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November 23, 2011

Mr. David Stawick  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, NW  
Washington, DC 20581

Re: Comment Letter on Proposed Rulemaking: Effective Date for Swap Regulation, 76 FR 65999  
(October 25, 2011) (CFTC Proposed Release)

Dear Mr. Stawick:

Nodal Exchange, LLC (Nodal Exchange or Exchange) appreciates the opportunity to submit comments with respect to the Commodity Futures Trading Commission's (CFTC or Commission) proposed rulemaking published in the Federal Register on October 25, 2011, which proposes to amend the Commission's July 14 Order, 76 FR 42508 (July 19, 2011) (July Order) in two ways. The first part extends the latest potential expiry dates for self-effectuating provisions of the Dodd-Frank Act. The second part provides exemptive relief to agreements, contracts, or transactions that fully meet the exemptive conditions of Part 35, which will not be available after December 31, 2011, until the earlier of: (1) July 16, 2012; or (2) such other compliance date as may be determined by the Commission. Nodal Exchange hereby submits comments with regards to the exemptive relief under the second part of the CFTC Proposed Release as applied to two types of entities: (1) exempt commercial markets (ECMs) and (2) non-ECM entities.

Nodal Exchange recognizes the Commission's effort to provide legal certainty to swaps market participants. However, the second part of the CFTC Proposed Release extends relief until no later than July 16, 2012 without qualification even though ECMs offering such transactions will probably not be registered in accordance with the Dodd-Frank Act by July 16, 2012. Nodal Exchange<sup>1</sup> is currently an exempt commercial market (ECM) that filed for grandfather relief under section 723(c)(1)-(2) of the Dodd-Frank Act, which allows petitioners to continue to operate pursuant to the pre-Dodd-Frank Act section 2(h) of the CEA until July 16, 2012 if petitioners apply to register as a designated contract market (DCM) or swap execution facility (SEF) within sixty days after the applicable final rules are published. Since the Dodd-Frank Act eliminates ECMs by no later than July 16, 2012, it would appear that Nodal Exchange must become a registered DCM or SEF by July 16, 2012.

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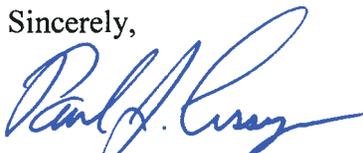
<sup>1</sup> Nodal Exchange launched in April 2009 to serve the energy markets by offering cash settled contracts for power and natural gas in North America with all contracts being cleared by LCH.Clearnet.

It appears highly unlikely that Nodal Exchange will be able to be either a registered DCM or SEF by July 16, 2012 because the rules for neither DCMs nor SEFs have been finalized. Furthermore, based on the proposed rules for DCMs, the 180-day statutory review period will probably govern the application review process.<sup>2</sup> Without further guidance from the Commission consistent with the ECM transition period of section 723(c) of the Dodd-Frank Act, the CFTC Proposed Release creates unnecessary uncertainty for Nodal Exchange, its participants, its clearing house LCH.Clearnet, and the LCH.Clearnet clearing members for Nodal Exchange participants. Nodal Exchange's markets will be disrupted if Nodal Exchange cannot be registered as a DCM or SEF by July 16, 2012, unless Nodal Exchange can be permitted to continue to operate as an ECM until the Commission grants appropriate registration. Consistent with the Commission's efforts to "ensure that current practices will not be unduly disrupted during the transition to the new regulatory regime,"<sup>3</sup> Nodal Exchange requests that the Commission provide relief to ECMs compliant with the grandfathering provisions by extending the second part of the July Order for these compliant ECMs until *the latter of*: (1) July 16, 2012; or (2) such other compliance date as may be determined by the Commission.

For non-ECM entities such as Nodal Exchange participants and their LCH.Clearnet clearing members, the CFTC Proposed Release extending the July 14 Order until "the earlier of: (1) July 16, 2012; or (2) such other compliance date as may be determined by the Commission" also creates uncertainty in the timeline for compliance with the new regulatory regime. It is unclear what circumstances could cause "such other compliance date" to be determined by the Commission. Nodal Exchange requests that the Commission provide exemptive relief to non-ECM market participants by extending the second part of the July Order until July 16, 2012 without qualification.

Nodal Exchange appreciates the opportunity to comment on this rulemaking and welcomes any questions from the Commission.

Sincerely,



Paul Casenza  
Chief Executive Officer

cc: Division of Market Oversight: Richard Shilts and Riva Adriance.

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<sup>2</sup> 75 FR 80572 (December 22, 2010) at 80575.

<sup>3</sup> 76 FR at 66002.