

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

GLOBAL CARBON OPPORTUNITY
(CAYMAN) FUND LTD., 1798 CENTER
MASTER FUND LTD., and ALTANA
PROTECTIVE ALPHA STRATEGY FUND
SLP,

Plaintiffs,

-against-

CME GROUP INC. and NEW YORK
MERCANTILE EXCHANGE, INC.,

Defendants.

Case No. _____

COMPLAINT

JURY TRIAL DEMANDED

Plaintiffs Global Carbon Opportunity (Cayman) Fund Ltd. (the “GCO Fund”), 1798 Center Master Fund Ltd. (the “Center Fund”), and Altana Protective Alpha Strategy Fund SLP (“Altana Fund”) bring this action against Defendants CME Group Inc. (“CMEG”) and New York Mercantile Exchange, Inc. (“NYMEX”), and allege as follows:

SUMMARY OF THE ACTION

1. The Global Emissions Offset Futures Contract (the “GEO Futures Contract”) is a futures contract launched by Defendants CMEG and NYMEX and listed by Defendant NYMEX on Defendant CMEG’s Globex trading platform which provides for delivery of physical carbon offset credits. The GEO Futures Contract is governed by Chapter 1269 of the NYMEX Rulebook which, among other things, sets forth the contract specifications—including delivery standards for settlement.

2. Beginning in May 2023, Defendants CMEG and NYMEX failed to enforce Chapter 1269 of the NYMEX Rulebook by, in bad faith, adopting an irrational and arbitrary

interpretation that altered a fundamental requirement of the GEO Futures Contract. Without adequate notice to the market, and contrary to the language, purpose, and intended use of the GEO Futures Contract, Defendants CMEG and NYMEX published an interpretation of the contract that removed the fundamental requirement of CORSIA eligibility for GEO Futures Contracts that would settle in 2024 and 2025.

3. As designed, the GEO Futures Contract created the possibility that a potential divergence could arise between the criteria for units that could be delivered to settle the spot market contract and the futures contract's core feature of CORSIA eligibility at the time of delivery. Rather than let market forces re-price the GEO Futures Contract after such divergence first arose in March 2023, Defendants CMEG and NYMEX elected to favor the short side of the trade through an irrational and arbitrary reading of the contract.

4. Upon information and belief, Defendants CMEG and NYMEX favored their larger, more profitable financial institution customers who lobbied for such interpretation because it favored their short-side trading positions. Defendants CMEG and NYMEX's choice to favor short-side positions aligned with their own economic interests because their liability to the short-side market participants from a defectively designed contract is potentially unlimited.

5. Between November 2022 and May 2023, each Plaintiff purchased significant amounts of GEO Futures Contracts for settlement in December 2024 ("GEO Futures Contract Dec. 24") and GEO Futures Contracts for settlement in December 2025 ("GEO Futures Contract Dec. 25").

6. The plain and unambiguous language in Chapter 1269 of the NYMEX Rulebook at the time that Plaintiffs purchased the contracts directed that the carbon emissions units for settlement of the contract must meet two sets of requirements *at the time of delivery*:

(a) “CORSIA Eligibility” requirements, which are set and updated by the International Civil Aviation Organization (“ICAO”), and (b) the “GEO Screening Criteria,” which are set by CBL Markets (“CBL”), a spot market operator for carbon credit trading.

7. “CORSIA Eligibility” is an inherently evolving set of requirements because ICAO, the United Nations agency which oversees the carbon emission-reducing market-based measure known as CORSIA, periodically updates and modifies which emissions units are considered CORSIA-eligible for each phase. The emissions units which may be delivered to settle any GEO Futures Contract necessarily change when ICAO changes which emissions units may be CORSIA-eligible.

8. Chapter 1269 of the NYMEX Rulebook at the time that Plaintiffs purchased the contracts reflected this dynamic structure by building in a live weblink to a webpage showing the most updated version of an ICAO document titled “CORSIA Eligible Emissions Units.” Defendants CMEG and NYMEX’s marketing materials expressly noted the dynamic and evolving CORSIA eligibility framework.

9. In March 2023, ICAO issued new CORSIA eligibility requirements that set forth the types of emissions units for the First Phase of ICAO’s CORSIA framework, which was scheduled to commence on January 1, 2024 and run through December 31, 2026. Older units from the “Pilot Phase” running from 2021 to 2023, including all units with vintages from 2016 to 2020, would no longer be CORSIA eligible after December 31, 2023 according to the relevant eligibility criteria from ICAO.

10. It follows, then, that as of March 2023, the only emissions units meeting the CORSIA Eligibility requirements such that they could be used to settle a GEO Futures Contract

expiring in December 2024 or 2025 were the emissions units identified by ICAO as CORSIA-eligible for use during the First Phase (2024 to 2026).

11. Despite the plain and unambiguous language of Chapter 1269 of the NYMEX Rulebook, Defendants CMEG and NYMEX published a statement, in the form of a Special Executive Report, to the market on or around May 11, 2023 (the “May 11, 2023 Special Executive Report”) which disregarded the dynamic and evolving nature of the CORSIA eligibility framework. Defendants CMEG and NYMEX thereby failed to enforce the delivery standards of Chapter 1269 as written and, instead, adopted, announced, and implemented an irrational and arbitrary interpretation of the delivery standards which did not evolve with the changing CORSIA eligibility requirements from ICAO.

12. In the May 11, 2023 Special Executive Report, Defendants CMEG and NYMEX announced that the GEO Futures Contracts could only be settled with emissions units with issuance vintages from 2016 to 2020, i.e., Pilot Phase units, which would not be CORSIA-eligible at the time of delivery for the GEO Futures Contract Dec. 24 or the GEO Futures Contract Dec. 25. This ignored one of the fundamental terms of the contract: that an emissions unit must be CORSIA-eligible at the time of delivery as per the criteria from ICAO. Such an interpretation was irrational and arbitrary as no rational person who read the contract terms and the promotional materials could have drawn such a conclusion.

13. An evolving CORSIA eligibility framework was plainly within the scope of factors that would impact the market price of the GEO Futures Contract. Under its terms, the difference between winning and losing on the contract could be the ability to assess and take a position based on the view that future supply of deliverable emissions units might be restricted due to more restrictive CORSIA eligibility criteria from ICAO. Plaintiffs’ long positions on the

contract reflected the view that the contract would appreciate in price due to a lower supply of CORSIA-eligible units for delivery, as well as added requirements likely to increase costs.

14. In issuing the May 11, 2023 Special Executive Report, Defendants CMEG and NYMEX effectively removed the market risk of the evolving CORSIA eligibility framework from the contract. Incredibly, under Defendants CMEG and NYMEX's view (as expressed in this report), there would be *no* CORSIA-eligible units that could be used to settle the GEO Futures Contracts in December 2024 and December 2025.

15. Defendants CMEG and NYMEX have since doubled down on this irrational and arbitrary interpretation by certifying to the Commodity Futures Trading Commission ("CFTC") a rule change to Chapter 1269 of the NYMEX Rulebook on December 4, 2023 (effective December 19, 2023) that expressly imposed the 2016 to 2020 vintage restriction, memorializing the elimination of CORSIA eligibility as set forth by ICAO as part of the delivery standard of the GEO Futures Contract while at the same obstinately continuing to claim that CORSIA eligibility is a feature of the GEO Futures Contract. Of course, if the GEO Futures Contract could have been rationally interpreted in the manner stated in the May 11, 2023 Special Executive Report, a change to the NYMEX Rulebook would have been unnecessary. The fact of the rule change is an admission that the original terms of the GEO Futures Contract dynamically incorporated ICAO's updates to CORSIA eligibility requirements.

16. In marked contrast to Defendants CMEG and NYMEX's mislabeled CORSIA-eligible futures contract, the Intercontinental Exchange, Inc.'s ("ICE") CORSIA Eligible Emissions Units (2024-2026) Futures Contract, which tracks actual First Phase CORSIA eligibility requirements, as of mid-March 2024 traded at approximately 20 times the price of the GEO Futures Contract.

17. Defendants CMEG and NYMEX's confused and irrational approach to its own product is further illustrated by the fact that the online version of Chapter 1269 of the NYMEX Rulebook, even after issuing the May 11, 2023 Special Executive Report and later amending the contract to purportedly add a vintage requirement to the delivery standard, as of mid-March 2024, continued to link to a version of the GEO Screening Criteria contained in an outdated version of the CBL Operating Rules that nowhere provided for a 2016 to 2020 vintage requirement.

18. Defendants CMEG and NYMEX's bad faith conduct and irrational and arbitrary interpretation suppressed the contract price and eliminated any upside to the long position.

19. As a result of Defendants CMEG and NYMEX's conduct, Plaintiffs incurred damages in connection with the GEO Futures Contract Dec. 24 and the GEO Futures Contract Dec. 25 no less than \$101 million for Plaintiff GCO Fund, \$38.6 million for Plaintiff Center Fund, and \$15.8 million for Plaintiff Altana Fund.

20. Plaintiffs GCO Fund and Altana Fund continue to hold positions in the December 2025 contract which trades at depressed levels as a result of Defendants CMEG and NYMEX's irrational and arbitrary acts.

21. Plaintiffs GCO Fund, Center Fund, and Altana Fund seek monetary judgments for the respective amount of damages caused to each Plaintiff.

PARTIES

22. Plaintiff GCO Fund is an investment fund managed by Lombard Odier Asset Management (USA) Corp. ("Lombard Odier"). Plaintiff GCO Fund is incorporated in the Cayman Islands and has its principal place of business in New York, New York.

23. Plaintiff Center Fund is an investment fund vehicle managed by Lombard Odier. Plaintiff Center Fund is incorporated in the Cayman Islands and has its principal place of business in New York, New York.

24. Plaintiff Altana Fund is an investment fund managed by Altana Wealth SARL. Plaintiff Altana Fund is a private limited liability company incorporated under the laws of Luxembourg and has its principal place of business in Luxembourg.

25. Defendant CMEG is a Delaware corporation with its principal place of business in Chicago, Illinois. CMEG operates four financial derivatives exchanges including Defendant NYMEX as well as the Chicago Mercantile Exchange, Chicago Board of Trade, and the Commodity Exchange. CMEG describes itself as the world's leading derivative marketplace, made up of these four exchanges. CMEG maintains an office and does substantial business in New York, New York.

26. Defendant NYMEX is a Delaware corporation with its principal place of business in New York, New York. NYMEX is a commodity futures exchange owned and operated by Defendant CMEG. NYMEX operates the exchange on which the GEO Futures Contracts at issue in this action are listed and on which Plaintiffs purchased the GEO Futures Contracts at issue in this action. NYMEX is a registered entity under the Commodity Exchange Act as a board of trade designated as a contract market under 7 U.S.C. § 7.

JURISDICTION AND VENUE

27. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. § 1331 because the Plaintiffs' claims arise under and pursuant to the Commodity Exchange Act, 7 U.S.C. § 1 et seq. This Court has supplemental subject matter jurisdiction over Plaintiffs'

common law claims pursuant to 28 U.S.C. § 1367(a) because the claims are so closely connected to the federal law claims brought herein as to form part of the same case or controversy.

28. Venue is proper in this District pursuant to 7 U.S.C. § 25(c) and 28 U.S.C. § 1391 because Defendants CMEG and NYMEX are found, reside, and/or transact business in this District, and because acts and transactions constituting the violations in this Complaint occurred in this District. In particular, Defendant CMEG has an office in this District with agents in this District, and Defendant NYMEX has its principal place of business in this District.

29. This Court has personal jurisdiction over Defendants CMEG and NYMEX because they are found or reside in this District, transacted business in this District, have substantial contacts in this District, and committed substantial acts in this District.

30. In connection with the acts alleges in this Complaint, Defendants CMEG and NYMEX used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications, and the facilities of the national securities markets.

FACTUAL ALLEGATIONS

I. Background on Carbon Offsets

31. Carbon offsets (also known as carbon credits) were developed as a means of lowering greenhouse gases in the atmosphere. In theory, a company, government, or individual could purchase a carbon offset in order to fund a project that reduces carbon emissions rather than changing their own behavior in a way that reduces carbon emissions. Examples of projects that reduce carbon emissions include developing renewable energy sources and reforestation.

32. The purchase and sale of carbon credits by companies, governments, and individuals is known as the carbon market. Carbon markets include both mandatory and voluntary programs.

33. Mandatory carbon markets are created and regulated by international, national, or regional regimes and typically limit (or cap) the total amount of greenhouse gases that can be emitted by a participant. Voluntary carbon markets, on the other hand, do not place limits or caps on their participants, but instead facilitate an emitter's purchase of carbon offsets because the emitter seeks to decarbonize its activities, usually at the insistence or request of its stakeholders.

34. For example, a company seeking to reduce its greenhouse gas emissions may purchase carbon credits in the voluntary carbon market in order to offset the impact that the company's carbon-emitting activities have on the atmosphere. Both mandatory and voluntary programs allow participants to purchase carbon offsets.

II. The International Civil Aviation Organization's Carbon Offsetting and Reduction Scheme for International Aviation

35. In or around October 2016, the member countries of the United Nation's International Civil Aviation Organization ("ICAO")—an agency that establishes standards and recommended practices for international air travel—adopted a resolution aimed at curbing the carbon pollution of international flights. This resolution launched the development of a global market-based measure—the Carbon Offsetting and Reduction Scheme for International Aviation ("CORSIA")—to limit the net carbon emissions of flights between participating countries.

36. Under CORSIA, airline operators are required to track and report their carbon emissions from international flights, and then demonstrate to ICAO that they met the carbon

offsetting requirements for the applicable compliance period. Each compliance period is three years (2021 to 2023, 2024 to 2026, 2027 to 2029, 2030 to 2032, and 2033 to 2035).

37. From its inception, the implementation of CORSIA was divided into three phases: (a) a voluntary phase from 2021 to 2023 (known as the “Pilot Phase”); (b) a voluntary phase from 2024 to 2026 (known as the “First Phase”); and (c) a mandatory phase from 2027 to 2035 (known as the “Second Phase”).

38. During the Pilot Phase and the First Phase, CORSIA only applies to international flights between countries that volunteered to take part in CORSIA. During the Second Phase, CORSIA applies to all international flights, subject to certain exceptions such as for the least developed countries and countries with a small share of international flights.

39. In order to meet CORSIA’s carbon offsetting requirements, airline operators can buy emissions units in the broader carbon market. ICAO determines which emissions units are eligible to satisfy CORSIA’s carbon offsetting requirements for the time period of each “phase” and publishes a list of those CORSIA-eligible emissions units in an ICAO document titled “CORSIA Eligible Emissions Units” on its website.

40. ICAO issued the first edition of this document in April 2020 and has updated it several times since.

41. In or around April 2020, ICAO announced an initial list of emissions units which would satisfy CORSIA’s carbon offsetting requirements for the Pilot Phase (2021-2023). This included emissions units supplied by six registries: American Carbon Registry, China GHG Voluntary Emission Reduction Program, Clean Development Mechanism, Climate Action Reserve, The Gold Standard, and Verified Carbon Standard. The “Eligibility Timeframe” for the

Pilot phase states: “Eligible for cancellation for use toward CORSIA offsetting requirements in the 2021 – 2023 compliance period.”

42. To be CORSIA-eligible for the Pilot Phase (2021-2023), the emissions units issued by these six registries also had to have been: (a) issued to activities that started their first crediting period from January 1, 2016, and (b) generated from emissions reductions occurring from January 1, 2016 through December 31, 2020. The time period requirement during which emissions reductions must have occurred is referred to as the emissions unit “vintage.” Thus, in order to be CORSIA-eligible for the Pilot Phase (2021-2023), these emissions units had to have a 2016 to 2020 vintage.

43. In or around November 2022, ICAO updated the list of CORSIA-eligible emissions units for the Pilot Phase. This update added three more registries which could supply CORSIA-eligible emissions units: Architecture for REDD+ Transactions, Forest Carbon Partnership Facility, and Global Carbon Council. In order to be CORSIA-eligible for the Pilot Phase (2021-2023), emissions units supplied by the nine identified registries also had to have been (a) issued to activities that started their first credit reporting period from January 1, 2016, and (b) have a 2016 to 2020 vintage (or, for two of the registries, a vintage of 2016 to 2023). The Eligibility Timeframe for these Pilot Phase units remained from 2021 to 2023.

44. In or around March 2023, ICAO again updated the list of CORSIA-eligible emissions units. This updated list included the same CORSIA-eligible emissions units for the Pilot Phase (2021-2023) and—for the first time—separately identified new CORSIA-eligible emissions units *for the First Phase (2024-2026)*.

45. The CORISA-eligible emissions units for the First Phase (2024-2026) included emissions units supplied by two registries: American Carbon Registry and Architecture for

REDD+ Transactions. The emissions units also had to: (a) have been issued to activities that started their first crediting period from January 1, 2016 (similar to the Pilot Phase), and (b) *have a 2021 to 2026 vintage*.

46. Both approved registries and the vintage requirement for CORSIA-eligible emissions units for the First Phase (2024-2026) were different from CORSIA-eligible emissions units for the Pilot Phase (2021-2023). The “Eligibility Timeframe” for the First Phase states: “Eligible for cancellation for use toward CORSIA offsetting requirements in the 2024 – 2026 compliance period.”

III. Carbon Credit Futures Trading

47. As the carbon markets grew in size, the financial services industry created a derivative financial instrument that tracked carbon credits: carbon credit futures contracts. Similar to traditional commodity futures contracts, carbon credit futures contracts allow a market participant to purchase or sell a physical carbon credit to be delivered at a specific date for a specific price.

48. On or around February 11, 2021, Defendant NYMEX certified to the CFTC the initial listing of the GEO Futures Contract for trading on Defendant CMEG’s Globex electronic trading platform.

49. On or around March 3, 2021, the GEO Futures Contract was launched.

50. Defendant CMEG is the parent company of Defendant NYMEX and controls the operations of Defendant NYMEX. Defendant CMEG’s personnel have authority for Defendant NYMEX, including by, among other things, communicating market and other information to market participants, other third parties, and the public generally. Defendant CMEG also takes responsibility for formulating and communicating interpretative guidance of the NYMEX

Rulebook including, as relevant here, in the May 11, 2023 Special Executive Report. Defendant CMEG refers to itself as launching the GEO Futures Contract.

51. In or around September 2023, ICE announced that it would offer a futures contract that tracked CORSIA eligibility. ICE launched the CORSIA Eligible Emissions Units (2024-2026) Futures Contract, which tracks actual CORSIA eligibility requirements (i.e., delivery of First Phase units), on or around October 9, 2023.

52. ICE's CORSIA Eligible Emissions Units (2024-2026) Futures Contract for December 31, 2024 settlement has traded as high as \$20.05. ICE's CORSIA Eligible Emissions Units (2024-2026) Futures Contract for December 31, 2025 settlement traded as high as \$15.05.

IV. The NYMEX Rule Governing the GEO Futures Contract

53. Chapter 1269 of the NYMEX Rulebook governs GEO Futures Contracts including the GEO Futures Contract Dec. 24 and the GEO Futures Contract Dec. 25.

54. The initial version of Chapter 1269 of the NYMEX Rulebook which was operative at the time the GEO Futures Contract was launched and at the time that Plaintiffs purchased interests in the GEO Futures Contracts Dec. 24 and Dec. 25, is attached as Exhibit A.

55. Section 1269101 of Chapter 1269 (Exhibit A), titled Contract Specifications, stated: "The CBL Global Emissions Offset Futures contract physically delivers emissions offsets that meet all GEO Screening Criteria, including CORSIA Eligibility." Based on these contract specifications, it was an essential term of the GEO Futures Contract Dec. 24 and the GEO Futures Contract Dec. 25 that the emissions units for delivery must both be CORSIA eligible and meet the GEO Screening Criteria requirements *at the time of delivery*.

56. That means, for the GEO Futures Contract Dec. 24 and Dec. 25, the emissions units for delivery must be CORSIA-eligible as of December 31, 2024 and December 31, 2025, respectively.

57. At the time that Defendants CMEG and NYMEX launched the GEO Futures Contract, there were no CORSIA-eligible emissions units to settle the GEO Futures Contract Dec. 24 and Dec. 25 since ICAO had not yet announced the criteria for CORSIA-eligible emissions units for the First Phase (2024-2026).

58. That changed in March 2023 when ICAO issued the revised list of CORSIA-eligible emissions units which included—for the first time—CORSIA-eligible emissions units for the First Phase (2024-2026).

59. Based on this revised list, the only CORSIA-eligible emissions units which could be used to settle the GEO Futures Contract Dec. 24 and Dec. 25 were emissions units for the First Phase (2024-2026). This included emissions units supplied by either the American Carbon Registry or the Architecture for REDD+ Transactions registry and which: (a) had been issued to activities that started their first crediting period from January 1, 2016, and (b) had a 2021 to 2026 vintage.

60. Plaintiffs purchased their long positions (detailed below) in the GEO Futures Contracts Dec. 24 and Dec. 25 with the reasonable expectation that these evolved (and narrowed) CORSIA-eligible emissions units would be delivered to settle the GEO Futures Contract Dec. 24 in December 2024 and to settle the GEO Futures Contract Dec. 25 in December 2025.

V. Correct Interpretation of Chapter 1269 of the NYMEX Rulebook

61. It was an essential term of the GEO Futures Contract Dec. 24 and Dec. 25 that the emissions units for delivery both be CORSIA-eligible and meet the GEO Screening Criteria requirements *at the time of delivery*.

62. The only rational and reasonable way to interpret the plain language of Chapter 1269 (Exhibit A) is as follows:

A. CORSIA Eligibility

63. Section 1269100 of Chapter 1269 (Exhibit A), titled Scope of Chapter, defined “CORSIA Eligibility” as “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 “here” directs to a webpage which is therefore incorporated into the NYMEX Rulebook.

64. Specifically, the “here” linked to an ICAO webpage which provided links to two other documents. First, “ICAO document ‘CORSIA Emissions Unit Eligibility Criteria.’” Second, “ICAO document ‘CORSIA Eligible Emissions Units.’”

65. The second ICAO document (CORSIA Eligible Emissions Units) contains a list of the CORSIA-eligible emissions units which can satisfy an airline’s carbon offsetting requirements over each phase. This document has been updated on multiple occasions, and the ICAO webpage linked in the definition of “CORSIA Eligibility” in Chapter 1269 of the NYMEX Rulebook was also updated to contain the most updated version of the document. The emissions units which are delivered to settle any GEO Futures Contract must meet the requirements as articulated in this document at the time of delivery.

66. Since March 2023, the “CORISIA Eligible Emissions Unit” document linked in the definition of “CORISIA Eligibility” reflects that the only CORISIA-eligible emissions units for 2024 to 2026 (i.e., the First Phase) are emissions units supplied by two registries—American Carbon Registry and Architecture for REDD+ Transactions—which: (a) have been issued to activities that started their first crediting period from January 1, 2016, and (b) have a 2021 to 2026 vintage.

B. GEO Screening Criteria

67. Section 1269100 of Chapter 1269 (Exhibit A), titled Scope of Chapter, defined “GEO Screening Criteria” as “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 16 of the CBL Market Operating Rules, found [here](#).”

68. The “[here](#)” linked to a webpage containing a PDF file of the CBL Market Operating Rules (version 3.3) containing Schedule 16. Because the link directed to the CBL Market Operating Rules and Schedule 16, both the CBL Market Operating Rules and Schedule 16 were incorporated into the GEO Futures Contract.¹

69. Schedule 16 further defined “CBL GEO Standards Instruments Program” as “the program sponsored by [CBL] as set out herein, where each qualifying Unit allocated to Participant’s Registry Account: (i) is duly registered at an Approved Registry; and (ii) meets

¹ Unlike the CORISIA Eligibility “[here](#)” link in the NYMEX Rulebook webpage, which was updated to reflect changes to CORISIA’s list of eligible emissions units, as late as mid-March 2024, the “[here](#)” link to the CBL Market Operating Rule continued to direct the reader to the 2019 version. Even after amending the GEO Futures Contract in December 2023, purportedly in the interest of clarity, Defendants CMEG and NYMEX continued to send confused and conflicting signals to market participants, further illustrating their irrational and arbitrary conduct.

eligibility criteria consistent with that published by the [ICAO] as and referenced in Annex 16 – Environmental Protection, Volume IV – [CORSIA], *as such criteria may be updated from time to time*, including but not limited to project type, and project commencement date” (emphasis added).

70. Based on this definition, in order to meet the “GEO Screening Criteria,” an emissions unit for delivery must: (a) have been registered at an approved registry at the time of delivery; and (b) be CORISA-eligible at the time of delivery.

71. CBL identified the following as “Approved Registries”: Verra, Climate Action Reserve Registry, American Carbon Registry, and Gold Standard Registry.

72. And, as explained above, CORSIA Eligibility at the time of delivery during the First Phase (2014 to 2026) (based on the current version of the CORSIA Eligible Emissions Unit document) meant emissions units supplied by two registries—American Carbon Registry and Architecture for REDD+ Transactions—which: (a) have been issued to activities that started their first crediting period from January 1, 2016, and (b) have a 2021 to 2026 vintage.

73. Based on the above definitions of “CORSIA Eligibility” and “GEO Screening Criteria” as of CORISA’s March 2023 announcement of the First Phase CORSIA-eligible emissions units, the only emissions units which could be used to settle the original GEO Futures Contract Dec. 24 and the GEO Futures Contract Dec. 25 (Exhibit A) were the emissions units supplied by the American Carbon Registry which (a) were issued to activities that started their first crediting period from January 1, 2016, and (b) have a 2021 to 2026 vintage.

74. Defendants CMEG and NYMEX’s own marketing materials for the GEO Futures Contract, including on Defendant CMEG’s website, demonstrated that this interpretation of Chapter 1269 of the NYMEX Rulebook (Exhibit A) was correct, i.e., that the emissions units for

settlement evolved based on the changes that CORSIA makes to its approved emissions units. These marketing materials were intentionally produced and disseminated by Defendants CMEG and NYMEX for the purpose of inducing market participants, such as Plaintiffs, to purchase interests in the GEO Futures Contract.

75. Defendants CMEG and NYMEX's marketing materials for the GEO Futures Contract prior to Plaintiffs' purchase of interests in the contract stated (emphases added):

- “The GEO contract is a ‘seller’s option’ contract, meaning that a firm that expires short with intent of making delivery against the futures contract selects which eligible registry it will deliver[] carbon offsets from. All participants that chose to make or take delivery must be registered with CBL and with the three eligible carbon registries ahead of futures expiration. *Firms taking delivery will receive an offset credit from a registry and project that meets the CORSIA criteria.*”
- “Emission offset futures from CME Group allow for the selling and buying of carbon credits issued in specific vintage years. The vintage years vary based on the specific contract. *For GEO, vintage years are linked to the CORSIA framework. Any change in the vintage eligibility is determined by the changes in this standard.*”

76. In determining whether to purchase open interests in the GEO Futures Contracts, Plaintiffs reviewed, analyzed, and relied upon these marketing materials produced and disseminated by Defendants CMEG and NYMEX.

77. For Defendants CMEG and NYMEX to interpret Chapter 1269 differently than set forth above and as advertised in their marketing materials is further evidence of their irrational and arbitrary conduct.

VI. Defendants CMEG and NYMEX's Communications with Plaintiffs

78. In or around April and early May 2023 (and prior to May 11, 2023), representatives of Plaintiffs and representatives of Defendant CMEG discussed the GEO Futures Contract and Plaintiffs' open interest in those positions.

79. On or around April 20, 2023, representatives of Plaintiffs GCO Fund and Center Fund contacted Defendants CMEG and NYMEX through the Director of Energy and Environmental Products for Defendant CMEG to set up a call to discuss the GEO Futures Contract and informed this Director that Plaintiffs GCO Fund and Center Fund held a significant open interest on the GEO Futures Contract.

80. On or around April 21, 2023, representatives of Plaintiffs GCO Fund and Center Fund then had a phone call with this Director during which they discussed Plaintiffs GCO Fund and Center Fund's significant open interest in the GEO Futures Contracts Dec. 24 and Dec. 25 and the standards for delivery pursuant to those contracts. During this call, the Director of Energy and Environmental Products for Defendants CMEG informed Plaintiffs GCO Fund and Center Fund that Defendants CMEG and NYMEX intended to conduct a market consultation regarding the standards for delivery for the GEO Futures Contract.

81. On or around April 24, 2023 and May 9, 2023, representatives of Plaintiffs GCO Fund and Center Fund sent letters to the Director of Energy and Environmental Products for Defendant CMEG regarding the same topics. The Director confirmed that she shared the letters with her team within Defendants CMEG and NYMEX, and Defendants would be in touch with Plaintiffs GCO Fund and Center Fund about them.

82. On or around April 20, 2023, representatives of Plaintiff Altana Fund contacted Defendants CMEG and NYMEX through the Director of Energy and Environmental Products for Defendant CMEG to set up a call to discuss the GEO Futures Contract and informed this Director that Plaintiffs Altana Fund held a significant open interest on the GEO Futures Contract.

83. On or around April 27, 2023, representatives of Plaintiff Altana Fund had a phone call with this Director during which they discussed Plaintiff Altana Fund's significant open

interest in the GEO Futures Contracts Dec. 24 and Dec. 25 and the standards for delivery pursuant to those contracts.

84. On or around May 8, 2023, representatives of Plaintiff Altana Fund had a second phone call with this Director during which they again discussed Plaintiff Altana Fund's significant open interest in the GEO Futures Contracts Dec. 24 and Dec. 25 and the standards for delivery pursuant to those contracts.

85. Based on these conversations and correspondence, Defendant CMEG had knowledge of the specific contracts between Plaintiffs and Defendant NYMEX.

VII. Defendants CMEG and NYMEX's Failure to Enforce the NYMEX Rules and GEO Futures Contract

86. Despite that Chapter 1269 of the NYMEX Rulebook (Exhibit A) was clear that the emissions units for physical delivery to settle the GEO Futures Contract evolve and change with the CORSIA eligibility determinations made by ICAO, on May 11, 2023, Defendants CMEG and NYMEX published the May 11, 2023 Special Executive Report stating that the emissions units for physical delivery to settle the GEO Futures Contract—including the Dec. 24 and Dec. 25 contracts—were the CORSIA-eligible emissions units *for the Pilot Phase (2021-2023)*—and not CORSIA-eligible emissions units for the First Phase (2024-2026) which CORSIA had announced in March 2023.

87. The May 11, 2023 Special Executive Report stated, on Defendant CMEG letterhead:

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) currently lists a physically-deliverable CBL Global Emissions Offset Futures contract (Rulebook Chapter 1269; Commodity Code: GEO) (the “Contract”) for trading on the CME Globex electronic platform (“CME Globex”) and for submission for clearing via CME ClearPort.

....

By way of this notice, the Exchange is reminding market participants that emissions units eligible to satisfy delivery requirements under the [GEO Futures] Contract shall be emissions offsets that meet all GEO Screening Criteria, including CORSIA Eligibility (as such terms are defined in the Rulebook), which shall continue to be issuance vintages from 2016 to 2020 and registered with one of the following registries: a) American Carbon Registry (ACR); b) Climate Action Reserve (CAR); c) Verra Registry, operated by Verified Carbon Standard (VCS). For the avoidance of doubt, the criteria for physical delivery eligibility are unchanged from prior to this notice and will remain so for any currently listed expiry month and any to-be-listed expiry month in the [GEO Futures] Contract.

88. Defendants CMEG and NYMEX failed to enforce Chapter 1269 of the NYMEX Rulebook by taking the position that the GEO Futures Contract could only be settled by delivery of emissions units for the Pilot Phase (2021 to 2023)—emissions units with vintages from 2016 to 2020—which, as of the settlement date for the December 2024 and December 2025 contracts, would not be CORSIA-eligible.

89. Defendants CMEG and NYMEX's interpretation, in effect, removed CORSIA eligibility from the GEO Future Contract Dec. 24 and Dec. 25.

90. Defendants CMEG and NYMEX's interpretation of Chapter 1269 of the NYMEX Rulebook was also irrational and arbitrary as the contract specifications and definitions within Chapter 1269 clearly and plainly directed that the emissions units for delivery of the GEO Futures Contract must be CORISA-eligible *at the time of delivery*. Based on the above correct interpretation, the only CORSIA-eligible emissions units for settlement of the GEO Futures Contract Dec. 24 and the GEO Futures Contract Dec. 25 were the CORSIA-eligible emissions units for the First Phase.

91. Defendants CMEG and NYMEX later doubled down on their irrational and arbitrary interpretation of Chapter 1269 of the NYMEX Rulebook. On or around December 4,

2023, Defendant NYMEX certified to the CFTC an amendment to the GEO Futures Contract to explicitly restrict the deliverables to Pilot Phase emissions units.

92. This amendment removed CORSIA eligibility from the GEO Futures Contract because Pilot Phase emissions units would not, under ICAO's updated requirements, be CORSIA-eligible at the time of delivery to physically settle the Dec 24. and Dec 25. contracts.

93. This was an admission by Defendants CMEG and NYMEX that their interpretation of Chapter 1269 of the NYMEX Rulebook as articulated in the May 11, 2023 Special Executive Report was irrational and arbitrary. Had Defendants CMEG and NYMEX's interpretation been rational and correct, Defendants CMEG and NYMEX would not have needed to amend the contract terms.

94. Upon information and belief, Defendants CMEG and NYMEX knowingly acted in bad faith, in furtherance of their own self-interest, and with an ulterior motive in failing to enforce Chapter 1269 of the NYMEX Rulebook.

95. First, Defendants CMEG and NYMEX failed to enforce Chapter 1269 in order to benefit certain larger, more profitable financial institution customers which lobbied for such interpretation because it favored their short positions on the GEO Futures Contract Dec. 24 and the GEO Futures Contract Dec. 25.

96. These financial institutions generate millions of dollars annually for Defendants CMEG and NYMEX through fees generated across a range of markets and products. By failing to enforce Chapter 1269, Defendants CMEG and NYMEX knowingly and intentionally sought to appease these firms and secure their business—and accompanying fee generation—into the future.

97. Second, Defendants CMEG and NYMEX failed to enforce Chapter 1269 in order to limit their own potential liability arising from their defectively designed GEO Futures Contract.

98. Defendants CMEG and NYMEX knew that there was disagreement among market participants on either side of the trade as to the correct interpretation of Chapter 1269 of the NYMEX Rulebook based on discussions with those market participants. Based on these discussions, Defendants CMEG and NYMEX knew that their interpretation of Chapter 1269 after ICAO announced the First Phase emissions units would result in monetary losses to one side of the trade or the other, exposing Defendants CMEG and NYMEX to potential liability.

99. Defendants CMEG and NYMEX knowingly, intentionally, and willfully sought to limit their future liability by interpreting Chapter 1269 in the way that would limit or cap that liability—that is, by interpreting Chapter 1269 to benefit the short side of the trade by requiring delivery of Pilot Phase emissions units. Defendants CMEG and NYMEX knew that they would be exposed to unlimited liability if they correctly interpreted Chapter 1269 to require delivery of First Phase emissions units.

100. Defendants CMEG and NYMEX made the decision to favor the short side of the trade in the context of a recent and similarly self-interested decision made by the London Metal Exchange (“LME”). On March 8, 2022, LME suspended trading in its nickel market and canceled approximately \$12 billion of nickel trades that had been made that day after the price of nickel surged to over \$100,000 per ton (around 500% of recent trading levels).

101. Upon information and belief, in making this decision to suspend trading and cancel trades, LME recognized that, by favoring the short side of the trade, it could protect itself

from default and also bail out the market participants holding short positions which stood to suffer unlimited losses as the market price of nickel continued to increase.

102. Defendants CMEG and NYMEX were aware of this significant market event and similarly sought to limit their damages by favoring the short side of the GEO Futures Contract. To do so, they knowingly and intentionally failed to enforce Chapter 1269 as written and adopted and implemented an irrational and arbitrary interpretation.

103. Third, Defendants CMEG and NYMEX also acted in bad faith by making false and misleading statements to Plaintiffs on or around April 2023—prior to the issuance of the May 11, 2023 Special Executive Report.

104. A representative of Defendants CMEG and NYMEX, the Director of Energy and Environment Products at Defendant CMEG, spoke with representatives of Plaintiffs in or around April 2023 and informed them that Defendants CMEG and NYMEX intended to hold a market consultation regarding the stands for delivery for the GEO Futures Contracts in light of ICAO's March 2023 announcement of the First Phase CORSIA-eligible emissions units.

105. However, upon information and belief, Defendants CMEG and NYMEX in fact had no intention to hold a market consultation or otherwise consider interpreting Chapter 1269 in a way that would expose them to limitless liability and harm their influential and fee-generating clients. In fact, around the same time that the Director of Energy and Environment Products at Defendant CMEG, spoke with representatives of Plaintiffs, she (or other representatives of Defendants CMEG and NYMEX) told other market participants that the deliverables for the GEO Futures Contracts would be CORSIA-eligible emissions units for the Pilot Phase (2021 to 2023).

106. Defendants CMEG and NYMEX never held a market consultation. Instead, Defendants CMEG and NYMEX wrote and published the May 11, 2023 Special Executive Report announcing their irrational and arbitrary interpretation of Chapter 1269.

VIII. Plaintiffs' Trades and Resulting Damages from Defendants CMEG and NYMEX's Unlawful Actions

107. As a result of Defendants CMEG and NYMEX's conduct, Plaintiffs suffered damages in connection with the GEO Futures Contract Dec. 24 and the GEO Futures Contract Dec. 25 no less than \$101 million for Plaintiff GCO Fund, \$38.6 million for Plaintiff Center Fund, and \$15.8 million for Plaintiff Altana Fund.

108. Defendants CMEG and NYMEX's unlawful actions caused these damages in two ways:

109. First, as detailed further below, Plaintiffs GCO Fund, Center Fund, and Altana Fund purchased open interests on the GEO Futures Contract Dec. 24 and Plaintiffs GCO Fund and Altana Fund purchased long positions on the GEO Futures Contract Dec. 25 prior to the issuance of the May 11, 2023 Special Executive Report. Having analyzed the contract, Plaintiffs rightly concluded that the supply of CORSIA-eligible emissions units for delivery in December 2024 and December 2025 would be reduced upon ICAO's announcement of the First Phase CORISA-eligible emissions units. In other words, they correctly predicted that the First Phase emissions units would be a smaller subset of CORSIA-eligible emissions units and therefore limited in supply.

110. As a result of Defendants CMEG and NYMEX's release of the May 11, 2023 Special Executive Report containing its irrational and arbitrary interpretation of Chapter 1269 of the NYMEX Rulebook that only Pilot Phase emissions units could be used to settle the contract, however, the supply of deliverable units remained the same (or larger), and the price of the GEO

Futures Contract Dec. 24 and GEO Futures Contract Dec. 25 were artificially suppressed. Plaintiffs were forced to exit their positions at a significantly lower price than the positions had been purchased to avoid further losses based on Defendants CMEG and NYMEX's unlawful actions, and Plaintiffs lost the difference between their purchase price and artificially-deflated sale price.

111. Second, Plaintiffs lost significant profits—the benefit of their bargain—as a result of Defendants CMEG and NYMEX's conduct. Had Defendants CMEG and NYMEX properly enforced the delivery standards in Chapter 1269 of the NYMEX Rulebook, the price of the GEO Futures Contract Dec. 24 and GEO Futures Contract Dec. 25 would have significantly increased when the supply of the CORSIA-eligible emissions units for settlement of the contracts was restricted as a result of the more stringent First Phase CORSIA Eligibility delivery standard. Plaintiffs' investments in the GEO Futures Contracts would have then significantly increased. Defendants CMEG and NYMEX's failure to enforce Chapter 1269 of the NYMEX Rulebook directly caused Plaintiffs to forego significant profits.

112. The fact that there would have been a significant increase in the price of the GEO Futures Contract Dec. 24 and GEO Futures Dec. 25 is evidenced by the actual prices at which ICE's CORSIA Eligible Emissions Units (2024-2026) Futures Contract traded. ICE's CORSIA Eligible Emissions Units (2024-2026) Futures Contract for December 31, 2024 settlement has traded as high as \$20.05. ICE's CORSIA Eligible Emissions Units (2024-2026) Futures Contract for December 31, 2025 settlement traded as high as \$15.05.

A. Plaintiff GCO Fund

113. Prior to May 11, 2023, Plaintiff GCO Fund purchased \$16,337,096 of open interest in 5,018 tons of GEO Futures Contracts Dec. 24. The average price at which Plaintiff GCO Fund purchased those interests was \$3.26.

114. After the issuance of the May 11, 2023 Special Executive Report reflecting Defendants CMEG and NYMEX's failure to enforce Chapter 1269 of the NYMEX Rulebook, Plaintiff GCO Fund sold those interests in the GEO Futures Contracts Dec. 24 for \$4,283,841. The average price at which Plaintiff GCO Fund sold those interests was \$0.85. As a result of Defendants CMEG and NYMEX's unlawful actions, Plaintiff GCO Fund incurred damages of \$12,053,254.

115. Had Defendants CMEG and NYMEX's correctly enforced Chapter 1269 of the NYMEX Rulebook, upon information and belief, the price of the GEO Futures Contract Dec. 24 purchased by Plaintiff GCO Fund (5,018 tons) would have been as high as \$20.05.² At that price, Plaintiff GCO Fund's interest in the GEO Futures Contracts Dec. 24 would have been worth \$100,610,900. Plaintiff GCO Fund therefore lost profits of \$84,273,805 based on Defendants CMEG and NYMEX's unlawful actions.

116. Prior to May 11, 2023, Plaintiff GCO Fund purchased \$765,000 of open interest in 350 tons of GEO Futures Contracts Dec. 25. The average price at which Plaintiff GCO Fund purchased those interests was \$2.19. In or around January 2024, Plaintiff GCO Fund sold 4 tons of those interests at an average price of \$0.94 for a loss of \$4,983.

² This price is based on the highest price of ICE's CORSIA Eligible Emissions Units (2024-2026) Futures Contract for December 31, 2024 settlement.

117. Had Defendants CMEG and NYMEX correctly enforced Chapter 1269 of the NYMEX Rulebook, upon information and belief, the price of the GEO Futures Contract Dec. 25 purchased by Plaintiff GCO Fund (350 tons) would have been as high as \$15.05.³ At that price, Plaintiff GCO Fund's interest in the GEO Futures Contracts Dec. 25 would have been worth \$5,267,500. Plaintiff GCO Fund therefore lost profits of \$4,502,500 based on Defendants CMEG and NYMEX's unlawful actions.

118. Plaintiff GCO Fund also paid \$238,176 in commissions and brokerage fees to place the trades in the GEO Futures Contract Dec. 24 and GEO Futures Contract Dec. 25.

B. Plaintiff Center Fund

119. Prior to May 11, 2023, Plaintiff Center Fund purchased \$7,760,000 of open interest in 2,000 tons of GEO Futures Contracts Dec. 24. The average price at which Plaintiff Center Fund purchased those interests was \$3.88.

120. After issuance of the May 11, 2023 Special Executive Report reflecting Defendants CMEG and NYMEX's failure to enforce Chapter 1269 of the NYMEX Rulebook, Plaintiff Center Fund sold all of its interests in the GEO Futures Contracts Dec. 24 for \$1,631,020. The average price at which Plaintiff Center Fund sold those interests was \$0.82. As a result of Defendants CMEG and NYMEX's unlawful actions, Plaintiff Center Fund incurred damages of \$6,128,981 on the GEO Futures Contract Dec. 24.

121. Had Defendants CMEG and NYMEX correctly enforced Chapter 1269 of the NYMEX Rulebook, upon information and belief, the price of the GEO Futures Contract Dec. 24

³ This price is based on the highest price of ICE's CORSIA Eligible Emissions Units (2024-2026) Futures Contract for December 31, 2025 settlement.

purchased by Plaintiff Center Fund (2,000 tons) would have been as high as \$20.05.⁴ At that price, Plaintiff Center Fund's interest in the GEO Futures Contracts Dec. 24 would have been worth \$40,100,000. Plaintiff Center Fund therefore lost profits of \$32,340,000 based on Defendants CMEG and NYMEX's unlawful actions.

122. Plaintiff Center Fund also paid \$88,734 in commissions and brokerage fees to place the trades in the GEO Futures Contract Dec. 24.

C. Plaintiff Altana Fund

123. Prior to May 11, 2023, Plaintiff Altana Fund purchased \$1,704,290 of open interest in 679 tons of GEO Futures Contracts Dec. 24. The average price at which Plaintiff Altana Fund purchased those interests was \$2.51.

124. After the issuance of the May 11, 2023 Special Executive Report reflecting Defendants CMEG and NYMEX's failure to enforce Chapter 1269 of the NYMEX Rulebook, Plaintiff Altana Fund sold all of its interests in the GEO Futures Contracts Dec. 24 (679 tons) for \$709,905. The average price at which Plaintiff Altana Fund sold those interests was \$1.05. As a result of Defendants CMEG and NYMEX's unlawful actions, Plaintiff Altana Fund incurred damages of \$994,385 on the GEO Futures Contract Dec. 24.

125. Had Defendants CMEG and NYMEX correctly enforced Chapter 1269 of the NYMEX Rulebook, upon information and belief, the price of the GEO Futures Contract Dec. 24 purchased by Plaintiff Altana Fund (679 tons) would have been as high as \$20.05.⁵ At that price, Plaintiff Altana Fund's interest in the GEO Futures Contracts Dec. 24 would have been worth

⁴ This price is based on the highest price of ICE's CORSIA Eligible Emissions Units (2024-2026) Futures Contract for December 31, 2024 settlement.

⁵ This price is based on the highest price of ICE's CORSIA Eligible Emissions Units (2024-2026) Futures Contract for December 31, 2024 settlement.

\$13,613,950. Plaintiff Altana Fund therefore lost profits of \$11,909,660 based on Defendants CMEG and NYMEX's unlawful actions.

126. Prior to May 11, 2023, Plaintiff Altana Fund purchased \$476,000 of open interest in 200 tons of GEO Futures Contracts Dec. 25. The average price at which Plaintiff Altana Fund purchased those interests was \$2.38.

127. After the issuance of the May 11, 2023 Special Executive Report reflecting Defendants CMEG and NYMEX's failure to enforce Chapter 1269 of the NYMEX Rulebook, Plaintiff Altana Fund sold all of its interests in the GEO Futures Contracts Dec. 25 for \$166,000. The average price at which Plaintiff Altana Fund sold those interests was \$0.83. As a result of Defendants CMEG and NYMEX's unlawful actions, Plaintiff Altana Fund incurred damages of \$310,000 on the GEO Futures Contract Dec. 25.

128. Had Defendants CMEG and NYMEX correctly enforced Chapter 1269 of the NYMEX Rulebook, upon information and belief, the price of the GEO Futures Contract Dec. 25 purchased by Plaintiff Altana Fund (200 tons) would have been as high as \$15.05.⁶ At that price, Plaintiff Altana Fund's interest in the GEO Futures Contracts Dec. 25 would have been worth \$3,010,000. Plaintiff Altana Fund therefore lost profits of \$2,534,000 based on Defendants CMEG and NYMEX's unlawful actions.

129. Plaintiff Altana Fund also paid \$14,612 in commissions and brokerage fees to place the trades in the GEO Futures Contract Dec. 24 and GEO Futures Contract Dec. 25.

⁶ This price is based on the highest price of ICE's CORSIA Eligible Emissions Units (2024-2026) Futures Contract for December 31, 2025 settlement.

CLAIMS FOR RELIEF

COUNT 1

**Violation of the Commodity Exchange Act (7 U.S.C. § 25)
Against Defendant NYMEX**

130. Plaintiffs repeat and reallege paragraphs 1-129 above as if fully set forth herein.

131. Defendant NYMEX is a registered entity under the Commodity Exchange Act, 7 U.S.C. § 1a(40), as a board of trade designated as a contract market pursuant to 7 U.S.C. § 7.

132. Defendant NYMEX is required by the Commodity Exchange Act to establish, monitor, and enforce compliance with the rules of the contract market including the terms and conditions of any contracts to be traded on the contract market including Chapter 1269 of the NYMEX Rulebook governing the GEO Futures Contract Dec. 24 and the GEO Futures Contract Dec. 25.

133. Defendant NYMEX failed to enforce Chapter 1269 of the NYMEX Rulebook as written and, instead, adopted, announced, and implemented an irrational and arbitrary interpretation of Chapter 1269 of the NYMEX Rulebook. Defendant NYMEX failed to enforce the contractual delivery standards set forth in Chapter 1269 which govern the GEO Futures Contract by announcing and implementing a rule in the May 11, 2023 Special Executive Report and subsequent rule amendment that the GEO Futures Contract could only be settled with CORSIA-eligible emissions units for the Pilot Phase rather than CORSIA-eligible emissions units for the First Phase.

134. Defendant NYMEX knew that the interpretation of the delivery standards for settlement of the GEO Futures Contract announced in the May 11, 2023 Special Executive Report was an inaccurate, irrational, and arbitrary interpretation of Chapter 1269.

135. Defendant NYMEX acted in bad faith, in self-interest, and with an ulterior motive in failing to enforce Chapter 1269 because it did so to benefit and protect itself and larger financial institutions that held the opposite position of Plaintiffs on the contracts.

136. Defendant NYMEX sought to limit its liability to market participants by disfavoring the long side of the trade, whose losses were limited to the value of their position, over the short side of the trade, whose losses would increase without any limitation as market prices increased.

137. Defendant NYMEX's interpretation of Chapter 1269 was also so irrational and arbitrary as to support an inference of constructive bad faith. No reasonable person could have interpreted the delivery standards of Chapter 1269 as articulated in the May 11, 2023 Special Executive Report.

138. Defendant NYMEX's failure to enforce Chapter 1269 of the NYMEX Rulebook caused Plaintiffs to incur actual damages. Plaintiff GCO Fund incurred damages of over \$101 million, Plaintiff Center Fund incurred damages of over \$38.6 million, and Plaintiff Altana Fund incurred damages of \$15.8 million.

139. Between November 2022 and May 11, 2023, Plaintiffs GCO Fund, Center Fund, and Altana Fund purchased open interests on the GEO Futures Contract Dec. 24, and Plaintiffs GCO Fund and Altana Fund purchased open interests on the GEO Futures Contract Dec. 25. Plaintiff GCO Fund purchased 5,018 tons of the GEO Futures Contract Dec. 24 for \$16,337,096 and 350 tons of the GEO Futures Contract Dec. 25 for \$765,000. Plaintiff Center Fund purchased 2,000 tons of the GEO Futures Contract Dec. 24 for \$7,760,000. Plaintiff Altana Fund purchased 679 tons of GEO Futures Contract Dec. 24 for \$1,704,290 and 200 tons of the GEO Futures Contract Dec. 25 for \$476,000.

140. As a result of Defendant NYMEX's publication of the May 11, 2023 Special Executive Report containing its irrational and arbitrary interpretation of Chapter 1269 of the NYMEX Rulebook, the price of the GEO Futures Contract Dec. 24 and GEO Futures Contract Dec. 25 were artificially suppressed. Plaintiffs were forced to exit their positions at significantly lower prices than the positions had been purchased to avoid further losses based on Defendant NYMEX's unlawful actions.

141. As set forth above, Plaintiffs also lost significant profits from their trades based on Defendant NYMEX's irrational and interpretation of Chapter 1269 of the NYMEX Rulebook. Had Defendant NYMEX correctly enforced and interpreted the delivery standards in Chapter 1269 of the NYMEX Rulebook, the price of the GEO Futures Contract Dec. 24 and GEO Futures Contract Dec. 25 would have significantly increased when the supply of the CORISA-eligible emissions units for settlement of the contracts was restricted as a result of the more stringent CORISA Eligibility delivery standard. Plaintiffs' investments in the GEO Futures Contracts would have then significantly increased, and Defendant NYMEX's actions in failing to enforce and correctly interpret Chapter 1269 of the NYMEX Rulebook directly caused Plaintiffs to lose significant profits.

COUNT 2

Promissory Estoppel Against Defendant CMEG

142. Plaintiffs repeat and reallege paragraphs 1-141 above as if fully set forth herein.

143. Defendant CMEG clearly and unambiguously made promises to Plaintiffs in the marketing materials for the GEO Futures Contract that the delivery standards would require CORSIA-eligible emissions units at the time of delivery and that, if Plaintiffs traded the GEO Futures Contract on the NYMEX exchange, they would receive emission units that were

CORSIA-eligible at the delivery date. Defendant CMEG also clearly and unambiguously made a promise to Plaintiffs that the delivery standards would evolve with the changes made by ICAO to the CORSIA-eligible emissions units.

144. Defendant CMEG’s marketing materials—which were generally made available and widely disseminated to market participants (including Plaintiffs)—expressly described the dynamic and evolving CORSIA eligibility framework.

145. Defendant CMEG’s marketing materials for the GEO Futures Contract prior to Plaintiffs’ purchase of interest in the contracts stated (emphases added):

- “The GEO contract is a ‘seller’s option’ contract, meaning that a firm that expires short with intent of making delivery against the futures contract selects which eligible registry it will deliver[] carbon offsets from. All participants that chose to make or take delivery must be registered with CBL and with the three eligible carbon registries ahead of futures expiration. *Firms taking delivery will receive an offset credit from a registry and project that meets the CORSIA criteria.*”
- “Emission offset futures from CME Group allow for the selling and buying of carbon credits issued in specific vintage years. The vintage years vary based on the specific contract. *For GEO, vintage years are linked to the CORSIA framework. Any change in the vintage eligibility is determined by the changes in this standard.*”

146. Plaintiffs reviewed Defendant CMEG’s marketing materials and substantially, reasonably, and foreseeably relied on Defendant CMEG’s promises therein in purchasing significant amounts of GEO Futures Contract Dec. 24 and Dec. 25.

147. Based on Defendant CMEG’s promises, between November 2022 and May 11, 2023, Plaintiffs GCO Fund, Center Fund, and Altana Fund purchased open interests on the GEO Futures Contract Dec. 24, and Plaintiffs GCO Fund and Altana Fund purchased open interests on the GEO Futures Contract Dec. 25.

148. Plaintiff GCO Fund purchased 5,018 tons of the GEO Futures Contract Dec. 24 for \$16,337,096 and 350 tons of the GEO Futures Contract Dec. 25 for \$765,000. Plaintiff

Center Fund purchased 2,000 tons of the GEO Futures Contract Dec. 24 for \$7,760,000.

Plaintiff Altana Fund purchased 679 tons of GEO Futures Contract Dec. 24 for \$1,704,290 and 200 tons of the GEO Futures Contract Dec. 25 for \$476,000.

149. It was expected and foreseeable to Defendant CMEG that Plaintiffs would rely on the statements in the marketing materials for the GEO Futures Contract. The purpose of the marketing materials was to promote the GEO Futures Contract so that market participants, including Plaintiffs, would purchase interests in the contract.

150. Plaintiffs suffered injury as a result of their reliance on Defendant CMEG's promises after Defendants CMEG and NYMEX failed to enforce the GEO Futures Contract by irrationally and arbitrarily interpreting it as articulated in the May 11, 2023 Special Executive Report such that CORISA-eligible emissions would not be delivered to settle the contract as Defendant CMEG had promised to Plaintiffs.

151. As a result of Defendants CMEG and NYMEX's failure to enforce the terms of the contract, the price of the GEO Futures Contract Dec. 24 and GEO Futures Contract Dec. 25 were artificially suppressed, and Plaintiffs were forced to exit their positions at significantly lower prices than the positions had been purchased to avoid further losses. Plaintiffs sold out of their positions in the GEO Futures Contracts Dec. 24 and Dec. 25 at a significantly lower price than they had purchased the interests.

152. Plaintiffs also lost significant profits from their trades based on Defendant CMEG's promises and Plaintiffs' reliance on those promises. Had Defendants CMEG and NYMEX enforced Chapter 1269 as promised to Plaintiffs in the marketing materials, the price of the GEO Futures Contract Dec. 24 and GEO Futures Contract Dec. 25 would have significantly increased when the supply of the CORISA-eligible emissions units for settlement of the contracts

was restricted as a result of the more stringent CORSIA Eligibility delivery standard. Plaintiffs' investments in the GEO Futures Contracts would have then significantly increased, and Defendants CMEG and NYMEX's actions in failing to enforce and correctly interpret Chapter 1269 of the NYMEX Rulebook directly caused Plaintiffs to lose substantial investments and profits.

153. Plaintiffs' substantial, reasonable, and foreseeable reliance on Defendant CMEG's promises as to the delivery standards of Chapter 1269 of the NYMEX Rulebook caused Plaintiff GCO Fund to incur damages of over \$101 million, Plaintiff Center Fund to incur damages of over \$38.6 million, and Plaintiff Altana Fund to incur damages of \$15.8 million. Given Defendant CMEG's bad faith conduct as detailed above and the significant amount of monetary loss caused, these damages were unconscionable.

COUNT 3

Breach of Contract Against Defendant NYMEX

154. Plaintiffs repeat and reallege paragraphs 1-153 above as if fully set forth herein.

155. Chapter 1269 of the NYMEX Rulebook (i.e., the GEO Futures Contracts Dec. 24 and Dec. 25) functioned as a valid and enforceable contract between each Plaintiff and Defendant NYMEX. Pursuant to the terms of the GEO Futures Contract at the time that Plaintiffs purchased the contracts (Exhibit A), Defendant NYMEX was required to ensure physical delivery of emissions units considered to be CORSIA-eligible at the time of delivery—that is, meet ICAO's CORSIA requirements for the First Phase. For the GEO Futures Contract Dec. 24 and Dec. 25 that was, according to ICAO guidance, emissions units supplied by the American Carbon Registry which (a) were issued to activities that started their first crediting period from January 1, 2016, and (b) have a 2021 to 2026 vintage.

156. Plaintiffs performed in accordance with the contract terms. Plaintiff GCO Fund purchased 5,018 tons of the GEO Futures Contract Dec. 24 for \$16,337,096 and 350 tons of the GEO Futures Contract Dec. 25 for \$765,000. Plaintiff Center Fund purchased 2,000 tons of the GEO Futures Contract Dec. 24 for \$7,760,000. Plaintiff Altana Fund purchased 679 tons of GEO Futures Contract Dec. 24 for \$1,704,290 and 200 tons of the GEO Futures Contract Dec. 25 for \$476,000.

157. Defendant NYMEX breached its contracts with Plaintiffs by informing the market through the May 11, 2023 Special Executive Report that the standards for delivery required emissions units which would not be CORSIA-eligible at the time of delivery for the GEO Futures Dec. 24 and Dec. 25.

158. As a result of Defendant NYMEX's breach, Plaintiffs suffered damages.

159. As a result of Defendant NYMEX's breach of the GEO Futures Contract Dec. 24 and Dec. 25, the price of the GEO Futures Contract Dec. 24 and GEO Futures Contract Dec. 25 were artificially suppressed, and Plaintiffs were forced to exit their positions at significantly lower prices than the positions had been purchased to avoid further losses. Plaintiffs sold out of their positions in the GEO Futures Contracts Dec. 24 and Dec. 25 at a significantly lower price than they had purchased the interests.

160. Plaintiffs also lost significant profits from their trades based on Defendant NYMEX's breach of the GEO Futures Contract Dec. 24 and Dec. 25. Had Defendant NYMEX not breached the GEO Futures Contracts Dec. 24 and Dec. 25 and enforced the correct standards for delivery (of CORSIA-eligible emissions units for the First Phase), the price of the GEO Futures Contract Dec. 24 and GEO Futures Contract Dec. 25 would have significantly increased when the supply of the CORISA-eligible emissions units for settlement of the contracts was

restricted as a result of the more stringent CORSIA-eligibility delivery standard. Plaintiffs' investments in the GEO Futures Contracts would have then significantly increased.

161. Defendant NYMEX's breach of the GEO Futures Contract Dec. 24 and Dec. 25 directly caused Plaintiff GCO Fund to incur damages of over \$101 million, Plaintiff Center Fund to incur damages of over \$38.6 million, and Plaintiff Altana Fund to incur damages of \$15.8 million.

COUNT 4

Tortious Interference with Contractual Relations Against Defendant CMEG

162. Plaintiffs repeat and reallege paragraphs 1-161 above as if fully set forth herein.

163. Chapter 1269 of the NYMEX Rulebook (i.e., the GEO Futures Contracts Dec. 24 and Dec. 25) functioned as a valid contract between each Plaintiff and Defendant NYMEX. Pursuant to the terms of the GEO Futures Contract (Exhibit A), Defendant NYMEX was required to ensure physical delivery of emissions units considered to be CORSIA-eligible at the time of delivery—that is, meet ICAO's CORSIA requirements for the First Phase. For the GEO Futures Contract Dec. 24 and Dec. 25 that was, according to ICAO guidance, emissions units supplied by the American Carbon Registry which (a) were issued to activities that started their first crediting period from January 1, 2016, and (b) have a 2021 to 2026 vintage.

164. Defendant CMEG knew that Plaintiffs and Defendant NYMEX had entered into this contract. As detailed above, in or around April and early May 2023 (and prior to May 11, 2023), representatives of Plaintiffs and representatives of Defendant CMEG discussed the GEO Futures Contract and Plaintiffs' open interest in those positions. Based on these conversations and correspondence, Defendant CMEG had knowledge of the specific contracts between Plaintiffs and Defendant NYMEX.

165. Defendant NYMEX breached its contracts with Plaintiffs by informing the market through the May 11, 2023 Special Executive Report that the standards for delivery required emissions units which would not be CORSIA-eligible at the time of delivery for the GEO Futures Contracts Dec. 24 and Dec. 25.

166. Defendant CMEG intentionally, with malice, and in bad faith, caused Defendant NYMEX to breach those contracts with Plaintiffs by requiring and directing Defendant NYMEX to make an erroneous statement to the market in the May 11, 2023 Special Executive Report which was in conflict with the actual terms of the contracts. While the terms of the GEO Futures Contracts Dec. 24 and Dec. 25 (Exhibit A) required delivery of emissions units considered to be CORSIA-eligible at the time of delivery—that is, meet ICAO’s CORSIA requirements for the First Phase—Defendant CMEG caused Defendant NYMEX to announce an irrational and arbitrary interpretation of that contract term that required, instead, delivery of emissions units that would not be CORSIA-eligible at the time of delivery in December 2024 and December 2025 (i.e., emissions units for the Pilot Phase). Defendant NYMEX knew the correct interpretation of the standards of the delivery for the GEO Futures Contract yet nonetheless wrote and issued the May 11, 2023 Special Executive Report.

167. Defendant CMEG acted intentionally, with malice, and in bad faith, for the purpose of benefiting and protecting itself and larger financial institutions that held the opposite position of Plaintiffs on the contracts. Defendant CMEG’s interference with the GEO Futures Contract was without legal or moral justification, and Defendants’ interpretation articulated in the May 11, 2023 Special Executive Report was so irrational and arbitrary as to support a finding of bad faith.

168. The May 11, 2023 Special Executive Report was issued on Defendant CMEG's letterhead and representatives of Defendant CMEG informed Plaintiffs' representatives as to the May 11, 2023 Special Executive Report and Defendant NYMEX's position articulated therein.

169. As a result of Defendant NYMEX's breach resulting from Defendant CMEG's intentional conduct, Plaintiffs suffered damages.

170. As a result of Defendant CMEG procurement of Defendant NYMEX's breach of the GEO Futures Contract Dec. 24 and Dec. 25, the price of the GEO Futures Contract Dec. 24 and GEO Futures Contract Dec. 25 were artificially suppressed, and Plaintiffs were forced to exit their positions at significantly lower prices than the positions had been purchased to avoid further losses. Plaintiffs sold out of their positions in the GEO Futures Contracts Dec. 24 and Dec. 25 at a significantly lower price than they had purchased the interests.

171. Plaintiffs also lost significant profits from their trades based on Defendant CMEG procuring Defendant NYMEX's breach of the GEO Futures Contract Dec. 24 and Dec. 25. Had Defendant NYMEX not breached the GEO Futures Contracts Dec. 24 and Dec. 25 and enforced the correct standards for delivery (of CORSIA-eligible emissions units for the First Phase), the price of the GEO Futures Contract Dec. 24 and GEO Futures Contract Dec. 25 would have significantly increased when the supply of the CORISA-eligible emissions units for settlement of the contracts was restricted as a result of the more stringent CORISA eligibility delivery standard. Plaintiffs' investments in the GEO Futures Contracts would have then significantly increased.

172. Defendant CMEG procurement of Defendant NYMEX's breach of the GEO Futures Contract Dec. 24 and Dec. 25 directly caused Plaintiff GCO Fund to incur damages of

over \$101 million, Plaintiff Center Fund to incur damages of over \$38.6 million, and Plaintiff Altana Fund to incur damages of \$15.8 million.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs respectfully request relief as follows:

- a. Judgment in Plaintiffs' favor and against Defendants CMEG and NYMEX in an amount to be determined at trial and no less than \$101 million for Plaintiff GCO Fund, \$38.6 million for Plaintiff Center Fund, and \$15.8 million for Plaintiff Altana Fund;
- b. That Plaintiffs be awarded their reasonable attorneys' fees and cost of suit; and
- c. Such other legal, equitable, or further relief as the Court may deem just and proper.

DEMAND FOR JURY TRIAL

173. Plaintiffs hereby demand a jury trial on all issues triable by jury.

Dated: June 14, 2024
New York, New York

CLARK SMITH VILLAZOR LLP

By: /s/ Patrick J. Smith

Patrick J. Smith
Selbie L. Jason
666 Third Avenue, 21st Floor
New York, New York 10017
(212) 377-0850
patrick.smith@csvllp.com
selbie.jason@csvllp.com

Attorneys for Plaintiffs Global Carbon Opportunity (Cayman) Fund Ltd., 1798 Center Master Fund Ltd., and Altana Protective Alpha Strategy Fund SLP

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 16 of the CBL Market Operating Rules, found [here](#).

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 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.