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September 2, 2016

VIA CFTC PORTAL

Commodity Futures Trading Commission
Attention: Chris Kirkpatrick, Secretary
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: CFTC Regulation 40.6(a) Certification: Amendments to Nodal Clear Rule 3.23.4, and Adoption of New Nodal Clear Rules 3.24.3, 8.1, 8.2, and 8.3

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission ("Commission" or "CFTC") Regulation 40.6(a), Nodal Clear, LLC ("Nodal Clear") hereby notifies the Commission that it is self-certifying amendments to existing Nodal Clear Rule 3.23.4 and adopting new Nodal Clear Rules 3.24.3, 8.1, 8.2, and 8.3 (collectively, the "Rule Amendments"). The amendments to Nodal Clear Rules 3.23.4 and 3.24.3 are required to permit Nodal Clear Clearing Members ("Clearing Members") to accept letters of credit for customer initial margin (collectively, the "LC Rule Amendments"). The amendments to Nodal Clear Rules 8.1, 8.2, and 8.3 are required to satisfy the conditions outlined in the European Commission's (the "EC") equivalence decision (collectively, the "EC Rule Amendments"). These Rule Amendments shall become effective on September 19, 2016.

LC Rule Amendments

The LC Rule Amendments will allow a Clearing Member, subject to certain conditions, to substitute irrevocable letters of credit from its customers in lieu of cash on deposit with Nodal Clear as initial margin.

EC Rule Amendments

The EC Rule Amendments are required to satisfy the equivalence conditions outlined in the EC's equivalence decision, in order that Nodal Clear can be recognized as a Third Country CCP under Chapter 4 of Title III of Regulation (EU) No 648/2012 ("EMIR"). On March 15, 2016, the EC adopted a decision on the equivalence of the regulatory framework of the United States of America for central counterparties ("CCP") that are authorized and

supervised by the CFTC to the requirements of EMIR (the "Equivalence Decision").¹ The Equivalence Decision states that the legal and supervisory arrangements of the United States of America shall be considered equivalent to the requirements of Title IV of EMIR where the internal rules and procedures of the derivatives clearing organizations ("DCOs") under the scope of the Equivalence Decision contain a number of elements specified in paragraph 2 and 3 of Article 1 of the Equivalence Decision (the "Equivalence Conditions"). The Equivalence Conditions require a DCO to have internal rules and procedures that ensure:

1. Initial margin for clearing member proprietary positions is calculated and collected using a liquidation period of two days calculated on a net basis;
2. Initial margin models include measures to mitigate procyclicality ("APC"); and
3. The maintenance of funded financial resources sufficient to enable the DCO to meet its financial obligations to clearing members notwithstanding a default by the two clearing members creating the largest combined loss to the DCO in extreme but plausible market conditions ("Cover 2 Default Resources").

Therefore, in order for Nodal Clear to be recognized as a Third Country CCP, it must adopt rules that satisfy the Equivalence Conditions. Accordingly, Nodal Clear is implementing the EC Rule Amendments.

Nodal Clear management has assessed the Rule Amendments and their compliance with applicable provisions of the Commodity Exchange Act ("CEA"), including the Commission's Regulations and DCO Core Principles. Nodal Clear has identified that the Rule Amendments may have some bearing on the following Core Principles:

Core Principle B - Financial resources: CFTC Regulation 39.33(a)(1) requires systemically important derivatives clearing organizations ("SIDCOs") and Subpart C DCOs involved in activities with a more complex risk profile to maintain Cover 2 Default Resources. Nodal Clear is not a SIDCO or involved in activities with a more complex risk profile, and is therefore not required to maintain Cover 2 Default Resources. However, in order to be recognized as a Third Country CCP, Nodal Clear is adopting Nodal Clear Rule 8.2 (the "Cover 2 Rule") requiring the maintenance of Cover 2 Default Resources. Nodal Clear does not expect the Cover 2 Rule to have significant impact on Clearing Members.

Core Principle D - Risk management: CFTC Regulation 39.13 establishes minimum coverage levels and risk-based parameters for initial margin requirements. Pursuant to the Equivalence Decision, Nodal Clear is adopting Nodal Clear Rule 8.1 establishing a two-day minimum liquidation period for clearing member proprietary positions, calculated and

¹ Commission Implementing Decision (EU) 2016/377 of 15 March 2016 on the equivalence of the regulatory framework of the United States of America for central counterparties that are authorized and supervised by the Commodity Futures Trading Commission to the requirements of Regulation (EU) No 648/2012 of the European Parliament and of the Council, OJ L 70, 16.3.2016, p. 32. Available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016D0377&from=EN>.

collected on a net basis. In addition, Nodal Clear is adopting Nodal Clear Rule 8.3 to establish APC measures that meet EC requirements. Since Nodal Clear's launch in 2015, it has maintained an initial margin methodology that calculates initial margin for Clearing Member proprietary accounts using a liquidation period of two days calculated on a net basis. Accordingly, Nodal Clear Rule 8.1 will have no impact on Nodal Clear or its Clearing Members. Similarly, Nodal Clear's initial margin methodology already utilizes APC measures. Therefore, Nodal Clear Rule 8.3 is not expected to have any impact on Nodal Clear's initial margin methodology.

Consistent with CFTC Regulation 39.13(g)(10), the LC Rule Amendments permit Nodal Clear to accept letters of credit as initial margin in lieu of cash for customer accounts.

Core Principle L - Public Information: As required by Core Principle L, Nodal Clear is publicly posting this self-certification letter on its website to ensure that market participants receive advance notice of the updated Nodal Clear Rules. On the effective date of the Rule Amendments, the updated Nodal Clear Rules will be posted on the Nodal Clear website.

Pursuant to Section 5c(c)(1) of the CEA and the Commission's Regulation 40.6(a), Nodal Clear certifies that the Rule Amendments comply with the CEA and the Commission's Regulations thereunder. Nodal Clear is not aware of any opposing views expressed regarding these amendments. Nodal Clear certifies that this submission has been concurrently posted on the Nodal Clear website at www.nodalclear.com.

If you have any questions or need additional information regarding this submission, please contact me at 703-962-9864 or alvarez@nodalexchange.com.

Sincerely,

/s/Cody Alvarez

Cody Alvarez
Chief Compliance Officer
Corporate Counsel

Attachments:

Redline of Nodal Clear Rules 3.23.4, 3.24.3, 8.1, 8.2, and 8.3