



February 16, 2024

Christopher Kirkpatrick, Secretary of the Commission  
Commodity Futures Trading Commission  
1155 21st Street, NW  
Washington, DC 20581

RE: Request for Comment RIN 3038-AF40 –Commission Guidance Regarding the Listing of Voluntary Carbon Credit Derivative Contracts

Dear Secretary Kirkpatrick:

The [Carbon Business Council](#) (CO2BC) is a nonprofit trade association of more than 100 innovative carbon management companies with over \$16.5 billion in combined assets working across six continents. We appreciate this opportunity to provide input to the Commodity Futures Trading Commission (“CFTC”) on [Commission Guidance Regarding the Listing of Voluntary Carbon Credit Derivative Contracts](#).

The CO2BC applauds the CFTC’s leadership on this issue, and we support your efforts to advance standardization in the Voluntary Carbon Market (“VCM”) in a way that will foster market integrity, quality, transparency, and liquidity, as well as fair and accurate pricing of Voluntary Carbon Credits (“VCCs”) and their derivatives.

We respectfully submit the following comments for your consideration:

- The CO2BC appreciates the CFTC’s focus on ensuring quality of the VCCs that will underlie any derivative products on designated contract markets (DCMs). The CO2BC’s May 2023 [Defining Carbon Removal: Issue Brief](#) outlines our membership’s view of how quality can be defined and highlights the benefits of taking a method-neutral, criteria-based approach to carbon dioxide removal (CDR) policy and regulatory frameworks.
- The CDR market is relatively new but growing quickly. One potential threat to market growth is the development of a disparate patchwork of regulatory frameworks and standards across different VCMs and DCMs globally. To avoid this negative outcome, the CO2BC encourages the CFTC to engage with key public sector market shapers in the US and internationally. In the US these include the Department of Energy Office of Fossil Energy and Carbon Management, which has launched a \$35M [CDR Purchase Pilot Prize](#) – a pioneering first-of-a-kind program that will have important market-shaping effects. As the CDR market is rapidly globalizing, it will be important to align as well with the European Union (EU), and in particular the EU’s emergent [Carbon Removal Certification Framework](#). Finally, alignment with multilateral Article 6 markets will be similarly crucial,



with a goal of unifying carbon market stakeholders around a common approach and set of standards relating to regulation of the quality of VCCs and their derivatives.

- Regarding “Risk of Reversal” question 10 - CO2BC encourages the CFTC explicitly to consider emerging carbon insurance products as a means of protecting against reversal risk, along with other approaches and in addition to “buffer reserve and other measures.” The February 2024 report [Gross Written Carbon](#) offers some useful context in this regard, and the specific approach used to protect against reversal risk could be determined by the relevant crediting program.

We would be pleased to discuss this further with you if additional information or clarification would be helpful. We appreciate the opportunity to submit this input for your consideration.

Sincerely,

*Benjamin Rubin*

Ben Rubin  
Executive Director, Carbon Business Council

*Isabella Corpora*

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