

December 16, 2020

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: Various Amendments to Nodal Clear Rules and Publication of Cash Management Fee Advisory

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 various existing Nodal Clear Rules (collectively, the “Rule Amendments”). In addition, Nodal Clear is publishing a Cash Management Fee Advisory (the “Advisory”). The Rule Amendments and the Advisory are attached hereto, the Rule Amendments document indicates the specific text that is being amended. The Rule Amendments and the Advisory shall become effective on January 1, 2021.

Amendments to Nodal Clear rules 2.1.5, 3.30, 3.35, 7.12 and the definition of “Customer” are being made to be consistent with the amendments adopted by the Commission to certain regulations applicable to registered Derivatives Clearing Organizations (“DCOs”), which have a compliance date of January 27, 2021.¹ Amendments to Nodal Clear rules 3.20.3 and 3.34.11, are being made to better accommodate the Advisory and make clear that Nodal Clear may collect a cash management fee from clearing members. Amendments to Nodal Clear rule 3.34.1 are being made in order to clarify the definition of “Initial Margin Amount”. Nodal Clear rule 3.9 is being revised in order to reduce the minimum capital requirement for clearing members to be similar to capital requirements at other DCOs. Nodal Clear rule 7.8.2 is being revised to incorporate a more appropriate defined term.

The Advisory notifies clearing members that Nodal Clear will be collecting a cash management fee and describes the process for calculating and reporting such fee.

Nodal Clear management has assessed the Rule Amendments and the Advisory 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 and the Advisory may have some bearing on the following Core Principles:

Core Principle B – Financial Resources: The Rule Amendments and the Advisory will not impact Nodal Clear’s ability to discharge its financial, operational, or managerial responsibilities as a DCO.

Core Principle C – Participant and Product Eligibility: The Rule Amendments continue to provide for membership requirements that are objective, publicly disclosed, and provide for fair and open access.

Core Principle D – Risk Management: The Rule Amendments and the Advisory continue to ensure Nodal Clear’s ability to manage the risks associated with discharging the responsibilities of a DCO.

¹ 85 FR 4800.

Core Principle F – Treatment of Funds: The Rule Amendments and the Advisory are consistent with rules and procedures designed to protect customer funds.

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 Rule Amendments and the Advisory. On the effective date of the Rule Amendments and the Advisory, the updated Nodal Clear Rules and the website version of the Advisory (“Advisory – website”) will be posted on the rulebook page and the fee page, respectively, of the Nodal Clear website.

Core Principle Q – Composition of Governing Boards: The Rule Amendments recognizes that non-voting board members may serve on the Nodal Clear board and limits certain powers to directors with voting authority.

Pursuant to Section 5c(c)(1) of the CEA and the Commission’s Regulation 40.6(a), Nodal Clear certifies that the Rule Amendments and the Advisory comply with the CEA and the Commission’s Regulations thereunder. Nodal Clear is not aware of any opposing views expressed regarding the Rule Amendments or the Advisory. 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:

Rule Amendments (Redline)
Advisory
Advisory - website