



American Cotton Shippers Association  
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Via Electronic Submission

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

Re: Guidance Regarding the Listing of Voluntary Carbon Credits

Dear Mr. Kirkpatrick:

The American Cotton Shippers Association (“ACSA” or “we”) appreciates the opportunity to submit this letter in response to the Commodity Futures Trading Commission’s (“CFTC” or “Commission”) guidance regarding the listing of voluntary carbon credit derivatives contracts.

ACSA is a trade association primarily made up of cotton merchants founded in 1924. Collectively, our members handle the vast majority of U.S. cotton production and foreign growths traded globally. Our services consist of merchandising, delivery logistics, and risk management. As a part of our risk management responsibility, ACSA members are commercial hedgers, and we rely on CFTC-regulated markets to carry out this responsibility.

The cotton industry is united in supporting sustainability and agriculture having a positive impact on the environment. In recent years, ACSA has been working to identify commercial opportunities and risks associated with voluntary carbon markets (VCMs). While we believe that there are major potential opportunities, both in terms of commercial benefits and sustainability, associated with VCMs, we believe that there must be a collaborative focus between relevant U.S. government agencies and departments concerning the oversight of carbon markets to create commercial and regulatory certainty for market participants. ACSA supports the development of compliance standards for the measurement and verification of carbon for the purpose of developing effective price discovery and risk management.



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American agriculture has long led the world in terms of sustainability and innovation, and VCMs present a clear opportunity for agriculture to continue to adopt environmentally conscious practices through the economic benefits of free markets. As the agriculture space becomes increasingly involved in the monetization of carbon-friendly practices, it is vital for these markets to have the price discovery and transparency provided by efficient derivatives markets.

We believe that VCMs would greatly benefit from regulatory clarity and market standardization, as it would provide additional certainty for investors and encourage additional investment in these markets. ACSA supports the CFTC for being a first mover in providing this regulatory clarity, and we commend the Commission for fostering innovation in these markets. The CFTC has a role to play in ensuring that derivatives contracts based on underlying VCM spot markets are free from fraud and manipulation and provide market participants with accurate hedging tools.

We recognize that standardization and regulatory certainty for VCMs will require engagement from multiple regulatory bodies and goes beyond the regulatory authority of the CFTC. We look forward to further engagement from the U.S. Department of Agriculture (USDA) as they continue to engage with these markets, including through the work called for in the Growing Climate Solutions Act (GCSA). We believe that the Greenhouse Gas Technical Assistance Provider and Third-Party Certification Program Advisory Council called for in the GCSA will provide USDA with an appropriate venue to continue to explore these markets.

Again, ACSA commends the CFTC to provide market certainty for derivatives products based on underlying VCMs and to foster innovation that promotes environmental benefits and sustainability. ACSA would be glad to serve as a resource as the administration continues to consider these important issues.

Sincerely,

/s/ William Allen

William H. "Buddy" Allen  
American Cotton Shippers Association  
President and CEO