SSE Carbon Markets Advisory Group

15 February 2023: 9AM and 4PM CET (Geneva)
Agenda

1. Housekeeping issues & Opening remarks
2. Welcoming the Advisory Group Chair
3. Presentation of the zero draft
4. **Advisory Group Discussion: Open Floor**
5. Closing remarks

*Please feel free to share ideas, feedback, updates and questions at any point during the call*

*(via chat function or via audio connection)*
Housekeeping

- During the presentations, you can ask questions and provide comments at any time by using the **chat function**.

  We will ensure that questions get answered during the Open Floor discussion.

- Please use the **hand symbol** to indicate that you wish to speak during the Open Floor discussion.

  The team will allow you to enable your video function while you speak.
Carbon Market Advisory Group

- The task of the Advisory Group is to assist in creating a new guidance on Carbon Markets
- The Co-Chairs of the SSE Carbon Market Advisory Group are Bursa Malaysia and EGX.

Thank you for your chairmanship and your collaboration!

What to expect? The SSE team will prepare three drafts in total for consultation with the Advisory Group – Zero Draft, First Draft, Second Draft. The group will have the chance to provide written feedback on all three versions. We plan to launch the final guidance in October at the World Investment Forum in Abu Dhabi.
Carbon Market Advisory Group

- Who is in the Advisory Group?
  71 members from 44 organisations

- Recent SSE Publication: FAQ on VCMs

- Why create a guidance on Carbon Markets?

- What do we want to do?
  o Take stock of current best practices
  o Provide useful examples and ideas to exchanges
  o Identify gaps in market knowledge

AIMS
Amman Stock Exchange
B3
BIVA
Bolsa Mexicana de Valores
Borsa Istanbul
Botswana Stock Exchange
Bourse de Tunis
Bulgarian Stock Exchange
Bursa Malaysia Berhad
Cape Town Stock Exchange
CMB
Cboe Global Markets
CME Group
EGX
ENEL
ICE
IDX
Impax Asset Management PLC
Indonesia Stock Exchange
Japan Exchange Group
JSE
Korea Exchange
Latinex
LSEG
LuxSE
MAP CAPITAL PARTNERS
MÉXICO2
MSX
Nairobi Securities Exchange
Nasdaq
Philippine Stock Exchange
Prague Stock Exchange
RepRisk AG
Saudi Stock Exchange
SFC, Hong Kong
Securities Commission, Brazil
SGX Group
SIX
Sydney Stock Exchange
TSX
Ulaanbaatar Securities Exchange
Verra
WFE
3. Brief history: provide definitions & policy context

4. Provide an overview of the carbon market value chain, including explaining the differences between CCMs and VCMs

5. Discuss some of the challenges related to carbon markets

6. Provide a framework for exchanges on how to promote and support the integrity and stability of the markets
Zero Draft Overview

1. Overview of value chain of CCM and VCM

**Market flow**

**INITIATION**
- Baseline / Cap established
- Project initiated

**PRIMARY MARKET**
- Allowances allocated or auctioned
- Credits verified and issued

**SECONDARY MARKET**
- Spot instruments and derivatives traded
- Spot instruments and derivatives traded; Tokenization

**REALISATION OF OFFSET**
- Allowance surrendered
- Credit retired

**Comment areas:**
- Completeness and accuracy
- Benefits and disadvantages of various models
- Examples of involvement
2. Brief review of challenges

- **Concerns across CCMs and VCMs**
  - Policy aspects
  - Legal nature of instruments
  - Governance
  - Carbon Pricing
  - Disclosure
  - Integrity and reputational considerations
  - Scale and liquidity

- **Concerns specific to VCMs**
  - Project realization
  - Transferability

Comment areas:
- Any challenges not reflected
- Clarity and applicability of challenges
Zero Draft Overview

3. Framework for exchanges

Four key areas of influence / involvement

- Facilitating policy and stakeholder dialogue
- Promoting environmental integrity
- Supporting market stability
- Enhancing transparency and data availability

Comment areas:
- Relevance for exchanges
- Clarity of aspect
- Guidance
Advisory Group Discussion

Open Floor: please share your views on:

▪ **Top Level Content:** What questions are you being asked regarding Carbon Markets? Does the SSE draft guidance cover those topics or is something missing? Is there a particular area of confusion that we can help clear up?

▪ **Structure and Format:** Does the current format make sense to you? Do you agree with general layout? What would you change?

▪ **Examples and Case Studies:** Are there any particular topics that you feel examples or case studies are needed to explain or show how it’s done?

We want to hear from you on how the paper should develop. Note that detailed comments focused on specific lines of the document are best delivered via our written comment form.

How to participate:

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Closing Comments

- Please submit written comments by **24 February**

- When submitting written comments **please use the Comment Form** (excel file) sent out with the Zero Draft. This is important for making sure your comments are reflected in the next draft.

- **Timeline for the SSE Carbon Markets Advisory Group February 2023 – Q4 2023:**
  First Draft to be released for comment in Q1 2023
  Second Draft to be released for comment in Q2 2023
  Final publication to be launched in Q4 2023 (WIF & COP27)
Thank you!