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April 24, 2025

VIA CFTC PORTAL

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

Re: **CFTC Regulation 40.6(a) Certification: Amendments to Nodal Clear Rules**

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission ("Commission" or "CFTC") Regulation 40.6(a), Nodal Clear, LLC ("Nodal Clear" or the "Clearing House") hereby notifies the Commission that it is self-certifying amendments to the Nodal Clear Rulebook (the "Rule Amendments").[1] The Rule Amendments are attached hereto and indicate the specific text that is being amended. The Rule Amendments shall become effective on May 9, 2025.

Overview

Nodal Clear proposes to adopt Rule Amendments that:

(i)   update Nodal Clear Rule 3.5 to provide for additional Clearing Member risk responsibilities for Weekend trading;

(ii)   update Nodal Clear Rule 3.26 to extend Bank Holiday procedures to Weekends;

(iii)   update Nodal Clear Rule 3.34 to provide for a possible Guaranty Fund Deposit Surcharge for Clearing Members that support Exchange Contracts traded on the Weekend; and

(iv)   revise and add definitions associated with the Rule Amendments, provide for various other clarifications, typographical corrections, and conforming changes.

Explanation

Nodal Clear provides clearing services to Coinbase Derivatives, LLC, which intends to make certain products available for trading on the Weekend. In support of this initiative, Nodal Clear is implementing measures to manage the associated risks, including additional requirements for Clearing Members supporting Weekend trading.

Specifically, Nodal Clear is adopting Rule 3.5(r), which requires a Clearing Member whose ratio of Initial Margin requirement for Exchange Contracts traded on the Weekend to Adjusted Net Capital exceeds 20%, averaged over the prior six months, to adopt, adhere to, and enforce risk management and other policies and procedures designed to provide a mechanism for hedging risk exposure to such Exchange Contracts. This mechanism must utilize an

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[1] Capitalized terms not defined herein have the meaning set forth in the Nodal Clear Rulebook.

alternative venue, such as a spot market, that supports Weekend trading. The purpose of this rule is to promote prudent risk management practices and ensure access to additional trading liquidity during Weekend trading.

Additionally, Nodal Clear is adopting Rule 3.5(s), which requires Clearing Members to limit Customer Weekend trading to either: (i) less than half of the Customer's excess Margin, or (ii) the full amount of the Customer's excess Margin, provided that unrealized losses are deducted from available funds and gains are not recognized until the first Margin run following the Weekend. This rule is designed to ensure that additional positions established over the Weekend are sufficiently collateralized.

Nodal Clear is also adopting Rule 3.34 to permit the imposition of a Guaranty Fund Deposit Surcharge on Clearing Members that support Exchange Contracts traded on the Weekend. This surcharge is intended to provide additional financial resources to Nodal Clear to address larger than expected market volatility during a potential position liquidation due to Weekend trading for Exchange Contracts traded during the Weekend.

Analysis of the Rule Amendments under DCO Core Principles

Nodal Clear management has assessed the Rule Amendments and their compliance with applicable provisions of the Commodity Exchange Act ("CEA"), including the Commission's Regulations and DCO Core Principles. Nodal Clear has identified that the Rule Amendments may have some bearing on the following Core Principles:

Core Principle B – Financial Resources: Nodal Clear will continue to maintain adequate financial resources to discharge its responsibilities. The Rule Amendments, along with Nodal Clear risk management measures, limit Clearing Member and Clearing House exposure and provide for additional financial resources for Weekend trading.

Core Principle C – Participant and Product Eligibility: Nodal Clear's admission and continuing participation requirements for Clearing Members remain objective, publicly disclosed, and risk based. Nodal Clear will continue to use its existing processes to determine whether members of Nodal Clear maintain eligibility and if products are suitable for clearing. Clearing Members that support Exchange Contracts traded on the Weekend will be subject to the additional responsibilities described above.

Core Principle D – Risk Management: The Rule Amendments continue to ensure Nodal Clear's ability to manage the risks associated with discharging the responsibilities of a DCO, including limiting exposure to potential losses from Defaults, and maintaining Margin requirements sufficient to cover potential exposures in normal market conditions.

Core Principle E – Settlement Procedures: Nodal Clear will continue to complete two margin settlements each Business Day.

Core Principle L – Public Information: As required by Core Principle L, Nodal Clear is publicly posting this self-certification letter on its website to ensure that market participants receive advance notice of the updated Nodal Clear Rules. On the effective date of the Rule Amendments, the updated Nodal Clear Rules will be posted on the Nodal Clear website.

Pursuant to Section 5c(c)(1) of the CEA and Commission Regulation 40.6(a), Nodal Clear certifies that the Rule Amendments comply with the CEA and the Commission's Regulations thereunder. Nodal Clear is not aware of any opposing views expressed regarding the Rule Amendments. Nodal Clear certifies that this submission has been concurrently posted on the Nodal Clear website at www.nodalclear.com.

If you have any questions or need additional information regarding this submission, please contact me at 703-962-9864 or alvarez@nodalexchange.com.

Sincerely,

/s/Cody Alvarez

Cody Alvarez
Chief Compliance Officer
Corporate Counsel

Attachments:
        Rule Amendments (Redline)