



CFTC Whistleblower Alert: Blow the Whistle on Fraud or Market Manipulation in the Carbon Markets

Under the Whistleblower Program of the Commodity Futures Trading Commission (CFTC), individuals can become eligible for both financial awards and certain protections by identifying potential Commodity Exchange Act (CEA) violations connected to fraud or manipulation in the carbon markets.

What could you report related to carbon markets?

Carbon markets (“CMs”) support the transition to a low-carbon economy through market-based initiatives where carbon credits (a/k/a offsets) are purchased and sold either in an over-the-counter market or on spot exchanges. Carbon credits are the underlying commodity for futures contracts that are listed on CFTC designated contract markets (DCMs). The CFTC has enforcement authority and regulatory oversight over DCMs and any trading in those markets. The CFTC also has anti-fraud and anti-manipulation enforcement authority over the related spot markets for carbon credits. CFTC jurisdiction also applies to carbon allowances and other environmental commodities products that are linked to futures contracts.

What types of misconduct should you be on the lookout for?

- **Manipulative and wash trading** or other violations of the CEA in CM futures contracts.
- Fraud in the underlying spot markets related to **ghost (a/k/a illusory) credits** listed on carbon market registries.
- **Double counting** or other fraud related to carbon credits.
- Fraudulent statements relating to **material terms** of the carbon credit, including, but not limited to: quality, quantity, additionality, project type, methodology substantiating the emissions claim, environmental benefits, the permanence or duration, or the buffer pool.
- Manipulation of **tokenized carbon markets**.

What can you do if you suspect misconduct?

You do **not** need to be a company “insider” (like an employee or trader) to be a whistleblower. **Victims** of fraud and **other market participants** who observe misconduct committed by others may also qualify as whistleblowers. The Whistleblower Rules define a whistleblower as **one or more individuals**; a company or another entity cannot meet the definition.

If you see something suspicious, you can

- Complete a [Form TCR \(Tip, Complaint, Referral\)](#) correctly and as completely as possible
- Provide details that are specific, credible, and timely
- Include as much information about or evidence of the misconduct as possible – e.g., price effect or intent

About the CFTC

The mission of the CFTC is to promote the integrity, resilience, and vibrancy of the U.S. derivatives markets through sound regulation.

About the Whistleblower Program

We will pay **monetary awards** to persons who voluntarily provide us with original information on a Form TCR about potential violations of the CEA or its rules, if that information leads to a successful CFTC enforcement action resulting in more than \$1 million in monetary sanctions. The program also affords certain **confidentiality** and **anti-retaliation protections**.

For more information go to: www.whistleblower.gov

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