

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations are made in the exercise of powers in the Financial Services and Markets Act 2000, and the power in section 8 of the European Union (Withdrawal) Act 2018 in order to address failures of retained EU law to operate effectively and other deficiencies arising from the withdrawal of the United Kingdom from the European Union (including deficiencies under paragraphs (a), (b) and (e) of section 8(2)), reflecting in particular the introduction of a UK Emissions Trading Scheme which, for the UK, will replace the EU Emissions Trading Scheme (except in relation to Northern Ireland, under the terms of the Northern Ireland Protocol, an Annex to the Withdrawal Agreement between the UK and the European Union which allows Northern Ireland to continue to access the EU single market for goods, and which requires Northern Ireland to continue to abide by certain EU regulations).

These Regulations amend financial services legislation so far as it relates to the auctioning of emissions allowances, to ensure that the rules which applied to the auctioning of emissions allowances created as part of the EU Emissions Trading Scheme will continue to work in the United Kingdom in relation to the auctioning of allowances created under the UK Emissions Trading Scheme established under the Greenhouse Gas Emissions Trading Scheme Order 2020 ([S.I. 2020/1265](#)).

An impact assessment of the effect that this instrument will have on the costs of business, the voluntary sector and the public sector is available from HM Treasury, 1 Horse Guards Road, London SW1A 2HQ and is published alongside this instrument at www.legislation.gov.uk.