



Nodal Exchange Rulebook

BY ACCESSING, OR ENTERING ANY ORDER INTO, THE EXCHANGE, AND WITHOUT ANY NEED FOR ANY FURTHER ACTION, UNDERTAKING OR AGREEMENT, A PARTICIPANT, AUTHORIZED USER OR AUTHORIZED BROKER AGREES (I) TO BE BOUND BY, AND COMPLY WITH, THE RULES AND APPLICABLE LAW, IN EACH CASE TO THE EXTENT APPLICABLE TO IT, HIM OR HER, AND (II) TO BECOME SUBJECT TO THE JURISDICTION OF THE EXCHANGE WITH RESPECT TO ANY AND ALL MATTERS ARISING FROM, RELATED TO, OR IN CONNECTION WITH, THE STATUS, ACTIONS OR OMISSIONS OF SUCH PARTICIPANT OR AUTHORIZED USER.

registration, the Exchange will make available, via a web interface, confirmation that the Block Trade has been accepted. Further description of Clearing House procedures and rules can be found in the Clearing House rulebook.

- (b) A Participant that has exceeded its Trade Risk Limit (because of changes in the risk profile of such Participant’s existing positions or otherwise) may be party to a Block Trade only if such Block Trade will reduce the Trade Risk Limit violation.

4.6.6 Front Running Prohibited

- (a) Parties involved in the solicitation or negotiation of a Block Trade and parties that are privy to nonpublic information regarding a consummated Block Trade may not disclose such information to any other party prior to the public report of the Block Trade by the Exchange and may not trade in the same product or closely-related product for the purpose of taking advantage of such information.
- (b) Participants to a potential Block Trade may 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. In addition, Participants to a Block Trade are permitted to initiate trades to hedge or offset the risk associated with the Block Trade following the consummation of the Block Trade, including during the period preceding the public report of the Block Trade by the Exchange. However, an Authorized Broker that accepts or facilitates the execution of a Block Trade is subject to the pre-hedging/anticipatory hedging prohibition, which also applies to any account that is owned or controlled by, or in which an ownership interest is held by, including a proprietary account of the employer of, such Authorized Broker.

4.7 **Exchange for Related Position (EFRP)**

4.7.1 Categories of EFRP

Participants may enter into the following type of Exchange for Related Position transaction (“EFRP”) in accordance with the provisions of this Rule:

- (a) an Exchange for Physical transaction (“EFP”), which is a privately negotiated and simultaneous exchange of a futures position in a Nodal Contract for a corresponding cash position.

- (a)(b) EFPs on Nodal Exchange may be executed for Nodal Contracts based on natural gas and environmental products only and their corresponding cash positions.

4.7.2 EFRP Requirements

- (a) An EFRP shall consist of two discrete but related simultaneous transactions in which one Participant must be the buyer of (or the holder of the long market exposure associated with) the related position and seller of the corresponding Nodal Contract, and the other Participant must be the seller of (or the holder of the short market exposure associated with) the related position and the buyer of the corresponding Nodal Contract. The related position must involve the commodity underlying the Nodal Contract (or any derivative, by-product or related product that has a reasonable degree of price correlation to the Nodal Contract) in a quantity that is approximately equivalent to the quantity covered by the Nodal Contract.
- (b) The accounts involved in the execution of an EFRP must be:
 - (a) independently controlled with different beneficial owners; or
 - (b) independently controlled accounts of separate legal entities with the same beneficial owners, provided that the account controllers operate separate business units; or
 - (c) independently controlled accounts within the same legal entity, provided that the account controllers operate in separate business units; or
 - (d) commonly controlled accounts of separate legal entities, provided that the separate legal entities have different beneficial owners.
- (c) The parties to an EFRP shall maintain all documents relevant to the Nodal Contract and the related position, including all documents customarily generated in accordance with the relevant market practices, including, as applicable, copies of the documents evidencing title to, or the contract or contracts to buy or sell, the underlying commodity (or the derivative, by-product or related product) involved in such EFRP. Any such documents and information shall be furnished to the Exchange upon request.
- (d) The price of the Nodal Contract exchanged in an EFRP must be mutually agreed, commercially reasonable and consistent with the price increments set forth in the applicable Contract Specification.
- (e) EFRP transactions must be submitted to the Exchange as soon as possible following mutual agreement to the relevant terms by the parties to the EFRP. Barring any extenuating circumstances,

Participants must submit EFRPs to the Exchange on the same day that the EFRP transaction is executed.

(d)(f) All EFRP transactions must be submitted to the Exchange by 4:00 PM EPT.

4.7.3 Reporting Requirements

The parties to an EFRP shall create and maintain records that identify the transaction as an EFRP and specify the date and time of execution and shall cause the EFRP to be identified and reported to the Exchange in accordance with such procedures as are determined by the Exchange from time to time.

4.7.4 Clearing Requirements

All Nodal Contracts effected as part of EFRPs shall be cleared in accordance with these Rules.

4.8 Position Transfers

4.8.1 Position Transfer Process

The Exchange may permit transfer trades to move positions between ITM accounts or Clearing Member accounts for administrative purposes (“Position Transfers”) where no change in ownership is involved. Participants and Clearing Members must obtain approval from the Exchange for a Position Transfer; such approval to be granted at the sole discretion of the Exchange. Position Transfers will not contribute to any reported volume, price, or trading range.

4.8.2 Transfer of Positions With Change in Ownership

The Exchange may permit the transfer of positions that involves a change in ownership when the proposed transfer is in connection with, or as a result of, a merger, asset purchase, consolidation, or other similar non-recurring corporate transaction between Participants where one or more of the Participants become the successor in interest to one or more other Participants. Participants must apply for and obtain prior written approval from the Exchange; such approval to be granted at the sole discretion of the Exchange. The transferred trades must be indicated as transfers that will not contribute to any reported volume, price, or trading range.

The Exchange may, with the consent of the Clearing Member(s) involved, permit the transfer of existing trades if, in the opinion and sole discretion of the Exchange, the situation so requires and such transfer is in the best interests of Nodal Exchange.

4.9 Trade Cancellations; Trade Reviews