

**NODAL EXCHANGE, LLC  
REGULATORY OVERSIGHT COMMITTEE  
CHARTER**

**I. Purpose**

The Regulatory Oversight Committee (“**ROC**”) is a Committee of the Board of Directors (“**Board**”) of Nodal Exchange, LLC (“**Nodal Exchange**”) established in accordance with the Commodity Exchange Act and the regulations promulgated thereunder (collectively referred to as “**the CEA**”). The ROC shall report to the Board and consist of 100% Public Directors. The ROC is responsible for (i) providing independent oversight of the regulatory program, including trade practice and market surveillance; (ii) assisting the Board in minimizing potential conflicts of interests of Nodal Exchange’s self-regulatory obligations; (iii) confirming the regulatory program is fair and impartial to Nodal Exchange Participants; and (iv) monitoring the regulatory program for sufficiency, effectiveness, and independence.

**II. Responsibilities and Authority**

**Responsibilities**

The ROC shall monitor Nodal Exchange’s regulatory program for sufficiency, effectiveness, and independence.

The ROC shall oversee all facets of Nodal Exchange’s regulatory program, including:

- Trade practice and market surveillance; audits, examinations, and other regulatory responsibilities with respect to Nodal Exchange Participants (including ensuring compliance with, if applicable, financial integrity, financial reporting, sales practice, recordkeeping, and other requirements); and the conduct of investigations;
- Reviewing the size and allocation of the regulatory budget and resources, and the number, hiring, termination, and compensation of regulatory personnel;
- Supervising the Nodal Exchange Chief Regulatory Officer, who will report directly to the ROC;
- Maintaining minutes and records of its meetings, deliberations and analyses, including records of all decisions made by the ROC and any disagreements within the ROC with respect to such decisions. The

ROC will make such minutes and records available to the Commodity Futures Trading Commission staff upon request;

- Recommending changes that would ensure fair, vigorous, and effective regulation;
- Reviewing all regulatory proposals prior to implementation and advising the Board as to whether and how such changes may impact regulation; and
- Reviewing such other matters and perform such additional activities, within the scope of its responsibilities, as the Board deems necessary or appropriate.

### **Authority**

The ROC shall have the authority, discretion, and necessary resources to:

- Conduct its own inquiries;
- Consult directly with Nodal Exchange regulatory staff;
- Review all relevant documents;
- Interview employees, officers, and Nodal Exchange Participants;
- Otherwise exercise its independent analysis and judgment to fulfill its regulatory obligations; and
- Ask members of management or others to attend meetings and provide information.

The ROC may delegate its day-to-day authority over self-regulatory functions and personnel to Nodal Exchange's Chief Regulatory Officer.

### **III. Membership Composition**

The ROC shall be composed entirely of Public Directors in accordance with the CEA. The members of the ROC shall be appointed in accordance with the Nodal Exchange LLC Agreement and the Board shall designate the Chairman.

Each member of the ROC and its Chairperson shall serve until his or her successor is appointed or until the earlier of his or her resignation or removal.

#### **IV. Meetings**

The ROC shall meet as often as it may deem necessary and appropriate in its judgment, but in no event less than once each quarter.

A majority of the ROC members shall constitute a quorum for the transaction of business. Each ROC member not subject to a recusal (for reasons including, but not limited to, an actual or potential conflict of interest) shall have one (1) vote in all matters requiring a vote by the ROC. The act of a majority of the ROC members not subject to a recusal at any duly constituted meeting, if a quorum is present, shall be the act of the ROC.

In the event a quorum is present to vote on any matter, but the votes of the ROC members do not constitute a majority due to a tie, the tie-breaking vote shall be cast by an independent attorney previously approved by the ROC members ("Designated Arbiter"). For this purpose, an attorney shall be considered independent if the attorney does not have a pecuniary interest in the matter under consideration, does not represent a party to the matter under consideration, or otherwise does not have a conflict of interest. The independence requirement does not preclude appointment of a Designated Arbiter who performs other legal services for Nodal Exchange. Any tie-breaking vote by the Designated Arbiter shall be binding on all ROC members. The Designated Arbiter shall not be considered a member of the ROC, Board, or any committee. The role of the Designated Arbiter shall be of an arbiter solely for the purpose of casting the tie-breaking vote when necessary, without any of the responsibilities or authority of ROC members as described herein, or of members of the Board of Nodal Exchange as described in the Limited Liability Company Agreement.

#### **V. Reporting**

The ROC Chairperson, or his or her designee, shall make regular reports of the ROC's activities to the Board.

The ROC shall prepare periodic reports for the Board and an annual report assessing effectiveness, sufficiency and independence of Nodal Exchange's self-regulatory program for the Board and the Commodity Futures Trading Commission, which describes the self-regulatory program and sets forth the self-regulatory program's expenses, describes its staffing and structure, catalogues disciplinary actions taken during the year, reviews the performance of disciplinary committees and panels, and includes any proposals to remedy unresolved regulatory deficiencies.

In the event that the Board rejects any recommendation or supersedes any action of the ROC, Nodal Exchange shall prepare and submit a report to the CFTC as required under the CEA and the Nodal Exchange LLC Agreement.

The ROC shall reassess the adequacy of this Charter no less frequently than annually and submit any recommended changes to the full Board for approval.