

November 1, 2018

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 Rules to Accommodate Physical Settlement of Environmental Contracts

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission ("Commission" or "CFTC") Regulation 40.6(a), Nodal Clear, LLC ("Nodal Clear" or "Clearing House") hereby notifies the Commission that it is self-certifying amendments to existing Nodal Clear Rules 1.1, 3.5, 3.13.1, 3.13.3, 3.20.1, 3.29, 3.30.1, 7.9.1 and adopting new Nodal Clear Rules 9.1, 9.2, and 9.3. (collectively, the "Rule Amendments"). Such Rule Amendments shall become effective on November 16, 2018.

The Rule Amendments are required in order to add a new Section IX addressing physical settlement and delivery of new physically settled environmental contracts that are being launched for trading by Nodal Exchange and cleared by Nodal Clear, and to make certain related changes. Including, for example, default rules that provide for the suspension of a Nodal Clear Clearing Member ("Clearing Member") in the event of a delivery default, and liability provisions limiting the risk of the Clearing House in the event of a registry failure. In addition, the Rule Amendments revise existing Rule 3.29 to enhance the ability of Nodal Clear to manage certain types of Clearing Member defaults.

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 C – Participant and Product Eligibility: In General, the Rule Amendments are intended to facilitate the clearing of a new physically settled environmental contracts that are being launched for trading by Nodal Exchange. The Rule Amendments set out the obligations and roles of Clearing Members and the Clearing House. Nodal Clear believes that its existing financial resources, risk management, systems and operational arrangements are sufficient to support clearing of physically settled environmental contracts and to manage the risks associated with environmental contracts.

Core Principle E - Settlement Procedures: As noted above, the Rule Amendments set out the settlement procedures with respect to environmental contracts and clearly set out the role and liabilities of the Clearing House and Clearing Members in the physical delivery process.

Core Principle G - Default Rules and Procedures: Certain Rule Amendments are intended enhance the ability of Nodal Clear to manage certain types of Clearing Member default by providing for automatic or discretionary suspension depending on the event that occurs. In the case of insolvency (a defined term which was previously revised to exclude Clearing Members in receivership) suspension is automatic unless the Chief Executive Officer intervenes. Alternatively, in the case of a delivery default, the Rule Amendments permit the Clearing House to suspend or continue to provide the Clearing Member with access to the Clearing House.

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 Rule Amendments