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January 20, 2016

**VIA CFTC PORTAL**

Commodity Futures Trading Commission  
Attention: Chris Kirkpatrick, Secretary  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, NW  
Washington, DC 20581

**Re: CFTC Regulation 40.2(a) Certification: Notification of New Product Offered for Trading on Nodal Exchange, LLC**

Dear Mr. Kirkpatrick:

Nodal Exchange, LLC ("Nodal Exchange" or "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that pursuant to Commission Regulation 40.2(a), the Exchange is self-certifying the listing of a new power futures contract for trading on Nodal Exchange beginning on January 22, 2016. The new rules and contract specifications describing this new Exchange futures contract is included in the attachment to this letter as Exhibit A, to be added to the Nodal Exchange Rulebook Appendix A – Contract Specifications.

The Exchange is adding the NYISO N.E. GEN SANDY PD Monthly Day Ahead Off-Peak Power contract in response to the requests of market participants. The new contract offering is based on one interface location between NYSIO and SANDY POND.

Exchange management has assessed the Exchange contract's compliance with applicable provisions of the Commodity Exchange Act ("Act"), including the Commissions Regulations thereunder and the Core Principles. Regulatory compliance of Nodal Exchange's futures contracts are mostly addressed in the Nodal Exchange Rulebook, concisely explained as follows:

Core Principle 2 - Compliance with the Rules: Trading in the Exchange's new contract will be subject to the Nodal Exchange Rulebook in Section IV, describing trading procedures, and Section VI, which establishes trading codes of conduct, sound trading practices, and identifies prohibited trading behavior and abuses. In addition, trading behavior and activity will be subject to extensive monitoring and surveillance by the Exchange's Division of Market Administration and Surveillance. The Exchange's Compliance Department has the authority to address disciplinary matters through investigation and enforcement procedures in accordance with Section VII of the Exchange Rulebook.

Core Principle 3 - Contracts not Readily Susceptible to Manipulation: Nodal Exchange's new contract settles to power prices published by MISO. These MISO markets are regulated by the Federal Energy Regulatory Commission ("FERC") and are closely monitored by market monitors responsible to FERC. The day ahead and real time markets that generate the prices to which the

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Exchange contracts settle are directly related to the physical generation, and demand for, electricity as well as the physical capacity constraints of the grid. A description of the underlying cash markets and deliverable supply analysis for the Exchange's new contract is provided in Exhibit B, which demonstrates compliance that the Exchange's new contract is not readily susceptible to manipulation. Confidential treatment is requested of Exhibit B and is provided separately.

Core Principle 4 - Prevention of Market Disruption: Trading in the Exchange's contract will be 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 Administration and Surveillance.

Core Principle 5 - Position Limitations or Accountability: The Exchange is proposing position accountability levels for the new contract because the underlying cash market is federally regulated and not readily susceptible to manipulation. The spot-month speculative position limits for the Exchange's contracts are set at 25% of the deliverable supply in the respective underlying market. The new contract reporting levels, accountability levels and position limits are provided in attached Exhibit C, to be added to the Nodal Exchange Rulebook Appendix C – Reporting Levels, Position Accountability Levels and Position Limits.

Core Principle 7 - Availability of General Information: The Exchange will post general information, including the contract specifications for the new contract, Exchange fees, and the Nodal Exchange Rulebook, on the Exchange's website: [www.nodalexchange.com](http://www.nodalexchange.com).

Core Principle 8 - Daily publication of Trading Information: The Exchange will publish daily information on settlement prices, volume, open interest and opening and closing ranges for the Exchange's actively traded contracts on its website.

Core Principle 9 - Execution of Transactions: The Exchange's new contract will be available on the Exchange's electronic trading screen that is a central limit order book ("CLOB"). The CLOB provides the market with the ability to execute the Exchange's contracts from the interaction of multiple bids and multiple offers within a predetermined, nondiscretionary automated trade matching and execution algorithm. The Exchange's new contract will be executed in accordance with the Nodal Exchange Rulebook.

Core Principle 10 - Trade Information: The CLOB will maintain all information with respect to each order and each consummated trade, as well as all other information relating to the trade environment that determines the matching and clearing of trades. As such, any order submitted to the CLOB can be tracked from the time it is entered into the system until the time that it is matched, canceled or otherwise removed.

Core Principle 11 - Financial Integrity of Transactions: The Exchange clears all of its contracts through its wholly owned subsidiary, Nodal Clear, a derivatives clearing organization subject to Part 39 of the Commission Regulations. The new contracts executed on the CLOB or as a block trade will be subject to the Exchange Rulebook provisions for submission to Nodal Clear for clearing as described in Section V.

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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. The new contract is subject to these rules that apply to all transactions in the Exchange's contracts.

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. The Compliance Department is authorized to investigate matters involving financial surveillance.

Core Principle 14 - Dispute Resolution: Section VIII of the Nodal Exchange Rulebook establishes rules concerning alternative dispute resolution, which provide for the resolution of disputes between or among Exchange users through the NFA arbitration program. Under Section VIII, arbitration is available for all disputes, controversies or claims among all Exchange users relating to Exchange activities.

Pursuant to Section 5c(c) of the Act and the Commission's Regulation 40.2(a), the Exchange certifies that the Exchange's new futures contract to be listed complies with the Act and the Commission's Regulations thereunder.

Nodal Exchange certifies that this submission has been concurrently posted on the Nodal Exchange website at [www.nodalexchange.com](http://www.nodalexchange.com).

If you have any question or need additional information regarding the above, please contact the undersigned at 703-962-9853 or [markotic@nodalexchange.com](mailto:markotic@nodalexchange.com).

Sincerely,



Max Markotic  
Compliance Manager

Attachments:

Exhibit A: January 22, 2016 Addition to Nodal Exchange Appendix A - Contract Specifications

**Confidential** Exhibit B: Deliverable Supply Analysis (*Confidential Treatment Requested and provided separately*)

Exhibit C: January 22, 2016 Addition to Nodal Exchange Appendix C - Reporting Levels, Accountability Levels and Position Limits (presented in both Excel and pdf formats)