

February 16, 2024

Christopher J. Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

Via CFTC Comments Portal: <https://comments.cftc.gov>

Re: Request for Comment on Commission Guidance Regarding Listing of Voluntary Carbon Credit Derivative Contracts (RIN Number 3038-AF40)

Dear Mr. Kirkpatrick:

Nodal Exchange, LLC (“Nodal Exchange” or “Nodal”) appreciates the opportunity to respond to the Commodity Futures Trading Commission’s (“CFTC” or “Commission”) *Commission Guidance Regarding the Listing of Voluntary Carbon Credit Derivative Contracts; Request for Comment*, 88 Fed. Reg. 89410 (Dec. 27, 2023) (“Proposed Guidance”). Nodal Exchange commends the CFTC’s efforts to help advance the standardization of voluntary carbon credit (“VCC”) derivative contracts to promote transparency and liquidity of these new and evolving products.¹ The Proposed Guidance focuses on certain Core Principle compliance considerations by outlining additional factors that the CFTC believes designated contract markets (“DCMs”) should consider when addressing existing Commodity Exchange Act (“CEA”) provisions, CFTC regulations, and guidance such as Appendix C to Part 38 of the CFTC’s regulations (hereinafter, “Appendix C”) for listing those products for trading. Those considerations cover the following underlying “VCC commodity characteristics”: transparency, additionality, permanency and risk of reversal, robust quantification, governance, tracking and no double counting measures, and inspection provisions for underlying VCCs.² VCC commodity characteristics and considerations discussed in the Proposed Guidance appear to mirror or overlap private sector and multilateral initiatives that focus on developing standards via stakeholder feedback for “high quality” or “high integrity” VCCs.³

¹ A VCC is “a tradeable intangible instrument that is issued by a carbon crediting program (‘crediting program’). The general industry standard is for a VCC to represent a GHG emissions reduction to, or removal from, the atmosphere equivalent to one metric ton of carbon dioxide.” Proposed Guidance, 88 Fed. Reg. 89410, 89412 (Dec. 27, 2023).

² Proposed Guidance at 89416.

³ *Id.* at 89414, n.46 (citing The Integrity Council for the Voluntary Carbon Market’s Core Carbon Principles (July 2023), available at: <https://icvcm.org/wpcontent/uploads/2023/07/CCP-Book-R2-FINAL-26Jul23.pdf>); *id.*, Appendix 2 at 89422, n.6 (Behnam, R., supporting) (citing International Organization of Securities Commissions (IOSCO), CR06/2023 Voluntary Carbon Markets, Consultation Report (Dec. 2023), <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD749.pdf> (“IOSCO Voluntary Carbon Markets Consultation Report”)).

Nodal also supports the CFTC’s voluntary carbon market convenings and other environmental market related outreach over recent years that have fostered understanding and market integrity of the carbon markets.⁴

However, because of the existing DCM regulatory framework—which already provides the appropriate requirements, guidance, and flexibility to manage the listing of VCC derivatives—the CFTC need not adopt the Proposed Guidance. In fact, Nodal is concerned that if the CFTC adopts the Proposed Guidance as written it will increase the likelihood of a negative impact to these new and evolving VCC products during a critical time of their growth and development. In practice, the Proposed Guidance would modify existing regulatory requirements and guidance by putting the industry and DCMs on notice of how the CFTC will interpret the regulations and guidance for VCC products, even though the CFTC states that is not its intent.⁵

After considering the comments submitted for the Proposed Guidance, should the CFTC still believe that some form of additional guidance is necessary, it is more appropriate for the CFTC to initiate notice and comment rulemaking on this topic. This will have several benefits, such as allowing stakeholders to substantively consider and comment on the costs and benefits of adopting the proposed rules and whether the proposed rules would represent the least anticompetitive means of achieving the Commission’s objectives for the Commission’s consideration. For example, from a competition standpoint, adopting additional requirements on DCMs in this area would likely result in liquidity flowing to less regulated OTC markets. These are considerations the CFTC is not required to address in a scenario where it only issues guidance.

DCMs are already required to consider whether commodities underlying listed products are subject to quality standards that are created or set by underlying markets or a centralized standard setting body. However, DCMs are *not* required to possess the expertise necessary to opine on the *sufficiency* of those standards in the underlying markets and do not necessarily possess this expertise in practice. Relevant CFTC regulations and Appendix C language neither state nor suggest that a DCM should independently evaluate the sufficiency of (or set) underlying commodity quality standards for physically-settled futures contracts. Adopting the Proposed Guidance would be a significant departure from a principles-based regulatory structure—one which respects the traditional role DCMs play in fostering price discovery and dissemination, orderly markets, preventing manipulation and price distortion, monitoring deliverable supply, assuring deliveries and payments, and addressing other market disruptions through market surveillance, compliance, and enforcement practices and procedures.

Assuming the requirements in the Proposed Guidance are adopted by the CFTC, Nodal recommends omitting or at least modifying any language asking DCMs to take steps beyond the regulations and Appendix C—such as making sufficiency determinations for quality standards applied in underlying VCC markets. For example, the Proposed Guidance asks DCMs to consider as part of their contract design market research, whether certain standards applied by crediting programs are “sufficiently rigorous and reliable” (additionality), “reasonable” (permanence and accounting for the risk of reversal), “robust, conservative, and transparent” (robust quantification), “effective” (tracking and no double counting), “reputable” (inspection), or using “best practices” (inspection). Nodal recommends omitting all language from any guidance issued that would require the DCM to take steps beyond the regulations and Appendix C to make these decisions.

⁴ See, e.g., CFTC Announces Voluntary Carbon Markets Convening (June 2, 2022), <https://www.cftc.gov/PressRoom/Events/opaeventcftccarbonmarketconvene060222>; CFTC Announces Second Voluntary Carbon Markets Convening on July 19 (July 19, 2023), <https://www.cftc.gov/PressRoom/Events/opaeventvoluntarycarbonmarkets071923>.

⁵ Proposed Guidance at 89415.

Nodal Exchange views environmental crediting programs and registries (referred together herein as, “crediting programs”), and/or their stakeholders (together with the crediting programs, “VCC Market Participants”) as best positioned to fully appreciate and appropriately set quality standards for underlying VCCs—particularly, given that those standards often are developed based on unique features of carbon removal or reduction projects. Given the low liquidity in these nascent markets, the Proposed Guidance may inadvertently cause DCMs to reassess the economic feasibility of listing additional contracts given the burden of developing adequate expertise to make the sufficiency determinations it suggests. That result would be at odds with the Proposed Guidance’s objectives in these markets and contrary to a principles-based regulatory structure.

1. Background

Nodal Exchange is a DCM that is part of the EEX Group of companies. EEX Group is owned by the European Energy Exchange. Nodal Exchange is at the forefront of innovation in both environmental markets and electric power locational (nodal) futures contracts, offering the world’s largest set of derivatives products in each of those markets. Currently, Nodal Exchange hosts the world’s most diverse suite of exchange-traded environmental and clean energy futures and options contracts for a wide range of mandatory programs, including listing various VCC derivative products. Nodal Exchange works in collaboration with an independent partner, IncubEx, LLC (“IncubEx”), for its environmental market products.⁶

Nodal Exchange works conscientiously to follow the DCM Core Principles, guidance in Appendix C, and other CFTC regulations for listing environmental contracts for trading. These contracts permit VCCs to be delivered pursuant to carbon standards and methodologies administered by several different crediting programs. The crediting program standards overlap with characteristics of high quality or high-integrity VCCs. Although there is currently no centralized body governing and/or setting these standards, the standards applied by crediting programs all include governance protocols that call for stakeholder outreach, comment, and/or review of rules and/or crediting methodologies for the VCCs.

In striving for standardization of these markets, debates on project eligibility, crediting, transparency, additionality, permanency and risk of reversal, robust quantification, governance, tracking and no double counting measures, and inspection for VCCs have been continuous and somewhat contentious for over two decades. Robust voices have been heard from governments, United Nations bodies, academics, Non-Governmental Organizations, project developers, verifiers and buy-side VCC market participants on these topics. These debates will likely continue as the state of play in VCCs is evolving by the day. Unlike other commodities that have more established quality standards to reference, VCCs “are relatively young and still at a nascent stage of development.”⁷ For example, the CFTC has noted that an acceptable standard of copper in the cash market could conform to the latest chemical and physical specifications adopted by the American Society for Testing and Materials for Grade 1 Electrolytic Copper Cathode.⁸ As

⁶ The IncubEx team has over two decades in environmental markets, starting with the USEPA Acid Rain program auctions and the design and implementation of the Chicago Climate Exchange (CCX). CCX had previously launched the first large, legally binding voluntary carbon market.

⁷ IOSCO Voluntary Carbon Markets Consultation Report at 15.

⁸ *Provisions Common to Registered Entities*, NOPR, 88 Fed. Reg. 61432, 61436 (Sept. 6, 2023) (“As a specific example for a physically settled futures contract, when listing a physically settled futures contract on copper, the DCM should specify the acceptable standard of copper that is eligible for delivery on the physically-settled futures contract. Today, an acceptable quality standard for copper in the cash market is Grade 1 Electrolytic Copper Cathodes (full plate or cut) that conforms to the latest chemical and physical specifications adopted by the American

IOSCO has found via international stakeholder outreach, “[a]ny descriptions of the carbon credits ecosystem and market structure, including the issuance of carbon credits and key market participants, could change over the coming years as the market matures.”⁹ As such, consensus on all the appropriate quality standards that should apply to underlying VCCs is still developing.

2. Nodal Exchange’s Specific Comments to the Proposed Guidance

We applaud and support the active efforts of the Commission to foster understanding and market integrity of the carbon markets. However, while the CFTC states that the Proposed Guidance is not intended to change the current regulations or guidance, it is doing so by asking DCMs to step outside of that regulatory framework and requiring DCMs to proactively evaluate or even require the sufficiency of VCC commodity quality standards instead of allowing the entities most knowledgeable—the crediting programs, their stakeholders, or a centralized standard setting body—to set, determine, and reach consensus on these standards. This approach would not be the best to allow a nascent industry to grow, flourish, and develop a consensus on high integrity VCC quality standards. Instead, the Proposed Guidance, if adopted, will likely create economic conditions that would hinder or stifle necessary growth in the industry.

a. Departure from traditional DCM Core Principles and Appendix C

The Proposed Guidance does not need to be adopted by the CFTC. The current Commission regulations and guidance in Appendix C addressing the listing of derivative products require DCMs to, among other things, (i) list derivative contracts that are not readily susceptible to manipulation (DCM Core Principle 3), (ii) monitor a derivative contract’s terms and conditions as it relates to the underlying commodity market (DCM Core Principle 4), and (iii) comply with product submission requirements under Part 40 of the CFTC’s Regulations and CEA Section 5c(c). Appendix C notes that “[d]ocumentation establishing that the quality standards of the contract’s underlying commodity must comply with those accepted/established by the industry, by government regulations, and/or by relevant laws.”¹⁰ Appendix C also does not have any language for listing certain commodity types (i.e., VCC futures, etc.). Appendix C, correctly, does not state or suggest that a DCM should independently evaluate the sufficiency of (or set) underlying commodity quality standards for physically-settled futures contracts. That requirement would be a significant departure from a principles-based regulatory structure.

Although the CFTC purports that the Proposed Guidance is not intended to change or alter its regulations and Appendix C, it would likely be considered a “fair notice” interpretation of the CFTC’s regulations and Appendix C. In the recent U.S. Court of Appeals for the Fifth Circuit’s decision in *CFTC v. EOX Holdings LLC*,¹¹ the court found that the business entity charged with violations did not have fair notice of the CFTC’s interpretation of the charged CFTC Regulation. As the controlling plain language of applicable CFTC regulations and Appendix C currently provides appropriate and sufficient notice in a

Society for Testing and Materials for Grade 1 Electrolytic Copper Cathode (B115–00 or its latest revision). If a DCM lists a physically settled futures contract on Grade 1 Electrolytic Copper Cathodes, the only quality of copper allowed for delivery at the settlement of the futures contract would be copper of the quality that meets this industry-set standard, and as a result, the price of the futures contract would reflect the price of only this kind of copper.”) (citations omitted).

⁹ IOSCO Voluntary Carbon Markets Consultation Report at 15.

¹⁰ 17 C.F.R. Part 38, Appendix C, paragraph (b)(2)(i)(A) (quality standards for futures contracts settled by physical delivery).

¹¹ *CFTC v. EOX Holdings, L.L.C.*, No. 22-20622 (5th Cir. Jan. 8, 2024), <https://www.ca5.uscourts.gov/opinions/pub/22/22-20622-CV0.pdf>.

principles-based regulatory regime, any additional guidance will naturally change that notice to the industry. If adopted, the CFTC’s proposal would very likely satisfy the fair notice doctrine. Therefore, DCMs would logically anticipate that the CFTC would expect DCMs to specifically comply with any new interpretations of existing regulations and guidance that is adopted for listing VCC derivative contracts.

If the CFTC believes the underlying VCC marketplace will benefit by imposing new restrictions and obligations on DCMs for these nascent markets, the CFTC should follow the proper regulatory process and issue a notice of proposed rulemaking. This will have several benefits. First, it will allow stakeholders to consider and comment on the costs and benefits of such proposed rules, which is not the case for guidance.¹² The Proposed Guidance, if adopted, would impose significant new costs for DCMs with questionable benefit given that DCMs may not have the necessary resources in place to assess the sufficiency of underlying VCC quality standards for *every* unique carbon removal or reduction project contributing to their creation. Second, stakeholders would also have an opportunity to comment on, and for the CFTC to consider, whether the proposed rules represent the least anticompetitive means of achieving its objectives.¹³ Again, this is not a requirement for guidance. There could be a number of anticompetitive considerations that the CFTC may want to evaluate with the adoption of these requirements — for example, as OTC markets would not be subject to the new standards that would be placed on DCMs, liquidity would likely flow to those markets rather than on exchanges. Notice and comment rulemaking would allow the public and the Commission to take these considerations into account, letting the public contribute substantively to any new obligations or requirements placed on DCMs.

b. Modification or removal of particular Proposed Guidance language

Should the Commission determine that the Proposed Guidance must be adopted, which, again Nodal Exchange argues is not necessary based on the existing regulatory framework, specific parts of the Proposed Guidance should be omitted or modified. These parts ask DCMs to step outside of the bounds of Appendix C by asking DCMs to evaluate the sufficiency of VCC quality standards, which are normally addressed by the underlying markets. Several examples of the specific language Nodal Exchange identified are reproduced and emphasized in bold and italics below. The language is organized by VCC commodity characteristic.

- **Additionality** – “A DCM should consider whether those procedures are *sufficiently rigorous and reliable* to provide a reasonable assurance that GHG emission reductions or removals are credited only if they are additional.”¹⁴
- **Permanence and accounting for the risk of reversal** – “[A] DCM should consider whether the crediting program for a VCC has measures in place that provide *reasonable assurance* that, in the

¹² Section 15(a) of the CEA requires the CFTC to consider the costs and benefits of its regulations in light of five broad areas of market and public concern: (1) Protection of market participants and the public; (2) efficiency, competitiveness, and financial integrity of futures markets; (3) price discovery; (4) sound risk management practices; and (5) other public interest considerations. 7 U.S.C. 19(a); *see also Core Principles and Other Requirements for Designated Contract Markets*, 77 Fed. Reg. 36612, 36665 (June 19, 2012) (explaining the requirements pursuant to CEA Section 15(a)).

¹³ Section 15(b) of the CEA requires the CFTC to “take into consideration the public interest to be protected by the antitrust laws and endeavor to take the least anticompetitive means of achieving ... objectives ... as well as the policies and purposes ... in issuing any order or adopting any Commission rule or regulation....” 7 U.S.C. 19(b).

¹⁴ Proposed Guidance at 89417 (emphasis added).

event of a reversal, the VCC will be replaced by a VCC of comparably high quality that meets the contemplated specifications of the contract.”¹⁵

- **Robust quantification** – “[T]he Commission believes that a DCM that lists a VCC derivative contract should consider whether the crediting program for the underlying VCCs can demonstrate that the quantification methodology or protocol that it uses to calculate emission reductions or removals for the underlying VCCs is *robust, conservative, and transparent*.”¹⁶
- **Tracking** – “The DCM should consider whether the crediting program operates or makes use of a registry that has measures in place to *effectively* track the issuance, transfer, and retirement of VCCs; to identify who owns or retires a VCC; and to make sure that each VCC is uniquely and securely identified and associated with a single emission reduction or removal of one metric ton of carbon dioxide equivalent.”¹⁷
- **No double counting** – “[A] DCM should consider whether the crediting program for the underlying VCCs can demonstrate that it has *effective measures* in place that provide reasonable assurance that credited emission reductions or removals are not double counted. That is, that the VCCs representing the credited emission reductions or removals are issued to only one registry and cannot be used after retirement or cancelation.”¹⁸
- **Inspection provisions** –
 - “[A] DCM should consider whether the crediting program has up-to-date, robust and transparent validation and verification procedures, including whether those procedures contemplate validation and verification by a *reputable, disinterested* party or body.”¹⁹
 - “A DCM should consider whether the crediting program is employing *best practices* with respect to third-party validation and verification....”²⁰

Nodal recommends omitting or modifying all language including and similar to the examples above from the Proposed Guidance.

c. **Crediting programs and their stakeholders are the appropriate entities to address VCC quality**

VCC Market Participants—not DCMs—are the more appropriate entities to address underlying VCC quality standards, including concepts addressing transparency, additionality, permanency and risk of reversal, robust quantification, governance, tracking and no double counting measures, and inspection provisions. The extensive public record of registry workplans, feedback collection processes, refinement methods, and technical capabilities, makes it clear those entities are the intellectual lead points in implementing the very quality standards that the CFTC would shift to the DCMs via this Proposed Guidance. VCC Market Participants’ deep experience makes them a key source of insight. For example,

¹⁵ *Id.* at 89418 (emphasis added).

¹⁶ *Id.* (emphasis added).

¹⁷ *Id.* at 89419 (emphasis added).

¹⁸ *Id.* (emphasis added).

¹⁹ *Id.* (emphasis added).

²⁰ *Id.* (emphasis added).

crediting programs have proven capable of adapting to changing circumstances in domestic and international law, technology, and economic realities. They provide massive amounts of information on rules, project approval status, credit issuance, and specific project data that are available to all interested parties. Questions such as whether a landfill methane collection system in Nigeria is “additional,” or whether protected Atlantic amazon forests are exposed to more fire risk than interior Amazon forests, are naturally better assessed and appreciated economically by the crediting programs and not within the typical expertise of a DCM.

Additionally, highly informed market participants regularly conduct due diligence and assess VCC quality, as they are very economically incentivized to do. This makes them an important check on the market, by contributing to these standards via consultation and outreach. For example, the Verra Registry issues VCCs to projects that meet its carbon standard, the Verified Carbon Standard (“VCS”).²¹ Verra explains that it allows public comment concerning such projects, including on the application of its VCS methodology to particular projects.²² This even includes VCS crediting methodologies that were the subject of scrutiny last year—Verra responded to and addressed that scrutiny, explaining that it was working to update the methodologies and demonstrating the registry does consider various forms of feedback.²³ Similarly, standards applied by other crediting programs referenced in Nodal VCC derivative contracts include governance protocols that provide for stakeholder consultation.²⁴

DCMs must make economic decisions on what products to list to increase the likelihood that those products are successful. This takes considerable time and effort as DCMs only want to list contracts for VCCs that have some demonstrated market interest. Market participants are capable of understanding the risks inherent in the VCC markets, and that is reflected in premiums they place on certain contracts offered by DCM markets. If the Proposed Guidance is adopted, with or without the suggested changes Nodal requests here, any new mandates requiring DCMs to opine on all VCC crediting programs and their protocols could significantly discourage DCMs from listing new contracts on VCCs. The VCC market could conceivably move further in the direction of opaque, generally unregulated OTC activity, as an alternative to participating in these emerging markets.

Nodal Exchange lists VCC contracts only on instruments approved by crediting programs. The crediting programs have extensive experience in assessing the complex issues on VCC definitions, taking public input, transparency, credit issuance, buffer pools, additionality, and other VCC commodity characteristics into account when creating underlying VCCs. Requiring a DCM to have this unique expertise, for only this one type of derivative product, would place a high burden on DCMs which would have to be considered in the decision to list new or even maintain existing VCC derivatives.

²¹ All VCS projects must meet the following VCS criteria referred to on the Verra website. *See, e.g.*, <https://verra.org/programs/verified-carbon-standard/>.

²² *See, e.g.*, <https://verra.org/projects-open-for-public-comment-february-5-2024/>.

²³ *See* <https://verra.org/verra-response-guardian-rainforest-carbon-offsets/>.

²⁴ *See, e.g.*, Gold Standard, Consultations, <https://www.goldstandard.org/our-work/innovations-consultations>; The Climate, Community & Biodiversity Standards, Ver. 3.1, Section 6 (June 21, 2017), *available at* https://verra.org/wp-content/uploads/CCB-Standards-v3.1_ENG.pdf; American Carbon Registry Standard v.8.0, Summary of Public Comments and Responses, *available at* <https://acrcarbon.org/wp-content/uploads/2023/07/ACR-Standard-v8.0-Public-Comments-and-Responses-Extended.pdf>; Climate Action Reserve, Reserve Offset Program Manual, Ver. 9.0, Section 4.3.2 (Nov. 2023), *available at* <https://www.climateactionreserve.org/wp-content/uploads/2023/11/ROPM-Version-9.0-November-2023.pdf>.

d. International standards setting organizations can assist crediting programs on further developing quality standards

Nodal Exchange also understands that there are ongoing efforts of the participants in international organizations like the Integrity Council for the Voluntary Carbon Market (“ICVCM”) and IOSCO to further develop a consensus on quality standards for underlying VCCs. ICVCM’s 10 core carbon principles (“CCPs”) appear to mirror or overlap with the VCC commodity characteristics from the Proposed Guidance. ICVCM explains that the principles were “[d]eveloped with input from hundreds of organizations throughout the voluntary carbon market, [and] the CCPs provide a credible and rigorous means of identifying high-integrity carbon credits that create real, verifiable climate impact, based on the latest science and best practice.”²⁵ Similarly, IOSCO has been working with stakeholders towards a consensus definition for “high quality carbon credit” which covers many of the same principles.²⁶

Nodal fully supports and encourages initiatives to further develop these protocols and commends the CFTC’s support of these initiatives as well.²⁷ If the CFTC is compelled to adopt the Proposed Guidance, it should come from the traditional principles-based mandate of the CFTC and allow the market to naturally coalesce around a consensus opinion on these issues. Nodal Exchange would also support the crediting programs continuing to audit their standards to ensure they remain consistent with consensus opinions on high integrity VCCs. These expansive international collaborations among recognized voluntary carbon credit registries and their stakeholders should further harmonize on VCC quality, continuously refine and update crediting standards, verification, and oversight mechanisms in the underlying markets.

3. Conclusion

Voluntary carbon markets exemplify innovation in financial markets which may provide the global economy the means to help address climate-related risks. Nodal Exchange supports the cooperation between public and private resources to develop voluntary carbon markets of the highest integrity and transparency. Regulatory certainty, both within the U.S. and globally, is ultimately necessary for robust participation in voluntary carbon markets. Nodal Exchange believes the Commission’s existing regulatory framework provides the appropriate level of guidance and flexibility by requiring DCMs to protect the markets and market participants while recognizing the expertise of the DCMs in listing VCC derivative products. However, VCC Market Participants are best positioned to assess sufficiency of underlying VCCs. Nodal would continue to encourage the Commission to also recognize the expertise of the underlying VCC registries, crediting programs, stakeholders, and international organizations to manage appropriately the efforts to make the VCC markets best suited for entering into a more robust regulatory landscape as they develop.

²⁵ <https://ievcvcm.org/the-core-carbon-principles/>.

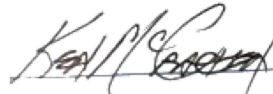
²⁶ IOSCO Voluntary Carbon Markets Consultation Report at 32.

²⁷ We acknowledge the efforts of the CFTC through Chairman Behnam serving as IOSCO Board Vice Chair and co-chairing IOSCO’s Sustainable Finance Task Force’s Carbon Market Workstream. Proposed Guidance, Appendix 2 at 89423 (Behnam, R., supporting); IOSCO Board Appoints CFTC Chairman Behnam as Vice Chair (Oct. 19, 2022), <https://www.cftc.gov/PressRoom/PressReleases/8611-22>.

While Nodal does not believe it is necessary to adopt the Proposed Guidance, we reiterate that if the CFTC determines to issue any guidance regarding the listing of VCC derivative contracts, it should remain within the bounds of existing regulations and guidance (i.e., from Appendix C) and a principles-based regulatory structure. If the CFTC believes additional guidance is needed, such that it would add more requirements on DCMs as we have noted herein, Nodal Exchange argues the better venue to make such substantive changes would be through a notice and comment rulemaking process. That will provide an appropriate process and opportunity for all stakeholders involved in these markets to have a voice on all of the relevant considerations.

Nodal Exchange appreciates the opportunity to comment on the Commission Guidance Regarding Listing of Voluntary Carbon Credit Derivative Contracts. If you have any questions regarding these comments, please do not hesitate to contact the undersigned.

Respectfully submitted,



Ken McCracken
General Counsel
Chief Regulatory Officer