



AQC Environmental Brokerage
Services, Inc.
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CARB Staff,

AQC Environmental Brokerage Services Inc. (“AQC”) appreciates the opportunity to provide comments on the California Air Resources Board’s (“CARB”) proposed amendments to the Cap-and-Invest Regulation relating to consultant/advisor disclosure requirements, shared role determinations, and associated administrative obligations.

AQC supports CARB’s continued efforts to maintain market integrity, transparency, and safeguards against coordinated market behavior. We respectfully submit comments that the proposed consultant/advisor provisions introduce significant administrative complexity without materially improving oversight outcomes, and may unintentionally create operational burdens for regulated entities and independent consultants who already operate within defined regulatory boundaries.

Under the current program structure, consultants/advisors are listed separately, and not defined as employees of regulated entities, and disclosed on the Corporate Form 3 through the existing registration process. By definition, and per industry standard, consultants do not act as decision makers for regulated entities, do not execute transactions on behalf of their clients, and operate in an advisory capacity.

Rather than implementing a Shared Role Exemption process where an additional attestation would have to be submitted for each entity that works with a consultant, AQC recommends CARB adopt a clearer and simpler regulatory definition. Define a consultant/advisor as:

An individual or firm providing advisory services to a registered entity who:

- Does not act as a CITSS Primary Account Representative or Alternative Account Representative with the authority to facilitate market transfers;
- Does not have the authority to transact on behalf of the customer;
- Does not make compliance or market position decisions on behalf of the entity;
- Is bound by confidentiality obligations; and
- Is disclosed to CARB through Corporate Form 3 submission.

For consideration, if a consultant does not meet the definition outlined above, the consultant would be responsible for submitting a separate disclosure identifying a potential shared role with other CITSS-registered entities. Per industry standards, Cap-and-Invest consultants, we are bound by strict confidentiality obligations. The identities of our clients are not disclosed to one another, and our consulting clients are not aware of the other entities we may advise. Requiring disclosure in a manner that could indirectly reveal client relationships places existing contractual confidentiality provisions at risk and creates potential conflicts with legally binding non-disclosure obligations.

Revising the definition of a Cap-and-Invest Consultant—rather than requiring separate attestations for each consultant relationship—would eliminate unnecessary administrative burden on compliance entities. A clarified definition would allow entities to acknowledge the Shared Role Exemption within the standard registration framework, without the added complexity of coordinating and submitting separate exemption requests for each entity that engages the same consultant under the program.

AQC respectfully requests CARB reconsider the proposed Shared Role Exemption framework and instead clarify the regulatory definition of consultants/advisors consistent with existing program structures while improving administrative processing transparency and timelines.

AQC also respectfully requests that CARB provide clarification on the regulatory definition of a “broker” as it applies to the Cap-and-Invest market. As currently written, the regulation does not establish a clear and distinct definition of a broker separate from that of a consultant/advisor. This ambiguity creates practical uncertainty for compliance entities and market participants attempting to accurately categorize and disclose their market intermediaries. Specifically, it is unclear whether a broker—defined in common market practice as a party who facilitates the identification, negotiation, and execution of allowance transactions between buyers and sellers without taking title to the instruments or making compliance decisions on behalf of either party—falls within the existing disclosure categories or requires a separate treatment under the regulation. A clear regulatory definition and associated reporting framework would allow compliance entities and independent brokers alike to fulfill their obligations with confidence, reduce the risk of inadvertent non-compliance, and support the transparency objectives that CARB has articulated for the program.

We appreciate CARB’s continued collaboration with market participants and welcome further discussion on practical implementation considerations.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Jaelyn Ferlita".

Jaelyn Ferlita
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