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beyond energy in a more global 2018

By Paul Cusenza, Nodal Exchange and Nodal Clear

At the end of 2016, Nodal Exchange and its relatively new wholly owned subsidiary, Nodal Clear, was a stand-alone company – a rare example of a successful start-up exchange and clearinghouse. Our business was based on serving the unmet needs of the power marketplace by offering more granular power contracts and portfolio margining. Nodal grew to be about 30 percent of the power futures open interest in the United States in a highly competitive environment.

In May of 2017, Nodal Exchange became part of the EEX Group which in turn is part of the Deutsche Börse Group. Nodal is excited to be part of this family of global exchanges and clearinghouses for our next stage of evolution. For Nodal Exchange, 2018 will be a year of transformation resulting in a broader range of both energy and non-energy product offerings and a greater global reach.

Nodal Exchange expects to enhance its trading technology in 2018, leveraging the resources of its new corporate family members. Combined with new, innovative natural gas contracts catered to the product needs of power marketers, asset owners and liquidity providers, the new trading platform should enable the company to better serve its customers with a wid-

er offering in natural gas to complement Nodal's already strong position in power. Participants will then be able to benefit not only from Nodal's portfolio margining methodology, but also from cross-margining natural gas and power positions within their portfolios.

In response to rising customer demands for international access, in 2017 Nodal Exchange was exempted from recognition by the regulators in Germany, Alberta, Nova Scotia and Quebec. Nodal Clear was also recognized by ESMA, and exempted from recognition in Ontario and Quebec. We expect Nodal's global presence to expand even further in 2018.

Nodal Exchange also announced at the end of 2017 that we will be introducing the first trucking freight futures contracts in late 2018. This represents a major step in Nodal's path of diversifying beyond energy. TransRisk, Inc., Nodal Exchange, LLC and DAT Solutions, LLC announced their agreement to market, develop and list the first and only trucking freight futures and options on futures contracts. Subject to regulatory approval, Nodal Exchange will launch contracts that will be financially settled using the DAT Truckload Rate Index, which is based on DAT's data for major freight lanes in the US.

These new trucking freight future contracts will allow market participants to address volatility in line haul freight rates, where spot prices can swing as much as 40 percent in a single week on certain major lanes. Volatility of trucking capacity can be driven by a host of market conditions such as weather, seasonality, regulations and macroeconomics. Brokers, carriers and shippers all face the same challenges when it comes to volatile spot rates. These new products will provide participants much needed risk management tools to hedge their freight lane exposure.

Finally, Nodal Exchange and Nodal Clear are excited to begin exploring paths for greater cooperation with fellow exchange and clearinghouse family members, with the aim of lowering hurdles for our customers to meet their risk management needs across the globe.

Nodal very much looks forward to 2018 as it broadens its core energy product set, expands its geographic footprint and provides offerings beyond energy to better serve its customers as part of a global family of leading exchanges and clearinghouses.

Paul Cusenza is chairman & CEO of Nodal Exchange and Nodal Clear.