

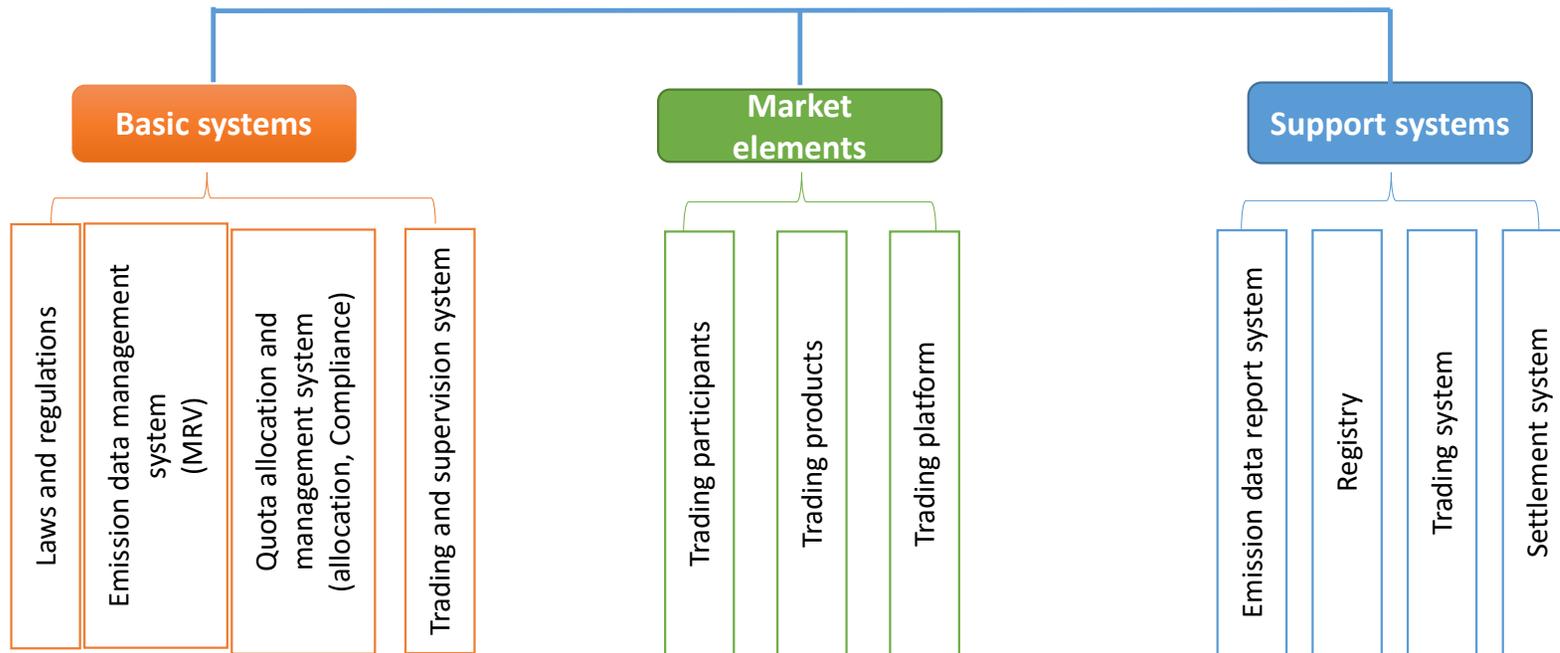
Interpretation of the *Interim
Measures for the Administration
of Carbon Emission Rights Trading*

Table of Contents

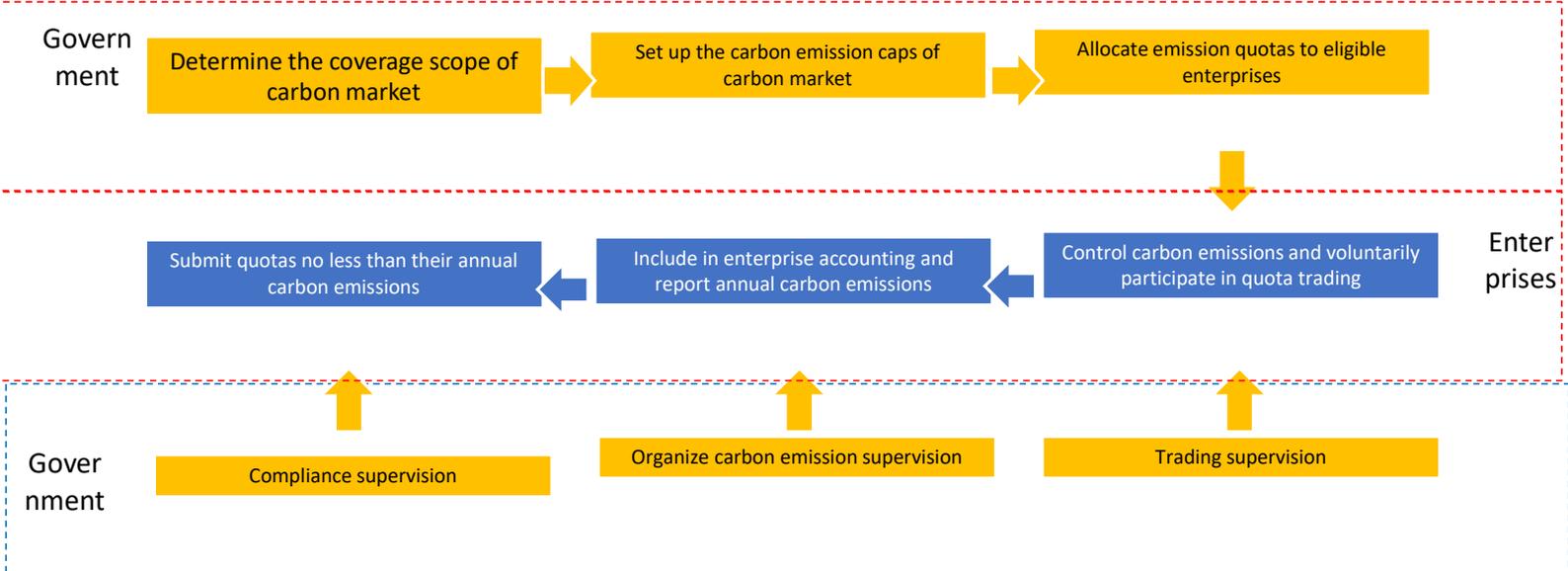
- I. Basic Elements of National Carbon Emission Rights Trading Market
- II. Operation Process of National Carbon Emission Rights Trading Market
- III. Interpretation of the *Interim Measures for the Administration of National Carbon Emission Rights Trading*
 - (I) Structure and General Provisions of the *Measures*
 - (II) Quota Allocation
 - (III) Emission Trading
 - (IV) Verification and Quota Clearing (Compliance)
 - (V) Supervision and Management
 - (VI) Legal Liabilities
- IV. Summary

I. Basic Elements of Carbon Emission Rights Trading System

National carbon emission rights trading market



II. Operation Process of National Carbon Emission Rights Trading Market



The *Measures* are formulated by centering on the elements and operation process of the carbon emission rights trading system.

III. Interpretation of the *Interim Measures for the Administration of National Carbon Emission Rights Trading*

Definitions

- **Greenhouse gas:**

Refers to the natural and manmade gaseous compound that absorbs and emits infrared radiation in the atmosphere, including carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydro fluorocarbons (HFCs), perfluorocarbon (PFCs), sulfur hexafluoride (SF₆) and nitrogen trifluoride (NF₃).

- **Carbon emission:**

Refers to greenhouse gas emission arising out of the combustion of coal, natural gas, petroleum and other fossil energy, industrial production process, land use, land use change and forestry activities, as well as greenhouse gas emission due to the utilization of outsourcing electricity, thermal power, etc.

- **Carbon emission rights:**

Refer to the rights acquired according to law to emit greenhouse gas to the atmosphere.

-- See Article 47 of the Attachment

III. Interpretation of the *Interim Measures for the Administration of National Carbon Emission Rights Trading*

Definitions

- **Coverage:**
Types of greenhouse gas, industry scope and key emission units
- **Total quantity:**
Emission caps of eligible key emission units within the Compliance period
- **Key emission units:**
Refer to the greenhouse gas emission units that are eligible for the carbon emission rights trading standards identified by the carbon trading authority under the State Council and have independent legal personality (treated as the status of independent legal entities and independent accounting units). (Annual emission of 26,000 tons of carbon dioxide equivalence/comprehensive energy consumption: 10,000 tons of standard coal).
- **Emission quota:**
Refers to the carbon emission quota allocated by the government to the key emission units within a given period, and is the certificate and carrier of carbon emission rights. 1 unit quota is equivalent to 1 ton carbon dioxide equivalence.
- **Chinese Certified Emission Reduction:**
Abbreviated as CCER, refers to the voluntary greenhouse gas emission reduction put on record and registered in the national Registry according to the *Interim Measures for the Administration of Voluntary Greenhouse Gas Emission Reduction Transactions* promulgated and put into effect by the National Development and Reform Commission.

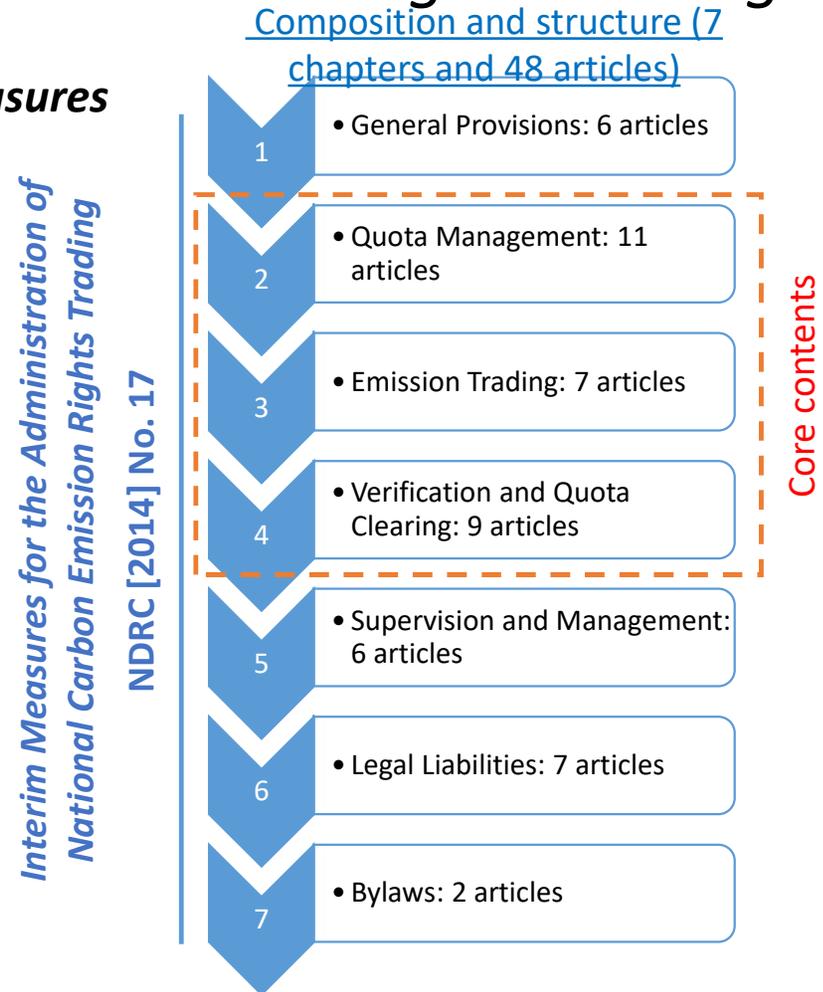
-- See Article 47 of the Attachment

III. Interpretation of the *Interim Measures for the Administration of National Carbon Emission Rights Trading*

(I) Structure and General Provisions of the *Measures*

Order of the National Development and Reform Commission
of the People's Republic of China
No. 17 (December 10, 2014)

For purposes of implementing the decision of the Third Plenary Session of the 18th CPC Central Committee, the requirements of the *Outline of the “12th Five-Year Plan”*, and the *Work Plan of the State Council for Greenhouse Gas Emission Control during the 12th Five-Year Plan Period*, and promoting the establishment of a national carbon emission rights trading market, the National Development and Reform Commission (“NDRC”) has organized the drafting of the *Interim Measures for the Administration of Carbon Emission Rights Trading*, which are hereby issued and will come into force 30 days after the date of issuance.



III. Interpretation of the *Interim Measures for the Administration of National Carbon Emission Rights Trading*

(I) Structure and General Provisions of the *Measures* (Chapter 1)

1. Formulation purposes (Article 1): for purposes of promoting ecological civilization construction, accelerating the transformation of economic development mode, promoting innovation on systems and mechanisms, fully maximizing the decisive role of the market in the allocation of greenhouse gas emission resources, strengthening the control and management of greenhouse gas emissions, and regulating the construction and operation of the carbon emission rights trading market.

2. Applicability (Articles 2 and 3): supervision and management of carbon emission rights trading within the territory of China. For the purpose of these *Measures*, **carbon emission rights trading** means the trading activities carried out between trading entities in accordance with these *Measures* in terms of **emission quotas** and **Chinese certified emission reduction (CCER)**.

General Provisions

1. Formulation purposes

2. Applicability

3. Basic principles

4. Competent authorities and responsibilities

III. Interpretation of the *Interim Measures for the Administration of National Carbon Emission Rights Trading*

(I) Structure and General Provisions of the *Measures* (Chapter 1)

3. Basic principles (Article 4): The combination of government guidance and market operation shall be stuck to and the principles of openness, fairness, impartiality and good faith shall be upheld.

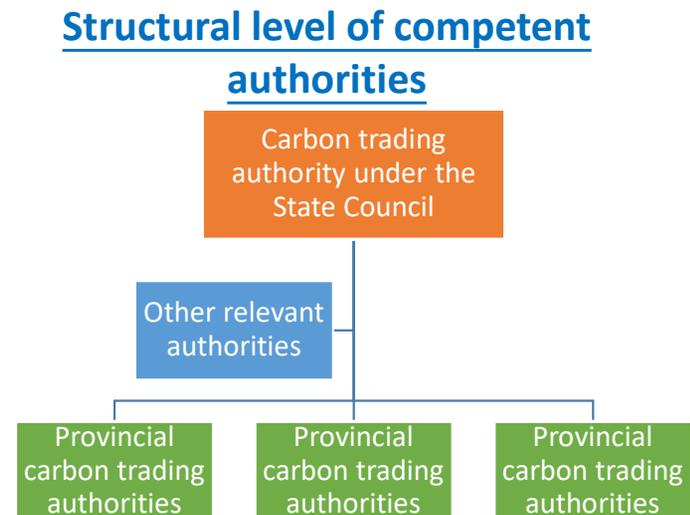
4. Competent authorities and responsibilities (Articles 5 and 6):

- Carbon trading authority under the State Council: be responsible for the creation of a carbon emission rights trading market, and manage, supervise, and direct the operation of the market. It shall timely issue the types of greenhouse gas and the scope of industries eligible for carbon emission rights trading, as well as the standards for the determination of key emission units.
- Provincial carbon trading authorities: manage, supervise, and direct relevant activities of carbon emission rights trading within their respective administrative regions.
- Other relevant authorities: shall, in accordance with their respective responsibilities, effectively manage carbon emission rights trading activities through collaboration.

III. Interpretation of the *Interim Measures for the Administration of National Carbon Emission Rights Trading*

(I) Structure and General Provisions of the *Measures* -- Brief Summary

- Applicability
- Carbon emission rights trading
- Competent authorities, hierarchical relationship, responsibilities



III. Interpretation of the *Interim Measures for the Administration of National Carbon Emission Rights Trading*

(II) Quota Allocation (Chapter 2)

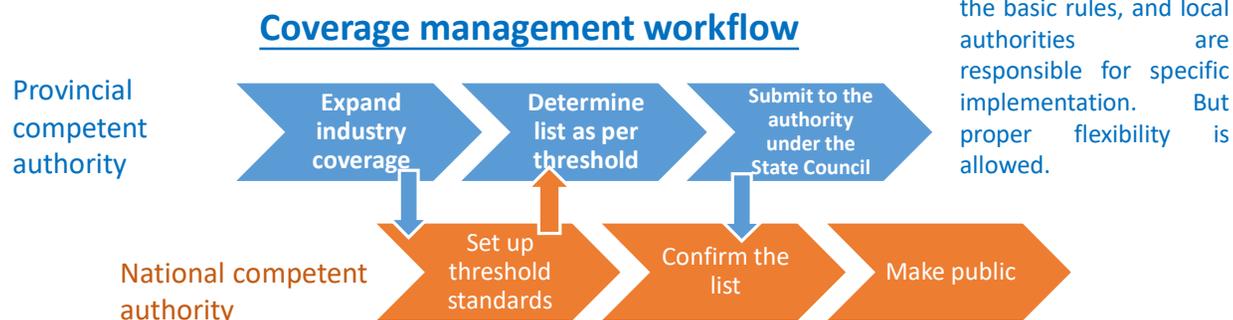
1. Coverage -- Eligible key emission units (Article 7):

Provincial carbon trading authorities:

According to the standards for the determination of key emission units issued by the carbon trading authority under the State Council, put forward a list of all key emission units satisfying the standards within their respective administrative regions and report it to the carbon trading authority under the State Council for approval. The provincial carbon trading authorities may expand the industry coverage of carbon emission rights trading and increase the number of key emission units eligible for carbon emission rights trading properly.

Carbon trading authority under the State Council:

shall set up threshold, and issue the list to the public after confirmation.



The authority under the State Council determines the basic rules, and local authorities are responsible for specific implementation. But proper flexibility is allowed.

Quota allocation

1. Coverage
 - Threshold
 - List of eligible enterprises
2. Total volume establishment
3. Quota allocation
 - Allocation ways
 - Allocation methods
 - Management process
4. Registry
 - Functions
 - Management/account management

III. Interpretation of the *Interim Measures for the Administration of National Carbon Emission Rights Trading*

(II) Quota Allocation (Chapter 2)

2. Determination of total volume of quotas (Article 8):

(1) Authority:

carbon trading authority under the State Council determines the total volume.

(2) Determining factors:

according to the requirements of national greenhouse gas emission control objectives, give comprehensive consideration to greenhouse gas emissions, economic growth, industrial structures, and energy structures, the key emission units eligible for trading, and other factors of the state, the provinces, autonomous regions, and municipalities directly under the Central Government;

(3) Total volume:

determine the total volume of quotas of emissions of the state, the provinces, autonomous regions, and municipalities directly under the Central Government.

III. Interpretation of the *Interim Measures for the Administration of National Carbon Emission Rights Trading*

(II) Quota Allocation (Chapter 2)

3. Quota allocation (Articles 9-15):

(1) Methods (Article 9):

Allocation methods: free allocation and paid allocation;

Quota types: free quota, paid quota and reserved quota

(2) About paid allocation:

- **Timing and proportion: (Article 9): paid allocation shall be introduced in due time, and the proportion shall be gradually increased.**

- **Source and usage (Articles 11 and 14):**

Carbon trading authority under the State Council: reserves a certain amount of quotas from the total volume of quotas of emissions for paid allocation, market regulation, and major construction projects, etc. Earnings obtained from paid allocation shall be spent on promoting carbon reduction of the state and relevant capacity building.

Provincial carbon trading authorities: the remaining quotas of the total volume of quotas of emissions of all provinces, autonomous regions, and municipalities directly under the Central Government after deducting the quotas to be assigned to the key emission units within their respective administrative regions for free use shall be used for paid allocation by the provincial carbon trading authorities. Earnings obtained from paid allocation shall be spent on promoting local carbon reduction and relevant capacity building.

III. Interpretation of the *Interim Measures for the Administration of National Carbon Emission Rights Trading*

(II) Quota Allocation (Chapter 2)

3. Quota allocation (Articles 9-15):

(3) Competent authorities and responsibilities

Carbon trading authority under the State Council:

Formulate a national quota allocation plan (Article 10): formulate a national quota allocation plan so as to specify the quantity of emission quotas to be assigned for free to all provinces, autonomous regions, and municipalities directly under the Central Government, and the quantity of emission quotas reserved by the state, among others.

Determine uniform methods and standards for free allocation (Article 12): the carbon trading authority under the State Council shall, in light of the specific circumstances of the different industries and with reference to the opinions of the relevant industry authorities, determine uniform methods and standards for free allocation of quotas.

Provincial carbon trading authorities:

Formulate local methods and standards for free allocation (Article 13): the provincial carbon trading authorities shall, according to the methods and standards for the free allocation of quotas as determined in Article 12, put forward the quantity of quotas to be assigned to the key emission units within their respective administrative regions for free use, and allocate the emission quotas to the key emission units within their respective administrative regions for free use after they are approved by the carbon trading authority under the State Council.

III. Interpretation of the *Interim Measures for the Administration of National Carbon Emission Rights Trading*

(II) Quota Allocation (Chapter 2)

3. Quota allocation (Articles 9-15):

(4) Quota adjustment (Article 15)

- Adjustment conditions: where a key emission unit is closed down, ceases production, is merged, is split, or has significant changes in its production capacity,
- Adjustment objects: adjust the free quotas it has obtained,
- Adjustment authority: provincial carbon trading authorities

4. Registry (Articles 16-17):

(1) Authority responsible for establishing and managing the system (Article 15): the carbon trading authority under the State Council

(2) Functions (Article 15): the system is used for recording the holding, transfer, clearing, clearing, and other relevant information of the emission quotas.

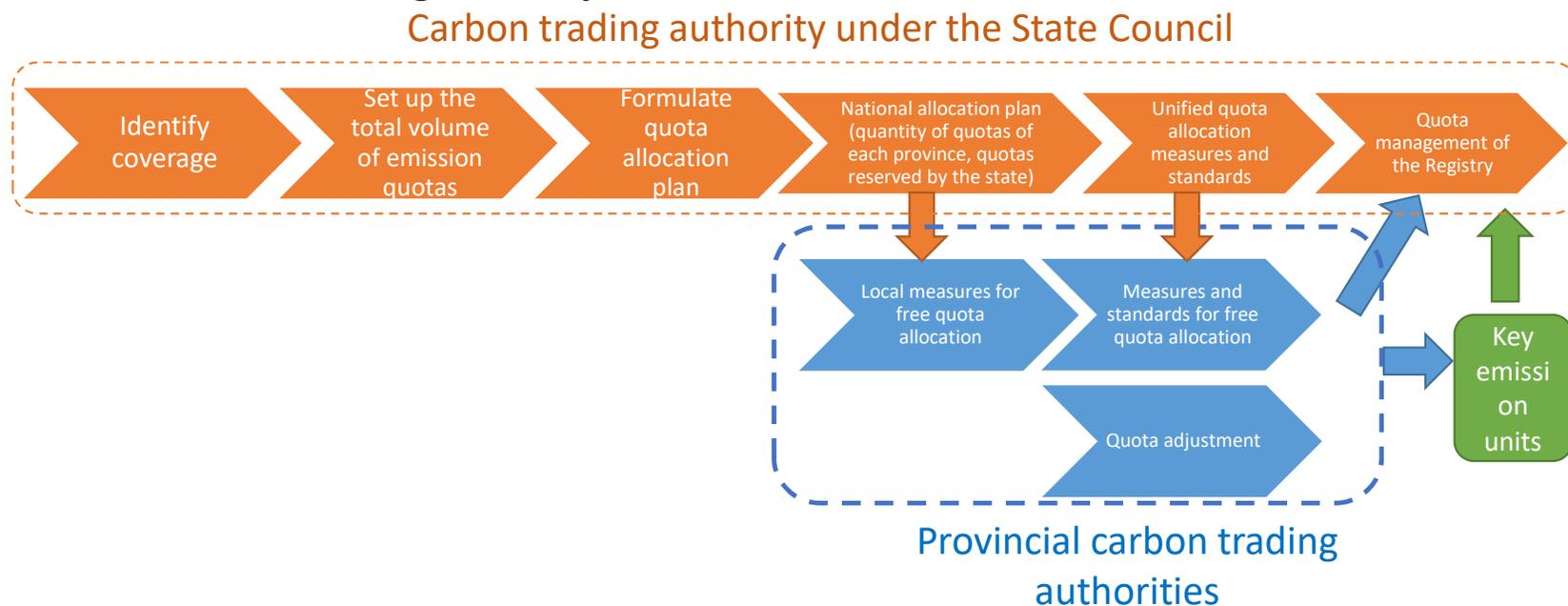
(3) Legal role (Article 15): information in the Registry shall be the final basis for determining the ownership of the emission quotas.

(4) Account types, account opening and operation management (Article 16): accounts with different functions shall be respectively opened for the carbon trading authority under the State Council, the provincial carbon trading authorities, key emission units, trading institutions, and other market participants, etc. After opening accounts according to the corresponding requirements of the carbon trading authority under the State Council, participants may conduct relevant business operation of quotas management in the Registry.

III. Interpretation of the *Interim Measures for the Administration of National Carbon Emission Rights Trading*

(II) Quota Allocation (Chapter 2) -- Brief Summary

Quota allocation management process



Quota allocation: the authority under the State Council determines the basic rules, and local authorities are responsible for specific implementation. But proper flexibility is allowed, and local authorities shall strictly follow the rules.

III. Interpretation of the *Interim Measures for the Administration of National Carbon Emission Rights Trading*

(III) Emission Trading (Chapter 3)

1. Trading products and clearing (Articles 18 and 22): trading products of the carbon emission rights trading market at the initial stage are emission quotas and CCER, and other trading products will be added duly. For public benefit and other purposes, the trading entities may voluntarily clear the emission quotas and CCER held by them.

2. Trading entities (Article 19): key emission units, institutions and individuals meeting the provisions of trading rules (hereinafter referred to as "trading entities") could participate in carbon emission rights trading.

3. Trading platform (Article 21): in principle, the trading products specified in Article 18 shall be traded within the trading institutions determined by the carbon trading authority under the State Council.

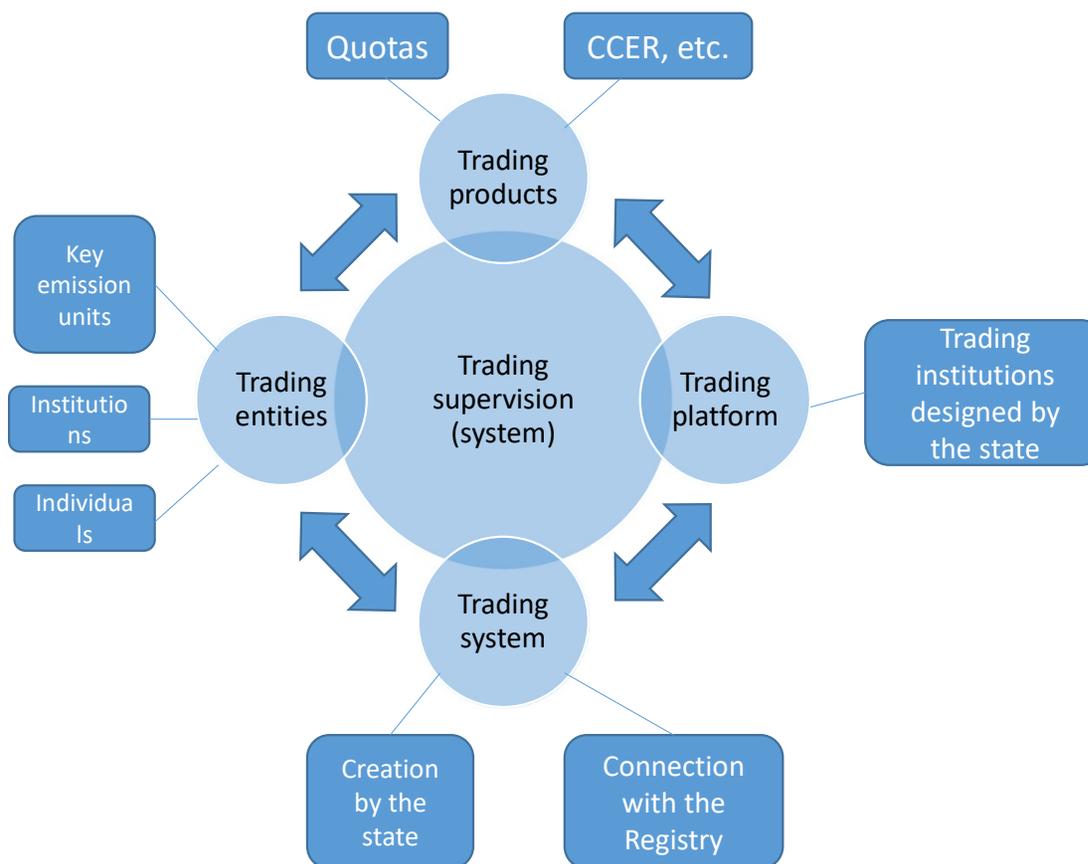
4. Trading supervision authority and responsibilities (Articles 20 and 23): the carbon trading authority under the State Council is responsible for determining the carbon emission rights trading institutions and supervising their business. The trading institutions are responsible for formulating the specific trading rules and submitting the rules to the carbon trading authority under the State Council for reference. The carbon trading authority under the State Council is responsible for the creation of a carbon emission rights trading market and the maintenance of market stability.

5. Trading system (Article 24): the trading system of the trading institutions determined by the authority under the State Council shall be connected with the Registry for data exchange, so as to ensure that the trading information could be timely reflected in the Registry.

Emission trading

1. Trading products
2. Trading entities
3. Trading platform
4. Trading supervision authority and responsibilities
5. Trading system

III. Interpretation of the *Interim Measures for the Administration of National Carbon Emission Rights Trading* (III) Emission Trading (Chapter 3) -- Brief Summary



III. Interpretation of the *Interim Measures for the Administration of National Carbon Emission Rights Trading*

(IV) Verification and Quota Clearing (Chapter 4)

1. Verification (Articles 25-29)

(1) Key emission units:

- **Formulate monitoring plan and submit for reference (Article 25):** shall formulate the emission monitoring plan and submit it to the provincial carbon trading authorities of the provinces, autonomous regions, and municipalities directly under the Central Government where they are located according to national standards or the requirements of the guideline for the verification and report of greenhouse gas emissions of enterprises released by the carbon trading authority under the State Council.
- **Change the monitoring plan (Article 25):** shall submit the application for changes to the provincial carbon trading authorities of the provinces, autonomous regions, and municipalities directly under the Central Government where they are located should there be material changes to the monitoring plan.
- **Conduct monitoring activities (Article 25):** shall conduct monitoring activities in strict accordance with the monitoring plan put on records.
- **Compile emission report, accept verification, submit emission and verification reports (Article 26):** shall compile the greenhouse gas emission report of the previous year on an annual basis according to national standards or the guideline for the verification and report of greenhouse gas emissions of enterprises released by the carbon trading authority under the State Council, and the emission monitoring report put on records, have the report verified by the verification institutions, and submit the emission report and verification report issued by the verification institutions to the provincial carbon trading authorities of the provinces, autonomous regions, and municipalities directly under the Central Government where they are located within the given period.
- **Appeal (Article 28):** key emission units could lodge an appeal to the provincial carbon trading authorities in case of opposing the verification results.

Verification and Quota Clearing

1. Verification (carbon emission data MRV management)

- (1) Key emission units (monitoring, accounting, reporting)
- (2) Verification institutions (verification)
- (3) Provincial competent authorities
- (4) Competent authority under the State Council

2. Quota clearing (Compliance management)

- (1) Key emission units
- (2) Provincial competent authorities
- (3) Competent authority under the State Council

III. Interpretation of the *Interim Measures for the Administration of National Carbon Emission Rights Trading*

(2) Verification institutions (Articles 27-28)

- **Manage verification institutions (Article 27):** the carbon trading authority under the State Council manages the verification institutions together with relevant authorities.
- **Execute verification activities (Article 28):** verification institutions shall verify carbon emissions according to the verification guideline issued by the carbon trading authority under the State Council.

(3) Provincial carbon trading authorities (Articles 25, 27 and 29)

- **Put on record and change the monitoring plan (Article 25):** formulate the emission monitoring report and submit it to the provincial carbon trading authorities of the provinces, autonomous regions, and municipalities directly under the Central Government where they are located for reference; submit the application for changes to the provincial carbon trading authorities of the provinces, autonomous regions, and municipalities directly under the Central Government where they are located should there be material changes to the monitoring plan.
- **Manage verification institutions (Article 27):** the carbon trading authority under the State Council manages the verification institutions together with relevant authorities.
- **Organize the review of verification report and emission report (Article 29):** the provincial carbon trading authorities shall review the emission report and verification report of the following key emission units, and relevant cost of review will be allocated by the authority of finance at the same level: key emission units the carbon trading authority under the State Council requires to review; key emission units whose verification report points to issues in emission; certain proportion of key emission units beyond the said provisions.

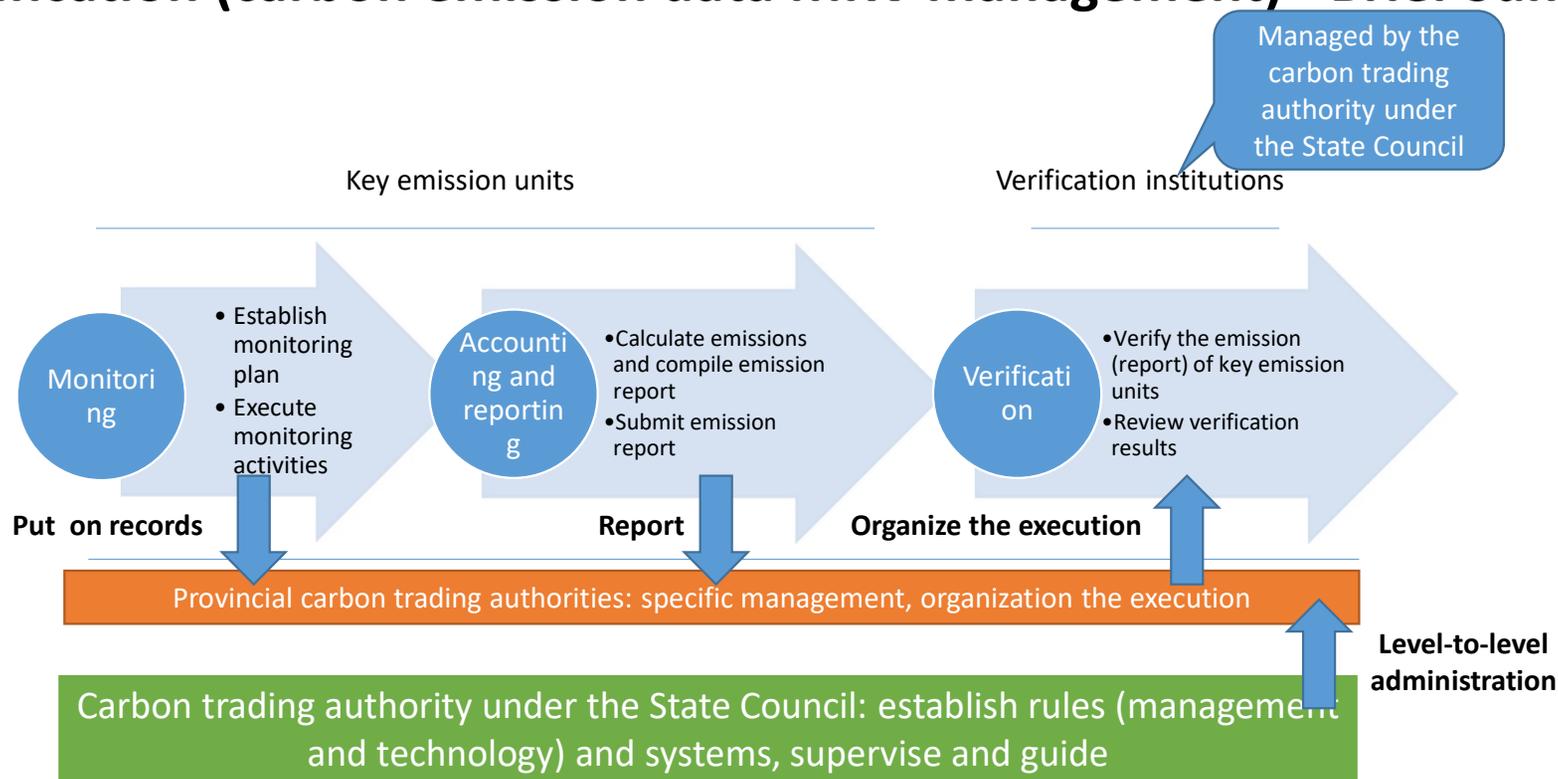
III. Interpretation of the *Interim Measures for the Administration of National Carbon Emission Rights Trading*

(4) National Carbon trading authority under the State Council (Articles 27 and 29)

- **Formulate technical specifications for accounting, report and verification (Articles 25 and 28):** the guideline for the verification and report of greenhouse gas emissions of enterprises; verification institutions shall verify carbon emissions according to the verification guideline issued by the carbon trading authority under the State Council.
- **Manage verification institutions (Article 27):** the carbon trading authority under the State Council manages the verification institutions together with relevant authorities.
- **Organize the review and verification of the emission report: (Article 29):** key emission units the carbon trading authority under the State Council requires to review.

III. Interpretation of the *Interim Measures for the Administration of National Carbon Emission Rights Trading*

Verification (carbon emission data MRV management) - Brief Summary



III. Interpretation of the *Interim Measures for the Administration of National Carbon Emission Rights Trading*

(IV) Verification and Quota Clearing (Chapter 4)

2. Quota clearing (Articles 30-33)

Compliance (quota clearing):

- means that key emission units clear emission quotas within the Compliance period according to the emission caps verified by competent authorities.
- Compliance is an important operation process of the carbon trading system.
- Compliance on time is the responsibility of key emission units, the key supervision content of competent authorities, and the fundamental requirement and guarantee for the carbon market to realize total carbon emission control.

(1) Key emission units (Articles 31 and 32)

- **Clear quotas and complete Compliance (Article 31):** key emission units shall submit emission quotas no less than their confirmed emissions of the previous year on an annual basis to the provincial carbon trading authorities of the provinces, autonomous regions, and municipalities directly under the Central Government where they are located, thus fulfilling the obligation of clearing quotas of the previous year.
- **Compliance clearing mechanism (Article 32):** key emission units could use CCER to offset some of their confirmed carbon emissions according to relevant provisions.

III. Interpretation of *the Interim Measures for the Administration of National Carbon Emission Rights Trading*

(IV) Verification and Quota Clearing (Chapter 4)

(2) Provincial carbon trading authorities (Articles 30, 31 and 33)

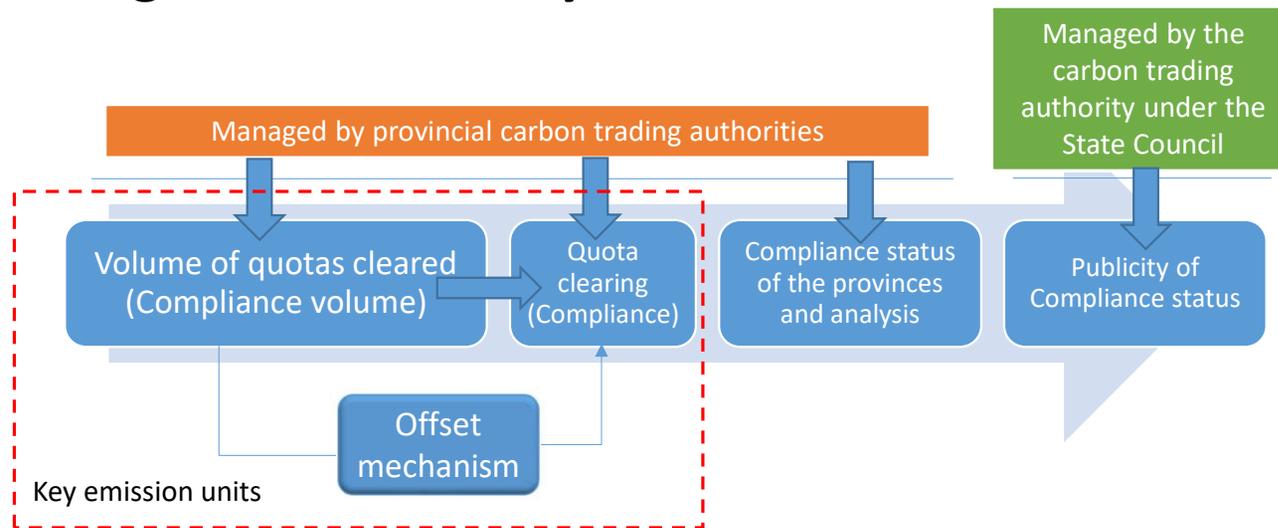
- **Confirm Compliance quantity (quantity of quotas cleared) (Article 30):** confirmed emissions of key emission units in the Compliance period are the Compliance quantity and made known to key emission units.
- **Compliance management (Articles 31 and 33):**
 - **Take over quotas, accept Compliance (Article 31):** key emission units shall submit emission quotas no less than their confirmed emissions of the previous year on an annual basis to the provincial carbon trading authorities of the provinces, autonomous regions, and municipalities directly under the Central Government where they are located, thus fulfilling the obligation of clearing quotas of the previous year.
 - **Report Compliance conditions and analyze (Article 33):** the provincial carbon trading authorities shall analyze the quota clearing conditions of key emission units in the previous year within their respective administrative regions on an annual basis, and submit the quota clearing conditions to the carbon trading authority under the State Council.

(3) National Carbon trading authority under the State Council (Article 33)

- **Publicize Compliance conditions (Article 33):** the carbon trading authority under the State Council shall make public the quota clearing conditions of all key emission units in the previous year.

III. Interpretation of the *Interim Measures for the Administration of National Carbon Emission Rights Trading*

Quota Clearing - Brief Summary



III. Interpretation of the *Interim Measures for the Administration of National Carbon Emission Rights Trading*

(V) Supervision and Management (Chapter 5, Articles 34-39)

(1) National Carbon trading authority under the State Council

- **Publish information (Article 34):** the carbon trading authority under the State Council shall make public the following information in a timely way: the list of types of greenhouse gas, industries, and key emission units eligible for carbon trading, emission quota allocation methods, rules for the use, storage and clearing of emission quotas, quota clearing conditions of key emission units of each year, the list of recommended verification institutions, and the list of confirmed trading institutions, etc.
- **Supervise and guide (Article 36):** the carbon trading authority under the State Council guides the operations of the provincial carbon trading authorities, supervises and manages the following activities: relevant business conditions of verification institutions; relevant business conditions of trading institutions.
- **Credit investigation supervision:**

(Article 38) The carbon trading authority under the State Council and the provincial carbon trading authorities shall build the record of relevant behaviors of key emission units, verification institutions, trading institutions and other professional institutions and individuals concerning their participation in carbon emission trading, and include the same into relevant credit management system.

(Article 39) As for institutions and individuals participating in carbon emission rights trading with serious illegalities and dishonest conducts, the carbon trading authority under the State Council shall establish the "black list" and disclose it according to law.

Supervision and Management

1. **Compete authority under the State Council**
2. **Provincial competent authority**
3. **Trading institutions**

III. Interpretation of the *Interim Measures for the Administration of National Carbon Emission Rights Trading*

(2) Provincial carbon trading authorities

- **Supervise and manage (Article 37):** the scope of supervision and management on carbon emission rights trading of the provincial carbon trading authorities include:

 Status about the reporting of emission report and verification report of key emission units within their administrative regions;

 Status about the quota clearing of key emission units within their administrative regions;

 Trading conditions of key emission units and other market participants within their administrative regions.

(3) Trading institutions

- Information disclosure system (Article 35): trading institutions shall put in place the information disclosure system, publicize trading information, turnover, trading volume and other trading information, and disclose relevant information that may affect the material change of the market in a timely way.

III. Interpretation of the *Interim Measures for the Administration of National Carbon Emission Rights Trading*

(V) Supervision and Management -- Brief Summary

- **Carbon trading authority under the State Council: Information publicity, supervision and guidance, credit investigation supervision**
- **Provincial carbon trading authorities: emission accounting/monitoring, reporting, verification and trading behaviors of key emission units within their administrative regions;**
- **Trading institutions: information disclosure**

III. Interpretation of the *Interim Measures for the Administration of National Carbon Emission Rights Trading*

(VI) Legal Liabilities (Chapter 6, Articles 40-46)

1. Key emission units

Article 40 Where key emission units have one of the following behaviors, the provincial carbon trading authorities of the provinces, autonomous regions, and municipalities directly under the Central Government where they are located will order them to rectify within a given period; and impose administrative penalty where they fail to rectify within the given period: (1) make a false report, conceal or refuse to fulfill the obligation of reporting emissions; and (2) fail to submit the emission report as required.

Should they still fail to rectify within the given period, the provincial carbon trading authorities will designate verification institutions to measure their emissions, and regard the emissions as the basis for them to fulfill the quota clearing obligation.

Article 41 Should key emission units fail to fulfill the quota clearing obligation on time, the provincial carbon trading authorities of the provinces, autonomous regions, and municipalities directly under the Central Government where they are located will order them to fulfill the quota clearing obligation; should they still fail to do so within the given period, the provincial carbon trading authorities of the provinces, autonomous regions, and municipalities directly under the Central Government where they are located will impose administrative penalty according to law.

Article 44 As for key emission units which are punished because they violate the provisions of Articles 40-41 hereof, the provincial carbon trading authorities shall notify industry and commerce, taxation, finance and other authorities of relevant conditions, and make a public announcement.

Legal Liabilities

1. Key emission units
2. Verification institutions
3. Trading institutions
4. Carbon trading authority under the State Council, provincial carbon trading authorities and their staffers

III. Interpretation of the *Interim Measures for the Administration of National Carbon Emission Rights Trading*

(VI) Legal Liabilities (Chapter 6, Articles 40-46)

2. Verification institutions:

Article 42 Should verification institutions have one of the following conditions, the provincial carbon trading authorities of the provinces, autonomous regions, and municipalities directly under the Central Government where they are registered will impose administrative penalty according to law, and report to the carbon trading authority under the State Council; in severe cases, the carbon trading authority under the State Council will order the verification institutions to suspend verification business; in case of incurring economic losses to key emission units, the verification institutions shall assume compensation liability according to law; where they constitute a crime, they shall be held criminally accountable: (1) issue false and untrue verification reports; (2) verification reports include material mistakes; (3) arbitrarily use or publicize the trade secrets of the units verified without consent; and (4) other illegal and irregular activities.

III. Interpretation of the *Interim Measures for the Administration of National Carbon Emission Rights Trading*

(VI) Legal Liabilities (Chapter 6, Articles 40-46)

3. Trading institutions:

Article 43 Where trading institutions and their staffers have one of the following conditions, the carbon trading authority under the State Council will order them to rectify within a given period; should they fail to rectify within the given period, they will be subject to administrative penalty according to law; where they incur economic losses to the trading entities, they shall assume the compensation liability according to law; where they constitute a crime, they shall be held criminally accountable: (1) fail to publicize trading information as required; (2) fail to establish and execute the risk management system; (3) fail to report relevant information to the carbon trading authority under the State Council as required; (4) conduct irregular trading business; (5) disclose the trade secret of the trading entities; and (6) other illegal and irregular activities.

III. Interpretation of the *Interim Measures for the Administration of National Carbon Emission Rights Trading*

(VI) Legal Liabilities (Chapter 6, Articles 40-46)

4. Carbon trading authority under the State Council, provincial carbon trading authorities and their staffers

Article 45 Where the carbon trading authority under the State Council, provincial carbon trading authorities and their staffers fail to fulfill their responsibilities hereunder, have malpractice and misuse of authority, seek improper gains by taking advantage of their positions, or disclose the trade secret of relevant institutions and individuals accessed by them, the superior administrative organ or supervisory body will order them to rectify; in severe cases, they will be subject to administrative penalty according to law; where they constitute a crime, they shall be held criminally accountable according to law.

Article 46 Should the parties of carbon emission rights trading seek gains improperly and incur economic losses to others when participating in the business specified herein, they shall assume the compensation liability according to law; where they constitute a crime, they shall be held criminally accountable according to law.

III. Interpretation of the *Interim Measures for the Administration of National Carbon Emission Rights Trading*

(VI) Legal Liabilities (Chapter 6) -- Brief Summary

- **Key emission units: submit emission report and verification report, fulfill clearing, penalty**
- **Verification institutions: execute verification, disclose trade secrets, other irregularities**
- **Carbon trading authority under the State Council, provincial carbon trading authorities and their staffers:
Fail to fulfill responsibilities, seek gains and undermine the interests of others**

IV. Summary

(I) The *Interim Measures for the Administration of Carbon Emission Rights Trading* are the basic rules for the national carbon emission rights trading market. The system of policies, regulations and technical specifications for the national carbon emission rights trading market is established by taking the *Measures* as the foundation and framework, so as to guide and supervise the creation and operation of the national carbon emission rights trading market.

(II) Identify the process and supervision of quota allocation, emission trading, verification and quota clearing.

(III) Distinguish the responsibilities of the carbon trading authority under the State Council, the provincial carbon trading authorities, key emission units and verification institutions.