

**Market Notice on Claims Related to Digital Assets
Backed by Cap-and-Invest Program Allowances**

Issued November 25, 2025

The California Air Resources Board (CARB) is informing market participants and members of the public to be cautious about purchasing digital tokens/assets that claim to be physically backed by carbon allowances issued by the Cap-and-Invest Program. Pursuant to the Cap-and-Invest Regulation (Regulation), ownership of allowances requires registering in the Cap-and-Invest Program (Program) and opening an account in the Program tracking system. CARB views any digital token/asset that provides an ownership claim in Program allowances to unregistered entities as a likely violation of the prohibition against the beneficial holding of allowances in section 95921(f) of the Regulation. An announcement regarding the launch of a new digital token/asset allegedly backed by Program allowances recently came to the attention of CARB. CARB is investigating the matter and has identified several unsubstantiated and misleading representations of the product in that announcement. CARB has reached out to the entities behind the announcement to gather more information and to request that these misrepresentations be fixed immediately.

CARB is providing this notice to clarify that CARB has had no role or participation in any digital token/asset ecosystem and has not partnered with any entity related to any digital/asset. CARB does not endorse any digital tokens/assets backed by allowances. CARB will continue to monitor compliance with all provisions of the Regulation and to enforce upon entities that do not comply with the Regulation. If you believe you have information concerning suspected unlawful activity or attempts to commit unlawful activity directed toward the Program, its market for compliance instruments, or related markets, CARB encourages you to contact the program monitoring group at (916) 322-2037 or CACITSSRegistrar@arb.ca.gov.