

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 21-183

Organization: New York Mercantile Exchange, Inc. ("NYMEX")

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 07/16/21 Filing Description: Initial Listing of the Physically-Delivered CBL Nature-Based Global Emissions Offset Futures Contract

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

Rule Numbers:

New Product

Please note only ONE product per Submission.

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

Product Terms and Conditions (product related Rules and Rule Amendments)

- Certification § 40.6(a)
- Certification Made Available to Trade Determination § 40.6(a)
- Certification Security Futures § 41.24(a)
- Delisting (No Open Interest) § 40.6(a)
- Approval § 40.5(a)
- Approval Made Available to Trade Determination § 40.5(a)
- Approval Security Futures § 41.24(c)
- Approval Amendments to enumerated agricultural products § 40.4(a), § 40.5(a)
- "Non-Material Agricultural Rule Change" § 40.4(b)(5)
- Notification § 40.6(d)

Official Name(s) of Product(s) Affected:

Rule Numbers:



Christopher Bowen
 Managing Director and Chief Regulatory Counsel
 Legal Department

July 16, 2021

VIA ELECTRONIC PORTAL

Mr. Christopher J. Kirkpatrick
 Office of the Secretariat
 Commodity Futures Trading Commission
 Three Lafayette Centre
 1155 21st Street, N.W.
 Washington, DC 20581

Re: CFTC Regulation 40.2(a) Certification. Initial Listing of the Physically-Delivered CBL Nature-Based Global Emissions Offset Futures Contract. NYMEX Submission No. 21-183

Dear Mr. Kirkpatrick:

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) is certifying to the Commodity Futures Trading Commission (“CFTC” or “Commission”) the initial listing of the physically-delivered CBL Nature-Based Global Emissions Offset Futures Contract (the “Contract”) for trading on the CME Globex electronic trading platform (“CME Globex”) and for submission for clearing via CME ClearPort effective Sunday, August 1, 2021, for trade date Monday, August 2, 2021.

Contract Title	CBL Nature-Based Global Emissions Offset Futures
Commodity Code	NGO
Rulebook Chapter	1258
Settlement Type	Physical
Settlement Registries	Verified Carbon Standard (VCS)
Deliverable Offsets	VCS offsets with Climate, Community, and Biodiversity (CCB) Certification
Contract Size	1,000 Environmental Offsets
Listing Schedule	Monthly contracts listed for the current year and the next three calendar years. List monthly contracts for a new calendar year following the termination of the December contract of the current year.
Minimum Price Fluctuation	\$0.01 per environmental offset
Value per tick	\$10.00
First Listed Month	September 2021
Block Trade Minimum Threshold	10 contracts – subject to a minimum 15-minute reporting window
Termination of Trading	Trading terminates three business days prior to the last business day of the contract month.
CME Globex Matching Algorithm	First-In, First-Out (FIFO)
CME Globex	Sunday - Friday 6:00 p.m. - 5:00 p.m. Eastern Time/ET (5:00 p.m. - 4:00 p.m. Central Time/CT) with a 60-minute break each day beginning at 5:00 p.m. ET (4:00 p.m. CT)

CME Globex Pre-Open	Sunday 5:00 p.m. – 6:00 p.m. ET (4:00 p.m. – 5:00 p.m. CT) Monday – Friday 5.45 p.m. – 6:00 p.m. ET (4:45 p.m. to 5:00 p.m. CT).
CME ClearPort	Sunday - Friday 6:00 p.m. - 5:00 p.m. ET (5:00 p.m. - 4:00 p.m. CT) with a 60-minute break each day beginning at 5:00 p.m. ET (4:00 p.m. CT)

The Exchange is also certifying a minimum block threshold of 10 contracts which is commensurate with the Exchange's other similar products.

The Exchange reviewed the designated contracts market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA" or "Act") and identified that the Contract may have some bearing on the following Core Principles:

- **Availability of General Information**: The Exchange will publish information on the Contract's specification on its website, together with daily trading volume, open interest and price information.
- **Contract Not Readily Subject to Manipulation**: The Contract is not readily subject to manipulation due to the deep liquidity and robustness in the underlying cash market, which provides diverse participation and sufficient spot transactions to support the final settlement index as assessed by Platts.
- **Compliance with Rules**: Trading in these Contract will be subject to Chapter 4 of the Exchange rules which includes prohibitions against fraudulent, non-competitive, unfair and abusive practices and will be subject to extensive monitoring and surveillance by CME Group's Market Regulation Department. The Market Regulation Department may use its investigatory and enforcement power where potential rule violations are identified during its regular surveillance reviews.
- **Prevention of Market Disruption**: Trading in the Contract will be subject to the Rules of NYMEX which include prohibitions on manipulation, price distortion, and disruption to the delivery process. As with any new product listed for trading on a CME Group designated contract market, trading activity in the Contract proposed herein will be subject to monitoring and surveillance by CME Group's Market Regulation Department.
- **Position Limitations or Accountability**: The speculative position limits for these Contract as demonstrated in this submission are consistent with the Commission's guidance.
- **Financial Integrity of Contract**: The Contract traded on the Exchange will be cleared by the CME Clearing House.
- **Execution of Transactions**: The Contract will be listed for trading on the CME Globex electronic trading and for clearing through CME ClearPort. The CME Globex electronic trading venue provides for competitive and open execution of transactions. CME Globex affords the benefits of reliability and global connectivity.
- **Trade Information**: All requisite trade information for the Contract will be included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.
- **Protection of Market Participants**: Chapter 4 contains multiple prohibitions precluding intermediaries from disadvantaging their customers and which apply to trading on all of the Exchange's competitive trading venues.
- **Disciplinary Procedures**: Chapter 4 of the Rulebook contains provisions that allow the Exchange to discipline, suspend or expel members or market participants that violate the Rulebook. Trading

in the Contract will be subject to Chapter 4, and the Market Regulation Department has the authority to exercise its enforcement power in the event rule violations in this product are identified.

- **Dispute Resolution**: Disputes with respect to trading in the Contract will be subject to the arbitration provisions set forth in Chapter 6 of the Rulebook. Chapter 6 allows all non-members to submit a claim for financial losses resulting from transactions on the Exchange to arbitration. A member named as a respondent in a claim submitted by a non-member is required to participate in the arbitration pursuant to Chapter 6. Additionally, the Exchange requires that members resolve all disputes concerning transactions on the Exchange via arbitration.
- **Daily Publication of Trading Information**: Trading volume, open interest and price information will be published daily on the Exchange's website and via quote vendors.

Pursuant to Section 5c(c) of the Act and CFTC Regulations 40.2(a), the Exchange certifies that the listing of the Contract complies with the Act, including regulations under the Act. There were no substantive opposing views to this proposal.

The Exchange certifies that this submission has been concurrently posted on the CME Group website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A: NYMEX Rulebook Chapter
Exhibit B: Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the NYMEX Rulebook (attached under separate cover)
Exhibit C: NYMEX Rule 588.H. – (“Globex Non-Reviewable Trading Ranges”) Table
Exhibit D: Exchange Fees
Exhibit E: Cash Market Overview and Analysis of Deliverable Supply

Exhibit A
NYMEX Rulebook

Chapter 1258

CBL Nature-Based Global Emissions Offset Futures

1258100. SCOPE OF CHAPTER

This chapter is limited in application to CBL Nature-Based Global Emissions Offset Futures. The procedures for trading, clearing, delivery and settlement not specifically covered herein or in Chapter 7 shall be governed by the general rules of the Exchange.

The provisions of these rules shall apply to all CBL Nature-Based Global Emissions Offset (NGO) Futures bought or sold for future delivery on the Exchange with the delivery of emissions offsets that meet the “N-GEO Screening Criteria” requirements set forth in the CBL Standard Instruments Program.

The terms “seller” and “buyer” shall mean the seller of the physical product and the buyer of the physical product, respectively. Parties to the transaction may select a designee for making or taking delivery. The designee, if selected, must be the party’s clearing member. Any party utilizing a designee must submit designee information in such manner as prescribed by the Clearing House.

The term “N-GEO Screening Criteria” shall mean the (1) the voluntary emissions offset unit screening criteria to identify voluntary emissions offset units as eligible for physical delivery under the N-GEO spot contract and (2) compliance with the procedures set forth in the CBL Standard Instruments Program under Schedule 2, as further identified and described [here](#).

The term “N-GEO Eligibility” means a voluntary emissions offset unit, generated and registered under an approved offset crediting program, that meets the eligible emission unit requirements and design criteria identified by CBL and further described [here](#).

The term “N-GEO Approved Registries” shall refer to the following registries included in the N-GEO:

1. Verra Registry, operated by Verified Carbon Standard (VCS)
The term “CBL Market” shall mean the commodity trading system integrated with N-GEO Approved Registries upon which accounts are established for market participants as account holders to transact in, hold and retire offsets.
For purposes of this rule, unless otherwise specified, times referred to herein shall refer to and indicate the Eastern Prevailing Time (EPT).

1258101. CONTRACT SPECIFICATIONS

The CBL Nature-Based Global Emissions Offset Futures contract physically delivers emissions offsets that meet all N-GEO Screening Criteria.

1258102. TRADING SPECIFICATIONS

The number of months open for trading at a given time shall be determined by the Exchange.

1258102.A. Trading Schedule

The hours for trading for this contract shall be determined by the Exchange.

1258102.B. Trading Unit

The contract unit shall be one thousand (1,000) emissions (environmental) offsets meeting N-GEO Screening Criteria for delivery made by transfer through the CBL Market. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

1258102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per offset. The minimum price fluctuation shall be \$0.01 per offset (\$10.00 per contract).

1258102.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

1258102.E. Termination of Trading

Trading shall cease three business days prior to the last business day of the contract month. Any contracts remaining open after the last day of trading must be.

(a) Settled by delivery, which shall take place no later than the third business day after the termination of trading for the contract month, or

(b) Liquidated by means of a bona fide Exchange for Related Position (EFRP), pursuant to Exchange Rule 538. An EFRP is permitted in the expiring futures contract no later than 9 a.m. Eastern Prevailing Time (EPT) one business day after trading terminates on the last day of trading of the expiring futures contract. An EFRP which establishes a futures position for either the buyer or the seller in an expired futures contract shall not be permitted following the termination of trading of an expired futures contract.

1258102.F. Final Settlement

The final settlement price for the delivery month shall be the CBL Markets Nature-Based Global Emissions Offset Standard Spot Price on the last trade date. The final settlement price shall be the basis for delivery.

1258103. DELIVERY

CBL Nature-Based Global Emissions Offset Futures contract deliveries shall comply with all requirements for the electronic transfer of offsets on CBL Market. Notwithstanding the use of a designee, all clearing members will remain ultimately responsible for performance of all applicable contract terms specific to the sellers' clearing members and buyer's clearing members.

1258104. DELIVERY PROCEDURES

CBL Market is a transfer agent contracted by its account holders to facilitate the transfer of emissions offsets and payment. Deliveries against expiring contracts shall be by book-entry transfer. The seller's and buyer's clearing member is required to verify that its customer as a buyer or seller, holds a registry account with the N-GEO Approved Registry included in the N-GEO Screening Criteria, the account can transfer offsets and receive offsets and seller has identified a bank account to CBL Market.

The seller shall by 9:00 a.m. EPT on the delivery day, transfer offsets that meet N-GEO Screening Criteria to the designated registry account. No later than 9:00 a.m. EPT, the buyer must instruct and remit funds in USD for delivery into the designated cash account. The transfer agent will then transfer the appropriate funds to the seller and the appropriate number of offsets meeting N-GEO Screening Criteria to the buyer, by 2:00 p.m. EPT. Upon receipt of transfer confirmation from the clearing member, the clearing house will release the delivery margins.

All rights, title, and interest in and to, and risk of loss related to, the offsets will transfer upon receipt in the applicable CBL Market account.

Seller, buyer, and CBL Market shall always obtain and adequately maintain systems and technology as may be necessary in order to comply with CBL or any N-GEO Approved Registries rules. The Exchange may make amendments to delivery and timing of delivery, which may have a material impact to the contract, and will notify the Clearing Members of such amendments resulting from amendments any N-GEO Approved Registries requirement. These amendments include, but are not limited to, amendments to the N-GEO eligible emissions unit programs and specific unit criteria found [here](#).

By transferring offsets through the transfer agent, the seller or the seller's clearing member represents and warrants that, at the time of delivery, it has good and marketable title to such offsets, and that such offsets are free and clear of all liens, security interests, claims, encumbrances and adverse claims.

1258104.A. Responsibilities of Clearing Members

1. Notice of Intention to Accept
Clearing members having open long positions shall provide the Clearing House with a Notice of Intention to Accept delivery by 10:00 a.m. EPT on the business day after the final day of trading providing number of contracts, EMA account, registry account and any other information required by the Exchange.
2. Notice of Intention to Deliver
Clearing members having open short positions shall provide the Clearing House with a Notice of Intention to Deliver by 10:00 a.m. EPT on the business day after the final day of trading providing number of contracts, Registry, EMA account and any other information required by the Exchange.

1258104.B. Final Settlement Price

The final settlement price shall be the basis for delivery.

1258104.C. Assignment Day

The Clearing House shall allocate Notices of Intention to Accept and Notices of Intention to Deliver, on the first business day after the final day of trading, by matching positions, to the extent possible. The Clearing House shall provide Assignment Notice Reports to the respective clearing members on the first business day after the final day of trading.

1258105. TIMING OF DELIVERY

For purposes of this Rule 1258105:

"Delivery Period" shall mean the time between the final day of trading and the third business day following the final day of trading.

Delivery shall take place on the last day of the Delivery Period, which unless extended is the third business day after the final day of trading. Should the N-GEO Approved Registries or CBL Market be inoperable during the Delivery Period due to periodic maintenance that is an Exchange business day, the Exchange shall have the option to extend the Delivery Period by an additional business day at the Registries, CBL Market, and Exchange.

1. The seller or the seller's clearing member shall transfer offsets subject to delivery to their respective CBL account by 9:00 a.m. EPT on the third business day after the final day of trading of the delivery month.
2. The buyer or the buyer's clearing member shall deposit / transfer payment equal to the full value of the product to their designated CBL Market account by 9:00 a.m. EPT on the third business day after the final day of trading of the delivery month.
3. The buyer or the buyer's clearing member shall receive offsets from CBL Market by 2:00 p.m. EPT on the third business day after the final day of trading of the delivery month.
4. For each seller or seller's clearing member that has satisfied its obligations under subsection (1) of this rule, CBL Market shall pay the seller's clearing member full contract value by 2:00 p.m. EPT on the third business day after the final day of trading of the delivery month.

1258106. DELIVERY MARGINS AND PAYMENT

1258106.A. Definitions

For purposes of this Rule 1258106:

"Payment Date" shall mean the date on which the CBL Market transfers Payment in connection with a delivery to the seller. If the seller selects a designee, the CBL Market will transfer Payment in connection with a delivery to the seller's designee.

"Payment" shall include the settlement price, in U.S. dollars and cents, times the number of contracts times one thousand (1,000).

1258106.B. Margin

The buyer's clearing member and seller's clearing member shall deposit with the Exchange margins in such amounts and in such form as required by the Exchange. Such margins shall be returned on the business day following notification to the Exchange that delivery and Payment have been completed.

1258106.C. Payment

Any Payment made on the Payment Date shall be based on offsets that the seller's clearing member is obligated to deliver pursuant to the applicable delivery.

In the event that delivery cannot be accomplished because of a failure of the CBL Market wire, or because of a failure of either the buyer, the buyer's designee, the seller, or the seller's designee, delivery shall be made before 9:30 a.m. EPT on the next business day on which the CBL Market wire, or bank access to it, is operable.

1258107. VALIDITY OF DOCUMENTS

The Exchange makes no representation respecting the authenticity, validity or accuracy of any Notice of Intention to Accept, Notice of Intention to Deliver, check or of any document or instrument delivered pursuant to these rules.

Exhibit B

**NYMEX Rulebook
Chapter 5
("Trading Qualifications and Practices")**

Position Limits, Position Accountability and Reportable Level Table
(attached under separate cover)

Exhibit C

**NYMEX Rulebook
Chapter 5
("Trading Qualifications and Practices")
NYMEX Rule 588.H. – ("Globex Non-Reviewable Trading Ranges") Table
(additions underscored)**

Instrument	Globex Symbol	Outrights			Spreads	
		Globex Non-Reviewable Ranges (NRR)	NRR: Globex Format	NRR: Minimum Ticks	NRR: Globex Format	NRR: Minimum Ticks
<u>CBL</u> <u>Nature-</u> <u>Based</u> <u>Global</u> <u>Emissions</u> <u>Offset</u> <u>Futures</u>	<u>NGO</u>	<u>\$.50 per Environmental</u> <u>Offset</u>	<u>50</u>	<u>50</u>		<u>Each leg evaluated as an</u> <u>outright</u>

Exhibit D

Exchange Fees

	Member	Non-Member
CME Globex	\$5.00	\$5.50
EFP	\$5.00	\$5.50
Block	\$5.00	\$5.50
EFR/EOO	\$5.00	\$5.50
	House Account	Customer Account
Delivery Notice	\$5.00	\$5.00
Processing Fees	Fee	
Facilitation Fee	\$0.60	
Give-Up Surcharge	\$0.05	
Position Adjustment/Position Transfer	\$0.10	

Exhibit E

Cash Market Overview and Analysis of Deliverable Supply

CASH MARKET ANALYSIS

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) is self-certifying the listing of CBL Nature-Based Global Emissions Offset Futures contract (the “Contract”). Exchange staff relied on long standing precedent, which provides that the key component in estimating deliverable supply is the portion of typical Climate, Community, & Biodiversity (CCB) labeled verified carbon units (VCUs) (“offsets”) issued in the N-GEO approved registries that could reasonably be considered readily available for delivery. As shown in the table below, the CBL Nature-Based Global Emissions Offset Futures contract will be listed for trading on CME Globex, and for submission for clearing through CME ClearPort.

Contract Title	Code	Rulebook Chapter
CBL Nature-Based Global Emissions Offset Futures	NGO	1258

NATURE-BASED EMISSIONS OFFSETS BACKGROUND

Thirty percent of global greenhouse gas (GHG) emissions are caused by forest destruction and poor agricultural practices. Boosting carbon sequestration in the Agriculture, Forestry and Other Land Use (AFOLU) sector is an effective approach to reduce and remove emissions. Activities such as afforestation, reforestation, revegetation, wetland rewetting and conservation, reducing emissions from deforestation, and improved forestry management fall under the AFOLU project category.¹ In 2019, Forestry and Land Use voluntary carbon offset volume reached nearly 37 million mt CO₂e, valued at \$159.1M. Demand for voluntary carbon offsets associated with forest management in developing countries is especially strong.² Voluntary offset projects and associated credits allow firms to take near term action to meet carbon reduction goals while they work to transition to low-carbon business practices.

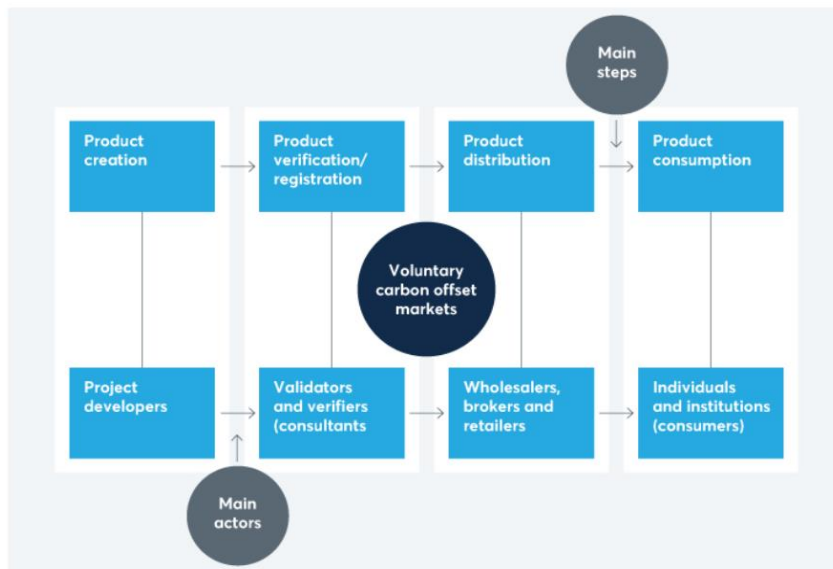
¹ <https://verra.org/project/vcs-program/projects-and-jnr-programs/agriculture-and-forestry-projects/>

² <https://www.spglobal.com/platts/en/market-insights/latest-news/coal/092220-voluntary-carbon-market-grows-6-on-year-in-2019-ecosystem-marketplace>

Figure 1. 2019 Voluntary Carbon Offset Price and Volume³

2019			
	VOLUME MCO ₂ e	AVERAGE PRICE	VALUE
RENEWABLE ENERGY	42.4	\$1.4	\$60.1 M
FORESTRY AND LAND USE	36.7	\$4.3	\$159.1 M
WASTE DISPOSAL	7.3	\$2.5	\$18.0 M
HOUSEHOLD DEVICES	6.4	\$3.8	\$24.8 M
CHEMICAL PROCESSES/ INDUSTRIAL MANUFACTURING	4.1	\$1.9	\$7.7 M
ENERGY EFFICIENCY/ FUEL SWITCHING	3.1	\$3.9	\$11.9 M
TRANSPORTATION	0.4	\$1.7	\$0.7 M

Figure 2. Lifecycle of a Voluntary Carbon Offset⁴



VERRA AND AFOLU STANDARDS

Verra is a non-profit organization that focuses on developing standards and frameworks that help global entities achieve ambitious sustainable development and climate action goals. Verra also operates Verra Registry, which facilitates the transparent listing of information on certified projects, issued and retired units, and enables the trading of units. It is the central repository for all information and documentation relating to

³ <https://www.ecosystemmarketplace.com/articles/demand-for-voluntary-carbon-offsets-holds-strong-as-corporates-stick-with-climate-commitments/>

⁴ https://www.researchgate.net/figure/Simplified-Supply-Chain-of-the-Voluntary-Carbon-Markets-Source-Adapted-from-Hamilton-et_fig4_254450839

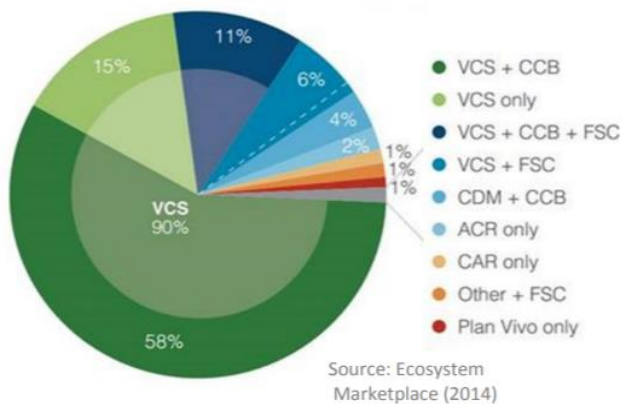
Verra projects and credits. The Verra Registry also ensures the uniqueness of projects and credits in the system.⁵

Verified Carbon Standard (VCS) is Verra’s flagship voluntary GHG program. Over 1,600 certified VCS projects have collectively reduced or removed more than 500 million tonnes of carbon and other GHG emissions from the atmosphere. VCS leads the way in developing frameworks to unlock the carbon reduction power of AFOLU projects.⁶ The Verified Carbon Standard was among the first global standards to develop robust requirements for crediting AFOLU projects. All AFOLU requirements have been developed in collaboration with the VCS AFOLU Steering Committee and other working groups of leading international forest and agriculture experts. In just a few short years, VCS has become the most widely used standard in the sector.⁷

Verra also offers a program called the Climate, Community, & Biodiversity (CCB) Standards that identifies projects that simultaneously address climate change, support local communities and smallholders, and conserve biodiversity. The CCB Standards can be applied to any land management project, including projects under the VCS Program, to certify such climate, community, and biodiversity benefits.⁸

Figure 3. AFOLU Standards - Market Share⁹

Market Share of Major AFOLU Standards



CBL N-GEO OFFSETS

CBL markets has developed a spot contract that targets voluntary offsets in the nature-based carbon emissions market, specifically those that come from VCS AFOLU projects with a CCB label. CME Group is proposing a futures contract based on the specifications and offset selection criteria of the CBL Nature-

⁵ <https://verra.org/about-verra/who-we-are/>

⁶ <https://verra.org/project/vcs-program/>

⁷ <https://verra.org/wp-content/uploads/2016/05/FactSheet-AFOLU-2013-UPDATED.pdf>

⁸ <https://verra.org/project/ccb-program/>

⁹ <https://verra.org/wp-content/uploads/2016/05/FactSheet-AFOLU-2013-UPDATED.pdf>

Based Global Emissions Offset Spot contract. Nature-Based emissions projects include and are specific to AFOLU projects. Ownership of emissions offsets earned or generated through AFOLU projects is tracked in carbon offset registries. CBL Markets has made Verra Registry the sole carbon offset registry for the delivery and storage of N-GEO eligible offsets. Under CBL's Standard Instruments Program, which defines a screening methodology, defining criteria, and list of approved registries, offsets meeting the following N-GEO Screen Criteria¹⁰ are eligible to be delivered against the N-GEO contract:

- 1.) VCS AFOLU Project: An Approved Registry project qualifying and verified under the Verra Registry Agriculture, Forestry and Other Land Use (AFOLU) sector program methodologies (found [here](#)): and
- 2.) CCB Label/Certification: Projects and Units certified and labelled under at least one Climate, Community, & Biodiversity Standards, Rules for the Use of Climate, Community, & Biodiversity Standards, Version 3 (found [here](#))
- 3.) Vintage: Projects meeting criteria (1) and (2) above for Units with issuance vintages 2016-2020.

The CBL Standard Instruments Program states that the following registries are approved for delivering offsets meeting the N-GEO Screening Criteria:¹¹

- 1.) Verra Registry, operated by Verified Carbon Standard (VCS)

N-GEO eligible offsets from the approved registries will be deliverable under the CBL Nature-Based Global Emissions Offset Futures contract.

METHODOLOGY

For the CBL Nature-Based Global Emissions Offset Futures contract, the Exchange considered two components in the evaluation of deliverable supply:

- 1.) Offset Issuance
- 2.) Offset Retirement/Cancellation

The Exchange determined to use data reported by Verra Registry for its analysis and evaluation of deliverable supply estimates for N-GEO eligible offsets. To determine the number of N-GEO eligible offsets issued and retired/cancelled, the Exchange applied the following CBL N-GEO Screening Criteria to the CCB offset pool available in the Verra Registry:¹²

- 1.) VCS AFOLU Project: An Approved Registry project qualifying and verified under the Verra Registry Agriculture, Forestry and Other Land Use (AFOLU) sector program methodologies (found [here](#)): and
- 2.) CCB Label/Certification: Projects and Units certified and labelled under at least one Climate, Community, & Biodiversity Standards, Rules for the Use of Climate, Community, & Biodiversity Standards, Version 3 (found [here](#))
- 3.) Vintage: Projects meeting criteria (1) and (2) above for Units with issuance vintages 2016-2020.

Deliverable supply of N-GEO eligible offsets is calculated as the outstanding offset issuances net of retirements and cancellations. The net supply will represent a running total of available N-GEO eligible offsets. Net supply on March 1, 2018 was 2,811,366 and represents the N-GEO eligible supply already in existence at the beginning of the required three-year reporting period.

¹⁰ <https://pub.lucidpress.com/CBL-Standard-Instruments-Program/#Mwmj9-IrE6Pe>

¹¹ <https://pub.lucidpress.com/CBL-Standard-Instruments-Program/#Mwmj9-IrE6Pe>

¹² <https://registry.verra.org/app/search/CCB/All%20Projects>

DATA SOURCES

Verified Carbon Standard (VCS)

Verra is a global leader helping to tackle the world's most intractable environmental and social challenges by developing and managing standards that help the private sector, countries, and civil society achieve ambitious sustainable development and climate action goals. Verra's global standards and frameworks serve as linchpins for channeling finance towards high-impact activities that tackle some of the most pressing environmental issues of our day.¹³ Verra Registry data, including the data used in this analysis, is publicly available on the Verra website.¹⁴

CBL Markets

The exchange will be partnering with CBL Markets, an environmental commodities spot exchange, which will provide pricing data and delivery capabilities for N-GEO eligible offsets available in the Verra Registry. In 2019, CBL merged with Xpansiv to form Xpansiv CBL Holding Group (XCHG).

N-GEO ELIGIBLE OFFSET SUPPLY

Table 1. Verified Carbon Standard – N-GEO Eligible Offsets¹⁵

Date	Issued	Retired/Cancelled	Net Supply
Mar-18	155,381	57,825	2,811,366*
Apr-18	0	0	2,811,366
May-18	0	17,430	2,793,936
Jun-18	180,000	21,761	2,952,175
Jul-18	30,000	42,265	2,939,910
Aug-18	3,007,600	5,000	5,942,510
Sep-18	145,000	284,035	5,803,475
Oct-18	644,115	34,392	6,413,198
Nov-18	492,400	92,495	6,813,103
Dec-18	1,430,000	56,916	8,186,187
Jan-19	7,551,944	9,000	15,729,131
Feb-19	904,058	453,157	16,180,032
Mar-19	163,453	105,568	16,237,917
Apr-19	94,734	84,257	16,248,394
May-19	741,082	82,007	16,907,469
Jun-19	1,227,165	55,616	18,079,018
Jul-19	7,379,705	30,598	25,428,125
Aug-19	979,130	220,385	26,186,870
Sep-19	1,825,308	100,787	27,911,391

¹³ <https://verra.org/project/vcs-program/registry-system/>

¹⁴ <https://verra.org/registry-system/>

¹⁵ <https://registry.verra.org/app/search/CCB/All%20Projects>

Oct-19	60,000	62,584	27,908,807
Nov-19	748,805	112,642	28,544,970
Dec-19	2,215,369	672,316	30,088,023
Jan-20	1,689,698	1,585,903	30,191,818
Feb-20	1,625,192	460,652	31,356,358
Mar-20	1,403,345	532,228	32,227,475
Apr-20	2,452,945	453,546	34,226,874
May-20	1,348,292	168,923	35,406,243
Jun-20	325,829	2,080,757	33,651,315
Jul-20	4,029,343	220,144	37,460,514
Aug-20	139,540	96,822	37,503,232
Sep-20	994,569	154,811	38,342,990
Oct-20	1,953,548	359,791	39,936,747
Nov-20	1,732,828	1,474,077	40,195,498
Dec-20	5,369,207	1,055,854	44,508,851
Jan-21	3,190,559	577,034	47,122,376
Feb-21	2,856,428	1,446,207	48,532,597
Mar-21	13,975,958	1,234,733	61,273,822
3-yr Average	1,974,663	391,960	24,455,516

*Existing N-GEO eligible supply beginning on March 1, 2018

ANALYSIS OF DELIVERABLE SUPPLY

Appendix C to part 38 of the Commission’s regulations defines deliverable supply as “the quantity of the commodity meeting the contract’s delivery specifications that can reasonably be expected to be readily available to short traders and saleable by long traders at its market value in normal cash marketing channels at the derivative contract’s delivery points during the specified delivery period, barring abnormal movement in interstate commerce.”

Deliverable Supply (Emissions Offsets)	Monthly Contract Equivalent	Spot Month Position Limit Contract Equivalent	% of Deliverable Supply
24,455,516	24,456	4,500	18.40%

In estimating deliverable supply and calculating the proposed spot month position limit, the Exchange relied on N-GEO eligible carbon offset issuance, retirement, and cancellation in the Verra Registry. Deliverable supply is calculated as issuances net of retirements and cancellations adjusted for offsets that do not meet the N-GEO Screening Criteria. Based on the above analysis, it is estimated that the monthly deliverable supply for N-GEO eligible carbon offsets is 24,455,516 emissions offsets based on the most recent three-year average from March 2018 to March 2021 which equates to 24,456 monthly contract equivalents based on a contract size of 1,000 emissions offsets per lot. Therefore, the proposed spot month position limit for the CBL Nature-Based Global Emissions Offsets Futures contract is 4,500 contracts which represents 18.40% of the estimated deliverable supply.