

executed on the Trading Platform if one party (the first party) wishes to be assured that a contra party (the second party) will take the opposite side of the first party's Order, subject to the following restrictions:

- (a) A party may not engage in pre-execution communications with other market participants on behalf of another party unless the party for whose benefit the trade is being made has previously consented to permit such communications.
- (b) Parties to, and Persons involved in, pre-execution communications shall not disclose to a non-party the details of such communications or enter an Order to take advantage of information conveyed during such communications except in accordance with this Rule.
- (c) The first party's Order must be entered into the Trading Platform first, and the second party's Order may not be entered into the Trading Platform until a period of five seconds has elapsed from the time entry of the first Order.

(b) The foregoing restriction shall not apply to Block Trades.

6.3.2 No Participant or Authorized User may enter into a Transaction the purpose of which is to enter into a Nodal Contract without a net change in either party's open positions but a resulting profit to one party and a loss to the other party, commonly known as a "money pass."

6.4 Disciplinary Procedures; Termination of Connection

6.4.1 All access denials, suspensions, expulsions and other restrictions imposed upon a Participant, Authorized Broker or any of their Authorized Users by the Exchange pursuant to a Disciplinary Action shall restrict with equal force and effect, access to, and use of, the Exchange.

6.4.2 The Exchange, at its sole discretion, shall have the right to summarily terminate the connection of any Participant, Authorized Broker or the access of any ITM or User ID to the Exchange. Additionally, the Exchange, at its sole discretion, shall have the right to direct a Participant or Authorized Broker to immediately terminate access to the Exchange any of such Participant's or Authorized Brokers's Authorized Users, respectively.

6.5 Position Limits

The position limits for Nodal Contracts shall not apply to (i) bona fide hedging positions as defined in Section 1.3(z)(1) of the CFTC Regulations or non-enumerated hedging positions which are otherwise determined by the Exchange to

be consistent with the purposes of hedging; (ii) risk management positions; (iii) conditional limits granted by the Exchange in the Nodal Henry Hub Monthly Natural Gas Contract; and (iv) spread or arbitrage positions.

6.5.1 Bona Fide Hedges. The Exchange may adopt position limits for Nodal Contracts, and grant exemptions from position limits for bona fide hedging transactions and positions, in accordance with CFTC Regulations. Bona fide hedging transactions typically represent a substitute for transactions to be made, or positions to be taken, at a later time in a physical marketing channel that are economically appropriate to the reduction of risks in the conduct and management of a commercial enterprise and arise from a change in the value of the hedger's current or anticipated assets or liabilities.

6.5.2 Risk Management Exemptions. The Exchange may adopt limits for Nodal Contracts, and grant exemptions from position limits for risk management positions, in accordance with CFTC Regulations. Risk management transactions typically represent futures or options positions which are held by or on behalf of a Participant or an Affiliate of a Participant which typically buys, sells or holds positions in the underlying cash market, a related cash market, or a related over-the-counter market and for which the underlying market has a high degree of demonstrated liquidity relative to the size of the positions and where there exist opportunities for arbitrage which provide a close linkage between the futures or options market and the underlying market in question. Exemptions related to indexed positions in the over-the-counter market may include corresponding commodity index-based futures and options and/or individual commodity futures and options used as components in replicating an index.

6.5.3 Exemption Requests. A Participant seeking a position limit exemption for bona fide hedging must apply to the Compliance Department demonstrating that the purpose of the positions or transactions is to offset price risks incidental to commercial cash or spot operations and such positions are established and liquidated in an orderly manner in accordance with sound commercial practices. A Participant seeking a position limit exemption for risk management must apply to the Compliance Department providing an explanation of the positions in the underlying cash market, related cash market, or related over-the-counter market where there exists a close linkage between the Nodal Contract and the underlying market in question, or, where applicable, an explanation of the corresponding index being replicated.

6.4.36.5.4 In order to obtain an exemption from position limits for bona fide hedging or risk management, a Participant must submit an application with the following information:

- (a) Participant's name, ITM accounts, and contact information;
- (b) Name of the Clearing Member maintaining Participant's account;
- (c) A description of the exemption sought, identifying the Nodal Contract(s) for the intended transaction or position seeking exemption;
- (d) A complete and accurate explanation of the Participant's underlying exposure related to the exemption request;
- (e) Designated ITM account(s) to be used solely for hedge transactions that will qualify for hedge exemption treatment;
- (f) Agree to promptly provide, upon request by the Compliance Department, information or documentation regarding the Participant's financial condition;
- (g) Agree to comply with all terms, conditions or limitations imposed by the Compliance Department with respect to the exemption;
- (h) Agree that the Compliance Department may modify or revoke the exemption at any time;
- (i) Agree to promptly submit a supplemental statement to the Compliance Department whenever there is a material change to the information provided in the most recent application; and
- (j) Participant's authorized representative must certify that the intended transaction or position is economically appropriate to reduce the Participant's commercial risks and complies with all Exchange and CFTC requirements for bona fide hedging.

6.5.5 Within five (5) Business Days of the submission of the required information and certifications, the Exchange shall respond to the request indicating whether the exemption has been granted and the limitations placed thereon. An exemption will remain in full force and effect until (1) a request for withdrawal is received by the Exchange; or (2) the Exchange revokes, modifies or places further limitations thereon.

6.5.6 Written requests for exemptions to the position limits for bona fide hedging and risk management positions must be received by the Exchange no later than five (5) Business Days prior to the first (1st) day such position limits are in effect. Failure to file a position limit exemption request on a timely basis shall subject the Participant seeking an exemption to disciplinary action pursuant to the Rules.

6.4.46.5.7 Conditional Limit in the Nodal Henry Hub Monthly Natural Gas Contract. The Exchange may grant a conditional limit in the Henry Hub Monthly Natural Gas Contract up to five (5) times the spot month position limit for the period that spot month position limits are in effect (“Conditional Limit”). To be eligible for a Conditional Limit under this Rule, a Participant must submit an application, in the form specified by the Exchange, in which the Participant agrees:

- (a) Not to establish, hold or control a position in the corresponding NYMEX Henry Hub (NG) contract during the last three days of trading of a contract month;
- (b) Upon request of the Exchange, to provide information on all positions related to Henry Hub Contracts, and such other information as the Exchange may request; and
- (c) To report to the Exchange any position established, whether by trading or otherwise, in the spot month NYMEX Henry Hub (NG) contract during the last three days of trading of a contract month.

An application for a Conditional Limit shall be effective upon receipt by the Exchange. A Conditional Limit will be effective each spot month until the expiration date specified in the application for such limit, which shall be no later than one year following the submission date. Nothing in this Rule shall in any way limit the Exchange from altering or revoking a Conditional Limit.

6.4.56.5.8 The CFTC may also from time to time establish position limits for Nodal Contracts traded pursuant to these Rules. For any such Nodal Contract subject to a position limit set by the CFTC, the Exchange shall not set its position limit at a level higher than the CFTC’s limit.

6.4.66.5.9 A Participant who exceeds a position limit as a result of maintaining positions at more than one Clearing Member shall be deemed to have waived confidentiality regarding its positions and the identity of the Clearing Members at which those positions are maintained.

6.4.76.5.10 A Participant intending to exceed position limits, including limits established pursuant to a previously approved exemption, must file the required application and receive approval from the Compliance Department prior to exceeding such limits.

6.4.86.5.11 In the event the positions in excess of the limits are not deemed to be exemption-eligible, the Participant will be in violation of position limits for the period of time in which the excess positions remained open.

6.4.96.5.12 The Compliance Department shall, on the basis of the application and any requested supplemental information, determine whether an