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## 1. What is the ACE?

### 1.1 Description of the ACE

The IATA Aviation Carbon Exchange (ACE) is a centralized marketplace where airlines and other aviation stakeholders can trade CORSIA eligible emission units, as well as emission units for voluntary offsetting purposes.

The ACE provides a secure, intuitive destination for airlines to access real-time data with full price transparency. A secure and easy-to-use trading environment, the ACE offers the largest pool of available emissions reductions within carbon markets.

The exchange is open to all airlines (IATA and non-IATA) and carbon market participants seeking to trade voluntary emissions reduction units, as well as those that are CORSIA compliant.

Airlines trading on the ACE will benefit from [IATA's Simplified Invoicing and Settlement \(SIS\)](#) and [IATA Clearing House](#) for seamless, risk-free settlement of funds. This option for invoicing and settlement will be available for airlines in Q4, 2020. Until then, airline settlement will occur through CBL Market's settlement process.

The ACE platform is offered in partnership with [Xpansiv CBL Holding Group \(XCHG\)](#), and is powered by [CBL Markets \(CBL\)](#), an XCHG company. The exchange will be rolled out in a phased approach, in terms of trading options, with full integration into the CBL trading platform and IATA's settlement systems expected during the fourth quarter of 2020.

### 1.2 What is IATA?

The International Air Transport Association (IATA) is the trade association for the world's airlines, representing 290 airlines—82% of total air traffic. IATA supports many areas of aviation activity and helps formulate industry policy on critical issues.

### 1.3 What is CBL Markets?

CBL Markets, an XCHG company, provides access to the world's energy and environmental commodity markets, facilitating the secure and seamless trading of commodities like carbon, renewable energy, water, and gas.

Since its inception in 2009, CBL Markets has operated the only exchange marketplace for third-party verified voluntary carbon offsets registered and issued by recognized standards, including:

- [Verified Carbon Standard \(VCS/Verra\)](#)
- [Climate Action Reserve \(CAR\)](#)
- [American Carbon Registry \(ACR\)](#)
- The [Gold Standard](#)
- The United Nation's [Clean Development Mechanism \(CDM\)](#) \* expected in Q4 2020

CBL also offers cleared spot trading for products associated with:

- The [Regional Greenhouse Gas Initiative \(RGGI\)](#)
- The [California Cap-and-Trade program](#)
- The US EPA's [Cross-State Air Pollution Rule \(CSAPR\)](#)
- US Renewable Energy Markets and RECs
- Australian Renewable Energy and Gas Markets
- Australian Water Market
- In the voluntary carbon market, CBL participants have transacted more than 50 million tCO<sub>2</sub>e.
- As exchange trading has become more widely adopted, CBL has established itself as the industry leader.
- CBL registered record trading volumes in December 2019, January 2020, February 2020, and March 2020, with 2.2 million, 2.8 million, 3.0 million, and 3.7 million tCO<sub>2</sub>e traded each month, respectively.

#### 1.4 Why is the ACE necessary?

- The ACE provides a trusted, proven venue for airlines to meet voluntary goals and CORSIA obligations. The ACE will simplify navigation of the carbon markets and help participants save time and money.
- The ACE removes financial and compliance risks for airlines by ensuring that they are investing in CORSIA eligible emission units



- The ACE reduces financial risk for airlines as they invest in a low-carbon future.
- The ACE will act as the catalyst and channel where carbon offset project developers and carbon market participants have direct and instant market access to airlines and other aviation stakeholders.
- ACE reduces the costs and administrative burden of contracting parties and removes the need for agreements typically needed when buying carbon offsets (e.g. ERPAs)

### 1.5 What are the benefits of the ACE?

- **Access:** All CORSIA-eligible emission units are accessible from one screen.
- **Simplicity:** Easy-to-use, single-venue interface:
  - Select by project type, state/region, standard, or vintage
  - Links to detailed project information direct from trading screen
- **Secure Trading:** Electronic clearing and minimal settlement time and delivery of products and funds, eliminating counterparty risk.
- **Extensible:** Trade directly with a wide range of participants (including brokers, intermediaries, and project developers), removing the need for ERPAs.
- **Increased Liquidity:** The exchange provides price transparency and liquidity across multiple compliance markets.
- **Connectivity:** The exchange electronically interfaces with registries to facilitate seamless trading of products:
  - American Carbon Reserve (ACR)
  - Climate Action Reserve (CAR)
  - Gold Standard (GS)
  - Verified Carbon Standard (VCS/Verra)
  - UNFCCC Clean Development Mechanism (CDM) - In progress
- **Safe and Secure Settlement:** Seamless in-fund trading for airlines using IATA's [Simplified Invoicing and Settlement \(SIS\)](#) and [Clearing House \(ICH\)](#) system.
- **Marketplace Trading:** Easily select between marketplaces, e.g., between dedicated CORSIA-eligible emissions market and other markets that fulfill mandatory offset obligations or voluntary demands.

## 2. How to Join the ACE:

### 2.1 Who can join? Is ACE only available for airlines?

- ACE can be accessed by all airlines and carbon-market participants, acting as buyers or sellers.
- Access can be requested by:
  - o IATA and non-IATA member airlines and all other aviation stakeholders (e.g. airports.)
  - o Banks and commodity trading companies
  - o Carbon offset brokers and retailers
  - o Carbon offset project developers
  - o Active carbon market participants

### 2.2 Where to join?

- To join the ACE, interested parties first need to register and finalize the application process at <https://ace.iata.org>.
- Upon approval, ACE participants can access the trading platform through the portal at <https://ace.iata.org>.

### 2.3 How long does the onboarding process take?

Typically, ACE onboarding takes 2–3 weeks. The pace is predicated on the applicant providing the requested application documentation.

### 2.4 What type of documentation is required for access to the ACE?

Airlines applying to participate in the ACE already have an account with IATA, but will also need to submit an application to CBL Markets by visiting the portal at <https://ace.iata.org>.

All applicants will need to provide:

- o Company information.
- o Designated authorized representative(s) information and access level.
- o Registry account information, or if you're not already connected to a registry, you will be able to select registries ( Sections 4.9 and 4.10).
- o Depository bank account information.
- o Certificate of incorporation.
- o Copy of valid passport or driver's license for whomever is signing.
- o Evidence of authority to sign on behalf of the applicant.



## 2.5 Are CBL members automatically given access to the ACE?

- No—members of CBL Markets who would like to participate in the ACE can request access to the CORSIA marketplace via an abbreviated application.
- IATA will review each request and if approved, CBL members will be granted access to a CORSIA-specific workspace on the CBL Markets screen.

## 2.6 Are IATA members we automatically given access to the ACE?

- No—the ACE is a secure trading environment in which all participants have been reviewed by both IATA and CBL by providing all necessary documentation, including KYC and AML information (Section 2.4).
- As such, members of IATA must apply for access at <https://ace.iata.org>.
- Once all necessary information for registration has been accepted, an email will be sent with further instructions.
- IATA members will be granted free access to the ACE.

## 2.7 Can I join as a non-ICH member?

Yes—interested parties can visit <https://ace.iata.org> for instructions to apply for participation.

## 2.8 What are the fees to join the ACE?

- The ACE is free to join for airlines.
- For all other participants, the annual membership fee is \$2500/annually.
- If participants are not already connected to standard registries, there are fees associated with joining different registries (Section 4.5).
- CBL can facilitate connection with different registries, as indicated on the ACE Participant Application. The fee per registry is listed in Section 4.5.
- Once connections are established, CBL will set up an Environmental Management Account (EMA) account as part of our service. The EMA aggregates registry information for participants to view and manage all registry activity in one place (Section 5).

### 3. Trading on the ACE

#### 3.1 What do you charge to trade on the ACE?

- ACE does not apply a mark-up on the price of carbon but rather a fixed transaction fee per single unit. A unit equals to one (1) carbon credit representing one (1) tonne of CO<sub>2</sub>. We feel by applying a fixed fee per unit provides for highest cost transparency and consistency.
- The standard transaction fees charged by CBL are \$0.05 per unit paid by the buyer, thus if a unit is listed for \$1.00, this will result in a net cost of \$1.05.

#### 3.2 Is there a minimum volume of trading we are obligated to meet?

- No, but participants are encouraged to use the ACE to transact offset purchases for both voluntary and CORSIA-related offsetting; the ACE will only be as robust and useful as it is envisioned to be with high activity.
- The minimum volume on any given trade is 100 units.

#### 3.3 What are the ACE market hours?

The market will be open 23/7/365. There will be a maintenance period break once a day and that break is currently TBD.

#### 3.4 What currencies are supported by the ACE?

Currently, only USD will be supported by the ACE. As the program expands, additional currencies will be added.

#### 3.5 What volumes are being offered daily/monthly?

- CBL participants have transacted more than 50 million tCO<sub>2</sub>e since the company's inception in 2009.
- CBL registered record trading volumes in [December 2019](#), as well as [January](#), [February](#), and March 2020, with 2.2 million, 2.8 million, 3.0 million and 3.7 million tCO<sub>2</sub>e traded each month, respectively.
- While it is anticipated that there will be a long ramp-up period for posting and trading CORSIA-eligible units, voluntary units will be available right away for trading on the "Voluntary" tab of the ACE.
- Trading volumes may be impacted by COVID-19 in the short term.

### 3.6 How do I initiate a trade or purchase?

Please refer to the Step-by-Step Training Guide that will be provided upon acceptance to the ACE for instructions on how to initiate a trade or retire credits.

### 3.7 Where can I see what I've purchased or retired/cancelled? What is the difference between retired and cancelled?

- Retirements and cancellations are often used interchangeably. Carbon-market participants more commonly use “retirement,” while the states and ICAO more commonly use “cancellation.” For the purposes of this document, we will use both as a reference to the offset unit being removed from further circulation or accounting.
- Your purchase and retirement/cancellation activity can be found in the Environmental Management Account (EMA) or in your individual registry accounts (Section 5).

### 3.8 Will there be any specific training?

- There will be ongoing webinars to train participants on how to use the ACE.
- Please refer to <https://ace.iata.org> for a list of scheduled webinars, or submit your information to [ace@iata.org](mailto:ace@iata.org) to be added to our mailing list with updates on upcoming events, trainings, and information.
- Participants can follow the Step-by-Step Training Guide, which will be sent in your onboarding email.
- Participants can also schedule a training for their company by emailing [ace@iata.org](mailto:ace@iata.org).

## 4. CORSIA Eligible Programmes or registries, and Eligible Units

### 4.1 What is the difference between a standard, a registry, and a programme?

- “Registry” is a centralized database where the entire lifecycle of a carbon credit is recorded from issuance to transfer(s), to eventual retirement. The registry contains detailed information about individual projects including project design, geographic/activity boundaries, monitoring and reporting systems, quantifications, verification, and credit issuance. Most registries also offer user accounts to track emission units as they are transacted from seller to buyer.

- “Standard” in the context of ICAO/CORSIA refers to a governance body that applies an established framework for developing, measuring, and verifying greenhouse gas emission reduction activities. Standards bodies typically organize expert peer review and eventual validation and publication of accepted methodologies that guide a project’s development and implementation. Emission reduction projects are subject to stringent third-party verification to ensure that the reported emission reductions are real, permanent, additional, and verifiable. Offset credits are issued after a project has been validated by the standard and has passed the third-party verification. Once issued, the offset credits are registered and become available in environmental markets.
- “Programme” is used by ICAO to refer to the entities that have been approved to provide CORSIA-eligible units. In the context of ICAO/CORSIA, a Programme is synonymous with a “Standard”. All Programmes/Standards manage a registry where emission units can be issued, transferred and eventually retired.

#### 4.2 Which Programmes are approved for CORSIA?

On March 13, 2020, [ICAO approved the following programmes](#) to provide CORSIA-compliant offsets to the market:

- American Carbon Registry
- China GHG Voluntary Emission Reduction Program
- Clean Development Mechanism
- Climate Action Reserve
- The Gold Standard
- Verified Carbon Standard

#### 4.3 Which Programmes or registries are available on the ACE?

- The Voluntary workspace has existing connections to the following registries for trading:
  - American Carbon Registry
  - Clean Development Mechanism (expected Q4 2020)
  - Climate Action Reserve
  - The Gold Standard
  - Verified Carbon Standard
- The Voluntary workspace will offer all emission units, including CORSIA eligible.
- The CORSIA workspace will have connections to the following Programmes/registries:
  - American Carbon Registry
  - Clean Development Mechanism (expected Q4 2020)
  - Climate Action Reserve
  - The Gold Standard
  - Verified Carbon Standard

- The CORSIA workspace will offer ONLY emission units that are CORSIA compliant, and will provide links to the registries where the CORSIA eligibility documentation is available (i.e. issued after 1 Jan 2016).

#### 4.4 How do I connect to a registry?

- On the ACE Participant Application, Exhibit C, applicants can select which registries they wish to connect to. We recommend connections to all registries to allow for the broadest possible trading options (participants can only view and purchase units from registries for which they have an account).
- CBL can facilitate setting up connections, and participants pay the registry set-up fee (Section 4.5).
- As part of its service, CBL will activate an Environmental Management Account for all participants (Section 5).
- If a participant already has an account with a registry, simply input the account information in the ACE Participant Application, Exhibit C, and CBL will link the accounts.

#### 4.5 How much does it cost to connect to a registry?

Each registry independently charges its own set up and annual maintenance fee, separate from the ACE. Participants can elect which registries to join, but we recommend connecting to all registries to allow for the broadest possible range of trading options. CBL can facilitate opening the registry accounts if indicated on the participant application. Prices as of today's print are listed here:

Registry	Setup Fee (USD)	Annual Maint. Fee
<a href="#">American Carbon Registry</a>	\$500	\$500
China GHG	N/A	N/A
<a href="#">Clean Development Mechanism(CDM)</a>	N/A	N/A
<a href="#">Climate Action Reserve</a>	\$500	\$500
<a href="#">The Gold Standard</a>	\$1,000	\$1,000
<a href="#">Verified Carbon Standard</a>	\$500	\$500

#### 4.6 What are the criteria for CORSIA Eligible Emissions Units?

- Each programme must identify its [CORSIA Eligible Emissions Units](#) as defined in these general eligibility parameters, as well as its respective programme-specific eligibility parameters.
- The following parameters of unit date eligibility apply to all CORSIA Eligible Emissions Units that are approved by the ICAO Council for use in the CORSIA pilot phase:
- Eligible for cancellation (retirement) for use toward CORSIA offsetting requirements in the 2021–2023 compliance cycle (hereafter eligibility timeframe)
- Issued:
  - To activities that started their first crediting period from 1 January 2016
  - In respect of emissions reductions that occurred through 31 December 2020 (hereafter eligible unit date)
- The date(s) above may only be extended to apply to eligibility timeframes beyond the CORSIA pilot phase, and/or eligible unit dates after 31 December 2020, subject to council decision and TAB recommendations.

#### 4.7 Who is responsible for reporting offset retirements/cancellations?

Airline operators will report to their national state administering authority (eg., CAAs, ministry of environment, etc.) their emissions units cancellation report. Before sending the report to their states, operators must have engaged with an independent and accredited verifier to have audited and certified the report. The verifier will audit the volumes, eligibility, and cancellations of emissions units. The exchange provides connectivity to registry account. After each trade, units will be available in the registry account for airlines.

## 5. Environmental Management Account

### 5.1 What is the Environmental Management Account (EMA)?

EMA provides a definitive solution to the challenges of managing an ever-growing portfolio of environmental assets. By intelligently linking portfolio positions residing on different environmental registries into a single access point, EMA accountholders can view, analyze, report, monitor, and manage an entire CORSIA or voluntary carbon inventory within a single account structure. The result is increased productivity while reducing administration and tracking costs. EMA allows you and your team to focus on core competencies.

**\*\* This document is a work in progress. As the programme develops, more information will be added to the FAQ.**