



Submission No. 23-102  
June 22, 2023

Mr. Christopher J. Kirkpatrick  
Secretary of the Commission  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, NW  
Washington, DC 20581

**Re: New Washington Carbon Allowance Vintage 2025 Future and Related Amendments (1 of 2) Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.2**

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (the “CEA”), and Commission Regulations 40.2, ICE Futures U.S., Inc. (“Exchange”) submits, by written certification, amendments to Exchange Rule 18.D.068 and Resolutions 1 and 2 of Chapters 18. The amendments provide for two new futures contracts, which will be listed on or about July 10, 2023, or such other date as the Exchange shall determine which shall be no sooner than the second business day following the business day on which this submission is received by the Commission.

### **Physical Environmental Futures Contracts**

a. Washington Carbon Allowance Vintage 2024 and 2025 Futures

Washington Carbon Allowance (“WCA”) futures contracts are physically-delivered carbon emission allowance futures contracts. The Exchange currently lists WCA futures contracts for the 2023 and 2024 vintage-years. The term “vintage” identifies the compliance year for which an allowance is designated. The contracts call for delivery of WCAs, which are issued by the Washington Department of Ecology and represent one metric ton of CO<sub>2</sub> equivalent under Chapter 173-446 WAC of the Climate Commitment Act and its associated regulations, rules, and amendments, all together known as the “Washington Cap and Invest Program.” The deliverable instruments for the new futures contracts are WCA equal to the contract size issued as a limited authorization to emit up to one metric ton of CO<sub>2</sub> or CO<sub>2</sub>-equivalent in the Washington Cap and Invest Program and have a vintage corresponding to the calendar year of the expiring contract or allowances having a vintage of any year prior to the calendar year of the expiring contract. The contract specifications of the new Vintage 2025 (WCC) and Vintage 2026 (WCD) futures contracts will be identical to the WCA Vintage 2024 (WCB) futures currently listed by the Exchange, which prescribe that the contract will cease trading three business days prior to the last business day of the delivery month, at which time the contract will settle based on physical delivery of the underlying allowances through the Washington Compliance Instrument Tracking System Services (“CITSS”) Registry. If the specified vintage year allowances do not exist in Washington CITSS Registry at contract expiry, allowances of any prior vintage year or allowances of the earliest vintage year available in the Washington CITSS Registry shall be delivered. The last weekend of December is not considered a business day, unless otherwise specified by the Exchange. Amendments to Exchange Rule 18.D.068 add the 2025 and 2026 vintage-years to the suite of existing WCA futures.

The contract sizes, minimum price fluctuations, Interval Price Limits (IPLs) and IPL recalculation times, where applicable, No-Cancellation Ranges (NCRs), spot month position limits and single and all month accountability levels are provided in relevant documents attached as Exhibit A. All relevant terms of the aforementioned Physical Environmental futures contracts are similar to other Physical Environmental futures contracts listed by the Exchange. The listing cycle and other relevant specifications are provided in the contract specifications in Exhibit A. Each of the new contracts are block eligible. The minimum block trade sizes have been set consistent with existing Physical Environmental contracts. Amendments to Exchange Rule 18.D.068 list the 2025 and 2026 vintage-years of the new futures contracts. The Exchange has set spot month position limits and single and all-months-combined accountability levels for WCC and WCD at levels identical to those of existing WCA contracts currently listed by the Exchange. Additionally, it is the Exchange's good faith belief that none of the contracts meet the definition of *referenced contract* as prescribed in CFTC §150.1.<sup>1</sup>

## **Certifications**

The rules and amendments establishing the new futures contracts' terms and conditions are to become effective on the second business day following the business day on which this submission is received by the Commission. The Exchange is not aware of any substantive opposing views to the new futures contracts. The Exchange certifies that the rule amendments comply with the requirements of the Act and the rules and regulations promulgated thereunder. The Exchange has reviewed the designated contract market core principles ("Core Principles") as set forth in the Act and has determined that the listing of the contracts complies with the following relevant Core Principles:

### **COMPLIANCE WITH RULES**

The terms and conditions of the new futures contracts are set forth in amendments to Rule 18.D.068 and amendments to Resolutions 1 and 2 of Chapter 18, and will be enforced by the Exchange. In addition, trading of the contracts is subject to all relevant Exchange rules which are enforced by the Market Regulation Department.

### **CONTRACTS NOT READILY SUBJECT TO MANIPULATION**

The new futures contracts are not readily subject to manipulation as they are based on established and liquid underlying cash markets. In addition, trading of the new contracts will be monitored by the Market Regulation Department.

### **POSITION LIMITS OR ACCOUNTABILITY**

Positions in the new futures contracts will be subject to position limits and accountability levels set by the Exchange. As described above, such position limits are based upon existing levels set for substantially similar products at the Exchange or another designated contract market.

### **FINANCIAL INTEGRITY OF CONTRACTS**

The new futures contracts will be cleared by ICE Clear Europe, a registered derivatives clearing organization subject to Commission regulation, and carried by registered futures commission merchants qualified to handle customer business.

The Exchange is not aware of any opposing views expressed by members or others regarding the listing of the new futures contracts and the adoption of related amendments. The Exchange further certifies that concurrent with this filing a copy of this submission was posted on the Exchange's website, which may be accessed at: (<https://www.theice.com/futures-us/regulation#rule-filings>).

If you have any questions or need further information, please contact the undersigned at [patrick.swartz@theice.com](mailto:patrick.swartz@theice.com).

---

<sup>1</sup> 17 C.F.R. § 150.1 (October 15, 2020) (providing for *referenced contract* definition).

Sincerely,

A handwritten signature in black ink, appearing to read "Pat Swartz", written in a cursive style.

Patrick Swartz  
Director  
Market Regulation

Enc.  
cc: Division of Market Oversight  
New York Regional Office

## EXHIBIT A

Rule	Contract Name	Commodity Code	Contract Size	Unit of Trading	Minimum Tick <sup>[1]</sup>	IPL Amount	IPL Recalc Time (Seconds)	IPL Hold Period (Seconds)	NCR
18.D.068	Washington Carbon Allowance Vintage 2025 Future	WCC	1,000	Allowances	0.01	2.50	3	5	0.25
18.D.068	Washington Carbon Allowance Vintage 2026 Future	WCD	1,000	Allowances	0.01	2.50	3	5	0.25

[1] The minimum fluctuation for the above futures contracts may differ depending on trade type and market.

## Resolution No. 1 - Minimum Price Fluctuation Table

The following minimum price fluctuations shall be applicable to Energy Contracts.

Rule Number	Product	Minimum Price Fluctuations	
		Screen	Blocks and other trades outside the central limit order book
		*	*
<u>18.D.068</u>	<u>Washington Carbon Allowance Vintage 2025 Future</u>	<u>0.01</u>	<u>0.01</u>
<u>18.D.068</u>	<u>Washington Carbon Allowance Vintage 2026 Future</u>	<u>0.01</u>	<u>0.01</u>
		*	*

### Resolution No. 2 – Position Limit/Accountability Table

Rule	Contract Name	Commodity Code	Contract Size	Unit of Trading	Spot Month Limit	Single Month Accountability Level	All Month Accountability Level	Aggregate 1 (Positive Correlation)	Aggregate 2 (Negative Correlation)	Exchange Reportable Level	CFTC Referenced Contract
<u>18.D.068</u>	<u>Washington Carbon Allowance Vintage 2025 Future</u>	<u>WCC</u>	<u>1,000</u>	<u>Allowances</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>WCC</u>		<u>25</u>	<u>N</u>
<u>18.D.068</u>	<u>Washington Carbon Allowance Vintage 2026 Future</u>	<u>WCD</u>	<u>1,000</u>	<u>Allowances</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>WCD</u>		<u>25</u>	<u>N</u>

**Subchapter 18D – Physical Environmental  
Futures Contracts**

**Rule**

**Subject**

\* \* \*

18.D.068

Washington Carbon Allowance Future Vintage 2024 [~~Future~~] and After

\* \* \*

**18.D.068 Washington Carbon Allowance Future Vintage 2024 [~~Future~~] and After**

**Contract Description:** Physically delivered greenhouse gas emissions allowances where each is an allowance issued by the Washington Department of Ecology (“Washington Carbon Allowance”) representing one metric ton of CO2 equivalent under Chapter 173-446 WAC of the Climate Commitment Act and its associated regulations, rules and amendments, all together known as the "Washington Cap and Invest Program".

**Contract Symbol:** WCB: Vintage 2024; WCC: Vintage 2025; WCD: Vintage 2026

**Settlement Method:** Physical Delivery

**Contract Size:** 1,000 Washington Carbon Allowances

**Currency:** USD

**Minimum Price Fluctuation:** The price quotation convention shall be One cent (\$0.01) per Allowance; minimum price fluctuation may vary by trade type. Please see Table in Resolution 1 to this Chapter 18.

**Listing Cycle:**

1. The Exchange may list monthly contracts in the Standard Cycle or any other calendar month it determines for the current year and forward for up to ten years.
2. The Standard Cycle is: January, February, March, April, May, June, July, August, September, October, November and December

**Last Trading Day:** Three Business Days prior to the last Business Day of the delivery month. The last weekday of December is not considered a Business Day, unless otherwise specified by the Exchange.

**Deliverable Instruments:** The deliverable instruments are Washington Carbon Allowances equal to the contract size delivered through the Compliance Instrument Tracking System Service (“CITSS”).

Washington Carbon Allowances acceptable for delivery are those issued as a limited authorization to emit up to one metric ton of CO2 or CO2 equivalent in the Washington Cap and Invest Program having a vintage corresponding to the calendar year of the expiring contract and allowances having a vintage of any year prior to the calendar year of the expiring contract. If the specified vintage year allowances do not exist in the Washington CITSS Registry at contract expiry, allowances of any prior vintage year or allowances of the earliest vintage year available in the Washington CITSS Registry shall be delivered.

**MIC Code:** IFED

**Clearing Venue:** ICEU

**Registry:** Washington CITSS Registry

**[REMAINDER OF RULEBOOK UNCHANGED]**