

October 18, 2023

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 amending the Rules and Nodal Exchange Participant Agreement (“Agreement”) to allow intermediated trades to be entered on its System. Pursuant to the amended Rules, non-Participants (referred to as “Customers”) can effectuate trades on the Exchange via an “FCM Participant”. The amended Rules and Agreement are attached hereto and indicate the specific text in red that is being amended. The Exchange intends to implement the amended Rules and Agreement on November 1, 2023.

An FCM Participant is a new role that Nodal Exchange has created to facilitate intermediated transactions. Specifically, the amended Rules will allow a registered Futures Commission Merchant (“FCM”) to become an “FCM Participant” so long as they are a Participant that meets the qualifications under amended Rule 3.21, abides by all other applicable Rules, and agrees to comply with additional obligations in compliance with the CFTC’s regulations, including, among other things, ensuring that each Customer it intermediates is familiar with and complies with the CFTC’s regulations and Nodal Exchange’s Rules. FCMs that qualify under the Rules must elect to undertake the FCM Participant role by executing the amended Nodal Exchange Participant Agreement to address FCM Participant responsibilities and obligations.

The amended Rules refer to Persons utilizing an FCM Participant to trade Nodal Contracts as a Customer. Customers will not have Direct Access to the System; however, they will be afforded access to trade on Nodal Exchange via their FCM Participant. Customers, like any other Person entering an order or executing a transaction in Nodal Contracts, consent and become subject to the Exchange’s jurisdiction and Rules by virtue of accessing, initiating,

entering any Order or executing a Transaction on or subject to the Rules of the Exchange via an FCM Participant.

In addition, the Exchange is amending *Rule 6.8 Aggregation of Positions* to provide clarity to market participants in accordance with CFTC Regulation 150.4(a).

Exchange management has assessed the amendments 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 Rulebook and Agreement are applicable to all Persons accessing Nodal Exchange.

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 amendments to Rule 6.8 provide clarity to market participants in accordance with CFTC Regulation 150.4(a).

Core Principle 7 – Availability of General Information: The amendments to the Rules provide clarity to market participants. The amended Rules are available to market authorities, Participants, FCM Participants, Clearing Members, Customers, 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.

Core Principle 14 – Dispute Resolution: Section VIII of the Nodal Exchange Rulebook establishes Rules regarding alternative dispute resolution for market participants and market intermediaries.

Core Principle 18 – Recordkeeping: Nodal Exchange maintains records of all activities relating to the business of the Exchange in a form and manner acceptable to the Commission and for a period of at least five years.

Core Principle 19 – Antitrust: The amendments to the Rules do not result in any unreasonable restraint of trade or impose any material anticompetitive burden on trading on Nodal Exchange.

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 question or need additional information regarding this submission, please contact me at 703-962-9853 or Markotic@nodalexchange.com.

Sincerely,
/s/ Max Markotic
Managing Director

Attachment:

Nodal Exchange Rulebook – REDLINE
Nodal Exchange Participant Agreement - REDLINE