SECTION IV MARKET OPERATIONS

4.1 Market Hours and Operation

4.1.1 Market Hours

The Exchange will be open for trading on all business days during the market hours specified in the trading calendar, which is available at www.nodalexchange.com. During non-trading hours, Exchange systems will allow users to submit, modify and cancel Orders as defined in this Section IV. Block Trades executed during non-trading hours will be queued and cleared in the order of submission when the market is next opened.

4.1.2 Procedures

With respect to trading on or though the Exchange, the Exchange may adopt, without limitation, procedures relating to Transactions in Nodal Contracts and trading on the Exchange, including procedures to:

(a) disseminate the prices of bids and offers and the prices of trades in Nodal Contracts;

(b) record and account for Nodal Contracts;

(c) perform market surveillance and regulation on matters affecting Nodal Contracts;

(d) establish limits on the number and/or size of Orders that may be submitted by a Participant or Authorized User to the Exchange;

(e) establish limits on the number of Nodal Contracts that may be traded by a Participant on the Exchange;

(f) establish a limit on the maximum daily price fluctuations for any Nodal Contracts and provide for any related restriction or suspension of trading in such Nodal Contracts; and

(g) require a suspended or expelled Participant, or a Participant with restricted trading rights, to cause Nodal Contracts to be executed for such Participant's account to reduce or eliminate such Participant's open positions.

4.1.3 Market Suspension and Emergencies

(a) During an Emergency, the Board may implement temporary emergency procedures and rules ("**Emergency Rules**"), subject to the applicable provisions of the CEA and CFTC

Regulations. Emergency Rules may require or authorize the Exchange, the Board, the Chief Executive Officer or, in his or her absence, any other authorized Officer to take actions necessary or appropriate to respond to the Emergency, including, but not limited to, the following actions which shall be taken, as appropriate, in consultation with the Clearing House:

(a) suspending or curtailing trading or limiting trading to liquidation only (in whole or in part);

(b) extending or shortening the last trading date for Nodal Contracts;

(c) providing alternative settlement mechanisms;

(d) ordering the liquidation or transfer of Transactions, the fixing of a Settlement Price, or the reduction of positions;

(e) extending, limiting or changing the Trading Hours;

(f) temporarily modifying or suspending any provision of the Rules;

(g) requiring Participants to meet special margin requirements;

(h) alter the settlement terms or conditions for any Nodal Contract;

(i) imposing or modifying trading limits, price limits and/or position limits; and/or

(j) any other action as directed by the CFTC.

(b) Before any Emergency Rule may be adopted and enforced, a required vote of the Board must approve the adoption of such Emergency Rule at a duly convened meeting. Directors may attend such a meeting by teleconference.

(c) Notwithstanding paragraph (b) above, if the Chief Executive Officer, or another authorized Officer, determines that Emergency Rules must be implemented with respect to an Emergency before a meeting of the Board can reasonably be convened, then the Chief Executive Officer or such Officer shall have the authority, without Board action, to implement any Emergency Rules with respect to such Emergency that he or she deems necessary or appropriate to respond to such Emergency. In such circumstances, the Chief Executive Officer or other Officer shall abstain from deliberating or deciding whether to implement the Emergency Rule if such Officer has a direct and substantial financial interest in the result of the Emergency Rule, as determined by the Chief Regulatory Officer pursuant to Rule 2.6.2. As soon as practicable after the Chief Executive Officer or other Officer has implemented an Emergency Rule, the Board must convene a meeting in order to affirm, amend, revoke, suspend or modify such Emergency Rule.

(d) Whenever the Exchange, the Board, the Chief Executive Officer or authorized Officer takes actions necessary or appropriate to respond to an Emergency, a duly authorized representative of the Exchange, where possible, will post an announcement in a notice to Participants. The Board shall terminate the actions taken in response to the Emergency once the Board determines in good faith that the Emergency has sufficiently abated to permit the affected functions of the Exchange to resume normal functioning. If the Board has not yet convened, the Chief Executive Officer or other authorized Officer shall terminate the actions taken in response to the Emergency once such Officer determines that the Emergency has sufficiently abated to permit the affected functions of the Exchange to resume normal functioning.

(e) The Exchange will use reasonable efforts to notify the CFTC in accordance with CFTC Regulations prior to implementing, modifying or terminating an Emergency Rule. If such prior notification is not practicable, the Exchange will notify the CFTC as soon as reasonably practicable, but in all circumstances within twenty-four (24) hours of the implementation, modification or termination of such Emergency Rule. The Exchange may take any actions as directed by the CFTC.

(f) Upon taking any action in response to an Emergency, the Exchange will document the decision-making process related to such action. Such documentation will be kept for at least five (5) years following the date on which the Emergency ceases to exist or to affect the Exchange, and all such documentation will be provided to the CFTC upon request.

4.2 Nodal Contracts Offered

4.2.1 Nodal Contracts/Expiries

(a) Contract Specifications are set forth in Appendix A to these Rules. Contract Specifications are subject to revision or amendment from time to time. Revised Contract Specifications may be listed for trading by self-certification in accordance with CFTC Regulation 40.2, sent electronically to the CFTC for receipt by the open of business on the business day preceding the contract's listing, which shall include: (1) a description of the contract and its rules related to its terms and conditions, (2) the intended listing date, (3) certification by the Exchange that the contract to be listed complies with the CEA and the CFTC Regulations thereunder, (4) a concise explanation and analysis of the product and its compliance with applicable provisions of the CEA, including core principles, and the CFTC Regulations thereunder, including supporting documentation, and (5) certification that the Exchange posted a notice of pending product certification with the Commission on its website with a copy of the submission, with confidential treatment requests as appropriate.

(b) To offer new products, the Exchange may request that the CFTC approve a new product prior to listing the product for trading. The submission to the CFTC shall be filed electronically in accordance with CFTC Regulations 40.3 and include: (1) a description of the product with the rules that set forth the contract's terms and conditions, (2) an explanation and analysis of the product and its compliance with applicable provisions of the CEA, including core principles, and the CFTC Regulations thereunder, including documentation relied upon to establish the basis for compliance with the applicable law, or incorporate information contained in such documentation, with appropriate citations to data sources, (3) description of any agreements or contracts entered into with other parties that enable the Exchange to carry out its responsibilities, (4) certification that the Exchange posted on its website a notice of its request for CFTC approval of the new product with a copy of the submission, (5) a request for confidential treatment as permitted under CFTC Regulation 40.8, if appropriate, and (6) the filing fee required in accordance with CFTC Regulations. If requested by CFTC staff, the Exchange will provide evidence, information or data demonstrating that the contract meets, initially or on a continuing basis, the requirements of the CEA, or other requirements for designation or registration under the CEA or the CFTC Regulations thereunder. The Exchange shall submit the requested information by the open of business on the date that is two business days from the date of request by CFTC staff, or at the conclusion of such extended period agreed to by CFTC staff after timely receipt of a written request from the Exchange.

(c) Nodal Contracts on power may settle against the pricing at a single physical location (a "**Node**") on the physical network, as defined by the ISO, or against multiple Nodes on this network. For Nodal Contracts on power which settle against a Contract Node that is the consolidation of multiple physical Nodes, the Settlement Price shall be the simple average of all the included Nodes for the duration of the Expiry period as provided in Rule 4.10 ("**Expiry Settlement**") and the appropriate Contract Class.

(d) Natural gas Expiries will settle against the last Settlement Price for the Expiry as determined by either an index or exchange listed contract as specified in the Contract Specification for the Nodal Contract.

~~(d)~~ Nodal Contracts based on environmental products will Physically Settle against the underlying Deliverable Product as specified in the Contract Specifications.

(e) Options will settle physically against the underlying futures contract as specified in the Contract Specifications.

(f) For Nodal Contracts on power, in the event the Exchange determines that an ISO will no longer price a Node that is a component of the Contract Node, the Exchange may eliminate the Node from the Contract Node. In the event the Exchange determines that an ISO will no longer price a Node that is the whole of the Contract Node, the Exchange will substitute a successor Contract Node that, in the Exchange's judgment, is reasonably comparable to the Contract Node no longer being priced, or if no open interest exists, the Exchange will discontinue the Nodal Contract.

4.2.2 Trading Status

(a) Expiries may have four trading statuses in the market as defined below: Active, Restricted, Suspended, and Closed.

(b) *Active*. All Expiries will have a status of Active upon being entered into the market for trading. Active Expiries are available for unrestricted trading as Block Trades and on the Trading Platform if offered.

(c) *Restricted*. In the case where all initial Settlement Price data is available, the Expiry is set to Restricted status at the end of the day. The Restricted status allows the Exchange to capture additional ISO revisions to the components of Locational Marginal Price up to the Last Trading Day as defined by the Contract Specifications. For example, a monthly off-peak day ahead power Expiry would become Restricted at the end of the second to last day of the month – which is the day that all Settlement Price data become available for the Expiry in question. During the Restricted period, an Expiry can only be traded as a Block Trade within a narrowly defined band as determined by the Exchange (e.g., plus or minus one percent of the announced initial Settlement Price). Restricted Expiries cannot be traded on the Trading Platform.

(d) *Suspended*. Expiries may be suspended at any time, in order to prevent further trading. This may occur on a power Nodal Contract in response to the decision of an ISO to stop providing pricing of the relevant Contract Nodes; or for a Nodal Contract based on environmental products if the Deliverable Product is no longer available as determined by the Exchange. A Suspended status may also be used to end trading within the Last Trading Day of an expiring natural gas Expiry once trading has ceased and pricing is known on the Final Settlement Price, as detailed in the Contract Specification.

(e) *Closed*. Upon determination of the Final Settlement Price, the Expiry is Closed, all trading is ended, and the Final Settlement Price is fixed.

4.3 Use of User IDs

4.3.1 Each Participant must request one or more ITMs as needed to accommodate the nature and volume of the Participant's business.

4.3.2 Each Participant must have at least one Authorized User and each Authorized User must have at least one unique, Exchange-assigned, registered User ID.

4.3.3 Each Order entered will contain a ~~system~~previously-assigned User ID or such user credentials that ~~identifies~~ enables the Exchange to identify the Authorized User that entered the Order.

4.3.4 No Person may use a User ID to place any Order except as permitted by these Rules, nor may any Person knowingly permit or assist the unauthorized use of a User ID. Each Participant and Authorized User shall ensure that no User ID is used by any Person not authorized by these Rules. Each Participant that is not an individual must have in place policies and procedures acceptable to the Exchange to ensure the proper use and protection of User IDs.

4.3.5 Each Participant shall ensure the accuracy of the registration information of its Authorized Users at all times.

4.3.6 Each Participant shall be solely responsible for controlling and monitoring the use of all User IDs issued to it and its Authorized Users.

4.3.7 Each Participant shall notify the Exchange promptly upon becoming aware of:

(a) any unauthorized disclosure or use of any User ID assigned to it or any of its Authorized Users and of any other reason for deactivating a User ID; and

(b) any unauthorized access to the Exchange by any Authorized User or by any Person using a User ID assigned to such Participant or Authorized User.

4.3.8 Each Participant and its Authorized Users shall be bound by any actions taken through the use of a User ID assigned to such Participant or Authorized User (other than any such actions resulting from the fault or negligence of the Exchange), including the submission of Orders and/or execution of Transactions, whether or not such actions were taken or authorized by such Participant or Authorized User, as the case may be.

4.4 ~~[Reserved]~~Central Limit Order Book Trades – Nodal T7

4.4.1 Order Requirements

To be valid, an Order submitted to the **Nodal T7** shall include the following information: quantity, price (except for Market Orders), instrument(s), buy or sell designation, User ID. Orders must be submitted in increments of the Lot Size specified in the Contract Specifications for the applicable Nodal Contract.

4.4.2 Order Types

The following types of Orders are allowed on the **Nodal T7**:

(a) *Limit Orders.* A Limit Order is an Order to buy or sell a stated quantity at a specified price, or at a better price, if obtainable. Unless otherwise specified, any residual volume from a Limit Order that is not withdrawn or executed is retained in the **Nodal T7** with the same validity of the original order unless it is cancelled by the Participant.

(b) *Market Orders*. A Market Order is executed at the best price or prices available in the order book at the time -the Order is received until the Order has been filled in its entirety.

(c) *Stop Limit Orders.* A Stop Limit Order has two components: (1) the stop price and (2) the limit price. When the stop price is triggered, the Order becomes executable as a Limit Order at the limit price. The Order will be executed at all price levels from the stop price up to and including the limit price. If the Order is not fully executed, the remaining quantity of the Order will remain active on Nodal T7 at the limit price.

(d) *Stop Market Orders.* A Stop Market Order has a predefined stop price. When the stop price is triggered, the Order becomes executable as a Market Order. The Order will be executed at the best price or prices available on Nodal T7 at the time the O~~o~~rder is received until the Order has been filled in its entirety.

4.4.3 Order Validity

Order validity limits the lifetime of the orders on **Nodal T7**. The following values for order validity are supported:

(a) *Good-For-Day (GFD).* GFD Orders are deleted automatically at the end of the same trading day the Order was entered on Nodal T7.

(b) *Good-Till-Cancelled (GTC).* GTC Orders remain open until cancelled by the Participant.

(c) *Good-Till-Date (GTD).* Open GTD Orders are automatically deleted at the end of the date specified by the Participant on the Order.

(d) *Immediate-Or-Cancel (IOC).* IOC Orders that are not partially or entirely executed as Nodal Contracts upon Order entry are immediately deleted.

(e) *Fill-Or-Kill (FOK).* FOK Orders that are not entirely executed as Nodal Contracts upon Order entry are immediately deleted.

4.4.4 Submission

Submission of an Order to the **Nodal T7** constitutes a representation by the submitting Participant that it is acting as principal in respect of such Order.

Orders may be submitted to the **Nodal T7** by electronic submission to the Exchange in accordance with any procedures set forth by the Exchange from time to time and published at www.nodalexchange.com.

4.4.5 Modification and Cancellation

Any Order that has been entered into the **Nodal T7** may be modified or cancelled unless and until it has been executed or has otherwise expired. Any such modification or cancellation requires that a modification Order or cancellation Order, as the case may be, with respect to the original Order be entered into the **Nodal T7**. Such modification or cancellation will become effective upon receipt by the **Nodal T7** of the modification Order or cancellation Order. Every Order automatically expires (i) at the end of the order validity period specified by the Participant on the Order, if applicable, (ii) in the event of any suspension or curtailment of trading, or (iii) in the case of any failure of the **Nodal T7**.

4.4.6 **Nodal T7** Trade Matching

Orders entered on the **Nodal T7** will be continuously matched based on price then time priority.

4.4.7 Clearing

All matched trades generated by the **Nodal T7** will be automatically submitted to the Clearing House for registration and novation. Upon registration at the Clearing House, the Exchange will make available the Participant's cleared trades. Further description of Clearing House procedures and rules can be found in the Clearing House rulebook. The

Exchange reserves the right to cancel trades submitted to the Clearing House in accordance with Rule 4.9.

4.4.8 Trading Information

The Exchange shall make public daily information on Settlement Prices, volume, open interest, and opening and closing ranges for actively traded contracts on the contract market. Trading information will be published on the Exchange website at the end of the day.

~~**4.4**~~

4.5 Central Limit Order Book Trades **– Nodal LiveTrade**

4.5.1 Order Requirements

To be valid, an Order submitted to ~~the~~ **Nodal LiveTrade**~~CLOB~~ must include the following information: Order ID, quantity, price, Expiry(ies), buy or sell designation, User ID and ITM. Orders must be submitted in increments of the Trading Platform Lot Size, which will be posted at www.nodalexchange.com. The maximum order size permitted by ~~the~~ **Nodal LiveTrade**~~CLOB~~ is 1,000 lots.

4.5.2 Order Types

The following types of Orders are allowed on ~~the~~ **Nodal LiveTrade**~~CLOB~~:

(a) *Limit Orders*. Orders to buy or sell a stated quantity at a specified price, or at a better price, if obtainable. Unless otherwise specified, any residual volume from a Limit Order that is not withdrawn or executed is retained in ~~the~~ **Nodal LiveTrade** ~~CLOB~~ until cancelled by the Participant. All Limit Orders are removed from ~~the~~ **Nodal LiveTrade** ~~CLOB~~ at the end of the trading session.

4.5.3 Submission

Submission of an Order to ~~the~~ **Nodal LiveTrade** ~~CLOB~~ constitutes a representation by the submitting Participant that it is acting as principal in respect of such Order.

Orders may be submitted to ~~the~~ **Nodal LiveTrade** ~~CLOB~~ by electronic submission to the Exchange in accordance with any procedures set forth by the Exchange from time to time and published at www.nodalexchange.com.

4.5.4 Modification and Cancellation

Any Order that has been entered into ~~the~~ **Nodal LiveTrade** ~~CLOB~~ may be modified or cancelled unless and until it has been executed or has otherwise expired. Any such modification or cancellation requires that a modification Order or cancellation Order, as the case may be, with respect to the original Order be entered into ~~the~~ **Nodal LiveTrade**~~CLOB~~. Such modification or cancellation will become effective upon receipt by ~~the~~ **Nodal LiveTrade** ~~CLOB~~ of the modification Order or cancellation Order. Every Order automatically expires (i) at the end of the Trading Hours on the calendar day such Order is placed, (ii) in the event of any suspension or curtailment of trading, or (iii) in the case of any failure of ~~the~~ **Nodal LiveTrade**~~CLOB~~.

4.5.5 **Nodal LiveTrade**~~CLOB~~ Trade Matching

Orders entered on ~~the~~ **Nodal LiveTrade**~~CLOB~~ will be continuously matched based on price then time priority.

4.5.6 Clearing

All matched trades generated by ~~the~~ **Nodal LiveTrade**~~CLOB~~ will be automatically submitted to the Clearing House for registration and novation provided that it will not cause any party to the trade to exceed its Trade Risk Limit, as described in Section V of these Rules. Upon registration at the Clearing House, the Exchange will make available, via a web interface, the Participant's cleared trades. Further description of Clearing House procedures and rules can be found in the Clearing House rulebook. The Exchange reserves the right to cancel trades submitted to the Clearing House in accordance with Rule 4.9.

4.5.7 Trading Information

The Exchange shall make public daily information on Settlement Prices, volume, open interest, and opening and closing ranges for actively traded contracts on the contract market. Trading information will be published on the Exchange website at the end of the day.

4.6 Block Trades

4.6.1 The Exchange shall designate the Nodal Contracts in which Block Trades shall be permitted and determine the minimum block size for such transactions as described herein. Appendix B to these Rules ("Minimum Block Sizes for Nodal Exchange Contracts") sets forth a listing of minimum block sizes for Nodal Contracts.

4.6.2 The following Rules shall govern Block Trades:

(a) A Block Trade must be limited to large transactions appropriate for each listed contract, *i.e.*, a size larger than the size in which a single buy or sell order is reasonably anticipated to be able to be filled in its entirety in the CLOB without incurring a substantial price concession. Orders may not be aggregated in order to achieve the minimum transaction size unless expressly permitted under Applicable Law.

(b) Each Participant entering into a Block Trade must be an Eligible Contract Participant.

(c) An Authorized Broker may submit a Block Trade to the Exchange on behalf of Participants that have specified that such Block Trade was executed subject to the Rules of the Exchange.

(d) The price at which a Block Trade is executed must be fair and reasonable in light of (i) the size of the Block Trade, (ii) the prices and sizes of other Transactions in the same contract at the relevant time, (iii) the prices and sizes of transactions in other relevant markets, including the related swap markets, at the relevant time, and (iv) the circumstances of the markets or the Participants to the Block Trade.

(e) Block Trades shall not affect Transactions executed on the Trading Platform.

(f) Parties to a Block Trade must ensure that each Block Trade is submitted without delay upon execution of the trade, in no event later than fifteen (15) minutes after execution via an approved submission method. The submission must include the Nodal Contract(s), contract month(s), price, quantity of the Transaction, time of execution, the respective Clearing Member accounts, as well as any other information that the Exchange may require. The Exchange shall promptly publish Block Trade price and volume information separately from the reports of Transactions executed on the Trading Platform.

(g) Authorized Brokers and Participants involved in the execution of Block Trades must maintain written or electronic records of all such Block Trades, including an electronic timestamp reflecting the date and time each such

Order was received as well as an electronic timestamp reflecting the date and time such Order was executed or cancelled.

4.6.3 Trade Entry

(a) Block Trades may be accepted from Participants or Authorized Brokers.

(b) For Block Trades that are submitted directly by Participants, Exchange staff will facilitate trade entry via an email template, where both Participants must confirm the Block Trades, specifying the identical Expiry(s) to be traded, the volume and price, and the buyer and seller.

(c) An Authorized Broker must specify the Expiry(s) to be traded, the volume and price, the buyer and seller and their respective Clearing Members. Both buyer and seller must be Participants.

4.6.4 Modification and Cancellation

(a) Block Trades executed during the Exchange's Trading Hours and submitted in compliance with the Rules are subject to immediate confirmation by the Exchange and may not be modified or cancelled by either Authorized Brokers or Participants. If erroneous information has been submitted as part of a Block Trade, the Exchange should be notified as soon as the error is detected. If appropriate, the Exchange will facilitate the modification of the trade on a discretionary basis; any trade modification the Exchange agrees to submit to the Clearing House will be done during normal Trading Hours.

(b) Block Trades executed outside of Trading Hours are queued for clearing as described in Rule 4.1.1 above, and may be cancelled directly on the web platform as long as the cancellation occurs before the Exchange reopens for regular Trading Hours.

4.6.5 Risk Limit Validation and Clearing

(a) All Block Trades submitted by either an Authorized Broker or Participant will be subject to Trade Risk Limit verification. Upon verification that the Block Trade will not cause any party to the Block Trade to exceed its Trade Risk Limit, the Block Trade will be submitted to the Clearing House for registration and novation, as described in Section

V of these Rules. Upon Clearing House 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.

4.7.2 <u>EFRP Requirements</u>

(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.

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

4.9.1 Trade Cancellation Authority

The Exchange may adjust trade prices or cancel (bust) trades when such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of the Exchange or by system defects or malfunctions. Notwithstanding any other provision of this Rule 4.9.1, the Exchange may adjust trade prices or cancel any trade if the Exchange determines that allowing the trade to stand as executed may have a material, adverse effect on the integrity of the market. Any decision of the Exchange with respect to an adjustment or cancellation subject to this Rule 4.9.1 shall be final.

4.9.2 Review of Trades

The Exchange may review a trade based on its analysis of market conditions or a request for review by a user of the Exchange. A request for review must be made within five minutes of the execution of the trade. The Exchange shall promptly determine whether the trade will be subject to review, and upon deciding to review a trade, the Exchange will promptly issue an alert to all Participants on the Exchange indicating that the trade is under review. In the case of Nodal Contracts determined by the Exchange to be illiquid, the Exchange may initiate a review up to one hour after the execution of the trade, and has the authority, but not the obligation, to review trades reported more than one hour following execution if it determines that the trade price was significantly out of line with fair value. In the course of its review of any trade, the Exchange may, but is not obligated to, inform any of the parties to the trade of the identity and contact information of any other party to the trade.

4.10 Futures Expiry, ~~and~~ Options and Physical Settlements

4.10.1 Futures Expiry Daily Settlement

(a) The Exchange will provide the Clearing House with Settlement Prices twice per day for use by the Clearing House in settling trades and positions. The first of these Settlement Prices (the "**Intra-day Settlement Price**") will be determined at 12:30 pm ET (absent operational delays), and the second (the "**Daily Settlement Price**") shall be determined at the close of business each day. Settlement Prices will be calculated primarily based on that day's Transactions, the Orders on the CLOB, ~~as well as~~ relevant trading in other markets, as well as other available market data~~, as outlined in the Contract Specifications~~. For power Expiries with no ~~trades executed on the CLOB or Block Trades~~ direct market information, the Exchange will employ an extrapolation methodology to calculate the Settlement

Prices.~~-~~ This extrapolation methodology relies on creating a relationship, through a regression of historical price movements, of each Nodal Contract at a non-trading Contract Node and a Nodal Contract at a traded Contract Node, usually a hub or zone. For natural gas and environmental product Expiries with no active Orders or trades executed on the Exchange, Settlement Prices will be ~~calculated based on that day's Transactions as well as relevant trading in other markets.~~extrapolated from the nearest active Expiries based on the prevailing differential between the Expiries.

(b) The Exchange reserves the right to adjust Daily Settlement Prices as it deems necessary based on current market conditions or otherwise, per the Contract Specifications.

(c) Without limiting the foregoing, the Exchange reserves the right to subject Block Trades priced more than a certain percentage set by the Exchange above or below the Settlement Price to a review pursuant to Rule 4.9.2 to determine whether the Exchange believes it is appropriate to include the Block Trade in that day's Intra-day Settlement Price or Daily Settlement Price calculation.

4.10.2 Futures Expiry Final Settlement

(a) All power Expiries on the Exchange will ultimately settle in cash against prices in the physical markets as determined by the definitional characteristics of the Expiry (Contract Node, Commodity Type, Contract Term, Contract Class and Expiry date) and will post in dollars per megawatt-hour ($/MWh), as specified in the relevant Contract Specifications. As such, the price for an Expiry is determined by averaging all of the applicable hours as defined in the Expiry. In the case where a Contract Node is composed of multiple physical Nodes, the prices of all the constituent Nodes are averaged together to determine final settlement pricing.

(b) For power Expiries, the Exchange will first calculate an initial Settlement Price on the last date contained in the Contract Term. On the Last Trading Day, the Final Settlement Price will be calculated, with any adjustments to the underlying pricing data reflected in the Final Settlement Price. During the period between the last date in the Contract Term and the Last Trading Day, trading on the Expiry will be restricted, as provided in Rule 4.2.2.

(c) Natural gas Expiries will settle against the relevant exchange listed contract or industry index as detailed in its Contract Specification, and prices shall be posted in $/MMBtu. Natural gas Nodal Contracts will cease trading on the Last Trading Day, as outlined in the Contract Specification.

4.10.3 Options Daily Settlement

(a) The Exchange will provide the Clearing House with Settlement Prices twice per day for use by the Clearing House in settling trades and positions. The Intra-day Settlement Price will be determined at 12:30 pm ET (absent operational delays), and the Daily Settlement Price shall be determined at the close of business each day. Settlement Prices will be calculated primarily based on that day's Transactions, the Orders on the CLOB, ~~as well as~~ relevant trading in other markets as well as other available market data~~,~~ as outlined in the Contract Specifications.

(b) The Exchange reserves the right to adjust Daily Settlement Prices as it deems necessary based on current market conditions or otherwise, per the Contract Specifications.

(c) Without limiting the foregoing, the Exchange reserves the right to subject Block Trades priced more than a certain percentage set by the Exchange above or below the Settlement Price to a review pursuant to Rule 4.9.2 to determine whether the Exchange believes it is appropriate to include the Block Trade in that day's Intra-day Settlement Price or Daily Settlement Price calculation.

4.10.4 Options Exercise (Physical Settlement)

(a) Exercise of "In-the-Money" Options is automatic on the last trading day unless the Exchange is notified by 4:30 pm for power and natural gas Options or by 5:30 pm for environmental product Options on the Last Trading Day (1) to allow the "In-the-Money" Options to expire without exercise or (2) to exercise expiring "Out-of-the-Money" Options. When exercised against, option sellers will be selected on a pro-rata basis or at the Exchange's discretion.

(b) On the Last Trading Day, the Daily Settlement Prices for Options' underlying futures contracts ("Reference Price") shall be published no later than 3:30 pm ET for power and natural gas Options and no later than 4:30 pm ET (absent operational delays by the Exchange) for the relevant Option

Strike Prices. Reference Prices will be calculated primarily based on that day's Transactions, the Orders on the CLOB, ~~as well as~~ relevant trading in other markets as well as available market data, as outlined in the Contract Specifications for the underlying futures contracts.

4.10.5 Physically Settled Nodal Contracts

(a) Nodal Contracts based on environmental products will be Physically Settled on the close of trading on the Last Trading Day. The Final Settlement Price shall be determined by the Exchange as specified in the Contract Specifications.

(b) On the Last Trading Day, the Exchange will provide the Clearing House with information identifying the Participants with delivery obligations for the purpose of issuing Tender and invoice notices in accordance with the Clearing House Rulebook.

4.11 Recordkeeping; Audit Trail

4.11.1 Participants shall maintain records of Nodal Contracts executed on the Exchange and in related derivatives markets, including in the products underlying those Nodal Contracts for a period of five (5) years. Participants that enter Orders into the Trading Platform through an order routing/front-end system rather than directly through the Trading Platform are responsible for maintaining or causing to be maintained audit trail information for such electronic Orders, which shall include the ITM, Order ID, Expiry, price, quantity, Order type, User ID and any other tag information for each electronic Order entered, modified or cancelled on the Exchange (the "**Audit Trail**"). Such Audit Trail shall include the time that an Order is entered, modified or cancelled. Times that are so captured must not be capable of being modified by the Person entering the Order and must reflect all necessary data fields specified by the Exchange from time to time. For executed Orders, the Audit Trail must also include the execution time of the trade and all trade data.

4.11.2 Participants shall maintain Audit Trail information for a minimum of five (5) years and must have the ability to produce Audit Trail data in a standard format upon request of the Exchange.

4.12 Information Regarding Orders

4.12.1 The Exchange will make information regarding Orders (including prices bid or offered), trades and any other matters it may deem appropriate available to Participants and other Persons at such times and in such manner (whether through the Exchange, financial information services or otherwise) as it may consider necessary or advisable from time to time.

4.12.2 Each Participant or other Person receiving any such information referred to in Rule 4.12.1 above shall not redistribute such information other than to the extent and in the manner as may be expressly permitted by the Exchange in writing from time to time.

4.13 Disaster Recovery; Business Continuity

4.13.1 Each Participant shall have written disaster recovery and business continuity policies and procedures in place to ensure it is able to perform certain basic operational functions in the event of a significant internal or external interruption to its operations. At a minimum, the following areas must be addressed in the Participant's policies and procedures:

(a) the Participant must have procedures in place to allow it to continue to operate during periods of stress or to transfer accounts to another fully operational Participant with minimal disruption to the Exchange.

(b) the Participant must perform periodic testing of disaster recovery and business continuity plans, duplication of critical systems at back up sites and periodic back-up of critical information and provide the Exchange with information regarding the foregoing upon request; and

(c) the Participant must maintain and, at the request of the Exchange, provide accurate and complete information for its key personnel. A Participant must inform the Exchange in a timely manner whenever a change to its key personnel is made.

4.13.2 The Exchange may prescribe additional and/or alterative requirements for a Participant's compliance with this Rule.

4.14 Trading Information

The Exchange shall make public daily information on Settlement Prices, volume, open interest, and opening and closing ranges for actively traded Nodal Contracts. Such trading information will be published on the Exchange website after the market close on each Business Day.