
DRAFT STATUTORY INSTRUMENTS

2021 No.

The Greenhouse Gas Emissions Trading
Scheme Auctioning Regulations 2021

PART 4

Access to Auctions

Requirements for admission to bid

17.—(1) Members or participants of the secondary market organised by the appointed auction platform that are eligible persons pursuant to regulation 16(1) or (2) must be admitted to bid directly in the auctions conducted by the auction platform without any further admission requirements, provided that both of the following conditions are fulfilled—

- (a) the requirements for admission of the member or participant to trade allowances through the secondary market organised by the appointed auction platform are no less stringent than those listed under paragraph (2);
- (b) the appointed auction platform receives any additional information necessary to verify the fulfilment of any requirements referred to in paragraph (2) that have not been previously verified.

(2) Persons, who are not members or participants of the secondary market organised by the appointed auction platform, and who are eligible persons pursuant to regulation 16(1) or (2) must be admitted to bid directly in the auctions conducted by that auction platform provided that they—

- (a) are an operator or an aircraft operator established in the United Kingdom;
- (b) hold a nominated holding account;
- (c) hold a nominated bank account;
- (d) appoint at least one bidder's representative as defined in regulation 5(5);
- (e) subject to paragraph (3), satisfy the appointed auction platform pursuant to the customer due diligence measures required under the Money Laundering Regulations as to—
 - (i) their identity,
 - (ii) the identity of their beneficial owners,
 - (iii) their integrity, business and trading profile having regard to the means of establishing the relationship with the bidder,
 - (iv) the type of bidder,
 - (v) the nature of the auctioned product,
 - (vi) the size of prospective bids, and the means of payment and delivery;
- (f) satisfy the appointed auction platform of their financial standing, in particular, that they are able to meet their financial commitments and current liabilities as they fall due;

- (g) have in place or are able to put in place when requested, the internal processes, procedures and contractual agreements necessary to give effect to a maximum bid-size imposed pursuant to regulation 40;
 - (h) fulfil the requirements of regulation 32(1).
- (3) Persons within regulation 16(1)(b) or (c) or regulation 16(2), who are submitting bids on behalf of their clients, are responsible for ensuring that all of the following conditions are fulfilled—
- (a) their clients are eligible persons pursuant to regulation 16(1) or (2);
 - (b) they have or will have in good time before the opening of the bidding window adequate internal processes, procedures and contractual agreements necessary to—
 - (i) enable them to process bids from their clients including the submission of bids, collection of payment and transfer of allowances;
 - (ii) prevent the disclosure of confidential information from that part of their business responsible for receiving, preparing and submitting bids on behalf of their clients to that part of their business responsible for preparing and submitting bids on their own account;
 - (iii) ensure that their clients who themselves are acting on behalf of clients bidding in the auctions apply the requirements set out in paragraph (2) and in this paragraph and that they require the same of their clients and of the clients of their clients as provided for in regulation 16(4).
- (4) The appointed auction platform may rely on reliable checks carried out by the persons referred to in the opening words of paragraph (3), their clients, or the clients of their clients as provided for in regulation 16(3) and (4).
- (5) Persons referred to in paragraph (3) are responsible for ensuring that they are able to demonstrate to the appointed auction platform whenever requested to do so by the auction platform pursuant to regulation 18(7)(d) that the conditions in sub-paragraphs (a) and (b) of paragraph (3) are fulfilled.