

May 1, 2018

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 Rule 4.6.6 *Front Running Prohibited*, which is attached hereto and indicates the specific text in red that is being amended. The Exchange intends to implement the amended Rules in 10 business days on May 15, 2018.

Nodal Exchange Rule 4.6.6(b) is being revised to allow Exchange participants to a potential block trade to engage in pre-hedging or anticipatory hedging of the position that they believe in good faith will result from the consummation of the block trade. The Exchange recognizes that pre-hedging/anticipatory hedging may be necessary to execute the block trade position. Even so, a broker accepting or facilitating block trades is privy to material nonpublic information regarding such impending block trades. Accordingly, Rule 4.6.6(b) the pre-hedging/anticipatory hedging prohibition continues to apply to such intermediaries and any accounts it owns, controls, or holds ownership interest such as a proprietary account of its employer.

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 7 – Availability of General Information: The amendments to the Rules provide clarity to Exchange participants and brokers regarding pre-hedging or anticipatory hedging for block trading. The amended Rules are available to market authorities, Exchange participants, brokers and the public on the Exchange website.

Core Principle 9 – Execution of Transactions: The amendments to the Rules allow Exchange participants to hedge their anticipated exposure while adhering to the procedural requirements of the Exchange’s block trade Rules.

Core Principle 12 – Protection of Markets and Market Participants: The amendments to the Rules are consistent with the CFTC Regulations to protect the market and market participants from abusive practices. The amendments to the Rules promote fair and equitable trading on Nodal Exchange.

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 4.6.6