

**SUBMISSION COVER SHEET**

**IMPORTANT:** Check box if Confidential Treatment is requested

**Registered Entity Identifier Code (optional):** 23-463

**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):** 12/04/23    **Filing Description:** Amendments to the CBL Global Emissions Offset Futures Contract

**SPECIFY FILING TYPE**

**Please note only ONE choice allowed per Submission.**

**Organization Rules and Rule Amendments**

- |                          |                                     |            |
|--------------------------|-------------------------------------|------------|
| <input type="checkbox"/> | Certification                       | § 40.6(a)  |
| <input type="checkbox"/> | Approval                            | § 40.5(a)  |
| <input type="checkbox"/> | Notification                        | § 40.6(d)  |
| <input type="checkbox"/> | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/> | SIDCO Emergency Rule Change         | § 40.10(h) |

**Rule Numbers:**

**New Product**

**Please note only ONE product per Submission.**

- |                          |                                       |            |
|--------------------------|---------------------------------------|------------|
| <input type="checkbox"/> | Certification                         | § 40.2(a)  |
| <input type="checkbox"/> | Certification Security Futures        | § 41.23(a) |
| <input type="checkbox"/> | Certification Swap Class              | § 40.2(d)  |
| <input type="checkbox"/> | Approval                              | § 40.3(a)  |
| <input type="checkbox"/> | Approval Security Futures             | § 41.23(b) |
| <input type="checkbox"/> | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> | Swap Submission                       | § 39.5     |

**Official Product Name:**

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

- |                                     |   |                      |
|-------------------------------------|---|----------------------|
| <input checked="" type="checkbox"/> | Certification   | § 40.6(a)            |
| <input type="checkbox"/>            | Certification Made Available to Trade Determination     | § 40.6(a)            |
| <input type="checkbox"/>            | Certification Security Futures                          | § 41.24(a)           |
| <input type="checkbox"/>            | Delisting (No Open Interest)                            | § 40.6(a)            |
| <input type="checkbox"/>            | Approval  | § 40.5(a)            |
| <input type="checkbox"/>            | Approval Made Available to Trade Determination          | § 40.5(a)            |
| <input type="checkbox"/>            | Approval Security Futures                               | § 41.24(c)           |
| <input type="checkbox"/>            | Approval Amendments to enumerated agricultural products | § 40.4(a), § 40.5(a) |
| <input type="checkbox"/>            | “Non-Material Agricultural Rule Change”                 | § 40.4(b)(5)         |
| <input type="checkbox"/>            | Notification  | § 40.6(d)            |

**Official Name(s) of Product(s) Affected:** See filing.

**Rule Numbers:** See filing.

December 4, 2023

**VIA ELECTRONIC PORTAL**

Mr. Christopher J. Kirkpatrick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, N.W.  
Washington, D.C. 20581

**Re: CFTC Regulation 40.6(a). Amendments to the CBL Global Emissions Offset  
Futures Contract.  
NYMEX Submission No. 23-463**

Dear Mr. Kirkpatrick:

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) is certifying to the Commodity Futures Trading Commission (“CFTC” or “Commission”) amendments to the CBL Global Emissions Offset Futures contract (Commodity Code: GEO; Rulebook Chapter 1269) effective on December 19, 2023.

Specifically, NYMEX Rulebook Chapter 1269 incorporates by reference screening criteria established under the CBL Standard Instruments Program (“CBL SIP”). This screening criteria in the CBL SIP includes a requirement that emissions offset units have certain issuance vintages. For ease of our market participants’ review, the Exchange is implementing amendments to copy such issuance vintage criteria directly into NYMEX Rulebook Chapter 1269. The Exchange previously provided the marketplace with such clarification via [SER 9197](#) dated May 11, 2023. The amendments are intended to simply codify such clarification in NYMEX Rulebook Chapter 1269. These amendments do not change the eligible issuance vintages established in the CBL Standard Instrument Program or, correspondingly, NYMEX Rulebook Chapter 1269.

Amendments to NYMEX Chapter 1269 are provided in Appendix A below in blackline format.

NYMEX reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the amendments may have some bearing of the following Core Principle:

- **Availability of General Information:** The Exchange shall update Rulebook Chapter 1269 on the CME Group website upon the effective date of this submission.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to the 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 (312) 466-7478 or via e-mail at [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Timothy Elliott  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A – Amendments to NYMEX Chapter 1269 (blackline format)

## EXHIBIT A

### Chapter 1269 CBL Global Emissions Offset Futures

#### 1269100. SCOPE OF CHAPTER

This chapter is limited in application to CBL 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 Global Emissions Offset Futures bought or sold for future delivery on the Exchange with the delivery of emissions offsets that meet all GEO Screening Criteria, including CORSIA Eligibility requirements (as defined below).

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 “CORSIA” shall mean the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), as further identified and described [here](#), a global market-based measure (GMBM) established by the International Civil Aviation Organization (ICAO) as part of a basket of greenhouse gas mitigation measures.

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

The term “GEO Screening Criteria” means the voluntary emissions offset unit screening criteria established under the CBL Standard Instruments Program to identify voluntary emission offset units as eligible for physical delivery under the GEO spot contract listed under Schedule 15 of the CBL Market Operating Rules, found [here, which includes the requirements that emissions offset units have issuance vintages of 2016 to 2020 \(“CORSIA Pilot Phase”\) and be registered with one of the ICAO CORSIA Approved Registries \(as defined below\)](#).

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

1. American Carbon Registry (ACR)
2. Climate Action Reserve (CAR)
3. Verra Registry, operated by Verified Carbon Standard (VCS)

The term “CBL Market” shall mean the commodity trading system integrated with ICAO CORSIA 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).

#### 1269101. CONTRACT SPECIFICATIONS

The CBL Global Emissions Offset Futures contract physically delivers emissions offsets that meet all GEO Screening Criteria, including CORSIA Eligibility.

Deliverable emissions offsets under this Chapter shall be identified as such by the applicable approved eligible emissions unit program, according to each program’s respective CORSIA Eligibility criteria.

#### 1269102. TRADING SPECIFICATIONS

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

##### **1269102.A. Trading Schedule**

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

##### **1269102.B. Trading Unit**

The contract unit shall be one thousand (1,000) emissions (environmental) offsets meeting 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.

**1269102.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).

**1269102.D. Special Price Fluctuations Limits**

At the commencement of each trading day, the contract shall be subject to special fluctuation limits as set forth in Rule 589 and in the Special Price Fluctuation Limits Table in the Interpretations & Special Notices Section of Chapter 5.

**1269102.E. 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.

**1269102.F. 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.

**1269102.G. Final Settlement**

The final settlement price for the delivery month shall be the CBL Markets Global Emissions Offsets (GEO) Spot Price on the last trade date. The final settlement price shall be the basis for delivery.

**1269103. DELIVERY**

CBL 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.

**1269104. 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 each of the ICAO CORSIA Approved Registries included in the GEO Screening Criteria 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 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 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.

The seller and the seller's clearing member shall comply with such requirements and obligations imposed by or under any ICAO CORSIA Approved Registries requirement, and in all respect material to the submission of the delivery of emissions offsets noted in this rule. The buyer and the buyer's clearing member shall comply with such requirements and obligations imposed by or under any ICAO CORSIA Approved Registries requirement, and in all respect material to ensure the acceptance of a

valid transfer into its holding 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 Market or any ICAO CORSIA 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 ICAO CORSIA Approved Registries requirement. These amendments include, but are not limited to, amendments to the ICAO 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.

#### **1269104.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, 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.

#### **1269104.B. Final Settlement Price**

The final settlement price shall be the basis for delivery.

#### **1269104.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.

### **1269105. TIMING OF DELIVERY**

For purposes of this Rule 1269105:

"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 ICAO CORSIA 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.

### **1269106. DELIVERY MARGINS AND PAYMENT**

#### **1269106.A. Definitions**

For purposes of this Rule 1269106:

"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).

#### **1269106.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.

**1269106.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. on the next business day on which the CBL Market wire, or bank access to it, is operable.

**1269107.**

**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.