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part of eex group

August 15, 2019

VIA PORTAL
Commodity Futures Trading Commission
Attention: Christopher Kirkpatrick, Secretary
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: CFTC Regulation 40.6(a) Certification: Submission of Amendments to the Nodal Exchange Rulebook and Participant Agreement

Dear Mr. Kirkpatrick:

Nodal Exchange, LLC ("Nodal Exchange" or "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying amendments to the Nodal Exchange Rulebook ("Rules") and Participant Agreement pursuant to Commission Regulation 40.6(a). With regard to the Rulebook, the Exchange is removing the definition of Eligible Contract Participant in Section I *Definitions,* amending portions of Section 3.4 *Minimum Financial, Segregation and Related Reporting Requirements* and amending Rule 4.6.2(b) *The following Rules shall govern Block Trades*. With regard to the Participant Agreement, the Exchange is amending Section 8.1 *Warranties - Participants*. The amendments to the Rules and Participant Agreement are attached hereto and indicate the specific text in red that is being amended. The Exchange intends to implement the amended Rules and Agreement in 10 business days on August 28, 2019.

Nodal Exchange is amending its Rulebook and Participant Agreement to allow certain commercial entities that meet the standard of a qualified eligible person, under CFTC Regulation 4.7, to execute block trades. These amendments will expand the minimum financial requirements of commercial entities that may trade on Nodal Exchange. Currently, only Eligible Contract Participants (ECPs), as defined in §1a(18) of the Commodity Exchange Act, may execute block trades. The Exchange believes that limiting block transactions to ECPs is unnecessary and unduly restrictive. These rule amendments allow sophisticated commercial entities with greater financial resources to enter into block transactions in order to effectuate their hedging and speculation strategies. The Exchange notes that the ECP standard is not mandated by the CFTC. Instead it was adopted by DCMs when block trades were first introduced to the futures market. The Exchange is making the amendment in response to marketplace feedback.

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Exchange management has assessed the amendments to the Rules, and their compliance with applicable provisions of the Act, including the Commissions Regulations and the Core Principles. Nodal Exchange has identified that the amendments may affect the following Core Principles as follows:

<u>Core Principle 2 - Compliance with the Rules</u>: The amendments to the Rules provide clarity and consistency with the Act for compliance with the Rules.

<u>Core Principle 7 – Availability of General Information:</u> The amendments to the Rules provide clarity to Exchange Participants. The amended Rules are available to market authorities, Participants, Authorized Brokers and the public on the Exchange website.

<u>Core Principle 9 – Execution of Transactions:</u> The Exchange continues to provide a competitive, open, and efficient market and mechanism for executing transactions that protects the price discovery process of trading in the centralized market of the board of trade.

<u>Core Principle 13 - Disciplinary Procedures</u>: 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.

Pursuant to Section 5c(c) of the Act and the Commission's Regulation 40.6, the Exchange certifies that amended Rules comply with the Act and the Commission's Regulations thereunder. There have not been any opposing views expressed regarding the amendments to the Rules.

Nodal Exchange certifies that this submission has been concurrently posted on the Nodal Exchange website at www.nodalexchange.com.

If you have any question or need additional information regarding this submission, please contact me at 703-962-9853 or Markotic@nodalexchange.com.

> Sincerely,
> /s/ Max Markotic
> Director of Compliance

Attachment:
>   Redline of Nodal Exchange Rulebook Section 1.39
>   Redline of Nodal Exchange Rulebook Section 3.4.1
>   Redline of Nodal Exchange Rulebook Appendix 4.6.2
>   Redline of Nodal Exchange Participant Agreement Section 8.1

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