties.

“Director” shall mean any member of the Board.

“disciplinary committee” shall mean a “disciplinary committee” and a “oversight panel” as both defined in CFTC Regulation 1.69, the Disciplinary Committee described in Javelin SEF Rule 217 (“Disciplinary Committee”) and any subcommittee thereof (including, without limitation, any Disciplinary Panel), and the Regulatory Oversight Committee.

“Disciplinary Offense” shall mean “disciplinary offense” as defined in CFTC Regulation 1.63(a)(6).

“Disciplinary Panel” shall mean the types of panels, described in Javelin SEF Rule 217, appointed by the Regulatory Oversight Committee from Javelin SEF’s Disciplinary Committee. Such panels shall fulfill the various adjudicative responsibilities described in Chapter 7.

“Disciplinary Proceeding” shall mean an inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, Summary Proceeding or appeal from a Summary Proceeding conducted pursuant to Chapter 7 of the Javelin SEF Rules.

“ECP” shall mean an eligible contract participant as defined by Section 1a(18) of the CEA.

“Emergency” shall mean any occurrence or circumstance which, in the opinion of the Board, or its designee authorized pursuant to Javelin SEF Rule 203, or as indicated to Javelin SEF by the CFTC, requires immediate action to maintain markets with fair and orderly trading and to prevent or address manipulation or disruptive trading practices, whether the need for intervention arises exclusively from such occurrence or circumstance only involving Javelin SEF’s market or as part of a coordinated, cross-market intervention including, without limitation, the following:

- a) any circumstance that may materially affect trading on Javelin SEF or Javelin SEF’s market , including the failure of a Clearinghouse or Clearing Member;

- b) any action taken by any United States or foreign regulatory, self-regulatory, judicial, arbitral, or governmental (whether national, state or municipal) or quasi-governmental authority, or any agency, department, instrumentality, or sub-division thereof; or other Person exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; or any other swap execution facility, designated contract market, board of trade, clearinghouse, security-based swap execution facility or other exchange or trade association (foreign or domestic) that may have a direct impact on trading on Javelin SEF, the settlement or enforceability of any Trades conducted on Javelin SEF, or Javelin SEF's market;
- c) any actual, attempted or threatened corner, squeeze, congestion, manipulative activity or undue concentration of positions on Javelin SEF or in Javelin SEF's market;
- d) any circumstance that may have a severe, adverse effect upon the physical operations and facilities of Javelin SEF including, without limitation, fire or other casualty, flood or other natural disasters, bomb threats, acts of terrorism or war, other loss of or interruptions of essential services such as power, computer failures or malfunctions, communications failures, or disruptions in transportation; and
- e) any other unusual, unforeseeable or adverse circumstances as determined by Javelin SEF.

"Emergency Rules" shall have the meaning set forth in Javelin SEF Rule 203.

"EULA" shall have the meaning set forth in Javelin SEF Rule 309.

"FCM" shall mean a futures commission merchant registered with the CFTC.

"Family Relationship" of a natural person shall mean a person's spouse, former spouse, co-habitator, parent, stepparent, child, stepchild, sibling, stepbrother, stepsister, grandparent, grandchild, uncle, aunt, nephew, niece or in-law.

"Final Decision" shall mean any decision of: (a) a self-regulatory organization which cannot be further appealed within the self-regulatory organization, is not subject to the stay of CFTC or SEC or a court of competent jurisdiction and has not been reversed by the CFTC, SEC, or any court of competent jurisdiction; or (b) an administrative law judge, a court of competent jurisdiction, the CFTC, or the SEC which has not been stayed or reversed.

“Independent Committee Member” shall mean an individual appointed by the Board to serve on a Javelin SEF committee, who has been found by the Board, on the record, to have no Material Relationship with Javelin SEF.

“Independent Director” shall mean an independent member of the Board, who has been found, by the Board, on the record, to have no Material Relationship with Javelin SEF.

“Interested Person” shall have the meaning set forth in Javelin SEF Rule 206.

“Investigative Report” shall have the meaning set forth in Javelin SEF Rule 716.

“IRS Liquidity Commitment” shall mean the market maker performance obligations of Designated Market Makers regarding Javelin SEF’s market maker program for the IRS Vertical.

“IRS Vertical” shall mean a division of Javelin SEF on which such Products as determined by Javelin SEF are traded, including, without limitation, interest rate swaps.

“ISV” shall have the meaning set forth in Javelin SEF Rule 321.

“Javelin SEF Arbitration” shall mean an arbitration proceeding commenced and conducted pursuant to the Javelin SEF Rules.

“Javelin SEF Committee” shall mean the Board including, without limitation, any subcommittee of the Board or any special committee appointed by the Board, and any committee described in the Javelin SEF Rules.

“Javelin SEF Market Data” shall have the meaning set forth in Javelin SEF Rule 901.

“Javelin SEF Market Monitor” shall mean one member of Javelin SEF senior staff and one member of Javelin SEF compliance staff that are authorized to resolve error trades pursuant to Javelin SEF Rule 510.

“Javelin SEF Rules” shall mean the rules, policies, procedures, interpretations, guidelines and orders of the Javelin SEF Board of Directors that are established, and amended from time to time, by Javelin SEF.

“Javelin SEF User ID” shall mean the unique identification number assigned by Javelin SEF to each an Authorized Trader which enables such Authorized Trader to access the Javelin SEF Trading System.

“Javelin SEF Proceeding” shall mean any meeting, hearing or other proceeding before any Javelin SEF Committee including, without limitation, the Board, the Arbitration Committee, the Disciplinary Committee, the Participation Committee and the Regulatory Oversight Committee.

“Javelin SEF Trading System” shall mean the electronic proprietary order entry and execution system operated by Javelin SEF for the entry and execution of orders regarding the swaps traded on Javelin SEF and the collection and transmission of information related thereto.

“JCM Board” shall mean the Board of Managers of Javelin Capital Markets, LLC.

“Macro News Event” shall mean a significant news event that has an economic effect on the financial markets and prevents Javelin SEF from maintaining an orderly market in the IRS Vertical.

“Macro News Out” shall mean the suspension of the IRS Liquidity Commitment, as a result of a Macro News Event, for a period of 60 minutes by the IRS Markets Committee or the Board.

“Matched Orders” shall mean an electronic message that contains both sides of a Trade executed on Javelin SEF, one for the trade buy side and the other for the trade sell side (regardless of whether the trade is executed on Javelin SEF by central limit order book, request-for-quote system, voice or voice hybrid electronic), which shall contain data sufficient to clear the Trade.

“Material Conflict of Interest” shall have the meaning set forth in Javelin SEF Rule 206.

“Material Relationship” shall mean any relationship that could reasonably affect the independent judgment or decision making of an Independent Director, which shall be subject to a one year look back period. Circumstances in which an Independent Director shall be considered to have a “material relationship” with Javelin SEF include, without limitation, the following: (i) such director is an officer or an employee of Javelin SEF, or an officer or an employee of any of its affiliates (for the purposes of this definition “affiliate” includes parents

or subsidiaries of the Javelin SEF or entities that share a common parent with Javelin SEF or direct or indirect controlling interest holders); (ii) such director is a member of Javelin SEF, or a director, and officer, or an employee of a member (for the purposes of this definition “member” is defined according to Section 1a(34) of the CEA and any regulation promulgated thereunder, including, without limitation, 1.3(c) and 1.3(q)); (iii) such director is an officer of another entity, which entity has a compensation committee (or similar body) on which any officer of Javelin SEF serves; (iv) such director, or an entity with which the director is a partner, an officer, an employee, or a director, received more than \$100,000 in combined annual payments for legal, accounting, or consulting services from Javelin SEF or any affiliate thereof, any member of Javelin SEF or any affiliate of such member (the terms “affiliate” and “member” shall have the same meanings as stated above), except that compensation for services as a director of the registered entity or as a director of an affiliate thereof does not count toward the \$100,000 payment limit, nor does deferred compensation for services rendered prior to becoming a director of Javelin SEF, so long as such compensation is in no way contingent, conditional or revocable; or (v) notwithstanding the foregoing, in the case of an Independent Director that is a member of the Regulatory Oversight Committee, or the Membership or Participation Committee (or any committee serving a similar function), such director (other than in the capacity of a member of such committee, and other committee, or the Board, in each case, of Javelin SEF), accepts, directly or indirectly, any consulting, advisory, or other compensatory fee from Javelin SEF, any affiliate thereof (as defined herein), any member of Javelin SEF (as defined herein), or any affiliate of such member, other than deferred compensation for service rendered prior to becoming a member of the Regulatory Oversight Committee or the Membership or Participation Committee (or any committee serving a similar function), provided that such compensation is in no way contingent, conditioned or revocable. All the relationships set forth in this definition shall apply to “immediate family” of such Independent Director (i.e.; spouse, parents, children, and siblings, in each case, whether by blood, marriage, or adoptions, or any person in the home of the Independent Director or that of his or her “immediate family”).

“NFA” shall mean the National Futures Association.

“Notice of Arbitration” shall mean a pleading served by a Claimant in connection with a Javelin SEF Arbitration that meets the requirements of Javelin SEF Rule 803.

“Notice to Participants” shall have the meaning set forth in Javelin SEF Rule 315.

“Operating Agreement” shall have the meaning set forth in Javelin SEF Rule 201.

“Order Modify” shall mean instructions entered into the Javelin SEF Trading System that updates an existing order to change the size or price of such order.

“Participant” shall mean an entity that has been granted, and continues to have, Trading Privileges on Javelin SEF pursuant to Chapter 3 of the Javelin SEF Rules. For the purposes of the CEA, Participants shall be deemed to be members of Javelin SEF.

“Participant Category” shall mean an Authorized Customer, a Designated Swap Broker, or a Designated Market Maker.

“Participant Representative” shall mean an Authorized Representative, Designated Operational Contact or Trading Manager, as applicable, designated by a Participant and approved by Javelin SEF.

“Person” shall mean any natural person or entity, including, without limitation, any association, corporation, governmental or quasi-governmental authority, limited liability company, or partnership.

“Position Limits” shall have the meaning set forth in Javelin SEF Rule 517.

“Product” shall mean any interest rate swap, credit indices swap, treasury spread trade, or other product available for trading on Javelin SEF.

“Reconsideration Request” shall have the meaning set forth in Javelin SEF Rule 313.

“Regulatory Service Provider” shall mean the organization, if any, that provides regulatory services to Javelin SEF.

“Required Records” shall have the meaning set forth in Javelin SEF Rule 404.

“Required Transaction” have the meaning set forth in CFTC Regulation 37.9(a)(1).

“Respondent” shall mean either (a) the subject of an investigation, Disciplinary Proceeding or Summary Proceeding, or (b) a Person against whom a Javelin SEF Arbitration has been commenced pursuant to Javelin SEF Rules.

“Self-Regulatory Action” shall have the meaning set forth in Javelin SEF Rule 206.

“Status Determination Notice” shall have the meaning set forth in Javelin SEF Rule 313.

“Summary Proceeding” shall have the meaning set forth in Javelin SEF Rule 727.

“Summary Proceeding Decision” shall have the meaning set forth in Javelin SEF Rule 727.

“Summary Proceeding Review Notice” shall have the meaning set forth in Javelin SEF Rule 727.

“Summary Proceeding Review Conference” shall have the meaning set forth in Javelin SEF Rule 727.

“Supervised Persons” shall mean the directors, officers, employees or agents of a Participant, including, without limitation, such Participant’s Authorized Representative, Authorized Trader(s), Trading Manager and Designated Operational Contact.

“Technology Service Provider” shall mean the organization, if any, that provides technology services to Javelin SEF.

“Trade” shall mean the purchase or sale of any Product executed on Javelin SEF.

“Trading Day” shall mean each day that the Javelin SEF is open for trading, which will be based upon the Securities Industry and Financial Markets Association’s holiday recommendations for financial markets in the United States.

“Trading Hours” shall mean with respect to any Product, the hours during the Trading Day that Javelin SEF is regularly open for the trading of such Product, which are published on Javelin SEF’s website.

“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, as applicable.

“Trading Limits” shall mean the risk-based limits set on each proprietary account or customer account.

“Trading Privileges” shall mean the rights granted to a Participant to enter orders for Products directly into to the Javelin SEF Trading System, subject to the terms and conditions of the Javelin SEF Rules.

“Vertical” shall mean a division of Javelin SEF.

CHAPTER 2 GOVERNANCE AND COMMITTEES

Rule 201. Governance

Javelin SEF is a Delaware Limited Liability Company, and its limited liability company agreement governs the management and operations of Javelin SEF ("Operating Agreement").

Rule 202. Board

The Board shall oversee the operation of Javelin SEF and shall have the authority to review, call for review, amend, suspend or overrule the decisions and actions of any Javelin SEF Committee. Without limiting the generality of the foregoing, the Board shall have the power to: (a) adopt, amend, implement and repeal Javelin SEF Rules, not contrary to applicable law or the Operating Agreement, as in the Board's judgment promotes the best interest of Javelin SEF, and (b) make interpretations of the Javelin SEF Rules, which shall be binding on all Persons subject to the jurisdiction of Javelin SEF.

Rule 203. Emergency Authority

1. Subject to applicable law, during an Emergency Javelin SEF will approve and apply temporary rules and procedures ("Emergency Rules") pursuant to procedures set forth in this Rule.
2. Emergency Rules may require or authorize Javelin SEF, the Board, any committee of the Board, the Chief Executive Officer or any other Officer to take actions necessary or appropriate to respond to the Emergency, including, but not limited to, the following actions:
 - a. suspending or restricting trading or limiting trading to liquidating only (in whole or in part);
 - b. extending, limiting or changing trading hours;

- c. temporarily modifying or suspending any provision of Javelin SEF Rules or Participant obligations;
 - d. imposing intraday market restrictions;
 - e. ordering the liquidation or transfer of open positions ;
 - f. shortening or extending trading hours;
 - g. suspending or curtailing trading in a Product;
 - h. altering the terms and conditions of a Product;
 - i. imposing or modifying price limits; and/or
 - j. imposing or modifying position limits.
3. Before any Emergency Rules may be adopted and enforced, a vote of the Board approving such Emergency Rules must occur at a duly convened Board meeting. Directors may attend such meeting in person or by teleconference. If the Chief Executive Officer determines that the Emergency Rules must be implemented with respect to an Emergency before a meeting of the Board can reasonably be convened, then the Chief Executive Officer shall have the authority, without Board action, to implement any Emergency Rules with respect to such Emergency that he or she deems necessary or appropriate to respond to such Emergency. In such circumstances, the Chief Executive Officer must convene a meeting as soon as practicable. The Board may modify any Emergency Rules implemented by the Chief Executive Officer.
 4. Any time that Javelin SEF takes actions necessary or appropriate to respond to an Emergency, including any modification of previously adopted actions, a duly authorized representative of Javelin SEF will promptly notify the CFTC of such actions and, when possible, will post an announcement of such actions on the Javelin SEF website. When the Board, any committee of the Board or the Chief Executive Officer determines that the Emergency has been reduced sufficiently to allow Javelin SEF to resume normal functioning, any such actions responding to the Emergency will be terminated and notification of such termination will be provided on Javelin SEF's website.

Rule 204. Officers

1. The Board shall appoint a Chief Executive Officer, a Chief Compliance Officer and such other officers as it deems necessary or appropriate from time to time, in each case for such term and on such conditions it sees fit.
2. The officers shall have the authority and powers in the management of Javelin SEF as determined by the Board subject to any restrictions set forth in the Operating Agreement. The Chief Compliance Officer shall have all authority required under CFTC Rules 37.1500 et seq.
3. Any officer may also be a director, officer, or employee of the parent of Javelin SEF or any affiliate of Javelin SEF.

Rule 205. Disqualifications of Board and Committee Members

No Person may serve as a member of the Board or a Committee of Javelin SEF if such Person:

1. within the past three years was found by a Final Decision to have committed a Disciplinary Offense;
2. within the past three years entered into a settlement agreement in which any of the findings, or in the absence of such findings, any of the acts charged included a Disciplinary Offense;
3. is currently or has been barred, expelled from membership or suspended from trading on a self-regulatory organization, is serving any sentence of probation or owes any portion of a fine imposed as a result of either:
 - a. a settlement agreement in which any of the findings, or in the absence of such findings, any of the acts charged included a Disciplinary Offense; or
 - b. a Final Decision determining such Person committed a Disciplinary Offense;
4. is currently subject to an agreement with the CFTC or any self-regulatory organization not to apply for registration with the CFTC or membership in any self-regulatory organization;

5. is currently subject to or has had imposed on him or her within the prior three years a registration revocation or suspension in any capacity for any reason, or has been convicted within the prior three years of any of the felonies listed in section 8a(2)(D)(ii) through (iv) of the CEA; or
6. is currently subject to a denial, suspension or disqualification from serving on the disciplinary committee, arbitration committee or governing board of any self-regulatory organization as that term is described in section 3(a)(26) of the Securities Exchange Act of 1934.

Rule 206. Conflicts of Interest

Javelin SEF believes that it is in the best interest of Javelin SEF and Participants to be aware of and properly manage all conflicts of interest and appearances of conflicts of interest. Accordingly, the following rules shall apply to mitigate potential and actual conflicts of interest.

1. Except as provided below, no Director, Officer, member of the Disciplinary Committee or any Person authorized to act on behalf of Javelin SEF in connection with any (i) Disciplinary Proceeding, or (ii) emergency action, (collectively a “Self-Regulatory Action”; the Board and/or any Javelin SEF Committee considering a Self-Regulatory Action collectively a “Deliberating Body”), shall not knowingly participate in the deliberations and/or voting on any Self-Regulatory Action if such person has a Material Conflict of Interest (as defined below).
2. Prior to consideration of any Self-Regulatory Action, each member of a Deliberating Body who determines to participate in any deliberations or vote in a Self-Regulatory Action shall disclose to the Chief Compliance Officer any Material Conflict of Interest (any such person disclosing a Material Conflict of Interest an “Interested Person”).
3. For the purposes of this Rule, “Material Conflict of Interest” shall mean with respect to a Director, Officer, and member of the Disciplinary Committee:
 - a. being named as a potential or actual Respondent in a Disciplinary Proceeding;

- b. being an employer, employee, fellow employee or an affiliate of a Respondent or potential Respondent in a Disciplinary Proceeding;
 - c. having any significant, on-going business relationship with a Respondent or potential Respondent in a Disciplinary Proceeding;
 - d. having a Family Relationship with a Respondent or potential Respondent in a Disciplinary Proceeding;
 - e. having a direct and substantial financial interest in the result of a vote, other than based on a direct or indirect equity or other interest in Javelin SEF, that could reasonably be expected to be affected by the Self-Regulatory Action. For the purposes of this definition a “direct and substantial financial interest” includes, without limitation, positions held in swaps in the accounts of, controlled by, or affiliated with the Interested Person or any other types of direct and substantial financial positions of the Interested Person that are reasonably expected to be affected by the vote; and/or
 - f. any other circumstance that creates a conflict between the Director’s, Officer’s, or members of a Disciplinary Committee’s exercise of authority regarding any Self-Regulatory Action and his or her personal interests.
4. Any Interested Person who would be required otherwise to abstain from deliberations and voting because of a Material Conflict may participate in the deliberations, prior to a vote on the matter, if:
- a. the material facts about the Interested Person’s interest in the matter are disclosed or known to the Deliberating Body;
 - b. the Deliberating Body determines that the participation by the Interested Person would be consistent with the public interest; and
 - c. a majority of the members of the Deliberating Body that are not Interested Persons with respect to the matter vote to allow the Interested Person to participate in the deliberations on the Self-Regulatory Action.
5. If, pursuant to paragraph (4), a determination is made that an Interested Person may participate in deliberations, then the minutes of the meeting of the Deliberating Body will reflect the determination and the reasons for the determination.
6. If all of the members of the Deliberating Body are Interested Persons with respect to a matter subject to a vote by the Deliberating Body, then the Chief Executive Officer will

appoint a panel of individuals who are not Interested Persons with respect to such matter, which will have the same authority and powers over such matter that the Deliberating Body would have if the members thereof were not Interested Persons with respect to such matter.

Rule 207. Disclosure or Use of Material, Non-Public Information

No member of the Board or Javelin SEF Committee shall use or disclose material, non-public information for any purpose other than the performance of his or her official duties and responsibilities as a member of the Board or Javelin SEF Committee. No member of the Board or Javelin SEF Committee shall, directly or indirectly, disclose or use at any time, either during his or her association with Javelin SEF or thereafter, any material, non-public information of which a member of the Board or Javelin SEF Committee becomes aware except when reporting to or at the direction of the Board, when requested by a Government Agency or when compelled to testify at any judicial or administrative proceeding. Each member of the Board or Javelin SEF Committee, in possession of material, non-public information shall take all appropriate steps to safeguard the information and to protect it against disclosure, misuse, espionage, loss and theft.

Rule 208. Committees

1. Javelin SEF shall have such committees, and special committees that the Board may deem, from time to time, necessary for the operations of Javelin SEF and appointed in accordance with the Javelin SEF Rules. For the avoidance of any doubt, all references to “committee” shall include any panel appointed from a committee.
2. A majority of the committee shall constitute a quorum for the transaction of business at any meeting of the committee, provided that if less than a majority of committee members is present, those present may adjourn the meeting to another time and place. Any committee may act only by (i) the decision of a majority vote of the members of

such committee present at that meeting at which a quorum is present; or (ii) by written consent.

3. All committee decisions shall be reported to the Board for final approval. Except as otherwise provided in the Javelin SEF Rules, the Board shall have the authority to overrule the decision of any Javelin SEF Committee.

Rule 209. Arbitration Committee

1. The Arbitration Committee shall consist of six members, which will include a Chairperson and Vice Chairperson, appointed by the Board. Upon the commencement of an Arbitration proceeding pursuant to the Javelin SEF Rules, the Chairperson of the Arbitration Committee will appoint an Arbitration Panel to hear and decide the arbitration matter. If the Chairperson of the Arbitration Committee is unavailable the Vice Chairman will appoint an Arbitration Panel. Each Arbitration Panel will consist of three members.
2. Members of the Arbitration Committee shall each serve a one year term to which he or she is appointed, and until the appointment of their successor, or until his or her earlier resignation or removal as a member of the Arbitration Committee. A member of the Arbitration Committee may serve for multiple terms.

Rule 210. Reserved

Rule 211. Reserved

Rule 212. IRS Vertical Committee

1. Composition. The IRS Vertical Committee shall have such members as determined by the Board.
2. Term of Service. Members of the IRS Vertical Committee shall each serve a one year term to which he or she is appointed, and until the appointment of a successor, or until

his or her earlier resignation or removal as a member of the IRS Vertical Committee. A member of the IRS Vertical Committee may serve for multiple terms.

3. Removal. A Designated Market Maker may remove and replace the committee member it appointed to the IRS Vertical Committee for any reason. The Designated Swap Brokers may remove and replace by majority vote the committee member it appointed to the IRS Vertical Committee for any reason. Javelin SEF may remove and replace the committee member it appointed to the IRS Vertical Committee for any reason. In addition, Javelin SEF may remove any member of the IRS Vertical Committee pursuant to the Javelin SEF Rules on committee disqualification, provided, however, that such removed committee member shall be replaced only by the party who appointed such removed committee member. If a Designated Market Maker or Designated Swap Broker ceases to be a Participant or a Designated Market Maker or Designated Swap Broker, as applicable, or a committee member ceases to be employed by the Designated Market Maker or Designated Swap Broker by which he or she was employed at the time of appointment then the committee member shall no longer be a (a) member of the IRS Vertical Committee or (b) if applicable, a member of the Javelin SEF Board.
4. Meeting Schedule. The IRS Vertical Committee shall meet the third Thursday of each month.
5. Powers. The IRS Vertical Committee shall have the following powers: (a) appoint two members of the IRS Markets Committee, (b) appoint one member of the Javelin SEF Board, (c) make recommendations to Javelin SEF regarding general trading protocols, new products and software enhancements.

Rule 213. IRS Markets Committee

1. Purpose. The purpose of the IRS Markets Committee is to monitor the market and liquidity conditions on a day to day basis.
2. Composition. The IRS Markets Committee shall have the following members: (a) two members appointed by the IRS Vertical Committee and (b) one member of Javelin SEF senior staff appointed by Javelin SEF.

3. Term of Service. Members of the IRS Markets Committee shall each serve a six month term to which he or she is appointed, and until the appointment of a successor, or until his or her earlier resignation or removal as a member of the IRS Markets Committee. A member of the IRS Markets Committee may serve for multiple terms.
4. Removal. The IRS Vertical Committee may remove and replace one or both of the committee members that it appointed to the IRS Markets Committee for any reason. Javelin SEF may remove and replace the committee member it appointed to the IRS Markets Committee for any reason. In addition, Javelin SEF may remove any member of the IRS Markets Committee pursuant to the Javelin SEF Rules on committee disqualification, provided, however, that such removed committee member shall be replaced only by the party who appointed such removed committee member. If a Designated Market Maker or Designated Swap Broker ceases to be a Participant or a Designated Market Maker or Designated Swap Broker, as applicable, or a committee member ceases to be employed by the Designated Market Maker or Designated Swap Broker by which he or she was employed at the time of appointment, then the committee member, shall no longer be a member of the IRS Markets Committee.
5. Meeting Schedule A meeting of the IRS Markets Committee can be called at any time by any member of the IRS Markets Committee.
6. Powers. The IRS Markets Committee shall have the following powers (a) to declare a Macro News Out and (b) to make recommendations to Javelin SEF to extend the suspension of the Liquidity Commitment in excess of 60 minutes.

Rule 214. Reserved

Rule 215. Participation Committee

1. The Participation Committee shall consist of three members, two of which shall be Independent Directors, appointed by the Board or such other number as the Board shall determine is necessary to comply with any final governance rules adopted by the CFTC.
2. Members of the Participation Committee shall each serve a one year term to which he or she is appointed, and until the appointment of a successor, or until his or her earlier

resignation or removal as a member of the Participation Committee; provided, however, that any member of the Participation Committee who does not qualify to act as such under any final governance rules adopted by the CFTC, shall cease to be a member of the Participation Committee upon the appointment of a qualifying successor. A member of the Participation Committee may serve for multiple terms.

3. The Participation Committee shall (i) determine the standards and requirements for initial and continuing eligibility for participation on Javelin SEF and (ii) review appeals of staff denials of participation applications.

Rule 216. Regulatory Oversight Committee (“ROC”)

1. The ROC shall consist of three Independent Directors, and appointed by the Board or such other number as the Board shall determine is necessary to comply with any final governance rules adopted by the CFTC . The Board shall delegate sufficient authority, dedicate sufficient resources, and allow sufficient time for the ROC to fulfill its mandate. The ROC shall oversee the all aspects of Javelin SEF’s regulatory program on behalf of the Board. The ROC shall report to the Board and shall make such recommendations to the Board as may, in its judgment, best promote the interests of Javelin SEF. The Chief Compliance Officer shall meet with the ROC at least once each calendar quarter.
2. Members of the ROC shall each serve a one year term to which he or she is appointed, and until the appointment of a successor, or until his or her earlier resignation or removal as a member of the ROC; provided, however, that any member of the Participation Committee who does not qualify to act as such under any final governance rules adopted by the CFTC, shall cease to be a member of the Participation Committee upon the appointment of a qualifying successor. A member of the ROC may serve for multiple terms.
3. Without limiting the generality of the foregoing, the ROC shall have authority to monitor all aspects of Javelin SEF’s regulatory program for sufficiency, effectiveness, and independence regarding:
 - a. trade practice and market surveillance, audits, examinations and other regulatory responsibilities with respect to Javelin SEF Participants, including,

- without limitation, compliance with financial integrity, financial reporting, sales practice, recordkeeping, and conducting investigations;
- b. reviewing the size and allocation of regulatory budget and resources, and the number, hiring, termination, and compensation of regulatory personnel;
 - c. reviewing the performance of the Chief Compliance Officer and making recommendations with respect to such performance to the Board of Directors;
 - d. recommending changes that would ensure fair, vigorous, and effective regulation;
 - e. reviewing all regulatory proposals prior to implementation and advising the Board as to whether and how such changes may impact regulation; and
 - f. assisting in minimizing actual or potential conflicts of interest.

Rule 217. Disciplinary Committee

1. The Disciplinary Committee shall consist of at least 10 members, three of which shall be Independent Committee Members, appointed by the Board or such other number as the Board shall determine is necessary to comply with any final governance rules adopted by the CFTC . The members of the Disciplinary Committee shall provide a fair representation of the Participants on Javelin SEF.
2. Members of the Disciplinary Committee shall each serve a one year term, to which he or she is appointed and until the appointment of a successor, or until his or her earlier resignation or removal as a member of the Disciplinary Committee. A member of the Disciplinary Committee may serve for multiple terms.
3. Members of the Disciplinary Committee will be appointed to serve on Disciplinary Panels by the Regulatory Oversight Committee. Each Disciplinary Panel shall consist of three members, including one Independent Committee Member, who shall serve as Chairperson of the Disciplinary Panel.
4. The Regulatory Oversight Committee shall establish one or more of the following Disciplinary Panels .

- a. Review Panel. The Review Panel shall be responsible for reviewing the Investigative Report and taking such action as permitted under Chapter 7 of the Javelin SEF Rules.
 - b. Hearing Panel. The Hearing Panel shall be responsible for adjudicating disciplinary cases against persons alleged to have committed rule violations, including, without limitation, the consideration of offers of settlement and conducting hearings.
 - c. Appeal Panel. The Appeal Panel shall be responsible for hearing appeals of decisions issued by a Hearing Panel.
5. No member of the Disciplinary Committee may serve on a Disciplinary Panel for more than one stage in the disciplinary process for the same disciplinary matter. No member of Javelin SEF compliance staff shall serve on a Disciplinary Panel.

CHAPTER 3 APPLICATIONS FOR PARTICIPANT STATUS

Rule 301. Javelin SEF Divisions

Javelin SEF shall have two divisions: (i) the CDS Vertical and (ii) the IRS Vertical. Applicants shall apply for admission to each division for which they wish to have Participant status. All references to Participant status and Trading Privileges of a Participant refer to the Javelin SEF Division to which the Participant is admitted.

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 provide documentation 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.

Rule 303. Jurisdiction

By becoming a Participant, accessing Javelin SEF, submitting an order for execution on Javelin SEF, entering orders into Javelin SEF, or authorizing a Participant 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 Participant and its Supervised Persons (each a "Covered Person") agree 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 Participants may supersede the Javelin SEF Rules.

Rule 304. Trading Privileges

1. Each Participant shall have the right to access Javelin SEF and enter orders as permitted by such Participant's Participant Category, pursuant to the Javelin SEF Rules.
2. The granting of Trading Privileges to a Participant does not confer (i) any right of ownership in Javelin SEF; (ii) any right to share in the profits of Javelin SEF, or (iii) any right to attend or vote at any meeting of Javelin SEF, including, without limitation, any meeting of the Board or any Javelin SEF Committee.
3. Trading Privileges are non-transferable, non-assignable and may not be sold or leased.
4. Trading Privileges, but not the obligations, of a Participant terminate upon dissolution of a Participant, with respect to an Authorized Trader, upon the death or incapacity of the Authorized Trader.

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) 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 account.

Rule 306. Restrictions on Trading Privileges

1. No employee of Javelin SEF shall be given Trading Privileges on Javelin SEF or be permitted to trade, directly or indirectly:

- a. in any swap traded on Javelin SEF; and
 - b. in any swap traded on another swap execution facility that is fungible with or economically equivalent to swaps traded on Javelin SEF.
2. No employee, Director, member of any committee, or consultant of Javelin SEF shall trade, directly or indirectly, in any swap, security or other instrument on the basis of material, non-public information obtained in connection with the performance of his or her official duties.
 3. For the purposes of this rule the term “employee” shall mean any person hired or otherwise employed on a salaried or on a contractual basis by Javelin SEF, but does not include any:
 - a. Director compensated by Javelin SEF solely for his or her participation in Board matters;
 - b. Javelin SEF Committee member compensated by Javelin SEF solely for his or her participation in Javelin SEF Committee matters; and
 - c. consultant performing consulting services for Javelin SEF.

Rule 307. Eligibility

To be admitted as a Participant on Javelin SEF, an Applicant shall be an entity, including, without limitation, a corporation, limited liability company, partnership or trust, that meets the following requirements.

1. General Requirements:
 - a. is duly organized;
 - b. is of good reputation and business integrity ;
 - c. has the requisite organizational power to become a Participant of and effect Trades on Javelin SEF;
 - d. holds all necessary regulatory authorizations, licenses, registrations and approvals;
 - e. is not subject to statutory disqualification under Section 8a(2) of the CEA;
 - f. is not prohibited, for any reason, from using the services of Javelin SEF;
 - g. ;
 - h. has appropriate technical and operational controls;
 - i. is an ECP;

- j. is not currently in bankruptcy;
 - k. is not an ISV or an automated trading system; and
 - l. satisfies all other criteria Javelin SEF, from time to time, may require.
2. Clearing Account. All Applicants shall:
- a. have a clearing account with at least one Clearing Member regarding all Trades executed on Javelin SEF;
 - b. provide Javelin SEF with documentation from each Clearing Member sufficient to demonstrate the existence of the Applicant's clearing relationship with that Clearing Member in a form acceptable to Javelin SEF;
 - c. provide immediate written notice to Javelin SEF of any change to their status with any Clearing Member regarding Trades executed on Javelin SEF; and
 - d. consent to Javelin SEF's ability to (a) cancel trades, or (b) restrict, suspend or terminate access to the Javelin SEF at the direction of their Clearing Member.
3. Continuing Obligations. Once an Applicant is admitted as a Participant, it shall continue to comply with all eligibility criteria set by Javelin SEF.

Rule 308. Additional Eligibility Requirements by Participant Category

In addition to the eligibility criteria stated in Javelin Rule 307, an Applicant shall meet the following additional requirements for the Participant category for which it seeks to be admitted.

- 1. Authorized Customer. An Authorized Customer must have at least one natural person that is an Authorized Trader, approved by Javelin SEF.
- 2. Designated Swap Broker. A Designated Swap Broker must:
 - a. meet all requirements for Designated Swap Brokers; and
 - b. have at least two natural persons that are Authorized Traders approved by Javelin SEF.
- 3. Designated Market Maker. Designated Market Makers must:
 - a. meet all requirements of the Javelin SEF market maker program for the Vertical for which it has been admitted as a Designated Market Maker; and

- b. must have at least two natural persons that are Authorized Traders approved by Javelin SEF.
- c.

Rule 309. Participant Application Process

1. Any Person wishing to become a Participant of Javelin SEF (“Applicant”) shall complete and submit, with complete and accurate information, the forms required by Javelin SEF which include, without limitation, the following:
 - a. a Javelin SEF Participant Application, which includes, without limitation, an agreement to abide by Javelin SEF Rules and applicable law and submit to Javelin SEF jurisdiction;
 - b. a Javelin SEF Electronic User License Agreement (or “EULA”); and
 - c. any additional documents and information Javelin SEF may reasonably deem necessary or desirable to further clarify information provided to Javelin SEF by an Applicant.
2. Applicant agrees that if any of the information provided in its Application is no longer accurate or any other information becomes available that would affect the accuracy of any information provided by Applicant in its Application, Applicant will notify Javelin SEF within three business days of first learning of such information. The obligation stated in the preceding sentence is a continuing obligation that shall commence upon Applicant’s submission of its Application to Javelin SEF and continue throughout the application process and include the period of time that Applicant is a Participant of Javelin SEF.
3. In considering an Application from an Applicant, Javelin SEF may conduct an investigation to verify information submitted by the Applicant.
4. All applications for Participation status will be reviewed by Javelin SEF staff. Such review shall not take place until such Application is complete. Javelin SEF shall provide each Applicant with written notice of its determination to grant or deny such Applicant’s request to become a Participant.
5. Javelin SEF may deny or condition the grant of Participant status of any Applicant:

- a. if such Applicant is unable to satisfactorily demonstrate its ability to satisfy the eligibility criteria to become or remain a Participant;
 - b. if such Applicant is unable to satisfactorily demonstrate its capacity to adhere to Javelin SEF Rules; or
 - c. for any such other cause reasonably determined by Javelin SEF.
6. Any Applicant whose application to become a Javelin SEF Participant was denied shall not be entitled to re-apply to become a Javelin SEF Participant for six months from the date of such denial.
7. Unless extended in writing by Javelin SEF, if the newly admitted Participant does not begin trading on Javelin SEF within six months from the date of Javelin SEF's approval, then the newly admitted Participant's application will be deemed withdrawn.

Rule 310. Authorized Traders

1. Each Participant shall designate one or more natural persons to be an Authorized Trader. Each Participant designating an Authorized Trader shall notify Javelin SEF of such designation in writing. Prior to accessing the Javelin SEF Trading System such prospective Authorized Trader shall satisfy the requirements of this Rule and Javelin SEF Rule 311. Upon approval of its designation as an Authorized Trader by Javelin SEF, any such Authorized Trader shall be entitled to exercise Trading Privileges subject to the terms and conditions of the Javelin SEF Rules including, without limitation, the Authorized Trader being subject to the jurisdiction of Javelin SEF with respect to disciplinary matters, and the possible conditioning, restriction or revocation of Trading Privileges.
2. Each Participant shall guarantee and assume responsibility for all of the trading activity of its Authorized Trader(s) on Javelin SEF. Such trading activity shall include, without limitation: (i) orders entered, (ii) orders accepted for execution, (iii) trades executed, (iv) orders such Authorized Trader fails to execute, (v) orders executed negligently, (vi) orders executed fraudulently, (vii) orders executed in violation of Javelin SEF Rules, or (viii) orders executed in violation of applicable law.
3. At any time a Participant may revoke the designation it has granted to any Authorized Trader by providing written notice of such revocation to Javelin SEF at least one Trading

Day before the effective date of any such revocation. Each Participant shall take all such immediate measures appropriate to insure that, after such revocation the affected Authorized Trader(s) shall not (i) have access to the Javelin SEF Trading System 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, to take all steps necessary to disallow access to the Javelin Trading System by such formerly designated Authorized Trader.

4. Each Participant shall be responsible for the acts and omissions of each of its Authorized Traders. Each Participant shall make certain on an ongoing basis that none of its Authorized Traders are subject to a disqualification pursuant to applicable law and that each Authorized Trader is technically proficient in the use of the Javelin SEF Trading System. Each Participant shall have procedures for performing day-to-day monitoring of its Authorized Trader(s) to make certain that each will conduct its business in a fair and equitable way and in accordance with the Javelin SEF Rules.
5. In connection with the application and interpretation of these Javelin SEF Rules, any reference to:
 - a. the Trading Privileges of a Participant shall also be deemed to refer and apply to the exercise of Trading Privileges by any such Participant's Authorized Trader(s);
 - b. a Participant's entry or receipt of orders, bids, offers into or from the Javelin SEF Trading System or engaging in Trades on the Javelin SEF Trading System, shall be deemed to also refer to and apply to any such actions engaged in by any of such Participant's Authorized Trader(s); and
 - c. the knowledge of, or matters known to, any Participant shall be deemed to also refer to and include, without limitation, the knowledge of, or matters known, to its Authorized Trader(s).

Rule 311. Access to Javelin SEF by Authorized Traders

An Authorized Trader may directly access Javelin SEF provided that the following requirements are satisfied.

1. The Authorized Trader shall only be permitted to enter orders as permitted by the Javelin SEF Rules.
2. Each Participant designating an Authorized Trader shall provide to Javelin SEF such information as requested by Javelin SEF regarding their Authorized Trader(s) including, without limitation, name, email address, street address, phone number(s), fax number, and authorized account number(s).
3. Once Javelin SEF is satisfied that all requested information has been provided, Javelin SEF shall issue a User ID and password, or other such identifiers as Javelin SEF shall determine are necessary, for such Authorized Trader to exercise his or her Trading Privileges.
4. Javelin SEF will enable the User ID when it determines, in its sole discretion, that all requirements and procedures have been met and all necessary risk controls are in place. Notwithstanding the foregoing, each Participant shall remain accountable, pursuant to the Javelin Rules, for the acts and omissions of any of its Authorized Traders, regardless of the risk controls.

Rule 312. Suspension and Termination of Participant Status

1. Javelin may summarily limit, restrict, suspend or terminate Participation status of any Participant:
 - a. if such Participant is unable to demonstrate its ability to continue to satisfy all eligibility requirements;
 - b. within a reasonable time from, and in compliance with, a notice of Final Decision regarding a violation of Javelin SEF Rules; and
 - c. within a reasonable period of time from, and in compliance with, a notice of Final Decision of a self-regulatory organization or regulator in which the Participant has been barred, expelled or suspended.
2. Javelin SEF may limit, restrict, suspend or terminate a Participant, including any of its Authorized Traders in accordance with Chapters 3, 6 and 7 of the Javelin SEF Rules.
3. All Participants shall receive prompt written notice of any restriction, suspension or termination of their Participant status.

Rule 313. Process for Review of Denial or Change in Participant Status

1. If Javelin SEF determines to (i) deny an application for Participant status or (ii) condition, suspend and/or terminate a Javelin SEF's Participant status ("Status Determination Notice"), then Javelin SEF shall promptly notify to such Applicant or Participant ("Affected Person"), in writing at the address provided by such application or Participant for notices.
2. An Affected Person may, within five business days of the date of Status Determination Notice, send a written request to Javelin SEF requesting that Javelin SEF provide the reasons for the denial, conditioning or termination of Participant status. Within 10 business days after receiving such written request, Javelin SEF shall respond to such Affected Person and provide the reasons for denial, conditioning or termination of Participant status. Within 10 business days of receiving the response, the Affected Person may request in writing that the Participation Committee review the determination to deny, condition or terminate its Participant status ("Reconsideration Request").
3. Upon receipt of the Reconsideration Request the Participation Committee may, in its sole discretion, schedule a hearing (in-person or via teleconference), request additional information from the Applicant or Participant, or establish any other process that it believes is appropriate or necessary to consider the Reconsideration Request.
4. Within the later of 45 days of receiving a Reconsideration Request or 30 days from the date of the hearing is concluded the Participation Committee shall either confirm, reverse or modify the denial, conditioning or termination of the Affected Person and shall promptly send notice to the Affected Person. The decision of the Participation Committee is the final action of Javelin SEF and is not subject to any appeal.

Rule 314. Participant Representatives

1. Each Participant shall designate, subject to Javelin SEF's approval, an Authorized Representative to be the primary contact with Javelin SEF ("Authorized Representative"). An Authorized Representative may be an employee of the Participant that is not an Authorized Trader. Each such Authorized Representative will:

- a. represent such Participant before Javelin SEF and its committees and receive notices on behalf of such Participant including, without limitation, notice regarding a Disciplinary Proceeding or Javelin SEF Arbitration and any subpoena or document demand, issued pursuant to the Javelin SEF Rules, related thereto; and
 - b. have authority to act on behalf of the Participant and Javelin SEF shall be entitled to rely on the actions and communications of such Authorized Representative.
2. A Participant may designate a Designated Operational Contact, subject to Javelin's SEF's approval, to liaise with Javelin SEF for the purposes of on-boarding onto the Javelin SEF and to perform other operational duties. A Designated Operational Contact may be an employee of the Participant that is not an Authorized Trader. Javelin SEF shall be entitled to rely on the information supplied by the Designated Operational Contact to be accurate and complete.
3. A Participant may choose to designate, subject to Javelin SEF's approval, a Trading Manager, who is an employee of Participant, that may provide notice to Javelin SEF of the following matters:
 - a. what Instruments its Authorized Trader(s) may trade; and
 - b. what Trading Limits its Authorized Trader(s) must adhere to.
4. Javelin SEF shall promptly notify a Participant in writing of its approval or disapproval of a Participant's designation of an Authorized Representative, a Designated Operational Contact or a Trading Manager.
5. Upon Javelin SEF's approval of a Participant's designation of an Authorized Representative, Designated Operational Contact or Trading Manager, and at all times that such Authorized Representative, Designated Operational Contact or Trading Manager continues in such capacity, Javelin Users shall provide Javelin SEF with:
 - a. current contact information and other information Javelin SEF deems necessary or desirable regarding its Authorized Representative, Designated Operational Contact or Trading Manager, as applicable; and
 - b. prompt written notice of the removal and replacement of any Authorized Representative, Designated Operational Contact or Trading Manager.
6. For the avoidance of any doubt the replacement of any Participant Representatives designated by a Participant shall be subject to the terms and conditions of this Javelin SEF Rule.

Rule 315. Notices to Participants

Javelin SEF shall publish notice with respect to each amendment, modification, clarification or interpretation of Javelin SEF Rules or any action to implement any Javelin SEF Rules, in a form and manner that is reasonably designed to permit each Participant to become aware of and familiar with, and to implement any necessary preparatory measures to be taken by it with respect to such additions or modification, prior to the effective date thereof (each such notice “Notice to Participants”); provided however that any failure by Javelin SEF to publish a Notice to Participants shall not affect the effectiveness of the amendment, modification, clarification or interpretation of Javelin SEF Rules. For the purposes of this Javelin SEF Rule, it shall be sufficient (without limiting the discretion of Javelin SEF as to any other reasonable means of communication) if a Notice to Javelin SEF Members is published on Javelin SEF’s website. Notwithstanding the foregoing, any amendment, modification, clarification or interpretation of Javelin SEF Rules shall be made in compliance with the CFTC’s Part 40 Rules.

Rule 316. Communications between Javelin SEF and Participants

1. Each Participant shall provide Javelin SEF with complete and current contact information, including, without limitation, contact information regarding its Authorized Representative, Authorized Trader(s), Trading Manager, and Designated Operational Contact, as applicable.
2. All communications made to an Authorized Representative shall be deemed to have been made to the Participant such Authorized Representative represents. Each Authorized Representative shall be responsible for conveying all communications from Javelin SEF to the Participant it represents including, without limitation, its Authorized Trader(s), Trading Manager and Designated Operational Contact, as applicable.

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 318. Market Maker Program

1. Javelin SEF will have a market maker programs that are approved by the Board. A Participant approved by the Board to participate in the Javelin SEF IRS Vertical market maker program shall be an IRS Designated Market Maker.
2. The market maker program for the IRS Vertical shall be implemented by Javelin SEF Staff.

Rule 319. Withdrawal of a Participant

A Participant may withdraw from Javelin SEF by submitting a written request to Javelin SEF. All requests for withdrawal of Participant status will be reviewed by Javelin SEF Staff. Unless otherwise provided by written agreement Participant's request to withdraw from the Javelin SEF shall be effective 30 Trading Days after Javelin SEF's receipt of a Participant's request to withdraw and shall be conditioned upon payment of all fees due and owing to Javelin SEF by such Participant. Subject to Rule 320, a Participant shall be subject to the jurisdiction of Javelin SEF for one year from the date of its withdrawal from Javelin SEF or such longer period as shall be required under CFTC rules.

Rule 320. Continuing Jurisdiction

Notwithstanding Rule 319, any Participant who either has (i) withdrawn from Javelin SEF or (ii) had its Trading Privileges terminated or revoked by Javelin SEF shall remain subject to the jurisdiction of Javelin SEF with respect to all matters arising from, in connection with or related to the status, acts or omissions of such Participant that occurred prior to such Participant's withdrawal, or termination or revocation of Trading Privileges.

Rule 321. Independent Software Vendors

An "Independent Software Vendor" or "ISV" means a Person that makes available to Participants a system or platform offering smart order routing, trading software, an aggregator platform or a combination of the foregoing, but does not provide Participants with the ability to effect Trades on Javelin SEF. Only a Javelin SEF ISV may have access to Javelin SEF. An ISV that has been approved by Javelin SEF may become a Javelin SEF ISV. To be approved as a Javelin SEF ISV an ISV shall:

1. be an entity, including without limitation, a corporation, limited liability company, partnership or trust that is duly organized and in good standing;
2. be of good reputation and business integrity;
3. have no legal restriction(s) that would prohibited it from obtaining access to Javelin SEF;
4. have appropriate technical and operational controls; and
5. satisfy any other requirements regarding system testing and/or certification that Javelin SEF may deem necessary or desirable.

CHAPTER 4 PARTICIPANT OBLIGATIONS

Rule 401. Payment of Fees and Assessments

All Participants shall promptly pay all fees and assessments as determined by the Javelin SEF.

Rule 402. Compliance with the Rules

All Participants shall:

1. comply with the Javelin SEF Rules and all laws applicable to their use of Javelin SEF;
2. use the Javelin SEF Trading System in a responsible manner and not for any improper or illegal purpose;
3. comply with all applicable laws and regulations;
4. comply with high standards of integrity, market conduct, commercial honor, fair dealing, and just and equitable principles of trade while performing or attempting to perform any acts related to any business related to or concerning Javelin SEF;
5. not knowingly mislead or conceal any material fact or matter in any dealings with Javelin SEF or in response to any Javelin SEF Proceeding; and
6. promptly inform Javelin SEF of material change in the information provided to Javelin SEF in connection with the Participant's application for Participant status on Javelin SEF.

Rule 403. Supervision

Participants shall create, implement and maintain such supervisory procedures as are necessary to adequately supervise its Supervised Persons, independent contractors and consultants to insure their compliance with Javelin SEF Rules, the rules of any self-regulatory organizations of which the Participant is a member and all applicable laws.

Rule 404. Required Records

1. Required Records. Each Participant shall (i) prepare and keep current full, complete and systematic records and information which include all pertinent data and memoranda relating to the complete audit trail all of the Trades it executes and attempts to execute on Javelin SEF as are required to be kept by it pursuant to applicable law and regulation including, without limitation, all records required by CFTC Regulation 37.404, and (ii) shall keep current such other records and information and adopt such forms as Javelin SEF may from time to time require (“Required Records”).
2. Retention of Required Records. Unless otherwise provided by applicable law or the Javelin SEF Rules, all Participants shall retain all Required Records for a period of five years from the date on which they are first prepared. Required Records shall be readily accessible during the first two years of the five year retention period. During the five year retention period, all Required Records shall be made available for inspection by, and copies thereof shall be provided to Javelin SEF and its authorized representatives promptly upon request, and such production shall be made at the expense of the Participant required to keep such Required Records.
3. Commission Requests. Participants shall make Required Records available to the CFTC upon request and/or permit on site visitation by duly authorized representatives of the CFTC.

Rule 405. Disclosure and Reporting

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

1. any change in contact information it has provided to Javelin SEF;
2. any failure of or damage to the systems, facilities or equipment of such Participant used to effect Trades on Javelin SEF;
3. any 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 refusal of admission to, or withdrawal of the Participant 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. any denial or withdrawal of any application for any registration or license by or from any Governmental Agency, and any revocation, suspension or conditioning of any registration or license granted by any Governmental Agency;
7. the commencement of any judicial or administrative proceeding against a Participant or the imposition of any 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. 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 406. System Security

1. Each Participant shall be solely responsible for controlling and monitoring the use of the Javelin SEF User ID(s) issued to it and its Authorized Trader(s) and ensuring that each Javelin SEF User accessing the Javelin SEF Trading System using such Javelin SEF User ID is (i) assigned a unique password, (ii) that each password is used only by the Participant to whom it is assigned, and (iii) each Participant takes necessary precautions to prevent the unauthorized disclosure of its Javelin SEF User ID and unique password.
2. In the event of any system security breach, including, without limitation, the unauthorized disclosure or use of a Javelin SEF User ID or passwords or unauthorized access to the Javelin SEF Trading System, each Participant that becomes aware of such security breach shall promptly notify Javelin SEF by the fastest means possible.

3. Except for actions resulting from the gross negligence of Javelin SEF, each Participant shall be bound by any and all actions taken through use of their Javelin SEF User ID or passwords regardless of whether such actions were authorized by such Participant.
4. No Person may knowingly permit or assist the unauthorized use of a Javelin SEF User ID for any purpose.

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 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.
2. Each Participant shall maintain appropriate Trading Limits for its own account and for the account of each customer for which it trades. 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, each Participant shall provide Javelin SEF with a written certification that (a) Participant is and continues to be an ECP, and, (b) as applicable, all 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 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, and shall make Javelin SEF an express third-party beneficiary of such representation. 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 clearing arrangements, and shall immediately cease executing Trades on Javelin SEF on behalf of such customer. In addition, each Participant shall provide the legal entity identifier information for such customers to enable Javelin SEF to perform swap data reporting pursuant to Parts 43 and 45 of the CFTC Regulations.

Rule 409. Disaster Recovery; Business Continuity

Each Participant shall have written disaster recovery and business continuity policies and procedures in place to ensure it is able to perform certain basic operational functions in the event of a significant internal or external interruption to its operations.

CHAPTER 5 TRADING PRACTICES AND SDR REPORTING

Rule 501. Scope

1. Scope. Unless otherwise provided in the Javelin SEF Rules, this Chapter 5 governs all trading activity on the IRS Vertical and CDS Vertical of Javelin SEF.
2. Trade Execution. There are two methods of trade execution on Javelin SEF: (i) a central limit order book, and (ii) a request for quote system.

Rule 502. Trading Day and Trading Hours

From time to time Javelin SEF shall determine the Trading Days for each calendar year and the Trading Hours. Trading Hours may vary by Product. Javelin SEF shall publish notice of Trading Hours, Trading Days and holidays on its website. Unless expressly stated on the website, all time references shall be based upon local time in New York, New York.

Rule 503. Publication of Trading Information

Javelin SEF will publish trading information as required by CEA Section 5h(f)(9) and Parts 16 and 37 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 shall engage in trading activity on Javelin SEF unless such Participant or the customer for whom it is acting, as applicable, has a clearing account 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 such Participant's trading activity as well as the trading activity (including such trading activity on behalf of customers) of all of such Participant's Authorized Traders 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,
 - b. the name of Authorized Trader,
 - 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 the Javelin SEF Trading System.
 - a. Market Orders. A "Market Order" is an order to purchase or sell a Product at the best price obtainable in the Javelin SEF Trading System at the time the order is entered into the Javelin SEF Trading System.
 - 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. Time Delay Requirement. All Participants who, in connection with the execution of a Required Transaction, seek to either execute against a customer's order or execute two customers' against each other through Javelin SEF's central limit order book shall use the following procedure:
 - 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; or
 - 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.
4. Price-Time Priority. All prices received in the central limit order book are sorted based on a strict price-time priority protocol.
5. Trading Limits. Participants shall only enter orders for such Products and for such amounts as is permitted within the scope of their Trading Limits.
6. 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.
7. Unfilled Orders.
 - a. After the close of trading each Trading Day, all unfilled bids and offers will be cancelled.
 - b. Upon a Participant's logging out from the Javelin SEF Trading System during the Trading Day, all unfilled bids and offers entered by such Participant will be cancelled.
 - c. In the event that connectivity to a Clearinghouse is lost during a Trading Day all unfilled bids and offers designated for such Clearinghouse will be cancelled.

Rule 506. Entry of Orders on Javelin SEF's Request for Quote ("RFQ") System

1. Entry of Orders. Participants may submit RFQ inquiries. Submission of RFQ inquiries shall be sent to a minimum of three counterparties which shall not be (a) affiliates of or controlled by the counterparty requesting the RFQ inquiry or (b) affiliates of or controlled by each other.
2. Anonymous RFQ. Participants may submit RFQ inquiries on an anonymous basis. Participants may respond to the anonymous RFQ inquiry on an anonymous or disclosed basis.

Rule 507. Modification and Cancellation of Orders

Unless otherwise provided in the Javelin SEF Rules, any order entered into Javelin SEF may be modified or cancelled until such time that such order is executed or has otherwise expired. Any such modification or cancellation of an order requires that an Order Modify or Order Cancel be

entered into Javelin SEF. Such modification or cancellation shall become effective upon receipt by Javelin SEF of the Order Modify or Order Cancel.

Rule 508. Market Information

Javelin SEF will make available on an anonymous basis, (whether through the Javelin SEF Trading System, a ticker, a financial information services provider or otherwise), market information regarding prices bid and offered, trades executed and any other information it deems appropriate to Participants in such manner and at such times as it believes is necessary or desirable and consistent with CFTC regulations. Each Participant receiving such information may only redistribute such information to such extent and in such manner as may be permitted by the Javelin SEF Rules.

Rule 509. Real-Time Market Monitoring

Real-time monitoring of trading on Javelin SEF for compliance purposes shall be conducted by Javelin SEF's compliance department.

1. Javelin SEF shall monitor and evaluate data on:
 - a. an ongoing basis in order to detect and prevent manipulation, price distortion, and where necessary disruptions in the cash-settlement process, and
 - b. general market data in order to detect and prevent manipulative activity that would result in the failure of the market price to reflect the normal forces of supply and demand, unusual trading volumes, and impairments to market liquidity.
2. In addition, Javelin SEF may protect market integrity through use of the following system safeguards to prevent the entry of orders in any of the following circumstances:
 - a. pre-trade quantity limits on individual orders to screen for order quantities not within acceptable parameters;

- b. pre-trade price collars to screen for orders outside of current market conditions;
- c. throttles to screen for the execution of too many orders over a specified period of time; and
- d. throttles to screen for the submission of too many messages in a specified period of time.

Rule 510. Error Trades

1. Authority. Javelin SEF shall be authorized to adjust trade prices or cancel Accepted Trades when necessary to mitigate market disrupting events, which include, without limitation, errors resulting from order entry or system malfunctions.
2. Process for Trade Review.
 - a. Javelin SEF may adjust trade prices or cancel any Accepted Trade that, if allowed to remain, would have meaningful adverse effects on the integrity of the market that result from (i) Javelin SEF's observation of the market, (ii) system malfunction, or (iii) a request from a Participant.
 - b. Any request for review made by a Participant shall be made within 8 minutes of trade execution. Javelin Market Monitor, in its sole discretion will determine if the request for review will be accepted. If the request to review an Accepted Trade is granted, Javelin Market Monitor will issue a notice to all Participants that the Accepted Trade has entered the review process.
 - c. The non-reviewable range test shall be applied to all Accepted Trades accepted for review, which shall be as follows. If the Accepted Trade under review is within the non-reviewable range the Accepted Trade will stand. Accepted Trades that fall outside the non-reviewable range will be price adjusted to the fair value level determined by Javelin Market Monitor plus or minus the non-reviewable range. The following ranges shall apply to the IRS Vertical.

Product	Non-Reviewable Range
IRS-Rate	6 basis points from fair value
IRS-Spread	3 basis points from fair value

- d. In the event of a trade review that results in a price adjustment or cancellation, Participants agree that Accepted Trades will be subject to cancel and correct protocols and will notify their respective Clearing Member as required to complete the necessary adjustments or cancellations. In the event that a U.S Treasury spread trade is cancelled the Matched Orders related to U.S. Treasury hedge of the cancelled U.S. Treasury spread trade shall also be cancelled.
- e. Promptly upon completion of its trade review Javelin SEF will issue a notice to all Participants of the results of the trade review indicating whether the Accepted Trade stands, the Accepted Trade has been cancelled or, if the Accepted Trade has been adjusted, the adjusted price.

Rule 511. Price Limits

The Javelin SEF Rules regarding (i) price limits, (ii) trading pauses, and/or (iii) trading halts to trading in a particular Product in the event of extraordinary price movements that may result in distorted prices or trigger market disruptions, shall be as provided in Chapter 10 of the Javelin SEF Rules.

Rule 512. Limitation of Liability and Prohibition on Claims

1. 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.

2. 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.
3. 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 SYSTEM, SERVICES, EQUIPMENT OR FACILITIES BY ANY PERSON;

- d. EXCEPT FOR ORDER STATUS, ANY ERRORS OR INACCURACIES IN INFORMATION PROVIDED BY JAVELIN SEF;
4. 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; or (ii) \$10,000 IN THE AGGREGATE FOR ALL CLAIMS IN A SINGLE CALENDAR YEAR.
 5. 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 AFFILATES AND SUBSIDIARIES).
 6. 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 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 514. Reserved

Rule 515. Block Trades

Block trades shall only be entered on Javelin SEF through Javelin SEF's RFQ system. If the RFQ inquiry is for a block trade, the RFQ can be flagged as a block trade and shall be directed to the minimum number of counterparties required by applicable law.

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 report trades to the CME SDR as soon technologically practicable.
3. All Participants and their 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 dealers 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 payor shall be the reporting counterparty.

Rule 517. Position Limits

Javelin SEF may set position limits for any Product ("Position Limits"). Except as provided by Javelin SEF Rules, no Covered Person that executes Trades on Javelin SEF may own or control a position in excess of such Position Limit.

Rule 518. Position Limit Exemptions

Any Covered Person that executes Trades on Javelin SEF may seek an exemption from Position Limits by submitting a Position Limit exemption application in the manner required by Javelin SEF. Javelin SEF, in its sole discretion, subject to CFTC regulations, may take the following action with respect to a Position Limit exemption application: (a) grant the exemption conditioned upon certain limitations or conditions, (b) grant the exemption, or (c) deny the exemption. Javelin SEF shall provide the applicant with written notice of its determination, which shall be final.

Rule 519. Position Accountability

Javelin SEF may establish a position accountability level for any Product. Any Covered Person who owns or controls a position that exceeds the position accountability level in a Product shall provide, upon the request of Javelin SEF, information to Javelin SEF regarding the nature of the position, trading strategy or hedging activities, as applicable. Javelin SEF shall have the right to direct a Covered Person not to increase the size of a position that is subject to position accountability levels.

Rule 520. Pre-Execution Order Screening

Upon the entry of any order for execution through use of automated means, Javelin SEF shall facilitate prompt pre-execution screening of such order by the applicable Clearing Member. As soon as such an order is determined to comply with the pre-execution limits, Javelin SEF will enter the order into Javelin SEF.

Rule 521. Trade Execution on Javelin SEF via Voice Trading

Participants may execute Trades on Javelin SEF by voice trading. Voice trading on Javelin SEF is a Trading Facility, as defined by section 1a(51) of the CEA, that enables multiple Participants to make bids and/or offers into Javelin SEF that are open to multiple Participants through the use of the telephone, instant message and electronic mail that are acceptable to Javelin SEF. Voice trading is facilitated by Authorized Employees who communicate to Participants engaged in voice trading the existence of bids and/or offers to multiple Participants and assists in the order execution of voice Trades. Voice trading is accomplished as follows.

1. Participants may submit a bid or offer to an Authorized Employee. All bids and offers communicated to Authorized Employees shall be considered to be firm at the time first communicated to the Authorized Employee and subsequently may be indicative. An Authorized Employee, in his or her discretion, may communicate with Participants to determine trading interest.
2. Promptly upon receipt of a bid or offer the Authorized Employee shall communicate, on an anonymous basis, such bid or offer to all Participants engaged in voice trading, which at no time shall be less than five Participants.
3. Participants may cancel or modify firm bids or offers at any time prior to trade execution by communicating such cancellation or modification to an Authorized Employee, and such cancellation or modification shall become effective upon the Authorized Employee's receipt of such cancellation or modification.
4. Bids and offers shall be matched by Authorized Employees on a price time priority (the bid and/or closest in price that is first in time is given priority).
5. The Authorized Employee shall promptly inform Participants when they are matched in a voice trade and Javelin SEF will enter the Trade into its system.

Rule 522. Trade Execution on Javelin SEF via Voice Hybrid Electronic Trading

Participants may execute Trades on Javelin SEF by a hybrid of voice and electronic trading as follows.

1. Participants may submit bids and/or offers to Authorized Employees and direct that such bids and/or offers be submitted for execution via Javelin SEF's central limit order book or request for quote system. All bids and offers communicated to Authorized Employees shall be considered to be firm at the time first communicated to the Authorized Employee. An Authorized Employee, in his or her discretion, may communicate with Participants to determine trading interest.
2. All bids and/or offers that a Participant directs an Authorized Employee to enter into the central limit order book shall be promptly entered into the central limit order book pursuant to Javelin SEF Rule 505. All bids and/or offers that a Participant directs an Authorized Employee to enter into the request for quote system shall be promptly entered into the request for quote system pursuant to Javelin SEF Rule 506.
3. Participants may cancel or modify bids or offers at any time prior to trade execution by communicating such cancellation or modification to an Authorized Employee and such cancellation or modification shall become effective upon the Authorized Employee's entry of the cancellation or modification of the order into the central limit order book or request for quote system, as applicable.
4. The Authorized Employee shall promptly inform Participants when they are matched in a Trade.

CHAPTER 6 CLEARING

Rule 601. General

All Trades executed on Javelin SEF shall be routed for clearing through the Clearinghouse selected for such Trade at the time of order entry. All Trades executed on Javelin SEF shall be subject to the rules, policies and procedures of such Clearinghouse, the Javelin SEF Rules and applicable law. Clearing Members approved by Javelin SEF shall provide such services as are necessary to process and clear Trades as provided by applicable law. Javelin SEF shall route Matched Orders to the Clearinghouse in a manner acceptable to the Clearinghouse for the purposes of facilitating the processing of Matched Orders for clearing in a prompt, efficient and accurate manner, in compliance with applicable law.

Rule 602. Clearing Members

Clearing Members approved by Javelin SEF shall not (a) be required to execute a Javelin SEF Participant Agreement and (b) have Trading Privileges.

Only a Clearing Member approved by Javelin SEF shall be authorized to provide clearing services to Participants and their customers for Trades executed on Javelin SEF

Any Clearing Member that desires Trading Privileges may apply for Participant status pursuant to Chapter 3 of the Javelin SEF Rules.

Rule 603. Criteria for Clearing Members

To be approved as a Clearing Member on Javelin SEF, a Clearing Member must:

1. be a member in good standing of at least one Clearinghouse and is authorized by such Clearinghouse to clear Trades; and
2. hold all necessary regulatory authorizations, licenses, permissions and approvals.

Rule 604. Reserved

Rule 605. Obligations of a Clearing Member

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

Rule 606. Acceptance and Rejection for Clearing

Upon the execution of any orders resulting in Matched Orders through use of automated means to screen orders for compliance with risk based limits, Javelin SEF shall promptly submit such Matched Orders to the Clearinghouse for acceptance for clearing. Upon the execution of any orders resulting in Matched Orders without the use of automated means for compliance with risk based limits, Javelin SEF shall promptly submit such Matched Orders to the Clearinghouse for acceptance for clearing by the applicable Clearing Member and Clearinghouse. Matched Orders submitted for clearing and for which a rejection notice from the Clearinghouse has been received by Javelin SEF shall be void *ab initio*.

Rule 607. Reserved

CHAPTER 7 BUSINESS CONDUCT

Rule 701. General

For purposes of this Chapter 7, the term “Participant” shall mean each Participant and its Supervised Persons and Participant Representatives. All Participants shall be subject to the jurisdiction of Javelin SEF, which includes, without limitation, compliance with Javelin SEF’s business conduct rules. All Participants are deemed to know, consent to and agree to be bound by the Javelin SEF Rules. Javelin SEF may hold a Participant liable for its acts and omissions that constitute violations of Javelin SEF Rules and impose sanctions against such Participant as provided in the Javelin SEF Rules.

Rule 702. Inquiries and Investigations

Javelin SEF’s Compliance Department will monitor compliance with the Javelin SEF Rules and investigate any possible rule violations of which it becomes aware and recommend the commencement of Summary Proceedings and/or Disciplinary Proceedings as it deems appropriate. In addition to discovery or receipt of information that is an indication of a possible rule violation, Javelin SEF may commence an investigation upon the request of a regulator or law enforcement agency.

Rule 703. Services Agreement with Regulatory Services Provider

Javelin SEF may, at any time, choose to contract with a registered futures association, or other registered entity, for the provision of regulatory services which includes, without limitation, assistance with Javelin SEF’s enforcement of the Javelin SEF Rules. Any act or requirement that is required to be performed by the Compliance Department, under the Javelin SEF Rules, may

be performed by a regulatory service provider. Javelin SEF shall retain ultimate decision-making authority with respect to any functions that are contracted to a Regulatory Service Provider.

Rule 704. Appointment of Disciplinary Panel

1. At the commencement of a Disciplinary Proceeding the Regulatory Oversight Committee shall serve the Compliance Department, the Respondent, as applicable, and the Disciplinary Panel members with written notice of the appointment of such Disciplinary Panel. The Respondent shall not be provided with notice of the appointment of a Review Panel unless the Respondent has been notified that it must appear before the Review Panel.
2. Within 10 days of service of the appointment of a Disciplinary Panel the Compliance Department and the Respondent, as applicable, may seek to disqualify any individual named to serve on the Disciplinary Panel because such individual has a Material Conflict of Interest or for reasons provided in Javelin SEF Rule 206 or for any other reason by serving written notice of their disqualification request on the Chairperson of the Regulatory Oversight Committee and contemporaneously serving a copy of the request for disqualification on the Compliance Department. By failing to timely file a request for disqualification, the Compliance Department and Respondent, as applicable, shall be deemed to have consented to and waived any objection to the composition of the Disciplinary Panel. The Chairperson of the Regulatory Oversight Committee, in his or her sole discretion, shall determine the merits of any request for disqualification. If the Chairperson of the Regulatory Oversight Committee determines that the request for disqualification has merit, the Disciplinary Panel member shall be replaced and a new member shall be appointed. Any such decision shall be final and not subject to appeal.
3. Upon appointment to a Disciplinary Panel each member of the Disciplinary Panel shall promptly disclose to the Chief Compliance Officer any actual or potential Material Conflict of interest. The Chief Compliance Officer, will determine if an actual or potential Material Conflict of Interest exists. In the event an actual or potential Material Conflict of Interest exists, the member of the Disciplinary Panel having such actual or potential

Material Conflict of Interest shall be removed from the Disciplinary Panel and another panel member shall be appointed.

Rule 705. Confidentiality

All information regarding a Disciplinary Proceeding shall be confidential and not be disclosed except as necessary to conduct such Disciplinary Proceeding, or as may be required by law.

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 505.
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 707. Disciplinary Proceedings and Summary Proceedings

Javelin SEF through its Compliance Department will conduct market surveillance and Disciplinary Proceedings that include, without limitation, inquiries, investigations, disciplinary proceedings, disciplinary hearings, appeals from disciplinary decisions, and Summary Proceedings. Javelin SEF may impose sanctions, as provided by the Javelin SEF Rules, against Participants regarding conduct (including the failure to act) that constitutes a violation of Javelin SEF Rules.

Rule 708. Service of Documents

Any Complaint, Answer or other documents regarding Javelin SEF Disciplinary Proceeding or Summary Proceeding may be served, and service shall be deemed completed upon (i) hand delivery, (ii) deposit in the United States mail, postage paid, via registered mail or certified mail return receipt requested; (iii) deposit in nationally recognized overnight mail carrier; or (iv) sending of such documents by electronic mail with a confirmation copy promptly sent by United States mail. Service made on a Respondent shall be to the address Respondent provided to Javelin SEF for notices from Javelin SEF. Service to the Compliance Department shall be made to the address of the Chief Compliance Officer, or such other address designated by the Chief Compliance Officer. Service to a Disciplinary Committee shall be made at the address of Javelin SEF and shall state the name of the Javelin SEF Committee and its Chairperson.

Rule 709. Representation

During any Javelin SEF Disciplinary Proceeding, a Respondent may represent itself, or be represented by counsel (at such Respondent's sole cost and expense), the compliance staff of such Respondent or another Participant (including in-house counsel or compliance staff of a Participant) other than a Participant that is a member of a Disciplinary Committee. A Respondent shall provide the Chief Compliance Officer with prompt notice of the name and contact information of its counsel or representative. For the purposes of this Chapter 7, all references to Respondent shall include such Respondent's counsel or representative, and any reference to Respondent's counsel shall include Respondent's representative.

Rule 710. Prohibited Activities

No Person shall delay, impede, interfere with, or attempt to influence a Javelin SEF Disciplinary Proceeding or Summary Proceeding. Any Person that learns of any activity prohibited by this Javelin SEF Rule shall give prompt notice of such activity to the Chief Compliance Officer.

Rule 711. Ex Parte Communications

1. The Respondent and the Javelin SEF compliance staff involved in a Disciplinary Proceeding shall have the opportunity to participate in all communications with the Disciplinary Committee.
2. Neither Javelin SEF's compliance staff nor any Respondent, or its counsel, involved in a Disciplinary Proceeding shall knowingly make or cause to be made an ex-parte communications regarding the merits of such Disciplinary Proceeding with any member of the Disciplinary Committee assigned to handle such Disciplinary Proceeding.

3. No member of the Disciplinary Committee assigned to handle a Disciplinary Proceeding shall knowingly make or cause to be made an ex parte communication with the Respondent or Javelin SEF compliance staff regarding a Disciplinary Proceeding.
4. It shall not be a violation of this Javelin SEF Rule for the Respondent or Javelin SEF compliance staff involved in a Disciplinary Proceeding to individually have communications with the Disciplinary Committee regarding scheduling or procedural matters, nor shall it be a violation of this Javelin SEF Rule if a Person refuses an attempted ex parte communication concerning the merits of a Disciplinary Proceeding as soon as it become apparent that such communication concerns the merits of a Disciplinary Proceeding.
5. Any Person that receives or learns of any communication prohibited by this Javelin SEF Rule shall give prompt notice of such communication (including any response thereto) to the Chief Compliance Officer.

Rule 712. Testimony and Production of Documents

The Board, Chief Executive Officer, Chairperson of any Disciplinary Committee, Chief Compliance Officer and Javelin SEF compliance staff engaged in any Disciplinary Proceeding shall have the power to issue (i) subpoenas compelling the appearance of any Participant before a Javelin SEF Committee or Javelin SEF compliance staff conducting a Disciplinary Proceeding, or (ii) document demands compelling the production of documents, information, records and other tangible evidence to a Javelin SEF Committee or Javelin SEF compliance staff conducting a Disciplinary Proceeding. A Participant receiving a subpoena pursuant to the Javelin SEF Rules shall appear by an Authorized Trader, Participant Representative, officer or employee fully familiar with the relevant facts and circumstances. A Participant's failure to provide testimony as requested by a subpoena or the failure to provide documents, information, records and other tangible evidence as required by a document demand shall be a violation of the Javelin SEF Rules and shall be subject to disciplinary action.

Rule 713. Reserved

Rule 714. Authority of the Chief Compliance Officer and the Compliance Department

The Chief Compliance Officer shall be responsible for enforcing Javelin SEF Rules and shall have available to him or her all the resources of the Compliance Department. Under the direction of the Chief Compliance Officer, the Javelin SEF Compliance Department will determine the nature and scope of its inquiries and investigations and will perform its compliance functions independently of any commercial interests of Javelin SEF. The Compliance Department shall have the authority to:

1. conduct annual audit trail and recordkeeping reviews;
2. initiate inquiries;
3. request that Participants appear for an interview, which at the Compliance Department's discretion may be conducted under oath;
4. request documents and/or other tangible evidence;
5. review other trading activity;
6. gather any additional information the Compliance Department, in its discretion, deems necessary;
7. prepare investigative reports, make determinations as to whether or not reasonable cause exists to believe that a rule violation has been committed, and make recommendations as to what charges should be brought;
8. recommend the commencement of a Summary Proceeding or Disciplinary Proceeding;
9. prosecute alleged violations of Javelin SEF Rules within Javelin SEF's disciplinary jurisdiction;
10. represent the Compliance Department before the Disciplinary Committee during all phases of the disciplinary process, including, without limitation, settlement offers, hearings and appeals;
11. issue and serve notices of disciplinary charges ("Complaint") on Participants;
12. review denials of access to Javelin SEF for disciplinary reasons; and
13. issue subpoenas and document requests as provided in the Javelin SEF Rules.

Rule 715. Obligations of Participants

Each Participant shall:

1. promptly respond to inquiries made by the Compliance Department, including requests for interviews;
2. produce documents and/or other tangible evidence in response to a document demand issued pursuant to Javelin SEF Rules;
3. appear before a Disciplinary Committee in response to a subpoena;
4. appear before a Disciplinary Committee as a witness called by either party to a Javelin SEF Disciplinary Proceeding; or
5. appear before a Disciplinary Committee as a Respondent in any Disciplinary Proceeding or appear before the ROC in connection with a Summary Proceeding.

Rule 716. Investigative Reports

1. Investigation. The Compliance Department shall maintain a log of all inquiries, investigations and their disposition. At the conclusion of each investigation the Compliance Department will prepare a written report of such investigation ("Investigative Report"). The Investigative Report will provide the following information: (i) whether there is reasonable cause to believe that a rule violation is about to occur or has occurred, (ii) a description of the facts supporting the Compliance Departments' determination, (iii) the Respondent's disciplinary history, and (iv) the recommendations of the Compliance Department.
2. Review of Investigative Reports by Chief Compliance Officer. All Investigative Reports will be reviewed by the Chief Compliance Officer to determine whether there is reasonable cause to believe that a rule violation is about to occur or has occurred. At the conclusion of such review if the Chief Compliance Officer determines that additional evidence or investigation is needed to determine whether a reasonable basis exists to

believe that a rule violation is about to occur or has occurred, the Chief Compliance Officer may direct the Compliance Department to conduct such further investigation.

3. Recommendations of the Compliance Department. At the conclusion of its investigation the Compliance Department may make any of the following recommendations:
 - a. that the investigation be closed without any further action;
 - b. that a Warning Letter be issued;
 - c. that the matter be settled prior to preparation of a complaint; or
 - d. that a Complaint be issued.

Rule 717. Review of Investigative Reports by the Review Panel

The Compliance Department shall present all Investigative Reports to the Review Panel.

1. Upon due consideration of the Investigative Report the Review Panel may:
 - a. reject the recommendation(s) of the Compliance Department and send the matter back for further investigation;
 - b. adopt the recommendation(s) of the Compliance Department;
 - c. adopt in part the recommendation(s) of the Compliance Department; or
 - d. approve the settlement of disciplinary charges (based upon the Investigative Report and prior to the issuance of a complaint).
2. If the Compliance Department makes a recommendation that the preparation and service of a Complaint is warranted, then the Compliance Department may serve the Respondent with notice that the Compliance Department has recommended that disciplinary charges be brought against it.
3. The Compliance Department may permit the Respondent to propose a settlement of the alleged charges or submit a written statement explaining why a disciplinary proceeding should not be commenced or why one or more of the charges alleged should not be brought.

Rule 718. Complaint

If the Review Panel determines that a complaint should be issued the Compliance Department shall prepare a compliant and serve it within 30 days of the Review Panel's determination that a Complaint should be issued. The Complaint shall:

1. describe the acts, omissions or conduct that the Respondent is alleged to have engaged in;
2. indicate the Javelin SEF Rules that the Respondent is alleged to have violated or is about to violate;
3. indicate the proposed sanctions for such violation(s);
4. advise the Respondent of Respondent's right to respond to the Compliant and request a hearing and the time deadline provided in the Javelin SEF Rules for doing so;
5. advise the Respondent that, except for good cause, Respondent's failure to respond to the Complaint within the time deadline provided in the Javelin SEF Rules will be deemed to be a waiver of the right to a hearing; and
6. advise the Respondent that all allegations in the Complaint not expressly denied shall be deemed admitted.

Rule 719. Answer

The Respondent shall serve an Answer no later than 20 days after service of the Complaint, or such other date agreed upon by the Respondent and the Compliance Department. The Answer shall:

1. state the allegations the Respondent admits or denies;
2. state which allegations the Respondent does not have sufficient knowledge to either admit or deny;
3. state any affirmative defenses and, where applicable, include any facts that contradict the notice of charges; and
4. be signed by the Respondent.

A general denial of the charges shall not satisfy the requirements of this Javelin SEF Rule. Any allegation for which the Answer does not provide a response shall be deemed admitted. Unless good cause is shown, if a Respondent fails to serve an Answer within the required time frame, then all charges in the Compliant shall be deemed admitted.

Rule 720. Pre-hearing Procedures

1. Discovery between the Respondent and the Compliance Department. At any time prior to the start of a hearing a Respondent may make a written request to the Compliance Department to review the records, information and tangible evidence in the possession and control of the Compliance Department that the Compliance Department will rely upon to support the allegations and proposed sanctions stated in the Complaint. Such review shall occur at a date and time mutually convenient to the Respondent and Compliance Department. The Respondent may obtain a copy of all such evidence at the sole cost and expense of the Respondent. Javelin SEF may withhold documents that: (i) are privileged or constitute attorney work product, (ii) were prepared by an employee of Javelin SEF but will not be offered in evidence in the disciplinary proceedings; (iii) may disclose a technique or guideline used in examinations, investigations, or enforcement proceedings, or (iv) disclose the identity of a confidential source. The Compliance Department is not required to produce or obtain documents that are not in its possession and control. For the avoidance of any doubt, information that could adversely affect competitive positions include positions in Products currently held, trading strategies used in establishing or liquidating positions, the identity of any Respondent and the personal finances of the Person providing the information.
2. Discovery between the Respondent and Third-parties. Prior to the hearing the Respondent may seek documents, information or other tangible evidence, not in the possession of the Compliance Department from a third-party. If such third-party is subject to the jurisdiction of Javelin SEF and fails to provide the documents, information or other tangible evidence requested by the Respondent on a voluntary basis the Respondent may make a written application to the Hearing Panel for an order compelling such production. At any time prior to the hearing the Respondent may

make an application to the Hearing Panel requesting the Hearing Panel issue a subpoena compelling the appearance and testimony of a Person, subject to the jurisdiction of Javelin SEF, at the hearing. The Respondent shall serve the Compliance Department with a copy of any application made to the Hearing Panel pursuant to this Javelin SEF Rule and the Compliance Department may object in whole or in part to any such application made by the Respondent.

3. Resolution of Discovery Disputes. Either party may make a written application to the Hearing Panel for resolution of any discovery dispute. Any party making an application to the Hearing Panel for the resolution of a discovery dispute shall timely serve the other party with a copy of their written application to the Hearing Panel. Any such application to the Hearing Panel shall include the following information (i) a description of the documents, information or other tangible evidence that is sought, (ii) the name of the custodian of the documents, information or other tangible evidence that is sought, (iii) the nature of the custodian's objection to their production, and (iv) the reasons why the Hearing Panel should compel the production of documents, information or other tangible evidence that is sought.
4. Pre-Hearing Disclosure. At least 14 days before the start of the hearing each party shall provide the other party with a (i) list of witnesses that the party intends to call to testify at the hearing, and (ii) copies of the documents, information and other tangible evidence that the party intends to rely upon at the hearing. The Hearing Panel may refuse to consider any documents, information or other tangible evidence which was not produced to a party or permit testimony from a witness whose name was not disclosed to the other party pursuant to this Javelin SEF Rule.
5. Pre-Hearing Conference. Prior to the hearing the Hearing Panel may hold a meeting to determine motions, procedural issues and evidentiary matters.
6. Notice of the Hearing. The Hearing Panel shall provide the parties with reasonable notice, confirmed in writing, of the date, time and place of the hearing.

Rule 721. Hearing Procedures

1. Hearing Panel Procedures. After the Complaint is served on the Respondent, the proceeding will be referred to the Hearing Panel. The Hearing Panel will have the authority to review and consider (i) any settlement offers made by the Respondent and (ii) any evidence presented at a hearing.
2. Hearing Procedures. The following procedures will apply during a hearing.
 - a. The entire Hearing Panel shall be present during the hearing. The Chairperson of the Hearing Panel may adjourn, continue, or otherwise conduct the hearing.
 - b. The Compliance Department will represent Javelin SEF at the hearing and may present evidence in support of its case.
 - c. The Compliance Department shall have the burden of proof and shall prove alleged rule violations by a preponderance of the evidence.
 - d. The Respondent may present evidence in support of his or her defense. If the Respondent fails to appear, the hearing may proceed without the Respondent.
 - e. Each party will have the right to call and cross-examine witnesses.
 - f. The formal rules of evidence do not apply. The Chairperson of the Disciplinary Panel will make all evidentiary and procedural determinations, including, without limitation, the admissibility and relevance of evidence. Javelin SEF staff may provide guidance to the Chairperson of the Disciplinary Panel conducting the hearing.
 - g. After the conclusion of the hearing the Hearing Panel will issue a written decision, which it shall provide to all parties.
 - h. The Hearing proceedings will be recorded in a format that can be transcribed.

Rule 722. Decision of the Hearing Panel

As soon as reasonably practicable after the hearing, the Hearing Panel will issue a written decision and order rendering its determination based upon the weight of the evidence contained in the record of the hearing, and will serve a copy on the Compliance Department and the Respondent. A decision of the majority of the Hearing Panel shall constitute the

decision of the Hearing Panel. The Hearing Panel's decision and order shall contain the following (i) a summary of the allegations contained in the Complaint; (ii) a summary of the Answer, including any affirmative defenses asserted; (iii) a brief summary of the documents, information, testimony and/or other tangible evidence admitted into evidence at the hearing; (iv) the Hearing Panel's findings and conclusions concerning each of the allegations charged in the Complaint, including each Javelin SEF Rule and provision of law the Respondent is found to have violated; (v) the sanctions imposed, if any, and the effective date of each sanction; and (vi) notice of the Respondent's right to appeal. Unless a timely notice of appeal is filed pursuant to Javelin SEF Rules, the decision and order of the Hearing Panel will become a Final Decision.

Rule 723. Offers of Settlement

1. A Respondent may propose an offer of settlement at any time during the disciplinary process.
2. All offers of settlement shall be in writing, signed by the Respondent and contain proposed findings and sanctions agreed upon by the Respondent and the Compliance Department. A Respondent may offer to settle a Disciplinary Proceeding without admitting or denying the findings contained in the Complaint, but must consent to the jurisdiction of Javelin SEF to impose sanctions on Respondent in connection with the Disciplinary Proceeding.
3. Respondent shall serve a copy of the offer of settlement on the Compliance Department and the Chairperson of the Review Panel or Hearing Panel, as applicable.
4. The Review Panel or Hearing Panel, as applicable, may accept or reject the offer of settlement, but may not modify the terms of the offer without the Respondent's consent. In making its determination the Review Panel or Hearing Panel may provide the Compliance Department and the Respondent the reasons why the offer of settlement has been accepted or rejected.
5. All offers of settlement that have been accepted by the Review Panel or Hearing Panel shall be submitted to the Board for approval. If the offer of settlement is accepted by the Board it shall be a Final Action and shall be deemed to constitute a waiver of Respondent's right to hearing. The Compliance Department and Respondent shall

receive prompt notice of the Board's determination to accept or reject the offer of settlement.

6. A Respondent may withdraw an offer of settlement any time prior to acceptance of such offer of settlement by the Board.
7. If the offer of settlement is not accepted by the Hearing Panel, Review Panel, or Board, as applicable, then the Disciplinary Proceeding shall continue as if the offer of settlement had not been made. All documents relating to such offer of settlement shall not become part of the record in such Disciplinary Proceeding. Neither the Compliance Department, nor the Respondent shall use an unaccepted offer of settlement for any purpose during any stage in the Disciplinary Proceeding, including, without limitation, as an admission of wrong doing.

Rule 724. Appeals

1. No later than 30 days after service of a hearing decision any party may file a notice of appeal with the Compliance Department that shall state the reason for the appeal. Upon the timely service of a notice of appeal the sanctions imposed in the decision and order of the Hearing Panel will be suspended pending the determination of the Respondent's appeal.
2. The notice of appeal shall state the grounds for appeal, including the findings of fact, conclusions or sanctions to which the Respondent objects. A Respondent may appeal a decision and order of the hearing panel on the grounds that:
 - a. the decision and order was arbitrary, capricious, an abuse of discretion, or not in accordance with the rules of Javelin SEF;
 - b. the decision and order exceeded the authority or jurisdiction of the Hearing Panel;
 - c. the decision and order failed to observe required procedures;
 - d. the decision and order was unsupported by the facts or evidence; or
 - e. the imposed sanctions are inappropriate or unsupported by the record.
3. Upon receipt of the notice of appeal the Compliance Department will compile the appeal record, which will include, without limitation, (i) the complaint, (ii) the Answer,

(iii) a copy of all items accepted into evidence, (iv) the transcript of the hearing, and (v) the hearing decision. The Compliance Department will provide the Respondent(s) and Appeal Panel with a copy of the record on appeal no later than 60 days after the Compliance Department's receipt of the notice of appeal or such other deadline agreed upon by the Respondent and the Compliance Department.

4. No later than 20 days after service of the record on appeal by the Compliance Department, the Respondent shall serve the Compliance Department and the Chairperson of the Appeal Panel with a brief supporting its appeal.
5. No later than 20 days after service of Respondent's appeal brief, the Compliance Department may serve a brief in response to Respondent's appeal brief on the Respondent and the Chairperson of the Appeal Panel.
6. No later than 10 days after service of the Compliance Department's responding brief, the Respondent may serve a reply brief on the Compliance Department and the Chairperson of Appeal Panel.
7. After service of the notice of appeal, the Appeal Panel will schedule a meeting at which each party will be given an opportunity to present oral argument to the Appeal Panel. The proceedings held during this meeting will be recorded in a format that can be transcribed. The Appeal Panel shall only consider the record before it, the notice of appeal and the briefs submitted by the parties. The Appeals Panel may only consider new evidence if the Appeals Panel determines that good cause exists as to why the evidence was not introduced during the hearing.
8. After the conclusion of the appeal proceeding, the Appeal Panel will issue a written decision, which it shall provide to all parties.

Rule 725. Decision of the Appeal Panel

As promptly as reasonably possible after the conclusion of oral argument, the Appeal Panel will issue a written decision, based upon the weight of the evidence before the Appeal Panel. The decision of the Appeal Panel will include a statement of the findings of fact and conclusion for each of the findings and sanctions made by the Hearing Panel. In its decision the Appeal Panel may affirm, modify or reverse, in whole or in part, the decision and order of the Hearing Panel,

including the increasing, decreasing or elimination of sanctions or remedies imposed by the Hearing Panel. The Appeals Panel shall not set aside, modify or amend the Hearing Panel's decision unless it determines by majority vote that the Hearing Panel's decision was:

1. arbitrary, capricious, or an abuse of the Hearing Panel's discretion;
2. beyond the authority or jurisdiction of the Hearing Panel; or
3. based upon a clearly erroneous application or interpretation of CFTC Regulations or Javelin SEF Rules.

If the standards for setting aside, modifying or amending the Hearing Panel's decision and order have not been met, and a majority of the Appeal Panel believes that the Hearing Panel's decision and order resulted from a specific error, impropriety, or deficiency in the hearing it may order, by majority vote, that a new hearing be held. In the event that the Appeal Panel determines that a new hearing be held, the Appeals Panel shall provide a copy of the Appeal Panel's decision to the Chairperson of the Regulatory Oversight Committee. No later than 30 days after the receipt of the Appeal Panel's decision, the Regulatory Oversight Committee shall appoint a new Hearing Panel and serve the Compliance Department and the Respondent with notice of such panel appointment.

The decision of the Appeal Panel shall be the Final Action of Javelin SEF and will not be subject to further appeal within Javelin SEF.

Rule 726. Imposition of Summary Fines

1. The Chief Compliance Officer may summarily impose a fine, pursuant to Javelin SEF Rule 728(5), against a Respondent for failing (i) to make timely and accurate submissions of notices, reports or other required information to Javelin SEF or (ii) keep such books and records as required by the Javelin SEF Rules.
2. The Chief Compliance Officer shall serve written notice of each summary fine imposed which shall include (i) the violation of the Javelin SEF Rule for which the fine has been issued; (ii) the date of the violation of the Javelin SEF Rule; (iii) the amount of the fine; and (iv) the payment due date.

3. No later than 20 days after service of the notice of a summary fine, the Respondent upon whom the notice of summary fine was served may appeal the imposition of such summary fine by serving a written request for review of the summary fine to the Regulatory Oversight Committee and the Chief Compliance Officer. The service of a request to review a summary fine shall suspend the payment due date pending the determination of the Respondent's request for review.
4. Within 10 days after service of the request for review of a summary fine, the Chief Compliance Officer may serve a response to the Respondent's review on the Respondent and the Regulatory Oversight Committee.
5. As soon as reasonably possible after service of the Chief Compliance Officer's response to the Respondent's request for review of the summary fine, the Regulatory Oversight Committee will render a written decision that affirms, modifies or sets aside the summary fine imposed by the Chief Compliance Officer. The decision of the Regulatory Oversight Committee shall be the final action of Javelin SEF and will not be subject to further appeal within Javelin SEF.

Rule 727. Summary Proceedings

1. A Summary Proceeding may be commenced in addition to any other Disciplinary Proceeding.
2. After consultation with the Chief Compliance Officer, the Regulatory Oversight Committee, may summarily suspend, restrict or revoke the Trading Privileges of any Respondent as result of (i) Respondent's statutory disqualification, (ii) the reasonable belief that immediate action is required to protect the public or Participants; or (iii) the nonpayment of disciplinary fines ("Summary Proceeding"). The Regulatory Oversight Committee's determinations from the Summary Proceeding shall be in written decision that states (i) the acts, omissions or conduct the Respondent is alleged to have committed; (ii) the sanctions imposed and their effective date; and (iii) the Respondent's right to appeal ("Summary Proceeding Decision"). The sanctions imposed by Summary Proceeding Decision may be effective immediately, on a future date or

dependent upon the occurrence of a future event. The Chief Compliance Officer shall promptly serve a copy of the Summary Proceeding Decision on the Respondent.

3. No later than 10 days after service of the Summary Proceeding Decision, the Respondent may appeal the Summary Proceeding Decision by serving a written request ("Summary Proceeding Review Notice") on the Chairperson of the Regulatory Oversight Committee and serving a copy on the Chief Compliance Officer. The Summary Proceeding Review Notice shall state the grounds for appeal, including the findings of fact, conclusions or sanctions to which the Respondent objects. The Respondent's failure to serve Summary Proceeding Review Notice in a timely manner shall constitute a waiver of Respondent's right to appeal the Summary Proceeding Decision.
4. The Regulatory Oversight Committee shall meet to consider the Summary Proceeding Review Notice as soon as practicable after its receipt by the Chairperson of the Regulatory Oversight Committee ("Summary Proceeding Review Conference"). Both the Chief Compliance Officer and the Respondent may be present at the Summary Proceeding Review Conference. No later than 20 days after the Summary Proceeding Review Conference, the Regulatory Oversight Committee shall issue a written decision either affirms, modifies or reverses the Summary Proceeding Decision. Such decision shall be promptly served on the Chief Compliance Officer and the Respondent and shall not be subject to further review by any Javelin SEF Committee.

Rule 728. Sanctions

1. Disciplinary Committees are authorized to impose the following sanctions upon a finding of a rule violation:
 - a. a warning letter, as provided below
 - b. a condition or limit Trading Privileges
 - c. suspension or in lieu of a suspension, with the Respondent's consent, a fine as described in section 2 below;
 - d. restitution;
 - e. expulsion; or
 - f. any combination of sanctions.

2. As an alternative to suspension a Respondent may choose to pay a fine to Javelin SEF, provided that the Disciplinary Committee that imposed such suspension consents to the imposition and amount of the fine. Javelin SEF may impose a fine in an amount up to \$100,000 for each disciplinary offense. Failure to pay an agreed fine within 30 days of the date from which the fine is due shall result in suspension and/or further disciplinary action.
3. The following restriction shall apply to the issuance of warning letters. No more than one warning letter, in lieu of stronger disciplinary action, shall be issued to a Respondent for the same rule violation during a rolling 12 month period.
4. The Regulatory Oversight Committee is authorized to impose the following sanctions in connection with a Summary Proceeding:
 - a. condition or limit Trading Privileges;
 - b. suspension of Trading Privileges;
 - c. expulsion; or
 - d. any combination of sanctions.
5. Javelin SEF may impose summary fines in an amount up to \$5,000 per offense. Failure to pay a fine within 30 days of date from which the fine is due shall result in the accrual of interest on the fine at the prime rate. Failure to pay a fine within 60 days from the date that the fine was imposed may result in suspension and/or disciplinary action.

Rule 729. Rights and Responsibilities after Suspension or Termination

1. If the Trading Privileges of a Respondent are suspended by Javelin SEF none of such Respondent's rights and Trading Privileges (including the right to enter orders in the Javelin SEF Trading System and hold oneself out as a Participant) and the Trading Privileges of its Authorized Traders) will apply during the period of suspension, except for the Respondent's right to assert claims against others as provided in the Javelin SEF Rules. Any such suspension will not affect the rights of creditors under the Javelin SEF Rules or relieve the Respondent from his or her obligations under the Javelin SEF Rules to perform on Trades entered into before the effective date of such suspension, or for any Javelin SEF fees or costs incurred during the suspension. Javelin SEF may discipline

any suspended Respondent for any violation of Javelin SEF Rules committed by such Respondent before, during or after the suspension.

2. If the Trading Privileges of a Respondent are terminated, all of such Respondent's rights and Trading Privileges will terminate (including the right to enter orders in the Javelin SEF Trading System and hold oneself out as a Participant and the Trading Privileges of such Respondent's Authorized Traders), except for the right of such Respondent to assert claims against others, as provided by the Javelin SEF Rules. Any such termination will not affect the rights of creditors under the Javelin SEF Rules or relieve the Respondent from Respondent's obligations under the Javelin SEF Rules to perform on Trades entered into before the effective date of such termination. Any Respondent who has had Respondent's Trading Privileges terminated may only obtain reinstatement of Trading Privileges by applying to become Javelin SEF Participant pursuant to the Javelin SEF Rules, and such Respondent may not apply to be a Javelin SEF Participant until six months after the effective date of the termination of such Respondent's Trading Privileges.
3. A terminated Respondent remains subject to the Javelin SEF Rules and the Jurisdiction of Javelin SEF for the acts and omissions that occurred before such Respondent's termination and must cooperate in any Disciplinary Proceeding as if the suspension or termination had not occurred. A suspended Respondent remains subject to the Javelin SEF Rules and the jurisdiction of Javelin SEF for the acts and omissions that occurred before, during or after such Respondent's suspension and must cooperate in any Disciplinary Proceeding as if the suspension had not occurred.

CHAPTER 8 ARBITRATION

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 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) 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 802. Services Agreement with Regulatory Services Provider

Javelin SEF may, at any time, choose to contract with a registered futures association, or other registered entity, for the provision of regulatory services which includes, without limitation, assistance with the resolution of disputes pursuant to Javelin SEF Rules. Any act or requirement that is required to be performed by the Javelin SEF under the Javelin SEF Rules, with respect to Arbitration proceedings may be performed by a regulatory service provider. Javelin SEF shall retain ultimate decision-making authority with respect to any functions that are contracted to a Regulatory Service Provider.

Rule 803. Commencement of an Arbitration Proceeding

1. Any Person wishing to commence an arbitration proceeding (“Claimant”) against a Person (“Respondent”) may do so by serving a Notice of Arbitration on the Respondent and the Chairperson of the Arbitration Committee, together with proof of service, within two years from the date the cause of action accrued.
2. The Notice of Arbitration served on the Chairperson of the Arbitration Committee shall be accompanied by the Claimant’s non-refundable check for arbitration filings fees, as determined by the Javelin SEF Board, which shall be as follows:

<u>Amount of Relief Requested</u>	<u>Filing Fee</u>
up to \$5,000	\$100
over \$5,000 and up to \$25,000	\$250
over \$25,000 and up to \$100,000	\$500
over \$100,000	\$1,500

3. The Notice of Arbitration shall set forth the name and address of the Claimant(s) and Respondent(s), the nature of the allegations against the Respondent(s), the relief requested and the factual and legal basis for granting such relief.

Rule 804. Service Documents

Any Complaint, Answer or other documents regarding a Javelin SEF Arbitration may be served, and service shall be deemed completed upon (i) hand delivery, (ii) deposit in the United States mail, postage paid, via registered mail or certified mail return receipt requested; (iii) deposit in nationally recognized overnight mail carrier; or (iv) sending of such documents by electronic mail with a confirmation copy promptly sent by United States mail. Service made on the Claimant and Respondent shall be made to the address provided by the Claimant and Respondent to Javelin SEF for notices from Javelin SEF. Service to the Arbitration Panel shall be made at the address of Javelin SEF to the attention of the Arbitration Panel and shall state the name of the Chairperson of the Arbitration Panel.

Rule 805. Appointment of Arbitration Panel

1. Promptly after service of the Notice of Arbitration, Javelin SEF will appoint an Arbitration Panel to hear and decide the Arbitration matter. The Arbitration Committee Chairperson shall serve the Claimant, Respondent and each member of the Arbitration Panel with notice of the appointment of the Arbitration Panel.
2. Upon appointment to an Arbitration Panel each member of the Arbitration Panel shall promptly disclose to the Chairman of the Arbitration Committee any matter, relationship or interest with (i) the subject matter of the dispute, and/or (ii) any party to the dispute, that may affect the Arbitration Panel member's ability to be, or create the appearance that he or she is not, impartial in deliberating and deciding the dispute. The Chairperson of the Arbitration Committee will consider such disclosure and determine whether the objection warrants the removal of a member of the Arbitration Panel. If a member of the Arbitration Panel is removed, a replacement will be appointed.
3. Any party wishing to object to the members of the Arbitration Panel may do so provided that such objection is made in writing no later than 10 days after service of notice of the panel appointment and is provided to all parties and the Chairperson of the Arbitration Committee.
4. The Chairperson of the Arbitration Committee will review the objection and determine whether the objection warrants the removal of a member of the Arbitration Panel. If a member of the Arbitration Panel is removed, a replacement will be appointed. The parties shall be notified of any replacement to the Arbitration Panel and will have 10 days to object to the new member of the Arbitration Panel.

Rule 806. Ex-Parte Communications

1. The Claimant and Respondent involved in a Javelin SEF Arbitration shall have the opportunity to participate in all communications with the Arbitration Panel.
2. Neither the Claimant nor the Respondent, or their counsel, involved in a Javelin SEF Arbitration shall knowingly make or cause to be made an ex-parte communication

regarding the merits of such Javelin SEF Arbitration with any member of the Arbitration Panel assigned to handle such Javelin SEF Arbitration.

3. No member of the Arbitration Panel assigned to handle a Javelin SEF Arbitration Proceeding shall knowingly make or cause to be made an ex parte communication with the Claimant or Respondent regarding a Javelin SEF Arbitration.
4. It shall not be a violation of this Javelin SEF Rule for the Claimant or Respondent involved in a Javelin SEF Arbitration to individually have communications with the Arbitration Panel regarding scheduling or procedural matters, nor shall it be a violation of this Javelin SEF Rule if a Person refuses an attempted ex parte communication concerning the merits of a Javelin SEF Arbitration as soon as it becomes apparent that such communication concerns the merits of a Javelin SEF Arbitration.
5. Any Person that receives or learns of any communication prohibited by this Javelin SEF Rule shall give prompt notice of such communication (including any response thereto) to the Chief Compliance Officer.

Rule 807. Arbitration Pre-Hearing Proceedings

1. Each Respondent shall serve an Answer to the Notice of Arbitration on the Claimant and the Chairperson of the Arbitration Committee, no later than 20 days after the service of the Notice of Arbitration, or such other date mutually agreed to by Claimant and Respondent. The Answer may set forth (i) any affirmative defenses, (ii) counterclaims, (iii) cross-claims and/or (iv) third-party claims, provided such claims are asserted over a Person who is subject to mandatory arbitration of such claim or consents to the jurisdiction of the Arbitration Committee. Any party against whom a cross-claim, counter-claim or third-party claim has been asserted shall file a written Answer to those claims with the Chairperson of the Arbitration Committee, with a copy to all parties, no later than 20 days after service of the cross-claim, counter-claim or third-party claim, or such other date mutually agreed to by the parties.
2. As soon as practicable after the appointment of the panel is finalized, the Arbitration Panel shall hold a scheduling conference. At the scheduling conference the Arbitration Panel and the parties will agree upon the case schedule and set a date (or dates) for the

hearing. The Panel shall service all parties with written notice of the date, time and place of the hearing.

3. No later than 30 days after the scheduling conference, each party shall provide to the other party and the Arbitration Panel a copy of the documents and information that will be presented at the hearing. After disclosure of documents and information, any party may serve another party (with a copy to the Chairman of the Arbitration Panel) with a request for additional documents and/or information. The party receiving a request for additional documents and/or information shall respond within 30 days of service of such request or such other date as agreed upon by the parties. A party that receives a request for documents and/or information from another party may raise any objections to such request to the Arbitration Panel. Based upon the facts and circumstances of the matter, the Arbitration Panel, in its sole discretion, will determine whether such additional discovery will be permitted.
4. At least 14 days before the start of the hearing each party shall provide the other party with a (i) list of witnesses that the party intends to call to testify at the hearing, and (ii) copies of the documents, information and other tangible evidence that the party intends to rely upon at the hearing. The Arbitration Panel may refuse to consider any documents, information or other tangible evidence which was not produced to a party or permit testimony from a witness whose name was not disclosed to the other party pursuant to this Javelin SEF Rule.

Rule 808. Arbitration Hearing Proceedings

1. Each party shall be entitled to appear at the hearing personally or with counsel of such party's choice.
2. Each party shall present its case and present the testimony of disclosed witnesses and documents. The claimant must prove their case by the preponderance of the evidence.
3. The formal rules of evidence will not apply.
4. Unless requested by a party no recording of the hearing will be made. Any party may request that a stenographic transcript of the hearing be made provided that party bears the cost of such transcription.

5. The Arbitration Panel, in their sole discretion, may permit the parties to submit post hearing statements.

Rule 809. Arbitration Decision

No later than 90 days after the conclusion of the hearing the Arbitration Panel will render its decision and order in which it may grant such remedy or relief it deems just and equitable. The Arbitration Panel shall serve a copy of its decision and order on all parties. The decision and order may include the following (i) a summary of the allegations contained in the Notice of Arbitration; (ii) a summary of the Answer, including any affirmative defenses asserted; (iii) a brief summary of the documents, information and other tangible evidence admitted into evidence at the hearing; (iv) the Arbitration Panel's findings and conclusions concerning each of the allegations charged in the Notice of Arbitration; and (v) the relief awarded by the Arbitration Panel.

Rule 810. Compensation of Arbitrators

Parties to a Javelin SEF Arbitration shall pay the members of an Arbitration Panel appointed to hear and decide their matter, compensation in compliance with the Arbitrator Fee Schedule determined by the Board. The Arbitrator's Fee Schedule, if any, shall be available on Javelin SEF's website.

Rule 811. Fictitious Claims

The commencement of false or fictitious claims in a Javelin SEF Arbitration shall be a violation of Javelin SEF Rules.

Rule 812. Other Proceedings

No permissive arbitration claims will be accepted by Javelin SEF for arbitration, if Javelin SEF receives notice that another arbitration or civil court proceeding is pending between the parties regarding the same underlying facts.

CHAPTER 9 MISCELLANEOUS

Rule 901. Market Data

1. All Participants, 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, 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 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 the Javelin SEF Trading System, Javelin SEF Market Data, any content or data that may be accessible using, in whole or in part, the Javelin SEF Trading System, (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 using, in whole or in part, the Javelin SEF Trading System; (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 using, in whole or in part, the Javelin SEF Trading System, and (d) use the Javelin SEF Trading System, the Javelin SEF Market Data, any content or date that may be accessible using, in whole or in part, the Javelin SEF Trading System 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 using, in whole or in part, the Javelin SEF Trading System 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, 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 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.

Rule 902. Javelin SEF Employees

1. Javelin SEF employees, officers, agents, independent contractors and consultants are prohibited from disclosing material, non-public information obtained as a result of their employment or relationship with Javelin SEF. Javelin SEF employees, officers, agents, independent contractors and consultants are prohibited from providing non-public information obtained as a result of their employment or relationship with Javelin SEF if such employee, officer, agent, independent contractor or consultant expects or should have reasonably expected that such disclosed information may assist a Person trading in an instrument traded on Javelin SEF or other trading venue.
2. Except as otherwise provided, an employee or officer of Javelin SEF shall not, directly or indirectly, buy or sell any instruments traded on Javelin SEF, or any other trading venue that trades such instruments. This rule does not prohibit an employee or officer of Javelin SEF that has received the prior written approval of the Javelin SEF's Chief Compliance Officer from participating in a pooled investment vehicle or other investment vehicle that is directed by a third-party advisor over which the Javelin SEF officer or employee has no direct or indirect control.
3. Unless a written waiver is granted by the Chief Executive Officer, no Javelin SEF officer or employee may accept a gift or gratuity from a Participant that is more than \$25 (per person) during any calendar year.

Rule 903. Information Sharing Agreements

1. Javelin SEF may enter into information-sharing agreements or other arrangements or procedures to coordinate surveillance with other markets and clearing organizations on

which swaps or financial instruments related to the swaps traded on Javelin SEF are traded or cleared. As part of any information-sharing agreements or other arrangements or procedures adopted pursuant to this rule, Javelin SEF may, among other things:

- a. provide market surveillance reports to other markets;
 - b. share information and documents concerning current and former Participants with other markets and clearing organizations;
 - c. share information and documents concerning on-going and completed investigations with other markets and clearing organizations; and/or
 - d. require Participants to provide information and documents to the Javelin SEF at the request of other markets or clearing organizations with which the Javelin SEF has an information-sharing agreement or other arrangements or procedures.
2. Javelin SEF may enter into an information-sharing arrangement with any Person or body (including, without limitation, the CFTC, the SEC, or any government authority, self-regulatory organization, exchange, market, clearing organization or foreign regulatory authority) if Javelin SEF (i) believes that such Person or body exercises a legal or regulatory function under any law or regulation, or a function comprising or associated with the enforcement of a legal or regulatory function, or (ii) considers such arrangement to be in furtherance of Javelin SEF's purpose or duties under applicable law.
 3. Javelin SEF may disclose to any Person or body information concerning or associated with a Participant or other Person that Javelin SEF believes is necessary and appropriate in exercising a legal or regulatory function (including, without limitation, information concerning any aspect of the business of Javelin SEF) whether or not a formal arrangement governing the disclosure exists or a request for information was made.

Rule 904. Recording of Communications

In the regular course of business, Javelin SEF may record conversations and retain copies of electronic communications between (a) Javelin SEF and (b) Participants and their Supervised Persons. All such recording will be retained by Javelin SEF in such manner and for such period

of time as Javelin SEF, it its sole discretion, determines is necessary or desirable to comply with applicable law. For the avoidance of any doubt, any Regulatory Service Provider that provides regulatory services to Javelin SEF will have access, to the extent necessary to perform regulatory services, to all such recordings.

Rule 905. Books and Records

Javelin SEF shall keep, or cause to be kept, complete and accurate books and records of accounts of the Javelin SEF, including, without limitation, all books and records required to be maintained pursuant to the CEA and CFTC regulations, as well as the Securities Exchange Act of 1934 and applicable SEC regulations. Javelin SEF shall retain all such books and records for at least seven years, or such longer time as may be required by applicable law, and shall make such books and records readily accessible for inspection, as may be required by applicable law, during the first two years of the such seven year period. Upon request Javelin SEF shall make its books and records available to the CFTC and/or permit on site visitation by duly authorized representatives of the CFTC.

Rule 906. Service Agreement with Technology Services Provider

Javelin SEF may contract with a Technology Service Provider to provide certain technology services to Javelin SEF. In accordance with any agreement between the Technology Services Provider and Javelin SEF, the Technology Services Provider may perform certain functions under the Javelin Rules and Javelin SEF may provide information to the Technology Services Provider in connection with the Technology Services Providers performance of such functions.

Rule 907. Governing Law

The Javelin SEF Rules, and the rights and obligations of Javelin SEF and Participants under the Javelin SEF Rules shall be governed by, and construed in accordance with, the laws of the State of New York.

Rule 908. Javelin SEF Disaster Recovery, Business Continuity and Risk Oversight

1. Javelin SEF shall establish and maintain a program of risk analysis and oversight to identify and minimize sources of operational risk through the development of appropriate controls and procedures and automated systems that are scalable, reliable and secure. Such risk analysis and oversight shall address each of the following categories: (i) information security, (ii) business continuity and disaster recovery planning and resources, (iii) capacity and performance planning, and (iv) systems operations.
2. Javelin shall establish and maintain emergency procedures, back up facilities and a plan for disaster recovery that permits the timely recovery and resumption of operations, and the fulfillment of the responsibilities and obligations of Javelin SEF. Such written policies regarding disaster recovery, business continuity will ensure that Javelin SEF is able to continue to operate during periods of stress. Javelin SEF shall perform periodic testing of disaster recovery and business continuity plans, duplication of critical systems at back up sites and periodic back-up of critical information.

Rule 909. Appointment of Agent for Service of Process

Any Participant organized or located outside of the United States will enter into a written agreement acceptable to Javelin SEF appointing a third party as its U.S. agent for service of process for purposes of CFTC Regulation 15.05, and will provide Javelin SEF with a copy of such agreement.