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September 30, 2013

VIA EMAIL (submissions@cftc.gov -and- dmosubmissions@cftc.gov)

Commodity Futures Trading Commission
Attention: Melissa Jurgens, Secretary
Attention: Nancy Markowitz, Deputy Director, Division of Market Oversight
Attention: David Van Wagner, Chief Counsel, Division of Market Oversight
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

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

Dear Ms. Jurgens, Ms. Markowitz, and Mr. Van Wagner:

Nodal Exchange, LLC (“Nodal Exchange” or “Exchange”) is notifying the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it is self-certifying the listing of the Exchange’s 1,230 electricity futures contracts and 1 natural gas futures contract for trading on Nodal Exchange, including the submission for clearing of these contracts through the Exchange. In accordance with the terms of the No-Action Relief granted to the Exchange by the Division of Market Oversight (“DMO”) on September 27, 2013, the Exchange will list these contracts beginning on September 30, 2013, which is the first day Nodal Exchange operates as a designated contract market (“DCM”), without waiting one business day as otherwise required by Regulation 40.2(a)(2). The contract specifications of the Exchange’s futures contracts are attached hereto and set forth in Appendix A of the Nodal Exchange Rulebook.

Nodal Exchange is also notifying the Commission that it is self-certifying the insertion of the terms and conditions of its contracts into the Reporting Levels, Accountability Levels and Position Limits table in Appendix C of the Nodal Exchange Rulebook. The terms and conditions provide the reporting levels, single month and all month accountability levels, spot month position limits, and the contracts within the same aggregation group.

Exchange management has assessed the Exchange’s contracts 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, which was submitted to the Commission on September 20, 2013, and concisely explained as follows:

Compliance with the Rules: Trading in the Exchange's contracts 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.

Contracts not Readily Susceptible to Manipulation: Nodal Exchange's contracts settle to power prices published by the relevant Independent System Operator ("ISO") or Regional Transmission Organization ("RTO"). These ISO markets are regulated by the Federal Energy Regulatory Commission ("FERC") or the state public utility commission of Texas ("PUCT"). The Exchange is separately submitting "Appendix C" to select DMO staff approved by FERC¹, which demonstrates compliance that the Exchange's contracts are not readily susceptible to manipulation. A description of the underlying cash markets and deliverable supply analysis for the Exchange's contracts is provided in "Appendix C".

Nodal's Henry Hub natural gas contract is a financially settled contract based on the New York Mercantile Exchange ("NYMEX") Henry Hub contract, a long-established and highly liquid contract that is traded under the Commission's jurisdiction. The Nodal Henry Hub natural gas settles promptly upon publication of the final settlement price in the NYMEX market. The Exchange's Henry Hub natural gas contract is financially settled based on a highly liquid, third-party product, and is therefore not readily susceptible to manipulation.

Prevention of Market Disruption: Trading in the Exchange's contracts 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.

Position Limitations or Accountability: The spot-month speculative position limits for the Exchange's contracts are set at 25% of the deliverable supply in the respective underlying market, except for four NYISO zones which are commensurate with the levels set by competing exchanges for similar contracts.

¹ Information contained in "Appendix C" contains Critical Energy Infrastructure Information ("CEII"), which may only be shared with individuals who have been approved by the FERC to receive such CEII in accordance with the provisions of 18 C.F.R. § 388.113.

The Exchange's cash-settled Henry Hub natural gas contract is, at 2,500 MMBTU, a quarter of the size of the physically settled Henry Hub contract traded on the New York Mercantile Exchange and identical to the size of the financially settled ICE Futures U.S. Henry Hub contract. Nodal spot month position limits and single month and all-months-combined position accountability and reportable levels are commensurate with the levels set by those competing exchanges.

Availability of General Information: The Exchange will post general information, including its contract specifications, Exchange fees, and the Nodal Exchange Rulebook, on the Exchange's website: www.nodalexchange.com.

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.

Execution of Transactions: The Exchange's contracts 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.

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.

Financial Integrity of Transactions: The Exchange has entered into a clearing arrangement with LCH.Clearnet Limited ("LCH"), a derivatives clearing organization subject to Part 39 of the Commission Regulations.

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. These rules apply to all transactions in the Exchange's contracts.

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.

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, the Exchange certifies that the Exchange's futures contracts to be listed complies with the Act and the Commission's Regulations thereunder.

If you have any question or need additional information regarding the above, please contact the undersigned at 703-962-9835 or Herrera@nodalexchange.com.

Sincerely,



Anita Herrera
Chief Regulatory Officer

Attachments:

- Submission Cover Sheet
- Nodal Exchange Rulebook Appendix A – Contract Specifications
- Nodal Exchange Appendix C – Reporting Levels, Accountability Levels and Position Limits