

- (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) A buyer or seller to a potential Block Trade may engage in pre-hedging or anticipatory hedging of the position that it believes in good faith will result from the consummation of the Block Trade. In addition, buyers or sellers 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 and/or Customers, as applicable, 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. [EFPs on Nodal Exchange may be executed for Nodal Contracts based on natural gas and environmental products only and their corresponding cash positions;](#)
- (a)(b) An Exchange for Swap (“EFS”) and an Exchange for Risk (“EFR”) are the same type of transaction. An EFS/EFR is an off-exchange bilaterally negotiated transaction involving the simultaneous exchange of an Exchange futures position for a corresponding related off-exchange swap or other off-exchange derivative in the same or related product. EFS/EFRs on Nodal Exchange may be executed for Nodal Contracts based on power, natural gas and environmental products and their corresponding cash positions.

~~EFRPs 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 party 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 party 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:
 - i. independently controlled with different beneficial owners; or
 - ii. independently controlled accounts of separate legal entities with the same beneficial owners, provided that the account controllers operate separate business units; or
 - iii. independently controlled accounts within the same legal entity, provided that the account controllers operate in separate business units; or
 - iv. 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.