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New York, New York 10055

**BY ELECTRONIC TRANSMISSION**

Submission No. 23-155  
November 2, 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: Amendments to California Carbon Allowance Advance Auction Clearing Price Futures and Related Amendments**  
**Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.6(a)**

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended, and Commission Regulation 40.6(a), ICE Futures U.S., Inc. (“Exchange”) self-certifies amendments to Rule 18.D.049 in Subchapter D to Chapter 18 of the Exchange Rulebook. Specifically, the amendments provided in Exhibit A change the eligible futures contract underlying the California Carbon Allowance Advance Auction Clearing Price (“ACA”) futures contract from a CCA non-Vintage Specific futures contract to a CCA Vintage Specific futures contract, with a vintage three years advanced from the current calendar year and an expiry month following the month the auction is held. As an example, the amended February 2024 ACA contract would expire into a March 2024 California Carbon Allowance Specific Vintage 2027 Future (“CCV”), as opposed to a March 2024 California Carbon Allowance Vintage 2027 Future (“CB7”).<sup>1</sup>

The Exchange currently lists trade at auction settlement contracts which allow market participants to establish positions in CCA markets priced at a differential to the California Air Resources Board’s quarterly auctions. At expiration of the auction settlement contracts, a position-holder receives a position in the contract underlying the auction settlement contract (currently vintage non-specific futures) at the relevant settlement price of the applicable auction. The change provided in Exhibit A allows market participants additional granularity regarding pricing of advanced auctions, as the ACA contract’s settlement price is derived from the auction clearing price for the specific vintage of the advanced California Carbon Allowances (i.e. the same instruments underlying the applicable futures contracts).

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<sup>1</sup> The Exchange’s CCV futures are currently pending self-certification (*see Submission No. 23-148*) and are scheduled to be listed for trading on December 11, 2023.

In addition to the amendments provided in Exhibit A, the Exchange self-certifies amendments to Resolution No. 2 of Chapter 18, to align the position aggregation requirements for the ACA contract with the applicable CCA Vintage Specific futures contract. Positions held in the ACA contract are aggregated with the eligible CCA futures contract. The amendments align the aggregation requirements and require position aggregation with the applicable CCA Vintage Specific futures contract. Such amendments are provided in Exhibit B. All other aspects of the applicable product's terms and conditions remain unchanged.

The Exchange will make the amendments described herein effective on December 11, 2023, or no sooner than 10 business days after receipt of this submission by the Commission. The changes will be applicable for the February 2024 ACA contract, and all subsequent expirations, however, no expirations of the ACA contract currently have open interest.

## **Certifications**

The Exchange is not aware of any opposing views to the amendments and certifies that the amendments to the product's terms and conditions and Exchange rulebook 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 amendments comply with the following relevant Core Principles:

### **COMPLIANCE WITH RULES**

The terms and conditions of the applicable CCA futures contract are set forth in Subchapter D of Chapter 18 of the Exchange Rulebook, and will be enforced by the Exchange. In addition, trading of the contract continues to be subject to all relevant Exchange rules which are enforced by the Market Regulation Department.

### **AVAILABILITY OF GENERAL INFORMATION**

The amended terms and conditions of the applicable CCA futures contract will be available on the Exchange's website for public view.

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

The applicable CCA futures contract is not readily subject to manipulation as it is based on established and liquid underlying cash markets. In addition, trading of the contract continues to be monitored by the Market Regulation Department.

### **FINANCIAL INTEGRITY OF CONTRACTS**

The applicable CCA futures contract will continue to 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 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>). If you have any questions or need further information, please contact me at 312-836-6745 or at [patrick.swartz@ice.com](mailto:patrick.swartz@ice.com).

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick Swartzer". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Patrick Swartzer  
Director  
Market Regulation

Enc.

cc: Division of Market Oversight  
New York Regional Office

## Exhibit A

(In the text of the amendments below, additions are shown underscored  
and deletions are lined through.)

### **18.D.049 California Carbon Allowance Advance Auction Clearing Price**

**Contract Description:** The California Carbon Allowance Advance Auction Clearing Price contract is a cleared market for California Carbon Allowance (CCA) futures contracts at a premium or discount to the Advance Auction Settlement Price as published by the California Air Resources Board.

**Contract Symbol:** ACA

**Settlement Method:** 1 ACA contract expires into an eligible California Carbon Allowances futures contract

**Contract Size:** 1 California Carbon Allowances futures contract

**Currency:** USD

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

**Listing Cycle:** The Exchange may list contracts for trade on the standard listing cycle of February, May, August and November out two years. The Exchange may list any other calendar month contract sets off the standard-cycle listing schedule.

**Last Trading Day:** Trading shall cease at 3:00 p.m. (EPT) on the day on which the Joint Auction Summary Results Report ("Report") for the specified auction is scheduled to be released. Trading may be extended until 3:00 p.m. of the day that is the Last Trading Day for the eligible CCA futures contract (defined below) if the release of the Report is delayed for any reason. In the event that no Report is released due to cancellation of the auction, or release of the Report is delayed beyond the extension of trading permitted by the preceding sentence of this paragraph, the Last Trading Day will be determined by the Exchange as follows: (a) if notice of the auction cancellation or delay is issued by the California Air Resources Board on or prior to the 15<sup>th</sup> day of a calendar month, then trading shall cease at 3:00 p.m. (EPT) on the last Business Day of such month and (b) if such notice is given by the California Air Resources Board after the 15<sup>th</sup> calendar day of a month, then trading shall cease at 3:00 p.m. (EPT) on the tenth (10<sup>th</sup>) Business Day of the next calendar month.

**Deliverable Instruments:** All parties with open positions at expiry will establish equivalent long or short futures positions in the eligible CCA Vintage Specific futures contract on the Final Settlement Day. The eligible CCA futures contract is the CCA Vintage Specific futures contract with a vintage three years advanced from the current calendar year and an expiry month following the month the auction is held.

Open positions in the eligible CCA futures contract shall be priced at the respective [~~Current~~] Advance Auction Settlement Price as published by the California Air Resources Board in the Report. In the event that an auction is cancelled, or the release of the Report is delayed beyond the extension of trading permitted by this Rule, or no [~~Current~~] Advance Auction Settlement Price is published in the Report, an alternative settlement price that is equal to the higher of the applicable Auction Reserve Price published by the California Air Resources Board, and the settlement price of the eligible CCA futures contract on the Final Settlement Day, shall be determined by the Exchange.

**Final Settlement Day:** Final Settlement Day will be the day which is the Last Trading Day.

**MIC CODE:** IFED

**CLEARING VENUE:** ICEU

**[REMAINDER OF RULEBOOK UNCHANGED]**

**Exhibit B**

<b>Rule</b>	<b>Contract Name</b>	<b>Commodity Code</b>	<b>Market Type</b>	<b>Contract Size</b>	<b>Unit of Trading</b>	<b>Spot Month Limit</b>	<b>Single Month Accountability Level</b>	<b>All Month Accountability Level</b>	<b>Aggregate 1 (Positive Correlation)</b>
18.D.049	California Carbon Allowance Advance Auction Clearing Price	ACA	Physical Environmental	1	California Carbon Allowances futures contract	<del>[25,000]</del> 4,500	<del>[25,000]</del> 4,500	<del>[30,000]</del> 4,500	<del>[CB6]</del> CCV <sup>1</sup>
18.D.024	California Carbon Allowance Specific Vintage 2027 Future	CCV	Physical Environmental	1,000	California Carbon Allowances	4,500	4,500	4,500	CCV

<sup>1</sup>Demonstrates the current iteration of product aggregation, however, subsequent expirations' aggregation requirements will be applicable to relevant vintage-year.

**[REMAINDER OF RESOLUTION UNCHANGED]**