

August 29, 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

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”) pursuant to Commission Regulation 40.6(a). The Exchange is amending Section I *Definitions*, amending the description of Appendix C – *Reporting Levels, Position Accountability Levels and Position Limits* and adding Section 6.5.2 *Conditional Limit in the Nodal Henry Hub Monthly Natural Gas Contract*. The Exchange intends to implement the amended Rules in 10 business days on September 13, 2019.

The Rules are being revised to reflect the introduction of new Nodal Henry Hub Natural Gas Contracts which will be offered on Nodal’s central limit order book and Nodal Block Trade. Accordingly, Rulebook Section I is being amended to define key terms associated with the new contracts. The description of Appendix C is being revised for the new contracts and Rulebook Section 6.5.2 is being added to provide a conditional limit in the Nodal Henry Hub Monthly Natural Gas Contract, equivalent to the conditional limit found on other exchanges.

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:

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

Core Principle 3 - Contracts not Readily Susceptible to Manipulation: Nodal has previously provided a description of the underlying cash markets for the Exchange’s new contracts,

which demonstrates compliance that the Exchange's new contracts are not readily susceptible to manipulation.

Core Principle 4 - Prevention of Market Disruption: All activity performed on Nodal is 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 Surveillance.

Core Principle 5 - Position Limitations or Accountability: The Exchange has provided position accountability levels for the new contracts because the underlying cash market is regulated in accordance with state laws and not readily susceptible to manipulation. The spot-month speculative position limits or spot month accountability levels for the Exchange's contracts are equivalent to those already established at other DCMs. The proposed conditional limit in the Nodal Henry Hub Monthly Natural Gas Contract is equivalent to the conditional limit found at other DCMs.

Core Principle 7 - Availability of General Information: 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.

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 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.

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 has entered into a clearing arrangement with Nodal Clear, a derivatives clearing organization subject to Part 39 of the Commission Regulations. Contracts executed on Nodal will be subject to the Exchange Rulebook provisions for submission to Nodal Clear for clearing as described in Section V.

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.

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.

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

Senior Compliance Manager

Attachment:

Redline of Nodal Exchange Rulebook Section 1
Redline of Nodal Exchange Rulebook Section 6.5.2
Redline of Nodal Exchange Rulebook Appendix C