

December 29, 2021

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 revising Rule 6.5 *Position Limits*. The amended Rules are attached hereto and indicate the specific text in red that is being amended. The Exchange intends to implement the amended Rules on January 13, 2022.

Nodal Exchange is revising its Rules to further align with the requirements of new Part 150 of the Commission’s Regulations. Amended Rule 6.5.4(d) requires a Participant seeking a bona fide hedge or risk management exemption to include a description of the applicant’s activity in the cash markets and swaps markets for the commodity underlying the position for which the application is submitted, including but not limited to, information regarding the offsetting cash positions. Amended Rule 6.5.5 requires that a Participant granted a position limit exemption for Nodal Contracts subject to federal position limits, must re-apply for the exemption at least annually; and Rule 6.5.12 requires that all position limit exemptions be renewed on an annual basis. Amended Rule 6.5.13(a) has added a reference to CFTC Regulation Appendix G to Part 150. Amended Rule 6.5.15 has added the requirement that to obtain a retroactive exemption, a Participant must provide the Exchange an explanation of the circumstances warranting the sudden or unforeseen increases in its bona fide hedging needs. In addition, 6.5.15 requires that if the Exchange denies the request, the Participant must bring its position within the Exchange’s speculative position limits within a commercially reasonable time.

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. The Exchange Rulebook is applicable to all Nodal Exchange Participants.

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 uses position accountability levels for Nodal contracts because the underlying cash market is regulated in accordance with state or federal laws and not readily susceptible to manipulation. The spot-month speculative position limits for the Exchange's contracts are set at less than 25% of the deliverable supply in the respective underlying market. Positions in Nodal contracts will continue to be subject to position limits and position accountability levels set by the Exchange, in compliance with Core Principle 5.

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 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 questions 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 Rule 6.5

21-040