

SECTION I DEFINITIONS

- 1.1 **Account Administrator.** Either or both of a Level 1 Account Administrator and/or a Level 2 Account Administrator, as the context may require.
- 1.2 **Affiliate.** A Person who directly or indirectly, controls, is controlled by, or is under common control with another Person.
- 1.3 **Appeals Committee.** A panel comprised of a chair and two individuals appointed by the Board to consider appeals under Section VII.
- 1.4 **Applicable Law.** With respect to any Person, any statute, law, regulation, rule or ordinance of any governmental or self-regulatory authority applicable to such Person, including the CEA and CFTC Regulations.
- 1.5 **Audit Trail** has the meaning set forth in Rule 4.11.1.
- 1.6 **Authorized Broker.** A regulated intermediary approved by the Exchange to submit Block Trades accepted on behalf of Participants to clear through specific accounts set up by Clearing Members.
- 1.7 **Authorized User.** A natural person who is either employed by or is an agent of a Clearing Member, a Participant or Authorized Broker and who is authorized by the Exchange as an Authorized User in accordance with Rule 3.6.
- 1.8 **Block Trade.** A privately-negotiated transaction in a Nodal Contract that meets certain quantity thresholds and that is permitted to be executed off Exchange and reported in accordance with Rule 4.6.
- 1.9 **Board.** The Board of Directors of Nodal Exchange, LLC.
- 1.10 **Business Day.** Any day on which the Exchange is open for trading.
- 1.11 **CEA.** The Commodity Exchange Act, as it may be amended from time to time.
- 1.12 **Central Limit Order Book** or **CLOB.** The trading facility operated by Nodal Exchange to provide Participants with the ability to execute Transactions from the interaction of bids and offers within a predetermined, nondiscretionary automated trade matching execution algorithm.
- 1.13 **CFTC** or **Commission.** The Commodity Futures Trading Commission.
- 1.14 **CFTC Regulations.** The regulations of the CFTC, as they may be amended from time to time.
- 1.15 **Chairman.** The Chairman of the Board.

- 1.16 **Chief Executive Officer.** The individual appointed by the Board to serve as the Exchange’s chief executive officer.
- 1.17 **Chief Regulatory Officer.** The individual appointed by the Board to serve as the Exchange’s chief regulatory officer.
- 1.18 **Clearing House.** Nodal Clear, LLC or such additional or successor central counterparties as the Exchange may designate from time to time to provide clearing services with respect to any or all of its Nodal Contracts. A Clearing House is registered with the CFTC as a derivatives clearing organization.
- 1.19 **Clearing Member.** An entity meeting the requirements of, and approved for, clearing membership at the Clearing House that is authorized pursuant to the Clearing House Rules to clear trades in any or all Nodal Contracts. Except for those Clearing Members that clear solely for their own proprietary accounts (each, an “**Individual Clearing Member**”), all other Clearing Members must be registered with the CFTC as FCMs (each, an “**FCM Clearing Member**”).
- 1.20 **Code.** The Participant Code of Conduct set forth in Section VI of these Rules.
- 1.21 **Commodity Type.** The form of commodity price against which a Nodal Contract is **financially** settled. Commodity Type includes, but is not limited to: day ahead power (Locational Marginal Price), real time power (Locational Marginal Price), day ahead energy + congestion, real time energy and natural gas as defined in the Contract Specifications.
- 1.22 **Compliance Department** has the meaning set forth in Rule 7.2.1.
- 1.23 **Compliance Manager.** A Compliance Department unit that fulfills investigatory and disciplinary responsibilities and duties described in Rules 7.2.1 and 7.3.1.
- 1.24 **Contract Class.** A designation that informs the lot size of the Nodal Contract. Nodal Contracts on power are grouped into multiple classes, which include, but are not limited to: On-Peak and Off-Peak. These classes have variable lot sizes that are defined by each ISO and determined by the set of hours in the ISO market against which the Nodal Contract settles. Other Nodal Contracts, such as natural gas, have fixed lot sizes as specified in the Contract Specifications.
- 1.25 **Contract Location.** The location or locations against which a Nodal Contract settles. For example, the Contract Location for Nodal Contracts on power is the Contract Node against which the Nodal Contract settles.
- 1.26 **Contract Node.** For power contracts, the Nodes or Nodes against which the Nodal Contract settles.
- 1.27 **Contract Specifications.** The descriptions of the contractual items for each Nodal Contract as set forth in the document available in Appendix A. Items described in

the Contract Specifications referenced in this Rulebook include “Last Trading Day,” “Daily Settlement Price,” and “Final Settlement Price.”

- 1.28 **Contract Term.** The length of the settling period for the Nodal Contract, including, but not limited to, monthly, weekly and daily Nodal Contracts.
- 1.29 **Daily Settlement Price** has the meaning set forth in Rule 4.10.1(a).
- 1.30 **Director.** An individual serving on the Board.
- 1.31 **Disciplinary Action** has the meaning set forth in Rule 7.1.
- 1.32 **Disciplinary Panel.** Either or both of a Review Panel and a Hearing Panel, as the context requires.
- 1.33 **EFP** has the meaning set forth in Rule 4.7.1(a).
- 1.34 **EFRP** has the meaning set forth in Rule 4.7.
- 1.35 **Eligible Contract Participant** has the meaning set forth in Section 1a(18) of the CEA and in the CFTC Regulations.
- 1.36 **Emergency** means the occurrences or circumstances which, in the opinion of the Board (or Chief Executive Officer or other authorized Officer, as appropriate), require immediate action to be taken in accordance with Rule 4.1.3, and which threaten, or may threaten, the fair and orderly trading in, or the settlement or integrity of, any Nodal Contract, including, without limitation, the following:
 - (a) any circumstance that may materially affect the performance of a Nodal Contract, including failure of the Clearing House system;
 - (b) any action taken by any United States or foreign regulatory, self-regulatory, judicial, arbitral, or governmental (whether national, state or municipal) or quasi-governmental authority, or any agency, department, instrumentality, or sub-division thereof; or other Person exercising, or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; or any other contract market, clearing house, board of trade, or other exchange or trade association (foreign or domestic) that may have a direct impact on trading on the Exchange or the settlement legality or enforceability of any Nodal Contract;
 - (c) any actual, attempted or threatened corner, squeeze, congestion, manipulative activity or undue concentration of positions in a Nodal Contract;
 - (d) any circumstance that may have a severe, adverse effect upon the functions and facilities of the Exchange, including, but not limited

to, acts of God, fire, flood or other natural disasters, bomb threats, acts of terrorism or war, severely inclement weather, or failure or malfunction of all or a portion of the Trading Platform, or other system breakdowns or interruptions such as power, computer, communication or transportation systems or the Internet;

- (e) the bankruptcy or insolvency of any Clearing Member or the imposition of any injunction or other restraint by any government agency, clearing house, court or arbitrator upon a Clearing Member which may affect the ability of a Clearing Member to trade in or perform on a Nodal Contract;
- (f) any circumstance in which it appears to the Board that a Clearing Member or any other Person:
 - (a) has failed to perform on a Nodal Contract;
 - (b) is insolvent; or
 - (c) is in a financial or operational condition or is conducting business such that the Clearing Member or Person cannot be permitted to continue in business without jeopardizing the safety of Participants, other Clearing Members, the Exchange or the Clearing House; or
- (g) any other unusual, unforeseeable or adverse circumstance as determined by the Exchange.

1.37 *EPT.* Eastern Prevailing Time.

1.38 *Exchange Official.* Any Officer or employee of the Exchange and any member of the Board, a committee established by the Board, a Disciplinary Panel or Appeals Committee.

1.39 *Exchange Requirements.* The Rules; other requirements implemented by the Exchange pursuant to the Rules; each term of a Nodal Contract; and the participant documentation and other contractual obligations between a Participant (including its Authorized Users) and the Exchange.

1.40 *Expiry.* A Nodal Contract with a specific date of expiration.

1.41 *Final Settlement Price.* The price for each Nodal Contract supplied by the Exchange to the Clearing House as the final Settlement Price for the Expiry as specified in the Contract Specifications.

1.42 *FCM.* A futures commission merchant as defined in the CEA and CFTC Regulations and registered with the CFTC as such.

- 1.43** *Governmental Authority.* Any domestic or foreign government (or political subdivision), governmental or regulatory authority, agency, court, commission or other governmental or regulatory entity (including any Self-Regulatory Organization).
- 1.44** *Hearing Panel.* A disciplinary panel that will, pursuant to the procedures set forth in Section VII, adjudicate disciplinary cases pursuant to a notice of charges and execute other duties as provided for in Section VII. The members of the Hearing Panel will be appointed in accordance with Rule 7.3.8.
- 1.45** *In-the-Money Option* shall mean an Option that has a Strike Price that is lower (in the case of a call option) or higher (in the case of a put option) than the underlying futures contract for such Option.
- 1.46** *Independent Systems Operator (ISO).* The organization that manages the power grid and sets the pricing against which Nodal Contracts settle. As used in these Rules, the term ISO also applies to regional transmission organizations (RTOs), such as PJM Interconnection, and state reliability councils, such as the Electric Reliability Council of Texas (ERCOT).
- 1.47** *Independent Software Vendor* or “*ISV*”. A Person that makes available to Participants a system or platform offering smart order routing, front-end trading applications, an aggregator platform or a combination of the foregoing but that does not provide Participants the ability to effect transactions on the Trading Platform.
- 1.48** *Individual Trading Account.* A trading account to be separately tracked and margined by a Participant’s Clearing Member.
- 1.49** *Individual Trading Mnemonic* or *ITM.* An identifying code assigned by the Exchange to each Individual Trading Account.
- 1.50** *Insolvency* and *Insolvent* means the occurrence of any of the following events with respect to a Person:
- (a) the Person is determined to be insolvent by a Government Agency or Self-Regulatory Organization;
 - (b) if the Person is a member of the Securities Investor Protection Corporation, a court of competent jurisdiction finds that the Person meets any one of the conditions set forth in clauses (A), (B), (C) or (D) of Section 5(b)(1) of the Securities Investor Protection Act of 1970;
 - (c) in the event of the entry or the making of a decree or order by a court, Government Agency or other supervisory authority of competent jurisdiction (i) adjudging the Person as bankrupt or insolvent, (ii) approving as properly filed a petition seeking reorganization, arrangement, liquidation, dissolution, adjustment or

composition of or in respect of the Person under the Bankruptcy Code or any other applicable federal, state or other U.S. or non-U.S. law, including any bankruptcy, insolvency, reorganization, liquidation, dissolution or similar law, (iii) appointing a receiver, custodian, liquidator, provisional liquidator, administrator, provisional administrator, assignee, trustee, sequestrator or other similar official for the Person or for any substantial part of its property, (iv) ordering the winding up or liquidation of the Person's affairs or (v) consenting to the institution by the Person of proceedings to be adjudicated as a bankrupt or insolvent;

- (d) the filing by the Person of a petition, or any case or proceeding, seeking reorganization or relief under the Bankruptcy Code or any other applicable federal, state or other U.S. or non-U.S. law, including any bankruptcy, insolvency, reorganization, liquidation, dissolution or similar law, or the consent by the Person to the filing of any such petition, case or proceeding or to the appointment of a receiver, custodian, liquidator, provisional liquidator, administrator, provisional administrator, assignee, trustee, sequestrator or other similar official for the Person or for any substantial part of its property, or the making by the Person of an assignment for the benefit of its creditors, or the admission by the Person in writing of its inability to pay its debts generally as they become due, or the taking of corporate or similar action by the Person in furtherance of the foregoing.

- 1.51** *Intra-day Settlement Price* has the meaning set forth in Rule 4.10.1(a) of these Rules.
- 1.52** *Last Trading Day* is the last day an Expiry may be traded and is defined in the Contract Specifications.
- 1.53** *Level 1 Account Administrator*. An officer or employee of a Participant appointed pursuant to Rule 3.11.1.
- 1.54** *Level 2 Account Administrator*. An officer or employee of a Participant appointed pursuant to Rule 3.11.2.
- 1.55** *LLC Agreement*. The Limited Liability Company Agreement of the Exchange as amended or restated from time to time.
- 1.56** *NFA*. National Futures Association.
- 1.57** *Nodal Contract*. Any contract available on Nodal Exchange for the sale or purchase of a Commodity Type for future delivery that is settled financially **and any Option thereof. Settlement is** defined in terms of a specific Contract Location, Contract Term and Contract Class.

- 1.58** *Nodal Exchange or Exchange.* Nodal Exchange, LLC, a Delaware limited liability company designated by the CFTC as a contract market.
- 1.59** *Node.* A physical location or group of locations on the power network, as defined by the applicable ISO. As used in these Rules, “Node” means and includes (depending on the context), hubs, zones and similar concepts and terms as used by the relevant ISO.
- 1.60** *Officer* has the meaning given to it in Rule 2.2.1.
- 1.61** *Option* means a Transaction whereby a Participant grants to another Participant the right, but not the obligation, to buy (call option) or sell (put option) a Commodity Type for future delivery.
- 1.62** *Order* means any submission offering to buy or sell a Nodal Contract on or subject to the Rules of the Exchange.
- 1.63** *Out-of-the-Money Option* shall mean an Option which has a Strike Price that is higher or the same as (in the case of a call option) or lower or the same as (in the case of a put option) the price of the underlying futures contract for such Option.
- 1.64** *Participant.* An entity that has signed the Participant Agreement for purposes of entering into Transactions for its own account. In addition, an FCM Clearing Member that does not enter into Transactions for its own account shall be deemed a Participant hereunder solely for the purpose of accessing the Exchange in order to liquidate Transactions and any resulting positions previously submitted to the Clearing House for the account of such FCM Clearing Member on behalf of a Participant that is in default for failure to perform its obligations to the Exchange or such FCM Clearing Member (to the extent applicable).
- 1.65** *Participant Agreement.* An agreement between Nodal Exchange and a Participant which must be signed in order for a Participant to have access to Nodal Exchange for the execution of trades involving commodity derivative products and related financial instruments.
- 1.66** *Person* has the meaning set forth in Section 1a(38) of the CEA and in the CFTC Regulations.
- 1.67** *Position Transfer.* A transaction in a Nodal Contract(s) that is executed by Exchange personnel for administrative purposes outlined in Rule 4.8.1.
- 1.68** *Public Director.* A Director having the qualifications set out in Rule 2.1.5.
- 1.69** *Reference Price* has the meaning set forth in Rule 4.10.4(b).
- 1.70** *Regulatory Services Agreement.* The agreement(s) between the Exchange and the Regulatory Service Provider(s) whereby certain functions mandated under the

CEA, such as market monitoring and trade practice surveillance, are delegated to the Regulatory Services Provider(s).

- 1.71 *Regulatory Services Provider.*** National Futures Association and such other organizations, if any, that provide regulatory services to the Exchange, together with any such organization’s employees and agents.
- 1.72 *Respondent.*** A Participant under investigation for alleged Rule violation(s) or against which charges have been filed.
- 1.73 *Review Panel.*** A disciplinary panel that will, pursuant to the procedures set forth in Section VII, review Investigation Reports submitted to it by the Chief Regulatory Officer. The members of the Review Panel will be appointed in accordance with Rule 7.3.8.
- 1.74 *Rules.*** Any rule, interpretation, stated policy, or instrument corresponding to any of the foregoing, including these Rules, in each case as adopted from time to time by the Exchange.
- 1.75 *Self-Regulatory Organization*** has the meaning given that term in CFTC Regulation 1.3(ee) and includes a derivatives clearing organization that is registered as such with the CFTC.
- 1.76 *Settlement Price.*** The price for each Nodal Contract supplied by the Exchange to the Clearing House at mid-day (Intra-Day Settlement Price) or at the end of the trading day (Daily Settlement Price).
- 1.77 *Strike Price*** shall mean the price at which the underlying futures contract may be purchased or sold pursuant to any Option thereon.
- 1.78 *Surveillance Team.*** A Compliance Department unit whose enforcement function is to provide market surveillance and monitor trading activities as described in Rule 7.2.1.
- 1.79 *Trade Group.*** A set of Expiries in a Block Trade designated to be checked against each Participant’s Trade Risk Limit together rather than individually.
- 1.80 *Trading Platform.*** The Central Limit Order Book (CLOB).
- 1.81 *Trading Platform Lot Size.*** The minimum Order volume increments allowed on the Trading Platform. The Trading Platform Lot Size will be set forth on the Nodal Exchange website at www.nodalexchange.com.
- 1.82 *Transaction.*** Any transaction executed on or pursuant to the Rules of the Exchange.
- 1.83 *Trade Risk Limit.*** A risk-based dollar amount set by a Participant’s Clearing Member.

- 1.84** *Trading Hours.* For any Business Day, the hours specified on the trading calendar at www.nodalexchange.com.
- 1.85** *User ID.* The unique identifier that is assigned by the Exchange to each Authorized User.