To Whom it May Concern:

Thank you for the opportunity to share our comments regarding the proposed amendments to the Cap-and-Trade program. Additionally, thank you for your ongoing dedication to improving the program and desire to strengthen the Cap-and-Trade market.

KWM Asymmetric Opportunities Fund, LP is a registered market participant with interest in the strength and sustainability of CARB’s Cap-and-Trade program. We believe we are in full compliance with both the letter and the spirit of the Cap-and-Trade program’s position limits. We do not coordinate our trading activity with anyone else.

We are concerned with “CAG Trigger Concept #1” on page 18 of the Cap-and-Trade Program Workshop from April 23, 2024. Specifically, our concern lies with the language that entities with common account viewing agents would be placed in a CAG due to immediate access to market position information.

Our fund uses a third-party administrator to price the fund on a monthly basis. Our administrator does not have any control over the investment strategy but is linked to our CITSS account as an account viewing agent solely for the purpose of verifying our CCA holdings. I would assume several other registered market participants use this administrator and therefore have them linked as an AVA. We have not yet been audited, but we would assume an external auditor would request the same CITSS viewing access to our account.

Our concern is if our administrator is using the same CITSS account to be an AVA on our account as well as other unrelated registered market participants, then we all may potentially be grouped under one CAG, despite our respective operations having no knowledge of the other’s positions, and generally having nothing to do with each other. In our view, the grouping of our entity with another unrelated entity would violate the spirit of the intention behind the position limits, and would have significant negative consequences for the grouped participants. Grouping unrelated entities together and subjecting them to one aggregate CCA holding limit would force various market participants to sell, causing a flood of allowances in the market.

It is important to note that our administrator being an AVA on our account does not grant us any access to other market participants’ market share. Privacy policies with fund administrators protect the private information of funds from being shared with outside parties.

Thank you for your time and consideration. If you have any questions or would like additional information, please do not hesitate to contact me at the below email.

Sincerely,

KWM Asymmetric Opportunities Fund, LP

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