



8065 Leesburg Pike, 3<sup>rd</sup> Floor  
Vienna, VA 22182  
**Phone** (703) 962 9800  
**Fax** (703) 962 9850  
[www.nodalexchange.com](http://www.nodalexchange.com)

March 27, 2014

**VIA EMAIL (submissions@cftc.gov)**

Commodity Futures Trading Commission  
Attention: Melissa Jurgens, Secretary  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, NW  
Washington, DC 20581

**Re: CFTC Regulation 40.6(a) Certification: Submission of Amendment to Rule 3.16.2 and Appendix C of the Nodal Exchange Rulebook**

Dear Ms. Jurgens:

Nodal Exchange, LLC ("Nodal Exchange" or "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying an amendment to Rule 3.16.2 (Authorized Broker requirements) and the cover page to Appendix C of the Nodal Exchange Rulebook pursuant to Commission Regulation 40.6(a). The amended Rule 3.16.2 and the cover page to Appendix C are attached hereto, indicating the specific text that is being added for these amendments. The Exchange intends to implement the amended Rules in 10 business days on April 10, 2014.

Both amendments provide additional information that is derived from Commission Regulations. Rule 3.16.2 identifies the requirements for an Authorized Broker to submit Block Trades to the Exchange on behalf of Nodal Exchange Participants. The amendment to Rule 3.16.2 specifically adds the regulatory requirement that Authorized Brokers, whether registered as a futures commission merchant or an introducing broker, must file with the Exchange any reports the Authorized Broker is required to file with the Commission pursuant to CFTC Regulation 1.12. Appendix C identifies the reporting levels, position accountability levels and position limits for futures contracts offered on Nodal Exchange. The amendment to Appendix C is an addition to the cover page that identifies when the spot month position limits become effective for both power and natural gas contracts in accordance with Commission Regulation 150.1(a).

Exchange management has assessed the amendments to Rule 3.16.2 and Appendix C, and their compliance with applicable provisions of the Commodity Exchange Act

("Act"), including the Commissions Regulations and the Core Principles. Nodal Exchange has identified that amended Rule 3.16.2 and the cover page to Appendix C may affect the following Core Principles as follows:

Compliance with the Rules: Consistent with the Exchange's Rules, the amendments to Rule 3.16.2 and Appendix C provide additional information to ensure compliance with Exchange Rules. The amendment to Rule 3.16.2 states the requirement that all Commission registrants must file with the Exchange a copy of any reports that they are required to file with the Commission pursuant to CFTC Regulation 1.12. The amendment to Appendix C defines the spot month in accordance with Commission Regulation 150.1(a) provides clarity for compliance with position limit requirements.


Core Principle 5 – Position Limitations or Accountability: (Applicable to Appendix C only) Consistent with the Exchange's Rules, the amendment to Appendix C provides the Exchange's participants with the definition of the spot month for the Exchange's contracts, which thereby further reduces the potential threat of market manipulation or congestion.

Pursuant to Section 5c(c) of the Act and the Commission's Regulation 40.6, the Exchange certifies that amended Rule 3.16.2 and Appendix C comply with the Act and the Commission's Regulations thereunder. There have not been any opposing views expressed regarding the amendments to Rule 3.16.2 and Appendix C.

Nodal Exchange certifies that this submission has been concurrently posted on the Nodal Exchange website at [www.nodalexchange.com](http://www.nodalexchange.com).

If you have any question or need additional information regarding this submission, please contact me at 703-962-9835 or [Herrera@nodalexchange.com](mailto:Herrera@nodalexchange.com).

Sincerely,



Anita Herrera  
Chief Regulatory Officer

Attachments:

- Submission Cover Sheet
- Redline of Nodal Exchange Rule 3.16.2
- Redline of Nodal Exchange Rulebook Appendix C

3.16.2 An Authorized Broker:

- (a) must be registered with the CFTC as an FCM or an introducing broker;
- (b) must enter into the applicable Authorized Broker Agreement with the Exchange and agree to be subject to and to comply with the Rules applicable to Authorized Brokers;
- (c) must agree to effect Block Trades on behalf of a Participant only in accordance with these Rules and procedures established by the Exchange;
- (d) must, if registered as an FCM, maintain adequate financial resources in accordance with Rule 3.4; ~~and~~
- (e) must file with the Exchange and the Regulatory Services Provider, if any, a copy of any notice or written report that it is required to file with the Commission pursuant to Commission Regulations 1.12; and
- (f) must agree to such other terms and conditions as may be established by the Exchange from time to time.

**APPENDIX C –  
REPORTING LEVELS, POSITION ACCOUNTABILITY LEVELS AND  
POSITION LIMITS**

Reporting levels, position accountability levels and position limits for Nodal Contracts are available at [www.nodalexchange.com](http://www.nodalexchange.com).

Power contracts must be in compliance with spot month position limits as of the close of trading on the trading day preceding the first day of the calendar month covered by the expiry. The Henry Hub natural gas contract must be in compliance with spot month positions at the close of trading three business days prior to the last day of trading in the NYMEX Henry Hub (NG) contract.