

**NODAL CLEAR, LLC**  
**DESCRIPTION OF PROPOSED CLEARING ACTIVITIES**

Nodal Clear, LLC (“**Nodal Clear**”) is applying for registration as a derivatives clearing organization (“**DCO**”) to provide clearing services for futures and options on futures contracts traded on or pursuant to the rules of Nodal Exchange, LLC (“**Nodal Exchange**”), a designated contract market. Nodal Clear has entered into a Clearing Services Agreement with Nodal Exchange, which is attached as Exhibit A-3 (1) and will become effective after Nodal Clear has been registered as a DCO.

Pursuant to the Clearing Services Agreement, Nodal Clear will provide clearing services for all contracts traded on or pursuant to the rules of Nodal Exchange. These products currently include financially settled electric power and natural gas futures contracts. Nodal Exchange currently offers power futures contracts based on the price of power at specified hubs, zones and nodes across six organized Regional Transmission Organization (RTO) or Independent System Operator (ISO) markets: ISO New England, Inc. (ISO-NE), New York Independent System Operator (NYISO), PJM Interconnection, LLC (PJM), Midcontinent Independent System Operator (MISO), Electric Reliability Council of Texas (ERCOT) and California Independent System Operator (CAISO). Nodal Exchange is continuing to expand its product offerings and expects to offer futures contracts for locations in the Southwest Power Pool (SPP) upon or prior to the date on which Nodal Clear begins offering clearing services. These power futures contracts are monthly contracts that will be financially settled based on the average price of power at the designated location, as published by the Regional Transmission Organization (RTO) or Independent System Operator (ISO) for all peak or off-peak hours of the contract month.

Nodal Clear will also provide clearing services for Nodal Exchange’s Henry Hub natural gas contract, which will be financially settled based on the price of the New York Mercantile Exchange physical Henry Hub natural gas contract.

Futures contracts traded on or pursuant to the rules of Nodal Exchange are currently cleared by LCH.Clearnet Ltd (“**LCH**”). Following Nodal Clear’s registration as a DCO, the existing open interest in Nodal Exchange contracts will be transferred from LCH to Nodal Clear on a specified date. Clearing members of Nodal Clear (“**Clearing Members**”) will be required to fully margin their positions on the date the open interest is transferred from LCH to Nodal Clear, regardless of whether collateral has been released.

Nodal Clear will offer clearing services to Clearing Members for their proprietary or house accounts and customers of Clearing Members that are registered as futures commission merchants. As described more fully in Exhibit A-4, Nodal Clear believes that the futures commission merchants that currently support Nodal Exchange will become Clearing Members of Nodal Clear.

Following its registration as a DCO, Nodal Clear also intends to clear any option contracts that may be offered by Nodal Exchange.