



U.S. COMMODITY FUTURES TRADING COMMISSION

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Division of
Market Oversight

March 26, 2013

Kenneth M. Rosenzweig, Esq.
Katten Muchin Rosenman LLP
525 West Monroe Street
Chicago, IL 60661-3693
Via U.S. Postal Service and E-mail

RE: Nodal Exchange, LLC's Application for Designation as a Contract Market

Dear Mr. Rosenzweig,

The Division of Market Oversight ("Division") of the Commodity Futures Trading Commission ("Commission"), acting on behalf of the Commission pursuant to delegated authority under 17 CFR § 38.3(c), hereby notifies you that pursuant to Section 6(a) of the Commodity Exchange Act ("Act"), 7 U.S.C. 8(a), Nodal Exchange, LLC's ("Nodal") Application for Registration as a Designated Contract Market ("Application") is materially incomplete and that the running of the 180-day review period is stayed as of this date until the Application is resubmitted in completed form.¹ Upon submission of the application in completed form, the Commission will have a minimum of 60 days from the date of submission to approve or deny the application, pursuant to Section 6(a) of the Act.

The lack of information and materials relating to certain areas, notably Nodal's surveillance and compliance programs, prevents the completion of the review process. The application submitted by Nodal to this date is materially incomplete with respect to its compliance with several requirements applicable to designated contract markets, including, but not limited to the following Core Principles specified in section 5(d) of the Act (and accompanying regulations): Core Principle 2 (Compliance With Rules); Core Principle 3 (Contracts Not Readily Subject to Manipulation); Core Principle 4 (Prevention of Market Disruption); Core Principle 5 (Position Limitations or Accountability); Core Principle 6 (Emergency Authority); Core Principle 10 (Trade Information); Core Principle 11 (Financial Integrity of Transactions); Core Principle 12 (Protection of Markets and Market Participants); Core Principle 13 (Disciplinary Procedures); Core Principle 14 (Dispute Resolution); Core Principle 16 (Conflicts of Interest); Core Principle 18 (Recordkeeping); and Core Principle 21 (Financial Resources).

¹ See 17 CFR § 38.3(a)(2), 77 FR 36611, 36697 (Jun. 19, 2012).

The Division notes that this letter sets forth several areas that are incomplete based upon the review of materials submitted to date. Should the review of these materials or of any additional materials submitted pursuant to this letter raise additional deficiencies, then the stay may remain in effect to ensure that the Application complies with the Act and the Commission's Regulations.

If you have any questions, please contact Aaron Brodsky, Special Counsel, Division of Market Oversight at 202-418-5349 or abrodsky@cftc.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard A. Shilts". The signature is written in a cursive, somewhat stylized font.

Richard A. Shilts
Acting Director
Division of Market Oversight