



Market Oversight Part 1:

China Context

Mr Tan Jin

Beijing , 19th September 2014

Supporting the Design and Implementation of Emissions Trading Systems in China - 中欧碳交易能力建设项目



**Current
status**

Capacities built over time

**Well-functioning
China National ETS**

Road maps

Cap setting

Allocation

MRVA

Registry

Market oversight

Market Oversight -- China Context

- Only spot transaction, no future.
- 7 pilots are separated.
- All transactions are completed in exchanges.
- Exchanges directly supervise market activities, penalize breach market participants and report to local DRCs.
- Only Shanghai Exchange published specific market oversight rules. Others are only in the ETS management measures.

Oversight Rules -- China Context

Oversighted Activities

- Illegal Transactions
- Abnormal Transactions
- Market manipulation
- Fraud activities

Penalty

- Freezing exchange account and bank account
- Suspending membership
- Confiscating illegal revenue
- Fine (less than 150,000 Yuan)

Oversight Status and Future Plan

- After 1 year and a quarter, no breach transactions were discovered.
- In the future, a market activity analysis system will be developed for market oversight for the national carbon market.