

December 8, 2021

VIA PORTAL

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

Re: CFTC Regulation 40.6(a) Certification: Submission of Amendments to the Nodal Exchange Rulebook

Dear Mr. Kirkpatrick:

Nodal Exchange, LLC (“Nodal Exchange” or “Exchange”) is notifying the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it is self-certifying amendments to the Nodal Exchange Rulebook (“Rules”) pursuant to Commission Regulation 40.6(a). The Exchange is revising Rule 6.5 *Position Limits, Appendix A – Contract Specifications and Appendix C – Reporting Levels, Position Accountability Levels and Position Limits*. The amended Rules are attached hereto and indicate the specific text in red that is being amended. The Exchange intends to implement the amended Rules on January 1, 2022.

Nodal Exchange is revising its Rules to align with the requirements of new Part 150 of the Commission’s Regulations. Amended Rule 6.5.4(e) requires a Participant seeking a bona fide hedge exemption to identify the enumerated hedge described in CFTC Regulations, Part 150, Appendix A. Rule 6.5.13(a) is being amended to clarify that a Participant seeking a spread exemption must apply for an exemption for strategies consistent with the definition of spread transaction in CFTC Regulation 150.1 and/or for those commodities subject to federal position limits under CFTC Regulation 150.2, for spread transactions and strategies consistent with CFTC Regulation 150.3(a)(2). Rule 6.5.15 is being amended to clarify if a Participant exceeds position limits due to (i) demonstrated sudden unforeseen increases in its bona fide hedging needs, and/or (ii) for those commodities not subject to position limits under CFTC Regulation 150.2, bona fide hedging, risk management or spread position needs, such Participant shall not be considered in violation of the Rules provided that such Participant requests an exemption within one business day but no later than five business days, and the exemption is approved by the Exchange.

In addition, Nodal is amending Appendix A and Appendix C. The amendments reflect that as of January 1, 2022, Nodal’s Henry Hub Penultimate contract is a referenced contract as defined in CFTC Regulation 150.1 and is subject to the federal position limit regime. The

Henry Hub Penultimate contract will be aggregated for federal position limit purposes with positions held in the Henry Hub Last Day contract. The Exchange has deleted the spot month accountability level and added the spot month position limit for the Penultimate contract. In addition, the Exchange has added a column to Appendix C to identify CFTC referenced contracts.

Exchange management has assessed the amendments to the Rules, and their compliance with applicable provisions of the Act, including the Commissions Regulations and the Core Principles. Nodal Exchange has identified that the amendments may affect the following Core Principles as follows:

Core Principle 2 - Compliance with the Rules: The amendments to the Rules provide clarity and consistency with the Act for compliance with the Rules. The Exchange Rulebook is applicable to all Nodal Exchange Participants.

Core Principle 4 - Prevention of Market Disruption: All activity performed on Nodal is subject to the Nodal Exchange Rulebook Section VI, which prohibits disruptive trading behavior and manipulation, subject to monitoring and surveillance by the Exchange's Division of Market Surveillance.


Core Principle 5 - Position Limitations or Accountability: The Exchange uses position accountability levels for Nodal contracts because the underlying cash market is regulated in accordance with state or federal laws and not readily susceptible to manipulation. The spot-month speculative position limits for the Exchange's contracts are set at less than 25% of the deliverable supply in the respective underlying market. Positions in Nodal contracts will continue to be subject to position limits and position accountability levels set by the Exchange, in compliance with Core Principle 5.

Core Principle 7 - Availability of General Information: The amendments to the Rules provide clarity to Exchange Participants. The amended Rules are available to market authorities, Participants, Authorized Brokers and the public on the Exchange website.

Core Principle 12 - Protection of Markets and Market Participants: Section VI of the Nodal Exchange Rulebook protects the market and market participants from abusive, disruptive, fraudulent, noncompetitive and unfair conduct and trade practices.

Core Principle 13 - Disciplinary Procedures: Section VII of the Nodal Exchange Rulebook describes the disciplinary procedures of the Exchange that authorize the Exchange to discipline, suspend, or expel anyone on the Exchange that violates these rules.

Pursuant to Section 5c(c) of the Act and the Commission's Regulation 40.6, the Exchange certifies that amended Rules comply with the Act and the Commission's Regulations thereunder. There have not been any opposing views expressed regarding the amendments to the Rules.



Nodal Exchange certifies that this submission has been concurrently posted on the Nodal Exchange website at www.nodalexchange.com.

If you have any questions or need additional information regarding this submission, please contact me at 703-962-9853 or Markotic@nodalexchange.com.

Sincerely,

/s/ Max Markotic

Director of Compliance

Attachment:

- Redline of Nodal Exchange Rule 6.5
- Redline of Nodal Exchange Appendix A
- Redline of Nodal Exchange Appendix C

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