

<p>Title: The Recognised Auction Platforms Regulations 2011 and The Terrorism Act 2000 and Proceeds of Crime Act 2002 (Business in the Regulated Sector) Order 2011</p> <p>PIR No: N/A</p> <p>Original IA/RPC No: N/A</p> <p>Lead department or agency: HM Treasury</p> <p>Other departments or agencies: Financial Conduct Authority (“FCA”); The Department for Business, Energy and Industrial Strategy (“BEIS”)</p> <p>Contact for enquiries: Charles.Grainger@hmtreasury.gov.uk</p>	Post Implementation Review
	Date: 04/02/2022
	Type of regulation: Domestic
	Type of review: Statutory
	Date measure came into force: 12 December 2011 and 18 June 2012 (depending on provision).
	Recommendation: Keep
RPC Opinion: N/A	

1. What were the policy objectives of the measure?

When introduced in 2011, the objective of the regulations was to allow UK market participants to participate in the EU’s Emissions Trading Scheme (“ETS”), an EU-wide trading of carbon emissions allowances. The regulations enabled UK Recognised Investment Exchanges (“RIEs”) to become auction platforms for this trading activity, and they provided the FCA with powers to authorise and supervise these trading platforms and to impose penalties on an auction platform that fails to comply with the provisions of the regulations. The regulations under review have since been amended by subsequent statutory instruments (“SIs”) to reflect that the UK is no longer part of the EU’s ETS and has set up its own UK ETS. .

2. What evidence has informed the PIR?

This PIR has been informed by engagement with the FCA, the department for Business, Energy and Industrial Strategy (“BEIS”), and the Intercontinental Exchange (“ICE”). This engagement took place in the context of amending these regulations to allow for the proper functioning of the UK ETS. The FCA has responsibility for authorising access to ETS auctions under these regulations and can take enforcement action relating to the regulations. ICE is the only RIE that became authorised as an auction platform following the introduction of these regulations (and it is the auction platform of the UK ETS). BEIS is the lead department for emissions trading policy and implementation.

3. To what extent have the policy objectives been achieved?

The regulations successfully allowed participants to bid in emission allowance auctions as part of the EU ETS. They have had a positive effect by permitting periodic emission allowance auctions to take place with the involvement of suitable market participants – this has been part of a successful carbon pricing strategy. Since these regulations were amended to allow for the introduction of the UK ETS, the UK ETS auctions have also been undertaken successfully with the correct oversight by the FCA. The policy objectives have therefore been achieved.

SCS of Better Regulation Unit

Signed: **Linda Timson**

Date: 13/01/2022

Sign-off for Post Implementation Review: John Glen, Economic Secretary to the Treasury

I have read the PIR and I am satisfied that it represents a fair and proportionate assessment of the impact of the measure.

Signed: **John Glen**

Date: 01/02/2022

Further information sheet

Please provide additional evidence in subsequent sheets, as required.

4. What were the original assumptions?

An original assumption was that only one RIE would apply for authorisation with the FCA, and this proved to be the case. Moreover, the regulations aimed to enable certain categories of individuals to apply for admission to bid in auctions of carbon emissions allowances by designating their eligibility under the regulations. This has occurred as the FCA has received participation applications from these categories of individuals. This analysis of the regulations is true of their application to both the EU ETS and the UK ETS.

5. Were there any unintended consequences?

There were no unintended consequences.

6. Has the evidence identified any opportunities for reducing the burden on business?

(Maximum 5 lines)

There have been no identified opportunities for reducing the burden on business.

7. For EU measures, how does the UK's implementation compare with that in other EU member states in terms of costs to business?

N/A – although these regulations were originally introduced as part of an EU initiative (the EU ETS), they now relate to the UK-only ETS. There is therefore no comparison to be made with EU Member States.

Recommended Next Steps (Keep, Amend, Repeal or Replace)

The PIR recommends that the regulations are kept. The regulations, since amended by subsequent SIs, are key to the UK's carbon pricing policy. They allow the FCA to oversee the auctioning of emission allowances, and the establish eligibility criteria for emission allowance auctions. These measures protect the emission allowance market and allow for the secure issuing and trading of allowances as part of the UK's ETS.