Disclaimer: This text is published for information purposes only and may undergo further modifications including as a result of the process of legal revision.
This text is without prejudice to the final outcome of the Agreement between the EU and the UK. The text will be final upon signature. The Agreement will become binding on the Parties under international law only after completion by each Party of its internal legal procedures necessary for the entry into force of the Agreement.

DRAFT

AGREEMENT BETWEEN THE EUROPEAN UNION AND THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND ON THE LINKING OF THEIR RESPECTIVE GREENHOUSE GAS EMISSIONS TRADING SYSTEM AND SCHEME

THE EUROPEAN UNION, hereinafter referred to as the "Union",

and

THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND, hereinafter referred to as the "United Kingdom",

hereinafter jointly referred to as the "Parties";

WHEREAS the Parties are conscious of the global challenge presented by climate change and the international efforts required to reduce greenhouse gas emissions to combat climate change,

NOTING the shared international commitments, in particular the United Nations Framework Convention on Climate Change, done at New York on 9 May 1992 (“UNFCCC”), and the Paris Agreement adopted at Paris on 12 December 2015 by the Conference of the Parties to the UNFCCC at its 21st session (the "Paris Agreement"), to reduce greenhouse gas emissions,

WHEREAS the United Kingdom and the Union share the economy-wide objective of having net zero emissions of greenhouse gases by 2050,

WHEREAS the Parties welcome the Advisory Opinion of the International Court of Justice of 23 July 2025 on States' responsibilities to tackle climate change,

WHEREAS linking emissions trading systems enables the trade of emission allowances between systems, which will help build a robust international carbon market and further reinforce the emission reduction efforts of the Parties who have linked their systems,

WHEREAS by linking emissions trading systems, carbon leakage and distortion of competition between the linked systems should be avoided and an orderly functioning of the linked carbon markets ensured,

WHEREAS the Union and the United Kingdom have emissions trading systems that share many of the same features, including an absolute emissions cap,

WHEREAS the Union and the United Kingdom have expressed their intention to give serious consideration to linking their respective carbon pricing systems in a way that preserves the integrity of those systems and provides for the possibility to increase their effectiveness in accordance with Article 392(6) of the Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part, done at Brussels and London on 30 December 2020 (the "Trade and Cooperation Agreement"),

WHEREAS the Union's emissions trading system as regards wholesale electricity markets applies to and in the United Kingdom in respect of Northern Ireland in accordance with Article 9 of the Windsor Framework, which forms an integral part of the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community, done at Brussels and London on 24 January 2020 (the "Withdrawal Agreement"),

WHEREAS Norway, Iceland and Liechtenstein participate in the emissions trading system of the Union and, in accordance with Decision No 146/2007 of the EEA Joint Committee[1], the EEA EFTA States and their operators will not be discriminated against when a linking agreement is concluded,

WHEREAS the Union's emissions trading system is linked with the emissions trading system of

[1] Decision of the EEA Joint Committee No 146/2007 of 26 October 2007 amending Annex XX (Environment) to the EEA Agreement (OJ EU L 100, 10.4.2008, p. 92, ELI: http://data.europa.eu/eli/dec/2007/146(2)/oj).

Switzerland, pursuant to Council Decision (EU) 2018/219 of 23 January 2018 on the conclusion of the Agreement between the European Union and the Swiss Confederation on the linking of their greenhouse gas emissions trading systems[2],

NOTING that the UK ETS Authority, comprised of the UK Government, Scottish Government, Welsh Government and the Department of Agriculture, Environment and Rural Affairs in Northern Ireland, manages the operation of the United Kingdom's emissions trading scheme,

RECOGNISING that this Agreement fulfils the conditions for the Parties to mutually exempt each other from their respective carbon border adjustment mechanisms for goods originating in each Party subject to compliance with the relevant provisions of the Union's and the United Kingdom's respective domestic law,

WHEREAS this Agreement does not affect the provisions by means of which the Parties set their objectives for reducing greenhouse gas emissions not covered by their emissions trading systems and that this Agreement should not constrain them from pursuing higher environmental ambitions consistent with their international obligations,

RECOGNISING the mutual benefits that a one-stop shop will bring for aircraft operators covered by the Union's emissions trading system and the United Kingdom's emissions trading scheme and affirming their commitment to establish a one-stop shop,

RECOGNISING that the Union and United Kingdom financial markets related to emission allowances and derivatives thereof are, and should remain, underpinned by adequate legally binding rules and ongoing supervision and enforcement, and procedures to mitigate the risk of anti-competitive behaviour, market abuse, money-laundering and terrorist financing,

RECOGNISING that, in order to achieve the objectives of this Agreement, namely to link the Parties' respective emissions trading system and scheme, the Parties should ensure that the functioning of the linked system and scheme is at all times governed in the United Kingdom, including in respect of Northern Ireland and without prejudice to the Windsor Framework, by the same rules that apply to those areas within the Union, on the basis of dynamic alignment and simultaneous application in accordance with this Agreement,

[2] OJ EU L 43, 16.2.2018, p. 1, ELI: http://data.europa.eu/eli/dec/2018/219/oj.

ACKNOWLEDGING that those rules should be interpreted uniformly within the territorial scope of this Agreement; and the interpretation given to those rules within the Union should also apply in the context of the relations between the Parties,

AFFIRMING that the exclusive jurisdiction of the Court of Justice of the European Union in the interpretation of Union law must be fully preserved, including, for the avoidance of doubt, as regards the scope of application of Union law,

RECOGNISING that this Agreement deepens the free trade area and strengthens the economic partnership established by the Trade and Cooperation Agreement and builds extensively on certain institutional provisions laid down in that agreement, but that, it does not constitute a supplementing agreement to the Trade and Cooperation Agreement within the meaning of Article 2 (Supplementing agreements) thereof,

RECOGNISING that this Agreement should apply alongside, and without prejudice to, the Withdrawal Agreement, including the Windsor Framework, which forms an integral part thereof,

REAFFIRMING their commitment to the essential elements of their partnership as laid down in the Trade and Cooperation Agreement and their obligation to implement the Withdrawal Agreement,

RECOGNISING that the provisions of this Agreement are to be interpreted in good faith in accordance with their ordinary meaning in their context and in light of the object and purpose of this Agreement in accordance with customary rules of interpretation of public international law, including those codified in the Vienna Convention on the Law of Treaties, done at Vienna on 23 May 1969 (the "Vienna Convention"), except as otherwise provided for in this Agreement,

NOTING that the financial contribution of the United Kingdom pursuant to this Agreement is intended only to finance those activities of the agencies, information systems and other activities of the Union in which the United Kingdom participates,

HAVE AGREED AS FOLLOWS:

PART ONE

GENERAL PROVISIONS

ARTICLE 1

Definitions

For the purposes of this Agreement:

(a) “carbon border adjustment mechanism” (“CBAM”) means a measure of a Party that has the objective to ensure equivalent carbon pricing for imports and domestic products to prevent the risk of carbon leakage;

(b) “ETS of the Parties” means the respective emissions trading system and scheme of the Parties;

(c) “EU ETS” means the emissions trading system of the Union;

(d) “legal acts of the Union” means regulations, directives, decisions, opinions and recommendations;

(e) “other Union acts” means guidelines, notices and communications not covered in point (h) that concern the interpretation and application of the Union rules that govern matters within the scope of this Agreement;

(f) “Treaties” means the Treaty on European Union (“TEU”) and the Treaty on the Functioning of the European Union (“TFEU”);

(g) “UK ETS” means the emissions trading scheme of the United Kingdom;

(h) “Union acts adopted on the basis of the legal acts of the Union” means legal acts designated as delegated or implementing acts in accordance with the Treaties, as well as other non-legislative acts adopted on the basis of the legal acts referred to in Annex 1.

ARTICLE 2

Objectives

1. The overall objective of this Agreement is to guarantee for the Parties, and for economic operators and individuals, greater legal certainty, equal treatment and a level playing field by linking the ETS of the Parties with a view to achieving the following specific objectives:

(a) preserving the integrity and ambition of the ETS of the Parties;

(b) avoiding risks of carbon leakage and distortion of competition between the ETS of the Parties;

(c) ensuring the effective functioning of the link between the ETS of the Parties;

(d) facilitating trade between the Parties in compliance with this linking agreement; and

(e) supporting the Parties' respective domestic and international climate commitments.

2. To this end, this Agreement lays down institutional solutions facilitating a continuous and balanced strengthening of economic relations between the Parties, in particular:

(a) the procedure for aligning to the acts of the Union within the scope of this Agreement;

(b) the uniform interpretation and application of the legal acts of the Union and other Union acts to which reference is made in this Agreement or which are referred to in Annex 1 and, to the extent that they involve concepts of Union law, the provisions of this Agreement;

(c) the basis for effective implementation and application of this Agreement; and

(d) the dispute settlement procedure.

ARTICLE 3

Material scope

1. This Agreement shall cover the rules and arrangements concerning the linking of the ETS of the Parties for the following sectors and economic activities: electricity generation, incineration of waste (excluding landfill), industrial heat generation (excluding the individual heating of houses and commercial buildings), industry, domestic and international maritime transport, domestic and international aviation and the removal of greenhouse gases.

2. This Agreement shall not cover the provisions of the emissions trading system for buildings, road transport and additional sectors as defined at the date of the entry into force of this Agreement, or, as the case may be, the date of its provisional application, in Chapter IVa of Directive 2003/87/EC of the European Parliament and of the Council[3].

3. Nothing in this Agreement shall be construed as granting the United Kingdom access to or participation in the Union's internal market, including financial services markets.

ARTICLE 4

Extending the material scope of this Agreement

1. Where during the drafting of a proposal for a legal act of the Union in accordance with the TFEU falling within a sector or an economic activity not listed in Article 3 [Material scope] of relevance for extending the material scope of this Agreement, the European Commission has asked for the views of experts of the Member States of the Union, it shall notify the experts of the United Kingdom.

2. On the basis of a written request of the Union, the Partnership Council may amend Article 3(1) [Material Scope] in order to include in the scope of this Agreement other sectors or economic activities governed by the EU ETS.

3. Following a notification pursuant to paragraph 1 or a request pursuant to paragraph 2, either Party may request an exchange of views within the Joint Committee on ETS Linking, in particular to

[3] Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (OJ EC L 275, 25.10.2003, p. 32, ELI: http://data.europa.eu/eli/dir/2003/87/oj).

assess the implications of adding a new sector or economic activity to the ETS of the Parties.

4. If the Partnership Council has not taken the decision referred to in paragraph 2, the following shall apply:

(a) within eight months of the Union's request pursuant to paragraph 2, the Union may adopt appropriate temporary measures, as necessary and proportionate, to address risks of carbon leakage and competitive distortion between the Union and the United Kingdom; and

(b) the United Kingdom shall in any case recognise the additional allowances in the EU ETS to that sector pursuant to Article 7(1) [Emission allowances and accounting].

ARTICLE 5

Relationship with the Withdrawal Agreement

This Agreement shall apply without prejudice to the Withdrawal Agreement, with the exception of Article 8 (Access to networks, information systems and databases) thereof.

ARTICLE 6

Relationship with the Trade and Cooperation Agreement

1. This Agreement shall not constitute a supplementing agreement to the Trade and Cooperation Agreement within the meaning of Article 2 (Supplementing agreements) thereof.

2. Article 391 (Non-regression from levels of protection) of the Trade and Cooperation Agreement shall be suspended while this Agreement is applicable, with respect to matters which fall within the scope of this Agreement and for which Articles 19 [General obligation to dynamically align and simultaneously apply] and 21 [Procedure for the incorporation of Union acts into this Agreement] apply.

3. This Agreement shall not alter the rights and obligations of the Parties under provisions of the Trade and Cooperation Agreement and supplementing agreements to the Trade and Cooperation Agreement other than the provision suspended in accordance with paragraph 2, to the extent that those rights and obligations are compatible with this Agreement and do not affect the rights or the performance of the obligations of the Parties under this Agreement.

PART TWO

TECHNICAL PROVISIONS

ARTICLE 7

Emission allowances and accounting

1. Emission allowances that can be used for compliance under the ETS of one Party shall be recognised for compliance under the ETS of the other Party.

2. The ETS of the Parties in which an emission allowance was issued shall be identifiable to the registry administrators and the account holders on the basis of at least the country code of the serial number of the emission allowance.

3. The Parties shall at the request of either Party discuss in the Joint Committee on ETS Linking issues related to a methodology for accounting for the net flow of allowances under the Paris Agreement, including issues related to the reporting of the Parties' nationally determined contributions.

ARTICLE 8

Quantity of emission allowances

1. The quantity of emission allowances issued in the UK ETS, for the activities within the scope of Directive 2003/87/EC, as applicable on the date of entry into force of this Agreement, or, as the case may be, the date of its provisional application shall not exceed:

(a) 62,2 million in 2028;

(b) 59,5 million in 2029; and

(c) 57,6 million in 2030.

2. Where, after the entry into force of this Agreement or, as the case may be, its provisional application, the Union increases the quantity of emission allowances in the EU ETS as a consequence of new activities being added to the scope of Directive 2003/87/EC, the United Kingdom may increase the quantity of allowances to be issued in the years 2028, 2029 and 2030 by no more than the amount in order to cover the inclusion of those additional activities in the UK ETS, and thereafter reduce such quantity by the application of the linear reduction factor on an annual basis, each determined in accordance with the method established in the legal acts of the Union referred to in Annex 1.

3. As from 2031, the United Kingdom shall annually issue a quantity of allowances that does not exceed the sum of the quantities referred to in points (a) and (b):

(a) for the activities within the scope of Directive 2003/87/EC, as applicable at the entry into force of this Agreement, or as the case may be, its provisional application, a quantity equal to 7,1 % of the allowances to be issued in the EU ETS for the same activities and year on the basis of gross emissions accounting;

(b) where, after the entry into force of this Agreement or, as the case may be, its provisional application, the Union increases the quantity of emission allowances in the EU ETS, as a consequence of new activities being added to the material scope of Directive 2003/87/EC, the quantity of allowances in order to cover the inclusion of those additional activities in the UK ETS, and thereafter reduce such quantity by the application of the linear reduction factor on an annual basis, each determined in accordance with the method established in the legal acts of the Union referred to in Annex 1.

4. For the purposes of paragraphs 1 and 3, point (a), the quantity of emission allowances to be issued by the United Kingdom refers to the amount of allowances:

(a) accounting for any reduction to be made in connection with installations excluded from the UK ETS in accordance with Article 27a of Directive 2003/87/EC;

(b) without accounting for any reduction to be made in connection with installations excluded from the UK ETS in accordance with Article 27 of Directive 2003/87/EC; and

(c) without accounting for any additional allowances to be added to the UK ETS in accordance with Article 9(3) [Procedure for unilateral inclusion of additional activities and greenhouse gases].

5. For the purposes of paragraph 3, point (a), the quantity of emission allowances to be issued in the EU ETS refers to the amount of allowances:

(a) to be issued in respect of the Member States of the Union and those EEA EFTA States present in the EU ETS on the date of entry into force of this Agreement or, as the case may be, the date of its provisional application;

(b) accounting for any reductions to be made in connection with installations excluded from the EU ETS on the date of entry into force of this Agreement or, as the case may be, the date of its provisional application, pursuant to Article 27 or 27a of Directive 2003/87/EC; and

(c) accounting for any increases to be made in connection with activities included in the EU ETS pursuant to Article 24 of Directive 2003/87/EC on the date of entry into force of this Agreement or, as the case may be, the date of its provisional application.

6. The Joint Committee on ETS Linking may amend this Article, including if the Parties intend to change their approach to gross emissions accounting, or at a point in time in which the Union would assess whether high-quality and high-integrity, cost-effective international credits are available to contribute to the climate ambition of the activities referred to in Annex 1.

ARTICLE 9

Procedure for unilateral inclusion of additional activities and greenhouse gases

1. The Parties agree that the UK ETS can continue to cover CO2 emissions released through

upstream venting in the UK ETS at the entry into force of this Agreement, or as the case may be, its provisional application and until the Union would cover such activity, in which case the United Kingdom would have to follow the Union rules in accordance with Part Three [Part III Institutional provisions] of this Agreement. The United Kingdom would be consulted appropriately on those rules in accordance with Article 18 [Consultation in the drafting of legal acts of the Union].

2. The United Kingdom may apply additional emission allowance trading to activities or to greenhouse gases which are not listed in the legal acts of the Union incorporated into this Agreement in Annex 1, including within sectors and economic activities not listed in Article 3 [Material scope], provided that the inclusion of such activities and greenhouse gases is approved by the European Commission in accordance with the procedure provided for in those legal acts.

3. When the inclusion of additional activities or greenhouse gases is approved, the European Commission may at the same time authorise the issue of additional allowances by the United Kingdom.

ARTICLE 10

Carbon border adjustment mechanisms

1. Within the scope of this Agreement, the Parties shall mutually exempt the goods originating in each other's customs territory from their respective CBAMs subject to compliance with the relevant provisions of the Union's and the United Kingdom's respective domestic law. The exemptions shall extend to the EEA EFTA States to the extent that the Union's CBAM is applied under the Agreement on the European Economic Area[4].

2. The exemptions referred to in paragraph 1 shall be granted only where, and for as long as, the Union and the United Kingdom comply with the conditions set out in the other Party's domestic law.

3. The exemptions shall not be granted to goods falling within sectors added to the scope of the Union's or the United Kingdom's CBAM after the entry into force of this Agreement, unless:

[4] OJ EC L 1, 3.1.1994, p. 3, ELI: http://data.europa.eu/eli/agree_internation/1994/1/oj.

(a) those sectors fall within the scope of this Agreement or are included in the scope of this Agreement following an extension that has taken effect, in accordance with Article 4 [Extending the material scope of this Agreement]; and

(b) the greenhouse gas emissions embedded in those goods originating in the United Kingdom or the Union are subject to an effectively charged carbon price equivalent to the carbon price borne by comparable Union or United Kingdom goods under the EU ETS or the UK ETS, without exemptions, rebates or other forms of compensation that would result in more favourable treatment, irrespective of the size, emissions level or production volume of the producers, operators or installations concerned, as required by the Parties' domestic law.

ARTICLE 11

Market stability reserve

1. The United Kingdom shall establish a United Kingdom market stability reserve containing at least 29,5 million emission allowances at the latest on the date of entry into force of this Agreement or, as the case may be, the date of its provisional application.

2. The United Kingdom shall increase the amount of allowances in the United Kingdom market stability reserve by 31 December 2032 until the United Kingdom market stability reserve reaches 34,5 million allowances.

3. The Joint Committee on ETS Linking shall adopt a decision before 1 January 2030 regarding any adjustments to the amount of allowances that would be needed in order to ensure that the total amount of allowances in the United Kingdom market stability reserve corresponds to at least 6,7 % of the Union market stability reserve in 2029. The United Kingdom shall then by 31 December 2034 adjust the amount of allowances referred to in paragraph 2 in line with that decision of the Joint Committee on ETS Linking.

4. Each Party shall be responsible for the injection, withdrawal, oversight, and administration of the allowances in their respective market stability reserves in accordance with this Agreement and the legal acts referred to in Annex 1.

5. The amount of allowances that the United Kingdom shall place in or release from the United Kingdom market stability reserve, as part of its operation, in a given month shall be 6,7 % of the amount of allowances that the Union shall place in or release from the Union market stability reserve in that same month. This paragraph shall apply only from 1 January 2031 to the amount of allowances that the United Kingdom shall place in the United Kingdom market stability reserve.

6. The United Kingdom shall provide relevant information to the European Commission in relation to its market stability reserve in order for the European Commission to consider such information for any reports. Where relevant and with the United Kingdom's prior written permission, the European Commission may publish such information.

7. The Parties shall meet as appropriate and in any event no less frequently than annually within the Joint Committee on ETS Linking to exchange views on matters relevant to the functioning of the market, including events or developments liable to affect the management of the market stability reserves.

8. The Joint Committee on ETS Linking may review, at the request of either Party, this Article and may, if necessary, amend it and any relevant technical adaptations in Annex [Legal acts of the Union and other Union Acts incorporated into this Agreement], including if the adjustment in allowances in accordance with paragraph 3 is more than 5,5 million allowances.

ARTICLE 11a

Financial Regulation & Supervision

1. The Parties shall ensure that auctioning of allowances and the market for emission allowances and for derivatives thereof is subject to adequate legally binding rules and ongoing effective supervision and enforcement, and procedures to mitigate the risk of anti-competitive behaviour, market abuse, money-laundering and terrorist financing.

Furthermore, the Parties shall ensure a level playing field for, and avoid distortions in, the linked market for emission allowances and for derivatives thereof.

To these ends, the United Kingdom shall ensure that, at all times, the regulatory framework governing the auctioning of allowances and the market for emission allowances and for derivatives thereof on its territory is at least as stringent as that applicable under the Union acts listed in Annex 1a [Relevant financial services provisions for the purpose of this Agreement]. For the purposes of this Agreement, stringency shall be assessed against the outcomes of the regulatory frameworks, by considering their content and objectives, to the extent those outcomes are material to the functioning and oversight of the market for emission allowances and derivatives thereof and to the operation of the ETS linking.

2. The Parties shall also ensure that the application of those rules is adequately supervised and enforced. To ensure that the application of those rules is adequately supervised and enforced, the Parties shall set up cooperation arrangements in accordance with Article 12 [Cooperation on market oversight].

3. Without prejudice to the obligations incumbent on the Parties in accordance with paragraph 1, the Parties shall inform each other in a timely manner of changes to the regulatory frameworks likely to affect the outcomes referred to in paragraph 1.

At the request of either Party, the Joint Committee on ETS Linking shall hold an exchange of views on changes to the regulatory frameworks likely to affect the outcomes referred to in paragraph 1.

4. Where a Party considers that the other Party no longer meets the requirement under paragraphs 1 or 2, it may request the Joint Committee on ETS Linking to hold an exchange of views. If, following that exchange of views, a Party considers that the other Party fails to meet the requirements under paragraphs 1 or 2, it may adopt appropriate measures as necessary and proportionate to maintain the integrity of the ETS linking.

5. Prior to the adoption of a legal act of the Union, Union acts adopted on the basis of the legal acts of the Union or other Union acts in the scope of this Article, the Union shall inform the United Kingdom thereof in a timely manner through the Joint Committee on ETS Linking. At the request of either Party, the Joint Committee on ETS Linking shall hold an exchange of views on the implications of the act.

6. Prior to the adoption of a legal act of the United Kingdom, the United Kingdom shall inform the Union in a timely manner through the Joint Committee on ETS Linking of any intention to amend its legal framework in the areas covered by the acts listed in Annex 1a [Relevant financial services

provisions for the purpose of this Agreement], to the extent those proposals are material to the operation of the ETS linking. At the request of either Party, the Joint Committee on ETS Linking shall hold an exchange of views on the implications of the act.

7. The Joint Committee on ETS Linking shall ensure that legal acts of the Union, Union acts adopted on the basis of the legal acts of the Union or other Union acts to which reference is made in paragraph 5 are incorporated into this Agreement. For this purpose, the Joint Committee on ETS Linking shall adopt a decision to incorporate an act into this Agreement, and, where appropriate, amend Annex 1a [Relevant financial services provisions for the purpose of this Agreement], no later than the date on which those legal acts apply within the Union.

8. For the purpose of this Article and Annex 1a [Relevant Financial Services provisions for the purpose of this Agreement], Articles 18 [Consultation in the drafting of legal acts of the Union], and 21 [Procedure for the incorporation of legal acts of the Union and other Union acts into this Agreement] do not apply.

ARTICLE 12

Cooperation on market oversight

1. The European Securities and Markets Authority ("ESMA") of the Union and the Financial Conduct Authority ("FCA") of the United Kingdom, or their successors as relevant, shall agree appropriate cooperation arrangements regarding market oversight. Those cooperation arrangements shall concern:

(a) the establishment of an information sharing framework as set out in paragraph 2 below; and

(b) the establishment of a cooperation framework for the purposes of the supervision, without prejudice to the Union's and United Kingdom's respective supervisory competence, and the enforcement of obligations arising in accordance with the respective rules on auctioning, registries and financial markets applicable to the ETS of the Parties (including financial markets rules applicable to emission allowances and derivatives thereof) which aim to prevent fraud and preserve the integrity of the ETS of the Parties.

Before adopting those cooperation arrangements, ESMA and FCA shall submit the draft arrangements to the Joint Committee on ETS Linking for prior approval.

2. The ESMA, FCA and national competent authorities of the Member States of the Union shall establish an information sharing framework for the purpose of facilitating effective market oversight of the market relating to emissions allowances and derivatives concerning such allowances. This framework shall ensure that the following information types are made available at least on a yearly basis, or, where agreed by the ESMA, FCA and national competent authorities, more frequently, or upon request:

(a) details of executed transactions of emissions allowances and derivatives thereof;

(b) position reporting of emission allowances and derivatives thereof;

(c) suspicious transaction and order reports related to the transaction of emission allowances and derivatives thereof;

(d) order book data relating to transactions in emission allowances and derivatives from any trading venue on which emissions allowances and derivatives thereof are traded;

(e) reporting on emission allowance derivative contracts; and

(f) any other information reasonably requested by ESMA or FCA on an ad hoc basis, including necessary information to enable the other to publish reports on the linked carbon markets.

3. The Joint Committee on ETS Linking may amend the list of information types mentioned in the preceding paragraph, depending on developments in ESMA data needs for the purpose of drawing up the report referred to in the Union legislation listed in [Section A] of Annex 1. In addition, the Joint Committee on ETS Linking may amend this list following evolutions in the reporting framework of the Union or the United Kingdom.

4. For the purpose of the information sharing and the cooperation frameworks, ESMA shall coordinate the exchanges of information between FCA and national competent authorities of the Member States of the Union.

5. The Parties shall ensure that their respective financial markets relating to emission allowances

and derivatives thereof are effectively monitored so that the linking does not risk undermining the integrity and orderly functioning of these markets.

ARTICLE 13

One-stop shop for aviation

1. The Parties shall establish a one-stop shop for aircraft operators in the EU ETS and UK ETS.

2. The Parties shall ensure that, under the one-stop shop, each aircraft operator is administered for the purposes of both the EU ETS and the UK ETS by a single administering State and each Party shall remain responsible for the enforcement of its own ETS.

3. With a view to the establishment of the one-stop shop in accordance with paragraphs 1 and 2, the Joint Committee on ETS Linking shall, upon the date of entry into force of this Agreement or, as the case may be, the date of its provisional application, or as soon as reasonably practicable thereafter, adopt a decision setting out:

(a) the modalities for the operation of the one-stop shop and for cooperation between the Parties;

(b) the criteria and procedure for attributing each aircraft operator to an administering State; and

(c) any necessary amendments to the technical adaptations listed in Annex 1.

4. The Parties shall cooperate on the timely exchange of data, information and documentation to facilitate the preparation, establishment and smooth operation of the one-stop shop.

ARTICLE 14

One-stop shop for maritime transport

1. The Joint Committee on ETS Linking may adopt a decision setting out modalities for the

organisation of the work and cooperation within the one-stop shop for shipping companies at any time after this Agreement enters into force or, as the case may be, after it is provisionally applied. The decision shall include any necessary amendments to the technical adaptations listed in Annex 1.

2. The Joint Committee on ETS Linking may meet to discuss any matters related to the one-stop shop, and, in the absence of a one-stop shop, any matters of enforcement or implementation.

ARTICLE 15

Registries

1. Without prejudice to Article 19 [General obligation to dynamically align and simultaneously apply], for the purposes of this Agreement the registries of the Parties shall comply with the linking technical standards to be agreed by the Joint Committee on ETS Linking in accordance with Annex 5 [Linking technical standards].

2. The United Kingdom Registry administrator, the Union Central Administrator and national administrators from Member States of the Union shall work together to minimise the risk of fraud, misuse or criminal activity involving the registries, to respond to such incidents, and to protect the integrity of the ETS of the Parties.

ARTICLE 16

Sensitive information

1. For the purpose of this Article and Article 17 [Sensitivity levels and handling instructions], "sensitive information" means information and material, whether in oral, visual, electronic, magnetic or documentary form, including equipment and technology:

(a) which has been provided by or exchanged between the Parties in connection with this Agreement;

(b) the unauthorised disclosure of which could cause varying degrees of damage or harm to the

interests of the Parties;

(c) which requires protection against unauthorised disclosure in the security interests of one of the Parties; and

(d) which bears a sensitivity marking assigned by one of the Parties.

For the avoidance of doubt, the reference to "sensitive information" in this Article and Article 17 [Sensitivity levels and handling instructions] does not concern classified information falling under the Agreement between the European Union and the United Kingdom of Great Britain and Northern Ireland concerning security procedures for exchanging and protecting classified information, done at Brussels and London on 30 December 2020.

2. Without prejudice to the respective laws and regulations of the Parties, each Party shall protect sensitive information, in particular against unauthorised disclosure or integrity loss in accordance with the security requirements, the sensitivity levels and handling instructions set out in Article 17 [Sensitivity levels and handling instructions] and Annex 4 [Sensitivity Level, handling instructions and Security Requirements].

ARTICLE 17

Sensitivity levels and handling instructions

1. Each Party is solely responsible for marking the information it releases as sensitive and for downgrading or removing the level of sensitivity of information it releases. Where sensitive information is released jointly by the Parties, the Parties shall agree together on the marking and the level of sensitivity, as well as the downgrading and removal of the level of sensitivity.

2. Sensitive information shall be marked in accordance with its level of sensitivity as set out in Annex 4 [Sensitivity Level, handling instructions and Security Requirements].

3. The sensitive information originator of the releasing Party shall downgrade sensitive information to a lower sensitivity level as soon as the sensitive information ceases to require a higher degree of protection and shall remove the sensitivity status as soon as the information ceases to require

protection against unauthorised disclosure or loss of integrity.

4. The releasing Party shall inform the recipient Party of any new sensitive information and its level of sensitivity, as well as of any downgrades in sensitivity level or removals of sensitivity status.

5. A shared sensitive information list shall be established and maintained by the Parties.

6. Each Party shall apply instructions for the handling of sensitive information as set out in Annex 4 [Sensitivity Level, handling instructions and Security Requirements].

PART THREE

INSTITUTIONAL PROVISIONS

CHAPTER 1

DYNAMIC ALIGNMENT AND SIMULTANEOUS APPLICATION

SECTION 1

GENERAL OBLIGATION AND PROCEDURE

ARTICLE 18

Consultation in the drafting of legal acts of the Union

1. When, during the drafting of a proposal for a legal act of the Union in accordance with the TFEU falling within the scope of this Agreement, the European Commission asks for the views of experts of the Member States of the Union, it shall ensure that the experts of the United Kingdom are also informally consulted in the same way.

At the request of either Party, a preliminary exchange of views shall take place within the Joint Committee on ETS linking.

The Parties shall consult each other again, at the request of either of them, within the Joint Committee on ETS linking at important moments of the phase preceding the adoption of the legal act by the Union.

2. When preparing, in accordance with the TFEU, delegated acts on the basis of legal acts of the Union referred to in Annex 1, the European Commission shall consult the experts of the United Kingdom on the same draft delegated acts on which it consults the experts of the Member States of the Union.

3. When preparing draft implementing acts to be adopted on the basis of legal acts of the Union referred to in Annex 1, the European Commission shall consult the United Kingdom on the same draft measures on which it consults the Member States of the Union.

4. When preparing draft measures to be adopted in accordance with Article 5a of Council Decision 1999/468/EC[5] on the basis of legal acts of the Union referred to in Annex 1, the European Commission shall consult the United Kingdom on the same draft measures on which it consults the Member States of the Union.

5. In the cases not covered by paragraphs 1 to 4, including non legally binding acts to be incorporated in this Agreement, the European Commission may consult experts of the United Kingdom on the same matters on which it consults experts of the Member States of the Union where this is necessary for the proper implementation by the United Kingdom of the legal acts of the Union referred to in Annex 1. A list of those cases shall be drawn up and updated by the Joint Committee on ETS Linking.

6. The United Kingdom shall be invited to attend, as an observer, only those meetings or parts of meetings of the committees and expert groups when they address the application of the acts referred to in paragraphs 2 to 4 of this Article where this is necessary for the proper implementation by the United Kingdom of the legal acts of the Union referred to in Annex 1. By way of exception, the Union may decide to invite the United Kingdom to attend those meetings when they address the preparation

[5] Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission (OJ EC L 184, 17.7.1999, p. 23,)

of acts for emergencies of specific relevance for the United Kingdom. The United Kingdom shall have no voting rights.

7. Nothing in this Article shall confer on the United Kingdom the right to participate in the work of the institutions and the decision-making bodies of the Union, including the Council or its preparatory bodies.

ARTICLE 19

General obligation to dynamically align and simultaneously apply

1. Subject to Section 2 of this Chapter, the United Kingdom shall dynamically align with the legal acts of the Union and other Union acts referred to in Annex 1 by giving effect to them in accordance with paragraph 2.

2. For the purposes of paragraph 1:

(a) as regards regulations and decisions, the United Kingdom shall integrate these into its domestic law and apply them;

(b) as regards directives the United Kingdom shall be bound as to the result to be achieved and shall apply rules in its domestic law to that effect; and

(c) as regards opinions, recommendations, guidelines, notices, communications and other non-legal acts covered by Article 1 [Definitions], points (e) and (h), the United Kingdom shall give the same effect to those acts as they produce within the Union.

3. Subject to Section 2 of this Chapter, the United Kingdom shall give effect to the acts referred to in paragraph 1 from the later of the following two dates to ensure that they apply simultaneously in the Union and the United Kingdom:

(a) the date of entry into force of this Agreement or, as the case may be, the date of its provisional application; or

(b) the date on which these acts become applicable in the Union; for directives, that date shall be understood as the date as provided for therein at which Member States of the Union are required to apply the laws, regulations and administrative provisions necessary to comply with the directive.

4. By way of derogation from point (b) of paragraph 3, and subject to Section 2 of this Chapter, where a legal act of the Union, incorporated in this Agreement pursuant to Article 21 [Procedure for the incorporation of legal acts of the Union and other Union acts into this Agreement] becomes applicable in the Union less than two months after its adoption, the United Kingdom shall give effect to that legal act no later than two months after its adoption by the Union.

ARTICLE 20

Union acts adopted on the basis of the legal acts of the Union referred to in Annex 1

1. For the purposes of this Agreement, references to a legal act of the Union referred to in Annex 1 shall be understood to include the Union acts adopted on the basis of such a legal act of the Union.

2. Without prejudice to paragraph 1, the Joint Committee on ETS Linking may at any time adopt or amend the necessary technical adaptations to Union acts adopted on the basis of a legal act of the Union referred to in Annex 1.

ARTICLE 21

Procedure for the incorporation of legal acts of the Union and other Union acts into this Agreement

1. In order to guarantee dynamic alignment and simultaneous application for the purposes of this Chapter, the United Kingdom and the Union shall ensure that legal acts of the Union and other Union acts adopted within the scope of this Agreement are incorporated into this Agreement, in accordance with the procedure set out in paragraphs 2 and 3, no later than the date at which those legal acts become applicable within the Union. For directives, that date shall be understood as the date as provided for therein at which Member States of the Union are required to bring into force the laws, regulations and administrative provisions necessary to comply with the directive.

2. When it adopts a legal act of the Union or other Union act within the scope of this Agreement, the Union shall inform the United Kingdom thereof as quickly as possible through the Joint Committee on ETS Linking. Without prejudice to paragraph 1, at the request of either of the Parties, the Joint Committee on ETS Linking shall conduct an exchange of views on that act.

3. The Joint Committee on ETS Linking shall act in accordance with paragraph 1 by adopting a decision to amend Annex 1, including the necessary technical adaptations, which it shall update when needed. The Joint Committee on ETS Linking shall adopt that decision as quickly as possible. The Joint Committee shall give due regard to the United Kingdom's obligations under Article 19 [General obligation to dynamically align and simultaneously apply].

4. As regards legal acts of the Union that amend or replace an act referred to in Annex 1, the Joint Committee on ETS Linking shall examine the existing technical adaptations to the provisions that are amended or replaced, and to the extent that they continue to be relevant, adopt those technical adaptations with respect to the amending or replacing act.

5. If, following the notification pursuant to paragraph 2, the Parties cannot reach an agreement within the Joint Committee on ETS Linking to amend Annex 1 in accordance with paragraph 3, the Union may, after the legal act becomes applicable in the Union, adopt appropriate temporary measures as necessary and proportionate to maintain the integrity of the ETS of the Parties.

6. The Parties shall cooperate in good faith throughout the procedure set out in this Article in order to facilitate decision-making.

SECTION 2

HORIZONTAL AND TECHNICAL ADAPTATIONS TO THE UNION ACTS INCORPORATED INTO THIS AGREEMENT

ARTICLE 22

Horizontal adaptations

1. For the purposes of Articles 19 [General obligation to dynamically align and simultaneously apply] and 7(1) [Emission allowances and accounting], and subject to any technical adaptation set out in Annex 1, the legal acts of the Union and other Union acts referred to in Annex 1 shall be read by the Parties in accordance with paragraphs 2 to 5.

2. As regards the United Kingdom, references to “Member States” of the Union and competent authorities of Member States of the Union shall be understood as referring to the United Kingdom in respect of the territories referred to in Article 44(2) [TERRITORIAL SCOPE], except as regards the participation in the decision-making and governance of the bodies, offices and agencies of the Union. Procedures, institutional arrangements or other provisions concerning the work of committees and groups of experts that assist the European Commission shall be read in accordance with Article 18(6) and (7) [Consultation in the drafting of legal acts of the Union]. References to “third countries” shall be understood as not including the United Kingdom.

3. As regards the United Kingdom, references to the territory of the "European Union", of the "Union", of the "common market" or of the "internal market" shall be understood as referring to the United Kingdom in respect of the territories referred to in Article 44(2) [TERRITORIAL SCOPE].

4. As regards the United Kingdom, references to nationals of Member States of the Union, or to any natural or legal persons residing or established in the Member States of the Union shall be understood as references to nationals of the United Kingdom, or to any natural or legal persons residing or established in one of the territories referred to in Article 44(2) [TERRITORIAL SCOPE].

5. Provisions on the entry into force or implementation of the legal acts of the Union and other Union acts referred to in Annex 1 shall be applicable to this Agreement, with the exception of:

(a) where the date of application of legal acts of the Union or of other Union acts referred to in Annex 1 is earlier than the date of entry into force of this Agreement or, as the case may be, the date of its provisional application, the provisions on the entry into force or implementation of those acts of the Union shall be understood, as regards the United Kingdom, as referring to the date of entry into force of this Agreement or, as the case may be, the date of its provisional application; and

(b) where the legal act of the Union was incorporated in this Agreement pursuant to Article 21 [Procedure for the incorporation of legal acts of the Union and other Union acts into this Agreement], and the date of application of the provisions of that legal act is less than two months after its adoption, the provisions on the entry into force or implementation of those provisions shall be understood, as regards the United Kingdom, as referring to the date occurring two months after the adoption of that act by the Union.

CHAPTER 2

INTERPRETATION AND APPLICATION OF THIS AGREEMENT

ARTICLE 23

Uniform interpretation principle

1. Except as provided for in paragraph 2 of this Article and Article 31 [Referral to the Court of Justice of the European Union for the interpretation of Union acts]:

(a) the provisions of this Agreement shall be interpreted in good faith in accordance with their ordinary meaning in their context and in light of the object and purpose of this Agreement in accordance with customary rules of interpretation of public international law, including those codified in the Vienna Convention; and

(b) this Agreement does not establish an obligation to interpret its provisions in accordance with the domestic law of either Party.

2. For the purpose of achieving the objectives set out in Article 2 [Objectives], the legal acts of the Union and other Union acts to which reference is made in this Agreement or which are referred to in Annex 1 and, to the extent that they involve concepts of Union law, the provisions of this Agreement shall be interpreted and applied uniformly within the Union and in the United Kingdom in respect of the territories referred to in Article 44(2) [territorial scope] in accordance with the case law of the Court of Justice of the European Union, prior or subsequent to the signature of this Agreement. The interpretation given to those legal acts and concepts of Union law within the Union shall also apply in the context of the relations between the Parties.

ARTICLE 24

Implementation of this Agreement

1. The obligations laid down in Article 3 (Good faith) of the Trade and Cooperation Agreement shall apply *mutatis mutandis* in respect of this Agreement.

2. The Parties shall take all measures necessary to guarantee the intended result of the legal acts of the Union and of other Union acts to which reference is made in this Agreement or which are referred to in Annex 1 and shall refrain from taking any measure that could jeopardise the achievement of their aims.

3. The Parties shall cooperate and assist each other in the implementation of this Agreement. In particular, without prejudice to Article 18 [Consultation in the drafting of legal acts of the Union]:

(a) they shall, in a timely manner, exchange information on relevant implementation measures; in particular, the United Kingdom shall provide timely and adequate evidence of the measures it has taken in order to comply with its obligations under Article 19 [General obligation to dynamically align and simultaneously apply];

(b) the Union shall provide to the United Kingdom the information that has been provided to the Member States of the Union and is necessary to allow the United Kingdom to fully comply with its obligations under this Agreement;

(c) the United Kingdom may submit a reasoned request for information other than that referred to in point (b) that is necessary in order to comply with its international obligations. The Union shall give due consideration to that request; and

(d) the United Kingdom shall have access to the information systems and agencies of the Union as provided for in the legal acts of the Union and other Union acts referred to in Annex 1 in accordance with Section 2 [Horizontal and technical adaptations].

ARTICLE 25

Cooperation

The Union and the United Kingdom shall at all times endeavour to agree on the interpretation and application of this Agreement, and shall make every attempt, through cooperation and consultations, to arrive at a mutually satisfactory resolution of any matter that might affect its operation.

ARTICLE 26

Cooperation between jurisdictions

1. To support the achievement of the objectives referred to in Article 2(2) [objectives], point (b), and mutual understanding of their laws and procedures, and in full deference to judicial independence, the judiciaries of the United Kingdom and of the Court of Justice of the European Union may engage, as they deem appropriate, in a dialogue.

2. The United Kingdom shall have the right to lodge statements of case or written observations with the Court of Justice of the European Union where a court of a Member State of the Union refers to the Court of Justice of the European Union a question concerning the interpretation of this Agreement or of a provision of a legal act of the Union referred to therein for a preliminary ruling.

CHAPTER 3

DISPUTE SETTLEMENT

ARTICLE 27

Exclusivity principle

1. The Parties undertake not to submit a dispute regarding the interpretation or application of this Agreement to any method of settlement other than that provided for in this Agreement.

2. Nothing in this Agreement shall affect the exclusive jurisdiction of the Court of Justice of the European Union as regards the interpretation of Union law as well as the legality under Union law of the legal acts of the Union and that of the acts of the Union institutions, agencies and bodies.

ARTICLE 28

Procedure in the event of difficulty of interpretation or application

1. Chapters 1 to 4 of Title I of Part Six (Dispute settlement), Annex 48 (Rules of procedure for dispute settlement) and Annex 49 (Code of conduct for arbitrators) of the Trade and Cooperation Agreement shall apply *mutatis mutandis* with respect to disputes concerning the interpretation or application of this Agreement, subject to paragraph 2 of this Article, Article 29 [Covered provisions under Title I of Part Six of the Trade and Cooperation Agreement], Article 30 [Interim measures], Article 31 [Referral to the Court of Justice of the European Union for the interpretation of Union acts] and Article 32 [Compliance and remedies].

2. The following provisions of the Trade and Cooperation Agreement shall not apply to disputes concerning the interpretation or application of this Agreement:

(a) Article 736 (Exclusivity);

(b) Article 737 (Choice of forum in case of a substantially equivalent obligation under another international agreement);

(c) Article 741 (Requirements for arbitrators);

(d) Article 747 (Reasonable Period of Time);

(e) Article 749 (Temporary Remedies); and

(f) Article 752 (List of arbitrators).

ARTICLE 29

Covered provisions under Title I of Part Six of the Trade and Cooperation Agreement

For the purposes of Title I of Part Six (Dispute settlement) of the Trade and Cooperation Agreement, the provisions of this Agreement shall be considered "covered provisions".

ARTICLE 30

Interim measures

1. Either Party ("the applicant") may apply for interim measures at any stage of the arbitration procedure following the establishment of the arbitration tribunal and prior to its ruling pursuant to Article 745(4) (Ruling of the arbitration tribunal) of the Trade and Cooperation Agreement.

2. An application pursuant to paragraph 1 shall state the subject matter of the arbitration procedure, the circumstances giving rise to urgency and the pleas of fact and law establishing a *prima facie* case for the interim measures applied for, demonstrating how the conditions in paragraph 4 are met. It shall contain all the evidence and offers of further evidence available to justify the grant of the interim measures.

3. The applicant shall send its application in writing to the other Party and to the arbitration tribunal. The arbitration tribunal shall set a short time limit of no less than 10 days within which that other Party may submit written or oral observations. The arbitration tribunal shall deliver its decision to the Parties within one month of the submission of the application referred to in paragraph 1.

4. The arbitration tribunal shall adopt a decision granting the requested interim measures if it is satisfied that the following conditions are met:

(a) the applicant has established a *prima facie* case that the measure at issue is not in conformity with the provisions of this Agreement;

(b) a link exists between the non-conformity referred to in point (a) and the interim measures being requested; and

(c) absent those measures and pending its ruling pursuant to Article 745(4) (Ruling of the arbitration tribunal) of the Trade and Cooperation Agreement, the applicant would suffer, or there is a reasonable possibility that it would suffer, imminent, serious and irreparable harm; the arbitration tribunal undertaking, when necessary, a weighing of the competing interests of the Parties.

5. In carrying out its assessment under point (c) of paragraph 4, and in considering whether to fix a date on which the interim measures shall lapse pursuant to paragraph 7, the arbitration tribunal shall have due regard to Article 2 [Objectives], in particular the effective functioning of the linking between the EU ETS and UK ETS.

6. A decision taken by the arbitration tribunal in accordance with paragraph 4 to grant interim measures shall be without prejudice to the ruling of the arbitration tribunal in accordance with Article 745(4) (Ruling of the arbitration tribunal) of the Trade and Cooperation Agreement.

7. The arbitration tribunal may fix a date on which interim measures are to lapse in its decision to grant those measures in accordance with this Article. Where that decision does not fix such a date, the interim measures shall cease to have effect when:

(a) full compliance with the ruling of the arbitration tribunal in accordance with Article 745(4) (Ruling of the arbitration tribunal) of the Trade and Cooperation Agreement is established by agreement between the Parties or in accordance with Article 748 (Compliance Review) of the Trade and Cooperation Agreement; or

(b) any suspension of obligations taken in accordance with Article 32 [Compliance and Remedies] in respect of the arbitration procedure in relation to which interim measures have been granted takes effect.

8. The referral of a question of interpretation of Union law to the Court of Justice of the European Union in accordance with Article 31 [Referrals] shall not preclude the arbitration tribunal from granting interim measures in accordance with this Article or lead to the suspension of the deadline laid down in paragraph 3 pending the ruling of the Court of Justice of the European Union. The arbitration tribunal shall review its decision in accordance with that ruling, once delivered.

9. The arbitration tribunal shall stay the arbitration proceedings when:

(a) the arbitration tribunal receives an application pursuant to paragraph 1, from the receipt of that application until the delivery of its decision under paragraph 3; or

(b) the Court of Justice of the European Union delivers a ruling pursuant to Article 31 [Referrals], from the delivery of that ruling until the arbitration tribunal has concluded a review of its decision in accordance with paragraph 8.

10. Where the arbitration tribunal has rejected a first application for interim measures, the applicant may re-apply for interim measures on the basis of new facts, in which case paragraphs 2 to 9 shall apply *mutatis mutandis*.

11. A Party may apply for the modification, suspension or termination of interim measures that have been granted in accordance with this Article, where it considers that due to change in circumstances those interim measures are no longer appropriate in which case paragraphs 2 to 9 shall apply *mutatis mutandis*.

ARTICLE 31

Referral to the Court of Justice of the European Union for the interpretation of Union acts

1. Where the arbitration tribunal considers that:

(a) a dispute submitted to arbitration in accordance with paragraph 1 of Article 28 [Procedure in the event of difficulty of interpretation or application] raises a question of interpretation of (i) a legal act of the Union or other Union act to which reference is made in this Agreement or which is referred to in Annex 1, or (ii) to the extent that it involves a concept of Union law, a provision of this Agreement; and

(b) the interpretation of that act or that provision is relevant to the settlement of the dispute and necessary to enable it to issue a ruling,

the arbitration tribunal shall not decide on any such question and shall refer that question to the Court of Justice of the European Union. The arbitration tribunal shall stay the proceedings until the date on which the ruling of the Court of Justice of the European Union is delivered.

2. Where the arbitration tribunal refers a question to the Court of Justice of the European Union pursuant to paragraph 1:

(a) the Court of Justice of the European Union shall have jurisdiction to give a ruling on the question referred to it;

(b) the ruling of the Court of Justice of the European Union shall be binding on the arbitration tribunal when the arbitration tribunal makes a ruling;

(c) the period elapsed between the date of the referral and the date on which the ruling of the Court of Justice of the European Union is delivered shall not be taken into account for the purposes of the time limits within which the arbitration tribunal is to deliver its interim report and ruling in accordance with Article 745 (Ruling of the arbitration tribunal) of the Trade and Cooperation Agreement; the arbitration tribunal shall not be required to make a ruling under Article 745(4) (Ruling of the arbitration tribunal) of the Trade and Cooperation Agreement less than 60 days from the date on which the Court of Justice of the European Union has given its ruling;

(d) the United Kingdom may participate in the proceedings before the Court of Justice of the European Union in the same way as a Member State of the Union;

(e) lawyers authorised to practise before the courts or tribunals of the United Kingdom shall be entitled to represent or assist the United Kingdom in proceedings before the Court of Justice of the European Union; in such cases those lawyers shall in every respect be treated as lawyers authorised

to practise before courts of the Member States of the Union representing or assisting a party before the Court of Justice of the European Union;

(f) the Court of Justice of the European Union shall apply, by analogy, its internal rules of procedure applicable to the exercise of its jurisdiction to make a preliminary ruling on the interpretation of the Treaties and acts made by the Union's institutions, bodies, offices and agencies; and

(g) the procedure for referrals to the Court of Justice of the European Union shall be governed by Annex 2 [Referrals to the Court of Justice of the European Union]; such Annex may be amended by decision of the Partnership Council.

ARTICLE 32

Compliance and remedies

1. Having obtained the opinion of each Party, the arbitration tribunal shall set in the ruling referred to in Article 745(4) (Ruling of the arbitration tribunal) of the Trade and Cooperation Agreement, a reasonable period of time for compliance therewith.

2. Where, in the ruling referred to in Article 745(4) (Ruling of the arbitration tribunal) of the Trade and Cooperation Agreement, the arbitration tribunal finds that the respondent Party has breached an obligation under this Agreement, the complaining Party may deliver a written notification to the respondent Party that it intends to suspend the application of obligations under the covered provisions if:

(a) the respondent Party delivers a notification to the complaining Party that it is not possible to comply with the ruling referred to in Article 745(4) (Ruling of the arbitration tribunal) of the Trade and Cooperation Agreement; or

(b) the respondent Party fails to deliver a notification of any measure taken to comply within the deadline referred to in Article 746 (Compliance measures) of the Trade and Cooperation Agreement or before the date of expiry of the reasonable period of time; or

(c) the arbitration tribunal finds, in accordance with Article 748 (Compliance Review) of the Trade and Cooperation Agreement, that no measure taken to comply exists or that the measure taken to comply is inconsistent with the covered provisions.

The notification shall specify the level of intended suspension of obligations.

3. For the purposes of this Agreement, references to "suspension of obligations" or to its notification in the provisions of the Trade and Cooperation Agreement mentioned in paragraph 1 of Article 28 [Procedure in the event of difficulty of interpretation or application] shall be understood as referring to the suspension of obligations or its notification under paragraph 2 of this Article.

For the purposes of this Agreement, references to the application of "temporary compensation" or "compensation" in the provisions of the Trade and Cooperation Agreement mentioned in paragraph 1 of Article 28 [Procedure in the event of difficulty of interpretation or application] shall not apply.

4. Suspension of obligations shall be subject to the following conditions:

(a) obligations under Heading Four of Part Two, the Protocol on Social Security Coordination or its annexes or Part Five of the Trade and Cooperation Agreement may not be suspended under this Article;

(b) by way of derogation from point (a) of this paragraph, obligations under Part Five of the Trade and Cooperation Agreement may be suspended only where the ruling referred to in Article 745(4) (Ruling of the arbitration tribunal) of the Trade and Cooperation Agreement concerns the interpretation and implementation of Part Five of that Agreement;

(c) obligations outside Part Five of the Trade and Cooperation Agreement may not be suspended where the ruling referred to in Article 745(4) (Ruling of the arbitration tribunal) of the Trade and Cooperation Agreement concerns the interpretation and implementation of Part Five of that Agreement;

(d) obligations under Title II of Heading One of Part Two of the Trade and Cooperation Agreement in respect of financial services may not be suspended under this Article, unless the ruling referred to in Article 745(4) (Ruling of the arbitration tribunal) of the Trade and Cooperation Agreement concerns the interpretation and application of obligations under Title II of Heading One of Part two of that Agreement in respect of financial services;

(e) obligations under Article 7(1) [Emission allowances and accounting] of this Agreement may be suspended only where the ruling referred to in Article 745(4) (Ruling of the arbitration tribunal) of the Trade and Cooperation Agreement concerns the interpretation and application of this Agreement;

(f) suspension of obligations under [name SPS Agreement] shall comply with the conditions set out in Article [Compliance and Remedies] (2) and (7) of [name SPS Agreement];

(g) the suspension in whole or in part of Title I (Aviation) of Heading Two of Part Two of the Trade and Cooperation Agreement in accordance with this Article shall comply with the conditions laid down in Article 440 (Suspension and termination) of the Trade and Cooperation Agreement.

5. Where a Party persists in not complying with a ruling of an arbitration panel established under the Withdrawal Agreement, the other Party may suspend obligations under the covered provisions. With the exception of the rules in points (a) and (e) of paragraph 4 of this Article, all rules relating to temporary remedies in case of non-compliance and to review of any such measures shall be governed by the Withdrawal Agreement.

6. The suspension of obligations shall not exceed what is necessary and proportionate to remedy the effects of the breach found by the arbitration tribunal, compensate for any potential imbalance and induce full compliance with this Agreement.

7. The complaining Party may suspend the obligations 10 days after the date of delivery of the notification referred to in paragraph 2 unless the respondent Party made a request under paragraph 8.

8. If the respondent Party considers that the notified level of suspension of obligations exceeds the level referred to in paragraph 6, it may deliver a written request to the original arbitration tribunal within 10 days of delivery of the notification referred to in paragraph 2, to decide on the matter. The arbitration tribunal shall deliver its decision on the level of the suspension of obligations to the Parties within 30 days of the date of the request. Obligations shall not be suspended until the arbitration tribunal has delivered its decision. The suspension of obligations shall be consistent with that decision.

9. The arbitration tribunal acting pursuant to paragraph 8 shall not examine the nature of the obligations to be suspended but shall determine whether the level of such suspension exceeds the level referred to in paragraph 6.

10. The suspension of obligations referred to in this Article shall be temporary and shall not be applied after:

(a) the Parties have reached a mutually agreed solution pursuant to Article 756 (Mutually agreed solution) of the Trade and Cooperation Agreement;

(b) the Parties have agreed that the measure taken to comply brings the respondent Party into compliance with the covered provisions; or

(c) any measure taken to comply which the arbitration tribunal has found to be inconsistent with the covered provisions has been withdrawn or amended so as to bring the respondent Party into compliance with those covered provisions.

ARTICLE 33

Amendment to the Trade and Cooperation Agreement

In Article 749(3) (Temporary Remedies) of the Trade and Cooperation Agreement, the following point is added:

"(e) obligations under Article 7 [Emission allowances and accounting](1) of [name ETS agreement] may be suspended only where the ruling referred to in Article 745(4) of the Trade and Cooperation Agreement concerns the interpretation and application of [name ETS agreement]."

ARTICLE 34

List of arbitrators

1. For the purposes of the proceedings instituted in accordance with Article 28 [Procedure in the event of difficulty of interpretation or application] of this Agreement, the list of arbitrators and chairpersons established pursuant to Article 171(1) (Establishment of the arbitration panel) of the Withdrawal Agreement shall be used.

2. References in the provisions referred to in Article 28(1) [Procedure in the event of difficulty of interpretation or application] of this Agreement to the list or sub-lists of arbitrators or chairpersons established pursuant to Article 752 (List of arbitrators) of the Trade and Cooperation Agreement shall be understood to be made to the list or sub-list of arbitrators and chairpersons established pursuant to Article 171(1) (Establishment of the arbitration panel) of the Withdrawal Agreement.

3. In addition to the conditions laid down in Article 171(2) (Establishment of the arbitration panel) of the Withdrawal Agreement, arbitrators shall also comply with Annex 49 (Rules of procedure for dispute settlement) to the Trade and Cooperation Agreement.

CHAPTER 4

INSTITUTIONAL FRAMEWORK AND BASIS FOR COOPERATION

SECTION 1

INSTITUTIONAL FRAMEWORK

ARTICLE 35

Partnership Council and Joint Committee

1. The Partnership Council established under the Trade and Cooperation Agreement shall oversee the implementation of this Agreement. For that purpose, the Partnership Council shall exercise its functions and powers in accordance with Article 7(3) to (5) (Partnership Council) and Article 10 (Decisions and recommendations) of the Trade and Cooperation Agreement with respect to this Agreement and these provisions shall apply *mutatis mutandis* in relation to this Agreement.

2. A Joint Committee on ETS Linking is hereby established in order to assist the Partnership Council with respect to this Agreement.

For that purpose, the Joint Committee on ETS Linking shall exercise its functions and powers in accordance with Article 8(4), (5) and (8) to (10) (Committees), including Annex 1 (Rules of procedure of the Partnership Council and Committees), and Article 10 (Decisions and recommendations) of the Trade and Cooperation Agreement and these provisions shall apply *mutatis mutandis* to the Joint Committee on ETS Linking established under this Agreement.

Article 8(7) (Committees) of the Trade and Cooperation Agreement shall apply *mutatis mutandis*, replacing the final sentence with "The Joint Committee on ETS Linking shall meet, at the request of either Party, as often as required to meet its obligations under this Agreement, and in any event at least every six months unless agreed otherwise by the co-chairs.".

3. For the purposes of this Agreement, references to a "Specialised Committee" within provisions of the Trade and Cooperation Agreement which are applied to this Agreement shall be read as references to the Joint Committee on ETS Linking established under paragraph 2.

4. Until the end of the fourth year following the entry into force of this Agreement, the Joint Committee on ETS Linking shall have the power to adopt decisions amending this Agreement provided that such amendments are necessary to correct errors, or to address omissions or other deficiencies.

ARTICLE 36

Parliamentary cooperation

Article 11 (Parliamentary cooperation) of the Trade and Cooperation Agreement shall apply *mutatis mutandis* with respect to this Agreement.

ARTICLE 37

Civil society

Article 12 (Participation of civil society), Article 13 (Domestic advisory groups) and Article 14 (Civil

Society Forum) of the Trade and Cooperation Agreement shall apply *mutatis mutandis* with respect to this Agreement.

SECTION 2

BASIS FOR COOPERATION AND FINANCIAL CONTRIBUTION

ARTICLE 38

Personal data protection

Article 769 (Personal data protection) of the Trade and Cooperation Agreement shall apply *mutatis mutandis* with respect to this Agreement.

ARTICLE 39

Classified information and sensitive non-classified information

Article 777 (Classified information and sensitive non-classified information) of the Trade and Cooperation Agreement shall apply *mutatis mutandis* with respect to this Agreement.

ARTICLE 40

Essential elements

Article 763(1) (Democracy, rule of law and human rights), Article 764(1) (Fight against climate change), Article 765(1) (Countering proliferation of weapons of mass destruction), Article 771

(Essential elements) and Article 772 (Fulfilment of obligations described as essential elements) of the Trade and Cooperation Agreement shall apply *mutatis mutandis* with respect to this Agreement.

ARTICLE 41

Safeguard measures

1. If serious economic, societal or environmental difficulties of a sectorial or regional nature that are liable to persist arise, the Party concerned may unilaterally take appropriate safeguard measures under this Agreement. Such safeguard measures shall be restricted with regard to their scope and duration to what is strictly necessary in order to remedy the situation. Priority shall be given to those measures which will least disturb the functioning of this Agreement.

2. Paragraphs 2 to 5 of Article 773 (Safeguard measures) of the Trade and Cooperation Agreement shall apply *mutatis mutandis* with respect to this Agreement.

ARTICLE 42

Common provisions on unilateral measures

1. Where a measure is adopted under Article 11a [Financial Regulation & Supervision], Article 21(5) [Procedure for the incorporation of legal acts of the Union and other Union acts into this Agreement] or Article 4(4) [Extending the material scope of this Agreement] (the "measure"), paragraphs 2 to 5 of this Article shall apply.

2. The Party adopting the measure shall, without delay, notify the other Party through the Joint Committee on ETS Linking and provide reasons for adopting the measure.

3. The content and duration of the measure shall not exceed what is necessary and proportionate to achieve the purpose for which it was adopted in accordance with Article 11a [Financial Regulation & Supervision], Article 21(5) [Procedure for the incorporation of legal acts of the Union and other Union acts into this Agreement] or Article 4(4) [Extending the material scope of this Agreement].

4. The measures shall apply 10 days after the notification referred to in paragraph 2, unless otherwise provided therein.

5. The Joint Committee on ETS Linking shall discuss the measure whenever a Party considers that, due to a change in circumstances, the measure is no longer appropriate.

ARTICLE 43

Financial contribution

1. The United Kingdom shall contribute to the financing of the activities of the Union agencies, information systems and other activities listed in Article 1 of Annex 3 [ANNEX ON THE APPLICATION OF ARTICLE [Financial Contribution]] in which it participates, in accordance with this Article and that Annex.

The Joint Committee on ETS Linking may adopt a decision to amend Annex 3 [ANNEX ON THE APPLICATION OF ARTICLE [Financial Contribution]].

At its first meeting after this Agreement enters into force, or as the case may be, is provisionally applied, the Joint Committee on ETS Linking shall adopt a decision listing the other activities to which the United Kingdom is to contribute financially in accordance with the first subparagraph, and may subsequently amend this list as necessary.

2. The Union may suspend the participation of the United Kingdom in the activities referred to in paragraph 1 of this Article if the United Kingdom fails to meet the payment deadline in accordance with the terms of payment set out in Article 2 of Annex 3 [ANNEX ON THE APPLICATION OF ARTICLE [Financial Contribution]].

Where the United Kingdom fails to meet a payment deadline, the Union shall send the United Kingdom a formal letter of reminder. Where no full payment is made within 30 days of the date of receipt of that formal letter of reminder, the Union may suspend the participation of the United Kingdom in the relevant activity.

3. The financial contribution shall take the form of the sum of:

(a) an operational contribution; and

(b) a participation fee.

4. The financial contribution shall take the form of an annual payment and shall be due on the dates specified in the calls for funds issued by the European Commission in accordance with Article 2 of Annex 3 [ANNEX ON THE APPLICATION OF ARTICLE [Financial Contribution]].

5. The operational contribution shall be based on a contribution key defined as the ratio of the gross domestic product (hereinafter referred to as "GDP") of the United Kingdom at market prices to the GDP of the Union at market prices.

For that purpose, the figures for GDP at market prices of the Parties shall be the latest such figures available as of 1 January of the year in which the annual payment is made as provided by the Statistical Office of the European Union (EUROSTAT), with due regard to the Arrangement of 9 October 2024 between the European Union and the United Kingdom on cooperation in the field of statistics. If that Arrangement ceases to apply, the GDP of the United Kingdom shall be the one established on the basis of data provided by the Organisation for Economic Co-operation and Development.

6. The operational contribution for each Union agency shall be calculated by applying the contribution key to its annual voted budget inscribed on the relevant Union budget subsidy line(s) of the year in question, taking into account for each Union agency any adjusted operational contribution as defined in Article 1 of Annex 3 [ANNEX ON THE APPLICATION OF ARTICLE [Financial Contribution]].

The operational contribution for the information systems and other activities shall be calculated by applying the contribution key to the relevant budget of the year in question as set out in documents implementing the budget, such as work programmes or contracts.

All reference amounts shall be based on commitment appropriations.

7. The participation fee shall be 4 % of the annual operational contribution as calculated in accordance with paragraphs 5 and 6.

8. The European Commission shall provide the United Kingdom with adequate information in relation to the calculation of its financial contribution. That information shall be provided having due

regard to the Union's confidentiality and data protection rules.

9. All financial contributions by the United Kingdom or payments from the Union and the calculation of amounts due shall be made in euro.

10. Where the date of entry into force of this Agreement or, as the case may be, the date of its provisional application does not coincide with the beginning of a calendar year, the United Kingdom's operational contribution for the year in question shall be subject to adjustment, according to the methodology and terms of payment defined in Article 4 of Annex 3 [Financial Contribution].

11. Detailed provisions for the application of this Article are set out in Annex 3 [ANNEX ON THE APPLICATION OF ARTICLE [Financial Contribution]].

PART FOUR

FINAL PROVISIONS

ARTICLE 44

Territorial scope

1. This Agreement shall apply to the territories to which the Treaty on European Union and the Treaty on the Functioning of the European Union are applicable, and under the conditions laid down in those Treaties.

2. This Agreement shall apply to:

(a) the territory of the United Kingdom in respect of Great Britain; and

(b) the territory of the United Kingdom in respect of Northern Ireland with the exception of the areas covered by the Windsor Framework.

ARTICLE 45

Linking with third parties

1. Where the Union opens negotiations with a third party with a view to linking their respective ETS, it shall notify the United Kingdom thereof and inform it appropriately of the status of those negotiations, including once the negotiations are concluded. At the request of either Party, an exchange of views shall take place within the Joint Committee on ETS Linking, including on the impact of that linking on the UK ETS Registry.

2. Before the linking of the Union with a third party takes place, the United Kingdom shall decide whether it accepts the other linking agreement or terminates this Agreement.

ARTICLE 46

Integral parts of this Agreement

The Protocols, Annexes, Appendices and footnotes to this Agreement, and the Joint Declaration on further references to Union law in the acts referred to in Annex I, shall form an integral part of this Agreement.

ARTICLE 47

Suspension of Articles 7 [Emission allowances and accounting] and 10 [Carbon border adjustment mechanisms]

1. Without prejudice to Chapter 3 [Dispute settlement], either Party may suspend the application of Articles 7(1) [Emission allowances and accounting] and 10 [Carbon border adjustment mechanisms] if it considers that the other Party does not comply, in whole or in part, with its obligations under this Agreement.

2. The Party intending to suspend the application of Articles 7(1) [Emission allowances and accounting] and 10 [Carbon border adjustment mechanisms] shall notify its decision to suspend in writing to the other Party together with the date on which the suspension shall take effect and the reasons therefor. Within a period of 10 days from receipt of the notification, an exchange of views shall take place within the Joint Committee on ETS Linking, unless the other Party has, within that period, taken the measures necessary to comply with its obligations under this Agreement.

3. The suspension referred to in paragraph 1 shall be temporary, necessary and proportionate to the gravity of the breach and its duration shall be specified in the notification referred to in paragraph 2. The suspending Party may decide to shorten or extend that duration at any time.

ARTICLE 48

Common provisions for the suspension of Article 7(1) [Emission allowances and accounting]

1. Where a suspension of Article 7(1) [Emission allowances and accounting] is taken pursuant to Articles 11a [Financial Regulation & Supervision], 21(5) [Procedure for the incorporation of legal acts of the Union and other Union acts into this Agreement], 41 [Safeguard measures], 47 [Suspension of Article [Emission allowances and accounting] and [CBAMs]] or 4(4) [Extending the material scope of this Agreement], paragraphs 2, 3 and 4 of this Article shall apply.

2. When deciding the date on which the suspension shall take effect pursuant to Articles 42 [Common provisions on unilateral measures], 41 [Safeguard measures] or 47 [Suspension of Articles [Emission allowances and accounting] and [Carbon border adjustment mechanisms]], the Party adopting the measure shall take into consideration the applicable surrender deadline.

3. During any period in which suspension takes place, allowances shall not be surrendered for compliance in an ETS other than that in which they originate, and all other transactions shall remain possible.

4. A Party which suspends Article 7(1) [Emission allowances and accounting] shall publish a public notice on the day the suspension takes effect and on the day it ceases to have effect, or, where that is not possible, as soon as possible thereafter.

ARTICLE 49

Termination

1. Each Party may terminate this Agreement at any time by written notification through diplomatic channels. The termination shall take effect:

(a) where the notice is received more than six months before the surrender deadline for that compliance cycle, at the end of the first subsequent compliance cycle; or

(b) where the notice is received less than six months before the surrender deadline for that compliance cycle, at the end of the second subsequent compliance cycle.

2. Where the Trade and Cooperation Agreement is terminated in whole or in part in accordance with Article 509 (Termination), Article 521 (Termination of Part Two) or Article 779 (Termination) of that Agreement, unless otherwise agreed by the Parties, this Agreement shall cease to be in force on the following dates:

(a) where the notice of termination of the Trade and Cooperation Agreement is received more than six months before the surrender deadline for that compliance cycle, at the end of the first subsequent compliance cycle; or

(b) where the notice of termination of the Trade and Cooperation Agreement is received less than six months before the surrender deadline for that compliance cycle, at the end of the second subsequent compliance cycle.

3. Without prejudice to Article 50 [Prohibiting the use of allowances], where this Agreement ceases to be in force, the rights and obligations that individuals and economic operators have already acquired by virtue of this Agreement before the date referred to in paragraph 1 or, as the case may be, paragraph 2 shall be preserved. The Parties shall settle by mutual agreement what action is to be taken in respect of rights in the process of being acquired.

ARTICLE 50

Prohibiting the use of allowances

In order to protect the environmental integrity of their respective ETS, a Party may decide that where necessary, and for as long as is necessary, operators, aircraft operators, and shipping companies shall be prohibited from using allowances that are issued by the other Party in respect of which there are obligations lapsing for those operators, aircraft operators and shipping companies as a result of measures taken under Articles 21(5) [Procedure for the incorporation of legal acts of the Union and other Union acts into this Agreement], 41 [Safeguard Measures], 47 [Suspension of Article [Emission allowances and accounting] and [Carbon border adjustment mechanisms]] and 49 [Termination] or suspension of obligations under Article 32 [Compliance and Remedies](3).

ARTICLE 51

Entry into force and provisional application

1. This Agreement shall be ratified or approved by the Parties in accordance with their own procedures. The Parties shall notify each other of the completion of the internal procedures necessary for the entry into force of this Agreement.

2. This Agreement shall enter into force on the first day of the second month following the last notification regarding the following instruments of ratification:

(a) SPS Agreement; and

(b) [Include full name of YES Agreement].

3. The Parties may decide to apply this Agreement on a provisional basis pending its entry into force. For that purpose, once their respective internal requirements and procedures necessary for provisional application have been completed, they shall notify each other accordingly through diplomatic channels. This Agreement shall apply provisionally as from the first day of the second month following the delivery of the last notification.

ARTICLE 52

Transitional provisions

1. The transitional arrangements set out in paragraphs 2 to 8 shall apply.

2. For the purpose of determining free allocation in the UK ETS, for the years until 31 December 2030, the United Kingdom may elect to maintain its rules and methodology including for calculating the baseline period, the historical activity level, the activity level changes as well as its rules for determining allocation periods and for installations to be determined as incumbent or new entrants, as set out in Annex 1, point 32 (under the section concerning Directive 2003/87/EC of the European Parliament and of the Council) as applicable on the date of entry into force of this Agreement or, as the case may be, the date of its provisional application.

3. The climate neutrality plan referred to in Article 10a(1) of Directive 2003/87/EC shall be submitted as regards the United Kingdom by 30 June 2028 in respect of the period until 31 December 2029, and where the climate neutrality plan is not established by that deadline, a reduction by 20 % of the free allocation shall apply for the period from 2028 to 2030 or where the achievement of the targets and milestones has not been verified, a reduction by 20 % of the free allocation shall take effect for the year ending 31 December 2030, as set out in Annex 1, points 36-41 (under the section concerning Directive 2003/87/EC of the European Parliament and of the Council), points 8-10 (under the section concerning Commission Delegated Regulation (EU) 2019/331), points 3-5 (under the section concerning Commission Implementing Regulation (EU) 2019/1842) and points 1-5 (under the section concerning Commission Implementing Regulation (EU) 2023/2441), as applicable on the date of entry into force of this Agreement or, as the case may be, the date of its provisional application.

4. Until 31 December 2030, installations that had qualified for the status of hospital or small emitter under the United Kingdom’s applicable rules before the date of entry into force of this Agreement or, as the case may be, the date of its provisional application shall keep that status. From 1 January 2031, the United Kingdom may continue to exclude those installations provided that they comply with the conditions, as set out in Annex 1, point 67 (under the section concerning Directive 2003/87/EC of the European Parliament and of the Council) as applicable on the date of entry into force of this Agreement or, as the case may be, the date of its provisional application.

5. Until 31 December 2030, installations that had reported less than 2 500 tonnes of carbon dioxide equivalent, disregarding emissions from biomass, under the United Kingdom's applicable rules before the date of entry into force of this Agreement or, as the case may be, the date of its provisional application shall keep that status. From 1 January 2031, the United Kingdom may continue to exclude those installations provided that they comply with the conditions, as set out in Annex 1, point 68 (under the section concerning Directive 2003/87/EC of the European Parliament and of the Council), as applicable on the date of entry into force of this Agreement or, as the case may be, the date of its provisional application.

6. The national administrator shall review the account information of authorised representatives at least once one year after the date of entry into force of this Agreement, or as the case may be, where information has been reviewed, within three years after that review took place and at least once every three years thereafter as set out in Annex 1, point 11 (under the section concerning Commission Delegated Regulation (EU) 2019/1122) as applicable on the date of entry into force of this Agreement or, as the case may be, the date of its provisional application.

7. Until the United Kingdom provides a mass balance system, biogas injected in the United Kingdom's gas grid and subsequently received by an installation in the United Kingdom cannot be counted towards the zero-rated biomass fraction of a source stream as set out in Annex 1, point 3 (under the section concerning Commission Implementing Regulation (EU) 2018/2066) as applicable on the date of entry into force of this Agreement or, as the case may be, the date of its provisional application. The United Kingdom shall notify the Union as soon as it complies with Article 38(5) of Commission Implementing Regulation (EU) 2018/2066[6].

8. Accreditation certificates issued before the date of entry into force of this Agreement or, as the case may be, the date of its provisional application shall be valid until the end of their validity date in accordance with Annex 1, point 5 (under the section concerning Commission Implementing Regulation (EU) 2018/2067) and point 4 (under the section concerning Commission Delegated Regulation (EU) 2023/2917), as applicable on the date of entry into force of this Agreement or, as the case may be, the date of its provisional application.

[6] Commission Implementing Regulation (EU) 2018/2066 of 19 December 2018 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council and amending Commission Regulation (EU) No 601/2012 (OJ EU L 334, 31.12.2018, p. 1, ELI: http://data.europa.eu/eli/reg_impl/2018/2066/oj).

ARTICLE 53

Authentic texts

This Agreement shall be drawn up in duplicate in the Bulgarian, Croatian, Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Irish, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovenian, Spanish and Swedish languages, each text being equally authentic.

IN WITNESS WHEREOF, the undersigned, duly authorised thereto, have signed this Agreement.

Done at […], on […],

(Signature Block to the effect of, in all 24 EU languages: “For the European Union” and “For the United Kingdom”)

ANNEX 1

LEGAL ACTS OF THE UNION AND OTHER UNION ACTS INCORPORATED INTO THIS AGREEMENT

This Annex contains the list of the legal acts of the Union and other Union acts incorporated into this Agreement.

Where there is a technical adaptation in respect of a legal act listed below, that same adaptation shall also apply to any Union act adopted on the basis of that legal act, unless otherwise specified in an adaptation to the latter act.

A. Emissions trading system

— Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (OJ EC L 275, 25.10.2003, p. 32, ELI: http://data.europa.eu/eli/dir/2003/87/oj),

The provisions of Directive 2003/87/EC shall be read, for the purposes of this Agreement, in accordance with the following technical adaptations:

1. Articles 2(2), 8, 10c, 10ca, 10d, 10e, 10f, 11b, 18b, 21, 21a, 26, 30l, 30m, 32 and 33 shall not apply to the United Kingdom.

2. Chapter IVa shall not apply to the United Kingdom.

3. In the second sentence of the second unnumbered paragraph of Article 1 and in paragraph 2 of Article 25a, as regards the United Kingdom, the words “Regulation (EU) 2021/1119” shall be understood as referring to the relevant United Kingdom national law defining its net zero greenhouse gas emissions target.

4. In the second sentence of the third subparagraph of Article 10b(4), as regards the United Kingdom, the words “Article 2(1) of Regulation (EU) 2021/1119” shall be understood as referring to the relevant United Kingdom national law defining its net zero greenhouse gas emissions target.

Aviation and maritime transport

5. Paragraphs (1), (2), (3), (8) of Article 11a, paragraphs (6), (7), (8), (9) of Article 12, the words "and Article 7 of Commission Delegated Regulation (EU) 2019/1603" in the first subparagraph of Article 14(6), points (i), (ii) and (iii) of Article 14(6)(b), the words "or on a very limited number of State pairs that are subject to offsetting requirements or on a very limited number of State pairs that are not subject to offsetting requirements" in the second subparagraph of Article 14(6), paragraphs (7) and (8) of Article 25a, and Article 28c, and the subparagraph after point (m) of the section on Aviation in the table in Annex I, shall not apply to the United Kingdom.

6. In the first subparagraph of Article 3c(6), the words "or, as regards the United Kingdom, up to a maximum of 1.5 million of the total quantity of allowances" shall be inserted after the words "in paragraph 5".

7. In the first sentence of the third subparagraph of Article 3c(6), the words "or, as regards the United Kingdom, may cover up to" shall be inserted after the word "cover".

8. In Article 3c, paragraph 6:

(a) in the second subparagraph, as regards the United Kingdom,

i. in the first sentence, the words "or, as regards the United Kingdom, from the level of any taxation on fossil fuels as applicable under national law" shall be inserted after "from harmonised minimum levels of taxation on fossil fuels";

ii. in the second sentence, the words "or, as regards the United Kingdom, the UK ETS Authority" shall be inserted after the word "Commission";

(b) in the fourth subparagraph, the following sentence shall be inserted "As regards the United Kingdom, in relation to points (a) to (d), further restrictions may be applied by the United Kingdom such as excluding certain feedstocks, fuel types or use cases from qualifying for the allocation of allowances under this paragraph.";

(c) in the sixth subparagraph:

(i) the words "or, as regards the United Kingdom, the UK ETS Authority" shall be inserted after

the word “Commission”;

(ii) the words “or as regards the United Kingdom, in an appropriate official publication in the United Kingdom” shall be inserted after “in the Official Journal of the European Union”;

(iii) the words “or, as regards the United Kingdom, and from the level of any taxation on fossil fuels as applicable under national law” shall be inserted after “from harmonised minimum levels of taxation on fossil fuels”.

9. In paragraph 3 of Article 3d, the words from “The quantity of allowances” to “to which the auction relates.” shall not apply to the UK.

10. For paragraphs 3 and 4 of Articles 3d and 10(4), the United Kingdom shall not apply the detailed arrangements and modalities for the auctioning which are necessary for the transfer of a share of revenue from such auctioning to the general budget of the Union as own resources in accordance with Article 311, third paragraph, of TFEU.

11. In paragraph 3 of Article 3ga, the words from “with the following exception” until the end of the paragraph shall not apply to the United Kingdom.

12. By way of derogation from paragraphs 2 and 3 of Article 22 [Horizontal Adaptations] of this Agreement, in paragraph 2 of Article 3ga of the Directive, references to “Union" and "Member State" shall not be understood as references to the United Kingdom.

13. Article 3gb shall not apply to the United Kingdom.

14. Point (c) of Article 3gf(1) shall not apply to the United Kingdom.

15. In point (b) of Article 3gf(1), only the following sentence shall apply to the United Kingdom, which shall be inserted at the end of the point (b): “As regards the United Kingdom, in the case of a shipping company not registered in the United Kingdom, the United Kingdom, for shipping companies which performed a maritime transport activity listed in Annex I that fell within the scope set out in Article 3ga.”.

16. In paragraph 2 of Article 3gf, only the following subparagraph shall apply to the United Kingdom, which shall be inserted at the end of the paragraph: “As regards the United Kingdom, the

United Kingdom shall, based on the best available information, establish at the date on which [this Agreement enters into force] and update at least every four years thereafter, a list of shipping companies which performed a maritime transport activity listed in Annex I that fell within the scope set out in Article 3ga.".

17. In paragraph 3-d of Article 12, only the following subparagraph shall apply to the United Kingdom, which shall be inserted after the second subparagraph: "By way of derogation from paragraph 3, first subparagraph, point (c), of this Article and Article 16, the United Kingdom shall consider the requirements set out in those provisions to be satisfied and take no action against shipping companies in respect of emissions released until 31 December 2030 from voyages performed by passenger ships, other than cruise passenger ships, and by ro-pax ships, between a port of an island under its jurisdiction, with no road or rail link with the mainland and with a population of fewer than 200 000 permanent residents according to the latest best data available in 2022, and a port under its jurisdiction, and from the activities, within a port, of such ships in relation to such voyages. The United Kingdom shall publish a list of the islands referred to in this subparagraph and the ports concerned and keep that list up to date.".

18. Paragraphs (3-c) and (3-b) of Article 12 shall not apply to the United Kingdom.

19. In Article 14, paragraph 6, as regards the United Kingdom:

(a) in the first subparagraph:

(i) the words "or, as regards the United Kingdom, the UK ETS Authority" shall be inserted after the word "Commission" when it appears for the first and second time;

(ii) the words "or as regards the United Kingdom, at the latest three months, or by the date the Union publishes its report" shall be inserted after the words "at the latest three months";

(b) in point (a) of the first subparagraph;

(i) the words "or, as regards, the United Kingdom, within the scope of the UK ETS" shall be inserted after the words "EEA";

(ii) points (iii) and (iv) shall not apply;

(c) in the second subparagraph, the words “or, as regards the United Kingdom, the UK ETS Authority” shall be inserted after the word “Commission” each time it appears.

20. In point (a) of Article 18a(1), the words “or, as regards the United Kingdom, in accordance with national law” shall be inserted after the words “Council Regulation (EEC) No 2407/92 of 23 July 1992 on licensing of air carriers”.

21. In point (b) of Article 18a(1), only the following sentence shall apply to the United Kingdom, which shall be inserted at the end of the point (b): “As regards the United Kingdom, in the case of an aircraft operator without an operating license in the United Kingdom, the United Kingdom shall be the administering authority, for aircraft operators which performed an aviation activity listed in Annex I.”.

22. In paragraph 3 of Article 18a, only the following subparagraph shall apply to the United Kingdom, which shall be inserted at the end of the paragraph: “As regards the United Kingdom, the United Kingdom shall, based on the best available information, establish at the date on which [this Agreement enters into force] and update at least every two years thereafter, a list of aircraft operators which performed an aviation activity listed in Annex I or remove from that list an aircraft operator, which has not performed an aviation activity listed in Annex I during the four consecutive calendar years preceding the updating of the list.”.

23. Paragraphs 2 and 5 of Article 18a shall not apply to the United Kingdom.

24. By way of derogation from paragraphs 2 and 3 of Article 22 [Horizontal Adaptations] of this Agreement, in paragraph 1 of Article 25a of the Directive, references to “Union” and “Member States” shall not be understood as references to the United Kingdom and the reference to the “EU ETS” shall not be understood as a reference to the UK ETS.

25. In paragraph 6 of Article 25a, the reference to the “Union” shall not be understood as a reference to “the United Kingdom”.

26. In paragraph 4 of Article 28a, the following subparagraph shall be inserted at the end of that paragraph: “As regards the United Kingdom, the total annual emissions lower than 25 000 tonnes referred to in the previous subparagraph shall be understood as including the total annual emissions of flights departing from, or arriving in, aerodromes located in the United Kingdom or the EEA and

the total annual emissions lower than 3 000 tonnes shall be understood as including the total annual emissions of flights subject to surrender obligations in the UK ETS or the EU ETS.”.

Cap

27. In Article 3c:

(i) in subparagraph 3a, the following subparagraph shall be inserted at the end:

"As regards the United Kingdom, the United Kingdom shall only comply with the conditions set out in the Article 8 [Cap] of [Insert official name of this Agreement]”;

(ii) in paragraph 5, the following subparagraph shall be inserted at the end of the paragraph:

"As regards the United Kingdom, the United Kingdom shall only comply with the conditions set out in the Article 8 [Cap] of [Insert official name of this Agreement]”;

(iii) in paragraph 7, the following sentences shall apply to the United Kingdom and shall be inserted at the end of that paragraph:

"As regards the United Kingdom, the United Kingdom shall only comply with the conditions set out in the Article 8 [Cap] of [Insert official name of this Agreement]”.

28. In the unnumbered first and third paragraphs of Article 9, the following sentence shall be inserted at the end:

"As regards the United Kingdom, the United Kingdom shall only comply with the conditions set out in the Article 8 [Cap] of [Insert official name of this Agreement]”.

29. In Article 9a:

(i) at the end of paragraph 1, the following sentence shall be inserted:

"As regards the United Kingdom, the United Kingdom shall only comply with the conditions set out in the Article 8 [Cap] of [Insert official name of this Agreement]”;

(ii) at the end of paragraph 4, the following sentence shall be inserted:

"As regards the United Kingdom, the United Kingdom shall only comply with the conditions set out in the Article 8 [Cap] of [Insert official name of this Agreement]".

30. Paragraphs (1), (1a) and (2) of Article 10 shall not apply to the United Kingdom.

Free allocation

Transitional adaptations

31. At the end of paragraph 1 of Article 10a, the following subparagraphs, shall be inserted:

"As regards the United Kingdom for the purpose of determining free allocation in the UK ETS for the years until 31 December 2030, the United Kingdom may elect:

(i) to give operators of installations the option to exclude data from either 2020 or both 2020 and 2021 when the baseline period (2019-2023) is calculated;

(ii) to apply the rules on calculating historical activity levels, on defining benchmarks and system boundaries, on attributing activity levels to sub-installations for the purpose of determining exposure to carbon leakage, on the recovery of heat from fuel benchmark sub-installations and process emissions sub-installations, on allocation in respect of steam cracking and vinyl chloride monomer, on heat flows between installations, on the exchangeability of fuel and electricity and on other related matters set out in Commission Delegated Regulation (EU) 2019/331[7] before its amendment by Commission Delegated Regulation (EU) 2024/873[8];

(iii) to apply the methodology for determining activity level changes set out in Articles 5(1) to (3) and 6 of Commission Implementing Regulation (EU) 2019/1842[9] before its amendment by

[7] Commission Delegated Regulation (EU) 2019/331 of 19 December 2018 determining transitional Union-wide rules for harmonised free allocation of emission allowances pursuant to Article 10a of Directive 2003/87/EC of the European Parliament and of the Council (OJ EU L 59, 27.2.2019, p. 8, ELI: http://data.europa.eu/eli/reg_del/2019/331/oj).

[8] Commission Delegated Regulation (EU) 2024/873 of 30 January 2024 amending Delegated Regulation (EU) 2019/331 as regards transitional Union-wide rules for harmonised free allocation of emission allowances (OJ EU L, 2024/873, 4.4.2024, ELI: http://data.europa.eu/eli/reg_del/2024/873/oj).

[9] Commission Implementing Regulation (EU) 2019/1842 of 31 October 2019 laying down rules for the application of Directive 2003/87/EC of the European Parliament and of the Council as regards further arrangements for the adjustments to free allocation of emission allowances due to activity level changes (OJ EU L 282, 4.11.2019, p. 20, ELI: http://data.europa.eu/eli/reg_impl/2019/1842/oj).

Commission Implementing Regulation (EU) 2025/772[10], but with the adaptation that "100 emission allowances" in Articles 5(1) and (2) and 6(4) shall be read in each place as "300 emission allowances"; and

(iv) to continue to apply the rules relating to the determination of allocation periods and the installations to be treated as incumbent installations or new entrants, which applied for the purposes of the UK ETS as at 1 April 2026.".

Definition of electricity generators

32. At the end of paragraph 19 of Article 10a, the following subparagraph is inserted:

"The United Kingdom may reduce or exclude free allocation for such installations determined by the United Kingdom that produce electricity for sale for consumption outside the installation in which no activity listed in Annex I is carried out other than the "combustion of fuels" unless conditions determined by the United Kingdom are met.".

Permanent cessations

33. As regards the United Kingdom, the following subparagraph shall be inserted in paragraph 19 of Article 10a:

"The United Kingdom may exempt sub-installations from recovering the over-allocation for a previous year in the year after cessation if the operator can demonstrate that they are ceasing operations for the purpose of decarbonisation. To qualify for such exemption, there must be no material reduction in overall production levels of the original products and the installation must demonstrate that the new infrastructure has led to a material reduction in emissions.".

Conditionality

34. The third and fourth subparagraph of Article 10a(1) shall not apply to the United Kingdom.

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[10] Commission Implementing Regulation (EU) 2025/772 of 16 April 2025 amending and correcting Implementing Regulation (EU) 2019/1842 laying down rules for the application of Directive 2003/87/EC of the European Parliament and of the Council as regards further arrangements for the adjustments to free allocation of emission allowances due to activity level changes (OJ EU L, 2025/772, 22.4.2025, ELI: http://data.europa.eu/eli/reg_impl/2025/772/oj).

35. In the fifth subparagraph of Article 10a(1), the following words shall be inserted:

(i) “or, as regards the United Kingdom, a reduction by 20% to the amount of free allocation” after the words “the reduction by 20 % referred to in that subparagraph”;

(ii) “or, as regards the United Kingdom, by 30 June 2028” after the words “by 1 May 2024”;

(iii) "or, as regards the United Kingdom, in respect of the period until 31 December 2029, in respect of the milestones and targets for the year between 1 January 2030 and 31 December 2030 for the period 2031-2035, and then in respect of each period ending 31 December of each fifth year thereafter," after the words "in respect of the period until 31 December 2025 and in respect of each period ending 31 December of each fifth year thereafter";

(iv) “or, as regards the United Kingdom, 80 % of the amount of free allowances determined for the year 2030 and 80 % of the amount of free allowances determined for the five-year period starting in 2031,” after the words “80 %”;

(v) “or, as regards the United Kingdom, in respect of the period until the end of 2029, or in respect of the year ending 31 December 2030,” after the words “in respect of the period until the end of 2025 or in respect of the period from 2026 to 2030”.

36. In paragraph 1 of Article 10a, the sixth subparagraph shall not apply to the United Kingdom.

37. In paragraph 4 of Article 10b the following shall not apply to the United Kingdom:

(i) the second subparagraph;

(ii) in the third subparagraph, the following sentence: “By 1 May 2024, operators of district heating shall establish a climate-neutrality plan for the installations for which they apply for additional free allocation in accordance with the second subparagraph of this paragraph.”;

(iii) in the fourth subparagraph, the following sentence: “No free allowances beyond the amount referred to in the first subparagraph of this paragraph shall be allocated if the achievement of the intermediate targets and milestones has not been verified in respect of the period until the end of 2025 or in respect of the period from 2026 to 2030.”.

38. At the end of the fourth subparagraph of Article 10b(4), the following sentence shall be inserted:

"As regards the United Kingdom, where the achievement of the targets and milestones have not been verified in respect of the period until the end of 2029, free allocation for the year 2030 shall be reduced by 20 %.".

39. In point (b) of paragraph 4 of Article 10b the following words shall be inserted:

(i) "or, as regards the United Kingdom, by 31 December 2029" after the words "by 31 December 2025";

(ii) "or, as regards the United Kingdom, by 31 December 2030 and by 31 December of each fifth year thereafter." after the words "by 31 December of each fifth year thereafter".

40. In the fourth subparagraph of Article 10b(4) the following words shall be inserted:

(i) "or, as regards the United Kingdom, in respect of the period until 31 December 2029" after the words "in respect of the period until 31 December 2025";

(ii) "or, as regards the United Kingdom, in respect of the year ending 31 December 2030 and in respect of each period ending 31 December of each fifth year thereafter" after the words "in respect of each period ending 31 December of each fifth year thereafter".

CBAM sectors

41. Subparagraph 4 of paragraph 1a of Article 10a shall not apply to the United Kingdom.

Distribution of allowances

42. Paragraphs 5a, 5b, 8, 8a, 8b, 9, the second sentence of paragraph 20, and paragraph 22 of Article 10a shall not apply to the United Kingdom.

43. The first three sentences in paragraph 5 of Article 10a shall not apply to the United Kingdom and the following sentence shall be inserted after the third sentence:

“The United Kingdom shall apply the cross-sectoral correction factor in accordance with Article 14(6) of Commission Delegated Regulation (EU) 2019/331 and shall adjust free allocation accordingly in a uniform manner.”

44. By way of derogation from paragraph 3 of Article 22 [Horizontal Adaptations] of this Agreement, in Articles 10a and 10b of the Directive, references to "Union" shall not be understood as references to the United Kingdom. As regards paragraphs 2 and 5 of Article 10a of the Directive, by way of derogation from paragraph 4 of Article 22 [Horizontal Adaptations] of this Agreement, reference to “installations in a sector or subsector in the Union” shall be understood as including installations in the United Kingdom.

45. Article 10(1) shall not apply to the United Kingdom. This is without prejudice to the requirement for the United Kingdom to apply the cross-sectoral correction factor in accordance with Article 14(6) of Commission Delegated Regulation (EU) 2019/331.

46. In paragraph 7 of Article 10a, the first and second subparagraphs shall not apply to the United Kingdom.

Indirect cost compensation

47. In the first subparagraph of paragraph 6 of Article 10a, the following words shall be inserted “or, as regards the United Kingdom, in accordance with national subsidy rules” after the words “in accordance with State aid rules”.

Benchmarks / incumbents / new entrants

48. Paragraph 3 of Article 11 shall not apply to the United Kingdom. This is without prejudice to the capacity of the Commission to reject an installation from inclusion in the list referred to in Article 11(1) for the purpose of calculating the benchmarks in accordance with Article 14(4) of Commission Delegated Regulation (EU) 2019/331.

Carbon market reporting and monitoring

49. In the third subparagraph of Article 10(4), the following words “or, as regards the United

Kingdom, quarterly" shall be inserted after the words "shall report". The last sentence of the third subparagraph of Article 10(4) shall not apply to the United Kingdom.

50. In paragraph 6 of Article 10, after the words "Article 25 of Regulation (EU) No 596/2014 of the European Parliament and of the Council" the following words shall be inserted "or, as regards the United Kingdom, Article 12 [Cooperation on market oversight] of [Insert official name of this Agreement]".

Transfer and surrender of allowances

51. By way of derogation from paragraph 4 of Article 22 [Horizontal adaptations] of this Agreement, in paragraph 1 of Article 12 of the Directive, the reference to "persons within the Union" shall be understood as including persons within the United Kingdom.

52. By way of derogation from paragraph 2 of Article 22 [Horizontal Adaptations] of this Agreement, in paragraph 2 of Article 12 of the Directive, references to "Member States" shall be understood as including the United Kingdom.

53. Paragraph 3-a of Article 12 shall not apply to the United Kingdom.

54. In paragraph 3a of Article 12, the following subparagraph shall be inserted after the first subparagraph: "This paragraph shall apply, as regards the EEA, only to facilities located in the EEA, and, as regards the UK, only to facilities located in the UK.".

Penalties

55. In paragraph 3 of Article 16, the words "or as regards, the United Kingdom, the equivalent value in pounds sterling in accordance with the exchange rate published by the European Central Bank on the 30th September of the compliance year." shall be inserted after "surrendered allowances".

56. In paragraph 4 of Article 16, the words "or as regards, the United Kingdom, the equivalent index of the United Kingdom" shall be inserted after the "European index of consumer prices".

57. In paragraph 7 of Article 16, only the following sentence shall apply to the United Kingdom and shall be inserted at the end:

"As regards the United Kingdom, when requests such as those referred to in paragraph 5 are addressed to the Commission, the Commission shall inform the United Kingdom.".

58. In point (c) and point (d) of paragraph 6 of Article 16, the words "or as regards requests by the United Kingdom, at the United Kingdom and Union level" shall be inserted after the words "Union level".

59. In paragraph 10 of Article 16, the following subparagraph shall be inserted: "In the event that an aircraft operator within the scope of the UK ETS fails to comply with the requirements of this Directive and where other enforcement measures have failed to ensure compliance, the United Kingdom may decide to adopt an operating ban on that aircraft operator and enforce it within its territory."

60. In paragraph 11 of Article 16, the words "by the Commission" shall be inserted after the word "adopted".

61. In the first sentence of the first subparagraph of Article 16(11a) the words from "the Commission" until "the other Member States and" shall not apply to the United Kingdom. In the second sentence of the first subparagraph of Article 16(11a), the words "or as regards the United Kingdom, only the United Kingdom," shall be inserted after the words "every Member State".

62. The second sentence of the second subparagraph of Article 16(11a) shall not apply to the United Kingdom. In the third sentence of the second subparagraph of Article 16(11a), the words "or as regards the United Kingdom, only the United Kingdom," shall be inserted after "every Member State".

Central administrator

63. In the first paragraph of Article 20, the words "or as regards the United Kingdom, the United Kingdom ETS Authority" shall be inserted after the word "Commission".

Unilateral inclusion procedures

64. By way of derogation from paragraph 3 of Article 22 [Horizontal Adaptations] of this Agreement, in paragraph 1 of Article 24 of the Directive, the words "or, as regards the United Kingdom, the Union internal market and the United Kingdom internal market" shall be inserted after

the words “internal market” and the words “or, as regards the United Kingdom, of the EU ETS and UK ETS” shall be inserted after the words “EU ETS”.

Links with other emission trading systems

65. In Article 25, only the following subparagraphs shall apply to the United Kingdom and be inserted at the end of paragraphs 1 and 1a: “Where the Union concludes an agreement pursuant to this paragraph, providing for the recognition of allowances with a third country, the United Kingdom shall recognise those allowances.”.

Exclusion of small installations subject to equivalent measures

66. The first subparagraph of Article 27(2) shall not apply to the United Kingdom.

67. In paragraph 4 of Article 27, the following subparagraph shall be added at the end, “as regards the United Kingdom, installations that had qualified for the status of hospital or small emitter under the UK applicable rules before the date of entry into force of this Agreement or, as the case may be, the date of its provisional application shall keep that status until 31 December 2030. From 1 January 2031, the United Kingdom may continue to exclude these installations provided that they comply with the conditions and subject to the rules in paragraphs 1, 2 and 3.”.

Optional exclusion of installations emitting less than 2500 tonnes

68. At the end of Article 27a, the following subparagraph shall be added, “as regards the United Kingdom, installations that had reported less than 2 500 tonnes of carbon dioxide equivalent, disregarding emissions from biomass, under the UK applicable rules before the date of entry into force of this Agreement or, as the case may be, the date of its provisional application shall keep that status until 31 December 2030. From 1 January 2031, the United Kingdom may continue to exclude these installations provided that they comply with the conditions and subject to the rules in paragraphs 1, 2 and 3.”.

Measures in the event of excessive price fluctuations

69. In paragraph 1 of Article 29a, the words “in the EU ETS” shall be inserted after the words “two-year reference period”, and the words “or, as regards the United Kingdom, 5 million allowances” shall be inserted after the words “75 million allowances”.

Annex I

70. For the definition of “production of hydrogen (H2) and synthesis gas” in Annex I, the words ", or as regards the United Kingdom, by reforming or partial oxidation with a production capacity exceeding 25 tonnes per day” shall be inserted after the words “exceeding 5 tonnes per day”.

71. For the activities listed in Annex I, the United Kingdom may replace the term “installation” with the term “site”.

72. In points j) and k) of the section on Aviation in the table in Annex I, the following sentence shall be inserted at the end of each of the points: “As regards the United Kingdom, for the purposes of determining whether the threshold set out in this point is met, “flights” means flights departing from, or arriving in, aerodromes located in the United Kingdom or flights departing from, or arriving in, aerodromes located in an EEA State.”

73. In point l) of the section on Aviation in the table in Annex I, the words “or, as regards the United Kingdom, the United Kingdom” shall be inserted after the word “EEA”.

74. In point m) of the section on Aviation in the table in Annex I, the following sentence shall be added “Or, as regards the United Kingdom, flights from aerodromes situated in the EEA to aerodromes situated in the United Kingdom”.

— Commission Delegated Regulation (EU) 2019/331 of 19 December 2018 determining transitional Union-wide rules for harmonised free allocation of emission allowances pursuant to Article 10a of Directive 2003/87/EC of the European Parliament and of the Council (OJ EU L 59, 27.2.2019, p. 8, ELI: http://data.europa.eu/eli/reg_del/2019/331/oj),

The provisions of Delegated Regulation (EU) 2019/331 shall be read, for the purposes of this Agreement, in accordance with the following technical adaptations:

1. Any reference to ‘an installation covered by the EU ETS’, ‘installations covered by the EU ETS’, ‘installations included in the EU ETS’, and ‘EU ETS installations’ shall be read as if it were a reference to ‘an installation covered by the EU ETS or the UK ETS’, ‘installations covered by the EU ETS or the UK ETS’, ‘installations included in the EU ETS or the UK ETS’, ‘EU ETS or UK ETS installations’ as regards the transfer, import or export of measurable heat or waste gases.

2. Any reference to ‘non-EU ETS entities’, ‘non-ETS installations or other entities’, ‘not covered by the EU ETS’ and ‘not included in the EU ETS’ shall be read as if it were a reference to ‘non-EU ETS entities and non-UK ETS entities’, ‘installation or other entity not covered by the EU ETS nor the UK ETS’, ‘not covered by the EU ETS or the UK ETS’, and ‘not included in the EU ETS nor the UK ETS’ as regards the transfer, import or export of measurable heat or waste gases.

3. Points (a), (da), (db) of Article 14(2) shall not apply to the United Kingdom.

4. In paragraph 5 of Article 14, the words “and notify” shall not apply to the United Kingdom.

5. By way of derogation from paragraph 3 of Article 22 [Horizontal adaptations] of this Agreement, in paragraph 6 of Article 14 of the Delegated Regulation, the reference to “Union-wide total quantity” shall remain unchanged.

6. The last sentence of paragraph 9 of Article 14 shall not apply to the United Kingdom.

7. The second and third subparagraphs of Article 18(4) shall not apply to the United Kingdom.

8. In the first paragraph of Article 22b, the words “or, as regards the United Kingdom, as an average of the years 2019 and 2022” shall be inserted after the words “in the years 2016 and 2017”

9. In point (a) of the second subparagraph of Article 22b(1), the words “or, as regards the United Kingdom, by 30 June 2028” shall be inserted after the words “by 30 May 2024”.

10. In Article 22b(4), the words “or, as regards the United Kingdom, by 30 June 2028,” shall be inserted after the words “by 30 September 2024,”.

11. As regards the United Kingdom, references to the Commission shall be read as references to the UK ETS authority:

(a) in the second, third and fourth paragraphs of Article 23;

(b) in the second and third paragraphs of Article 24;

(c) in the third and fifth paragraphs of Article 25.

— Commission Implementing Regulation (EU) 2019/1842 of 31 October 2019 laying down rules for the application of Directive 2003/87/EC of the European Parliament and of the Council as regards further arrangements for the adjustments to free allocation of emission allowances due to activity level changes (OJ EU L 282, 4.11.2019, p. 20, ELI: http://data.europa.eu/eli/reg_impl/2019/1842/oj),

The provisions of Implementing Regulation (EU) 2019/1842 shall be read, for the purposes of this Agreement, in accordance with the following technical adaptations:

1. Any reference to 'installation or other entity not included in the EU ETS' shall be read as 'installation or other entity not included in the EU ETS or the UK ETS' as regards the transfer, import or export of measurable heat or waste gases.

2. As regards the United Kingdom, references to the Commission shall be read as references to the UK ETS authority:

(a) in the second and fourth subparagraphs of the third paragraph of Article 3;

(b) in Article 6b.

3. The following sentence is added at the end of Article 3b(2): "As regards the United Kingdom, operators referred to in paragraph 1 shall submit the climate-neutrality report and the corresponding verification report in accordance with Implementing Regulation (EU) 2018/2067 to the competent authority by 31 March 2030 in respect of the targets and milestones for the period ending in 2029 and by 31 March of the five-year period starting in 2031 in respect of the targets and milestones for the year ending in 2030, and by 31 March of each fifth year thereafter in respect of the preceding five year period."

4. In point (a) of Article 3c(2), the following words shall be inserted:

(i) "or, as regards the United Kingdom, by 31 March 2030," after the words "by 31 March 2026";

(ii) "or, as regards the United Kingdom, in respect of the targets and milestones for the period ending in 2029" after the words "in respect of the period until 31 December 2025";

(iii) "or, as regards the United Kingdom, by 31 March 2031 in respect of the targets and milestones

for the year ending 31 December 2030 and by 31 March of each fifth year thereafter in respect of the preceding five-year period." after the words "and by 31 March of each fifth year thereafter in respect of the preceding five-year period".

5. In point (b) of Article 3c(2), the words "or, as regards the United Kingdom, for the period ending in 2029, the year ending 31 December 2030 or for the relevant five-year period thereafter, as relevant." shall be inserted after the words "for the relevant five-year period".

— Commission Implementing Regulation (EU) 2023/2441 of 31 October 2023 laying down rules for the application of Directive 2003/87/EC of the European Parliament and of the Council as regards the content and format of climate-neutrality plans needed for granting free allocation of emission allowances (OJ EU L, 2023/2441, 3.11.2023, ELI: http://data.europa.eu/eli/reg_impl/2023/2441/oj),

The provisions of Implementing Regulation (EU) 2023/2441 shall be read, for the purposes of this Agreement, in accordance with the following technical adaptations:

1. In point 3 of Article 2, the following words "or, as regards the United Kingdom, the relevant United Kingdom national law defining its net zero greenhouse gas emissions target" shall be inserted after the words "Article 2 of Regulation (EU) 2021/1119".

2. In point (4) of Article 2, the words "or, as regards the United Kingdom, targets and milestones set for 31 December 2029, for 31 December 2030 and for 31 December of each fifth year thereafter" shall be inserted after the words "for 31 December 2025 and for 31 December of each fifth year thereafter".

3. In points (a), (b) and (c) of point 4 of the Annex, the words "or, as regards the United Kingdom, for 2029, for the year ending 31 December 2030 and for each 5-year period thereafter" shall be inserted after the words "for 2025 and for each 5-year period thereafter".

4. In points (a) and (b) of point 6 of the Annex, the words "or, as regards the United Kingdom, each period referred to in Article 10b(4), fourth subparagraph of Directive 2003/87/EC" shall be inserted after the words "each 5-year period".

5. In point (a) of point 7 of the Annex, the words "or, as regards the United Kingdom, the periods" shall be inserted after the words "each of the 5-year periods".

— Commission Delegated Regulation (EU) 2019/1122 of 12 March 2019 supplementing Directive 2003/87/EC of the European Parliament and of the Council as regards the functioning of the Union Registry (OJ EU L 177, 2.7.2019, p. 3, ELI: http://data.europa.eu/eli/reg_del/2019/1122/oj),

The provisions of Delegated Regulation (EU) 2019/1122 shall be read, for the purposes of this Agreement, in accordance with the following technical adaptations:

1. As regards the United Kingdom, any reference to a specific type of account in the Union Registry shall be read as the corresponding account type of the UK ETS Registry, as set out in the table in technical adaptation 23 [x . "In Annex I, table I-I shall not apply to the United Kingdom and the following table shall be inserted as regards the United Kingdom"].

2. As regards the United Kingdom, the words "or as regards the United Kingdom, the United Kingdom ETS Authority" shall be inserted after the word "the Commission" in point 1 of Article 3 and Articles 7, 30, 46, 47, 49, 52, 53, 54, second sentence of paragraph 1 in 65, 66 and 68.

3. Articles 20(3), 37(6), 43, 75, 80(7), and Annexes V and IX shall not apply to the United Kingdom.

4. In Article 3:

(i) In paragraph (15), the words "or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]" shall be inserted after the words "Directive (EU) 2015/849"

(ii) In paragraph (16), the words "or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]" shall be inserted after the words "Directive (EU) 2015/849"

(iii) In paragraph (17), the words "or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]" shall be inserted after the words "Directive (EU) 2015/849"

(iv) In paragraph (18), the words “or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]” shall be inserted after the words “Regulation (EU) No 596/2014”

(v) In paragraph (22), the words “or, as regards the United Kingdom, the relevant United Kingdom national law” shall be inserted after the words “Regulation (EU) No 648/2012 of the European Parliament and of the Council”

5. As regards the United Kingdom, the following words in paragraph 2 of Article 4 shall be removed: “and Article 12 of Regulation 2018/842 and Article 15 of Regulation (EU) 2018/841”

6. As regards the United Kingdom, the following words in paragraph 5 of Article 7 shall be removed: “and Regulations (EU) 2018/841 and (EU) 2018/842”

7. In paragraph 4 of Article 7, the words “or, as regards the United Kingdom, the UK ETS Authority” shall be inserted after the words “Commission”.

8. The second sentence of Article 7(4) shall not apply to the United Kingdom.

9. In paragraph 1 of Article 9, the words “and, as regards the United Kingdom, suspended or partially suspended” shall be inserted after the word “blocked”.

10. In Article 12(1), the words from “the EU ESR AEA Total Quantity Account” to “the compliance period” shall not apply to the United Kingdom.

11. In Article 13:

(i) In paragraph (3), the words “or, as regards the United Kingdom, the relevant United Kingdom national law” shall be inserted after the words “Directive 98/26/EC of the European Parliament and of the Council”

(ii) In paragraph (3), second subparagraph, the words “or, as regards the United Kingdom, the relevant United Kingdom national law” shall be inserted after the words “Directive 98/26/EC of the European Parliament and of the Council”

12. In Articles 18 and 27, the words “or, as regards the United Kingdom, “Manage your UK ETS reporting service (‘METS’)”” shall be inserted after the words “Union Registry”.

13. At the end of paragraph 2 of Article 20, the following subparagraph shall be inserted:

“As regards the United Kingdom, by way of derogation from this paragraph, at the opening, each account may have one authorised representative whose rights are restricted to conduct only the processes in Articles 22, 48(4), 50(6) and 56.”.

14. In paragraph 4 of Article 22, after the words “At least once every three years” the following words shall be inserted: “or, as regards the United Kingdom, at least once one year after the entry into force of [Insert name of this Agreement] and at least once every three years thereafter, or as the case may be, where information has been reviewed by the national administrator, within three years after that review took place and at least once every three years thereafter,”.

15. In paragraph 3 of Article 31, the following sentence shall be inserted: “The United Kingdom may use a different format than the one provided for in Annex IX as long as it requires at a minimum the same or equivalent information.”.

16. In Article 52:

(i) In paragraph 3, the words “or, as regards the United Kingdom, the relevant United Kingdom national law” shall be inserted after the words “Directive 98/26/EC of the European Parliament and of the Council”

(ii) Paragraph 3, second subparagraph, shall not apply to the United Kingdom.

17. In Article 55:

(i) In paragraph 4, the words “or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]” shall be inserted after the words “Regulation (EU) No 600/2014 of the European Parliament and of the Council”

(ii) In paragraph 4, the words “or, as regards the United Kingdom, the relevant United Kingdom national law” shall be inserted after the words “Regulation (EU) 648/2012”

18. In paragraph 1a of Article 56, the words “or as regards the United Kingdom, UK surrender account” shall be inserted after the words “Union deletion account”.

19. In Article 67:

(i) In paragraph 3, “or, as regards the United Kingdom, to the appropriate United Kingdom authorities” shall be inserted after the words “Directive (EU) 2015/849”;

(ii) In paragraphs 3(a), 3(b), and 4, the words “or as regards the United Kingdom, the appropriate United Kingdom authorities” shall be inserted after the word “FIU”; and

(iii) The second sentence of paragraph 4, and paragraph 5 shall not apply to the United Kingdom.

20. As regards the United Kingdom, the following words in paragraph 2 of Article 70 shall be removed: “of Regulation (EU) 2018/841 and (EU) 2018/842”.

21. In Article 78, the words “or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]” shall be inserted after the words “Directive (EU) 2015/849”

22. In Article 80:

(i) In paragraph 1, the words "by Union Law, or" shall not apply to the United Kingdom.

(ii) In paragraph 3(l), the words “or, as regards the United Kingdom, and to a court mentioned in Regulation 22 of the Financial Markets and Insolvency (Settlement Finality) Regulation 1999, as amended from time to time” shall be inserted after the words “Directive 98/26/EC”; and

(iii) In paragraph 4a, the words “or, as regards the United Kingdom, the appropriate United Kingdom authorities” shall be inserted after the words “Regulation (EU) No 596/2014”.

23. In Annex I, table I-I shall not apply to the United Kingdom and the following table shall be inserted as regards the United Kingdom:

Account type name	**Account holder**	**Account Administrator**	**No of accounts of this type**	**Allowances**		**Units from ETS linked under Article 25 of Directive 2003/87/EC**	**Allowances covered by Chapter IVa of Directive 2003/87/EC**
				General allowances	**Aviation allowances**		
I. *ETS management accounts in the UK Registry*							
UK Total Quantity Account	UK	central administrator	1	**Yes**	No	No	No
UK Auction Account	UK	central administrator	1	**Yes**	No	No	No
UK Allocation Account	UK	central administrator	1	**Yes**	No	No	No
UK Deletion Account	UK	central administrator	1	**Yes**	**No**	**Yes**	**No**
Auction Collateral Delivery	Auctioneer, Auction platform, Clearing	national administrator that has opened	one or more for each auction platform	**Yes**	**No**	No	No

Account	System or Settlement System	the account					
UK New Entrants Reserve Account	UK	central administrator	1	Yes	No	No	No
UK Surrender Account	UK	central administrator	1	Yes	No	Yes	No
UK Market Stability Account	UK	central administrator	1	Yes	No	No	No
UK Market Stability Reserve Account	UK	central administrator	1	Yes	No	No	No
II. ***ETS holding accounts in the UK Registry***							
Stationary installation holding account	Operator	national administrator of the Member State where installation is	one for each installation	**Yes**	**No**	**Yes**	**No**

		located					
Aircraft operator holding account	Aircraft operator	national administrator of the Member State administering the aircraft operator	one for each aircraft operator	**Yes**	**No**	**Yes**	**No**
National holding account	Member State	national administrator of the Member State holding the account	one or more for each Member State	**Yes**	**No**	**Yes**	**No**
Maritime operator holding account	Operator	national administrator of the Member State determined pursuant to Article 3gf of Directive 2003/87/EC	one for each shipping company	**Yes**	**No**	**Yes**	**No**
III. ***ETS trading accounts in the UK Registry***							
Trading account	Person	national administrator or central	as approved	**Yes**	**No**	**Yes**	**No**

		administrator that has opened the account					

24. In Annex IV, paragraph 2, the words "of the European Economic Area" shall not apply to the United Kingdom.

25. In Annex IV, paragraph 5(d), the words “or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]” shall be inserted after the words “Directive (EU) 2015/849”

26. In Annex VI, paragraph 5(d), the words “or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]” shall be inserted after the words “Directive (EU) 2015/849”

27. In Annex VII, paragraph 5(d), the words “or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]” shall be inserted after the words “Directive (EU) 2015/849”

28. In Annex VIIa:

(i) in paragraph 7(d), the words “or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]” shall be inserted after the words “Directive (EU) 2015/849”

(ii) the following row 17 shall be added as regards the United Kingdom in Table VIIa-I:

17	Monitoring plan ID	M	Free	Yes	Yes	Yes

29. In Annex VIIb, in paragraph 5(d), the words “or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]” shall be inserted after the words “Directive (EU) 2015/849

30. In paragraphs (4)(e) and (6)(b)(iii) of Annex VIII, the words “or, as regards the United Kingdom, in Central European Time and in United Kingdom Time” shall be inserted after “Central European Time”.

31. In paragraphs 1 and 2 of Annex XIII, the words “or as regards the United Kingdom, the United Kingdom” shall be inserted after the words “the Union Registry”.

32. As regards the United Kingdom, paragraphs 7, 7a, 8 and 9 of Annex XIII shall not apply.

33. Article 2, third and fourth subparagraphs, Article 3 points (23) and (24) and (27) to (32), Article 12(1a), (1b) and (2), Article 27a, Article 27b, Articles 59a to 59ad, table I-II of Annex I shall not apply to the UK.

— Commission Delegated Regulation (EU) 2023/2830 of 17 October 2023 supplementing Directive 2003/87/EC of the European Parliament and of the Council by laying down rules on the timing, administration and other aspects of auctioning of greenhouse gas emission allowances (OJ EU L, 2023/2830, 20.12.2023, ELI: http://data.europa.eu/eli/reg_del/2023/2830/oj),

The provisions of Delegated Regulation (EU) 2023/2830 shall be read, for the purposes of this Agreement, in accordance with the following technical adaptations:

1. In Article 3:

(i) In paragraph (5), the words “or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]” shall be inserted after the words “Directive 2014/65/EU”;

(ii) In paragraph (6), the words “or, as regards the United Kingdom, the relevant United Kingdom national law” shall be inserted after the words “Regulation (EU) No 575/2013 of the

European Parliament and of the Council";

(iii) In paragraph (7), the words "or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]" shall be inserted after the words "Directive 2014/65/EU";

(iv) In paragraph (14), the words "or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]" shall be inserted after the words "Directive (EU) 2015/849 of the European Parliament and of the Council";

(v) In paragraph (15), the words "or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]" shall be inserted after the words "Directive (EU) 2015/849";

(vi) In paragraph (16), the words "or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]" shall be inserted after the words "Directive (EU) 2015/849";

(vii) In paragraph (23), the words "or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]" shall be inserted after the words "that Directive";

(viii) In paragraphs (24) and (26), the words "or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]" shall be inserted after the words "Directive (EU) 2015/849", in both places it occurs;

(ix) In paragraph (27), the words "or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]" shall be inserted after the words "Regulation (EU) No 596/2014";

(x) In paragraph (28), the words “or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]” shall be inserted after the words “Regulation (EU) No 596/2014”;

(xi) In paragraph (29), the words “or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]” shall be inserted after the words “Regulation (EU) No 596/2014”;

(xii) In paragraph (30), the words “or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]” shall be inserted after the words “Regulation (EU) No 596/2014”;

(xiii) In paragraph (31), the words “or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]” shall be inserted after the words “Regulation (EU) No 596/2014”;

(xiv) In paragraph (39), the words “or, as regards the United Kingdom, the relevant United Kingdom national law” shall be inserted after the words “Directive 98/26/EC of the European Parliament and of the Council”;

(xv) In paragraph (42), the words “or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]” shall be inserted after the words “Directive 2014/65/EU”;

(xvi) By way of derogation from paragraph 2 of Article 22 [Horizontal Adaptations] of this Agreement, in paragraph (43), references to "Member State" shall not be understood as referring to the United Kingdom and the following subparagraph shall apply, which shall be inserted at the end of the paragraph:

“A person is established in the United Kingdom if in the case of persons referred to in Article 6(3), second subparagraph of this Regulation, the person has its place of residence or permanent address

in the United Kingdom."

2. In Article 6:

(i) By way of derogation from paragraph 3 of Article 22 [Horizontal Adaptations] of this Agreement, the reference to "Union" shall be understood as including the United Kingdom;

(ii) In paragraph (5), the words "or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]" shall be inserted after the words "Directive 2014/65/EU".

3. In Article 6(2)(d) and Article 52(1)(b), the words "or, as regards the United Kingdom, in pound sterling (GBP)" shall be inserted after the word "euros".

4. In Article 8(3), only the following subparagraph shall apply to the United Kingdom, which shall be inserted at the end of the paragraph: "As regards the United Kingdom, in exceptional circumstances, the United Kingdom auction platform subject to the [insert name of the Agreement: EU-UK ETS Linking Agreement] may, after having consulted the United Kingdom competent authority, change the times of any bidding window by giving notice to all persons likely to be affected. The auction platform concerned shall take the utmost account of the United Kingdom competent authority's opinion on the change, where such an opinion is delivered.".

5. Point c) of Article 10(3), Article 19(2)(a), and the last sentence of Article 29(4), Article 33(4), the second sentence of the first sub-paragraph of Article 33(6) and the second subparagraph of Article 33(6), and Article 46(4) shall not apply to the UK.

6. In point (b) of Article 18(1), the words "or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]" shall be inserted after the words "Directive 2014/65/EU".

7. In point (c) of Article 18(1), the words "or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]" shall be inserted after the words "Directive 2013/36/EU of the European Parliament and of the Council".

8. At the end of paragraph 1 of Article 18 the following sentence shall be inserted: “Persons admitted to bid directly in auctions pursuant to Articles 10 and 11, under the EU ETS or the UK ETS, shall be deemed automatically eligible to apply for admission to bid directly both in the EU ETS and UK ETS.”

9. In paragraph 2 of Article 18, the words “or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]” shall be inserted after the words “Directive 2014/65/EU”.

10. By way of derogation from paragraph 3 of Article 22 [Horizontal Adaptations] of this Agreement, in Article 19(2)(b), Article 35(1) and Annex I(3), and for the second and third references in Article 38(2), the words “or UK ETS Registry” shall be inserted after “Union Registry”.

11. In Article 21(2) and 46(2), the words “or as regards the United Kingdom, the appropriate United Kingdom authorities” shall be inserted after the word “FIU” in each place it occurs.

12. In Article 22(3), the words “or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]” shall be inserted after the words “Regulation (EU) No 596/2014”.

13. At the end of paragraph 1 of Article 26, the following sentence shall be inserted: “The United Kingdom shall not participate in the common auction platform and shall appoint its own opt-out auction platform in accordance with Article 29.”.

14. By way of derogation from paragraph 2 of Article 22 [Horizontal Adaptations] of this Agreement, in point (c) of paragraph 5 of Article 29 of the Delegated Regulation, the reference to "other Member States" shall not be understood as referring to the United Kingdom.

15. In the first and second sentences of Article 29(4), the words “Union and” shall not apply to the United Kingdom.

16. In Article 29(6), only the following subparagraphs shall apply to the United Kingdom, which shall be inserted at the end of the paragraph:

"As regards the United Kingdom, the United Kingdom shall ensure that the relevant requirements of this Regulation and the objectives of Article 10(4) of Directive 2003/87/EC are satisfied when it appoints an opt-out auction platform and sets the conditions of appointment.

Before appointing an opt-out auction platform, the United Kingdom shall consult the Commission solely on the relevant requirements of this Regulation and the objectives of Article 10(4) of Directive 2003/87/EC as they apply in relation to this appointment. The Commission shall provide any views within six weeks starting from the day the United Kingdom notifies the Commission of the proposed opt-out auction platform. The United Kingdom shall have regard to any views provided by the Commission.

Following the United Kingdom's appointment of an opt-out auction platform, the United Kingdom shall notify the Commission, and the appointment shall be listed in Annex III."

17. In the first sentence of Article 31(1), the words "or, as regards the United Kingdom, between 1 million and 10 million allowances" shall be inserted after the words "between 3.5 million and 20 million allowances".

18. In the second sentence of Article 31(1), the words "or, as regards the United Kingdom, less than 1 million in a given calendar year" shall be inserted after the words "less than 3.5 million in a given calendar year".

19. For the first subparagraph of Article 31(3), the words "or, as regards the United Kingdom, the Commission and the United Kingdom auctioneer" shall be inserted after the words "the Commission". For the second subparagraph of Article 31(3), the words "or, as regards the United Kingdom, provided that the United Kingdom has entered the respective auction table into the UK ETS Registry in accordance with Delegated Regulation (EU) 2019/1122" shall be inserted after the words "Delegated Regulation EU 2019/1122".

20. In Article 33:

(i) In paragraph (1), only the following subparagraphs shall apply to the United Kingdom, which shall be inserted at the end of the paragraph:

"As regards the UK, auctions may only be conducted on an auction platform which is:

(a) recognised under the Recognised Auction Platforms Regulations 2011, as amended from time to time;

(b) authorised as a recognised investment exchange whose operator organises a secondary market in allowances or allowances derivatives.

However, a recognised investment exchange whose operator organises a wholesale energy market as defined in Article 2(6) of Regulation (EU) No 1227/2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency, but does not organise a secondary market in allowances or allowances derivatives, may participate in the procurement procedure pursuant to Article 29. Where such a recognised investment exchange is appointed as the appointed auction platform pursuant to Article 29 and its operator does not organise a secondary market in allowances or allowances derivatives by the time of publication of the procurement procedure pursuant to Article 29(4), that operator must acquire an authorisation and must organise a secondary market in allowances or allowances derivatives at least 60 trading days prior to the opening of the first bidding window run by the auction platform concerned."

(ii) In paragraph (5), reference to "the competent national authorities of the Member State in which the candidate regulated market and its market operator are established, designated under Article 67(1) of Directive 2014/65/EU" shall be understood, as regards the United Kingdom, to refer to the appropriate United Kingdom authorities.

(iii) In paragraph (5), the words "or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]" shall be inserted after the words "Directive 2014/65/EU".

21. In the first sentence of Article 34(1), reference to "the competent national authority designated pursuant to Article 67(1) of Directive 2014/65/EU" shall be understood, as regards the United Kingdom, to refer to the appropriate United Kingdom authority, the words "and to ESMA" shall not apply to the United Kingdom and the following sentence shall be inserted at the end "As regards the United Kingdom, the appropriate United Kingdom authority shall notify these transaction reports to ESMA in accordance with Article [Market Oversight] of the Agreement [insert full title: EU-UK ETS linking Agreement]".

22. In Article 34(4), the words "or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]" shall be inserted after the words "Delegated Regulation (EU) 2017/590", in both places it occurs.

23. In paragraph 2 of Article 44, reference to "the competent national authority designated in accordance with Article 22 of Regulation (EU) No 596/2014" shall be understood, as regards the United Kingdom, to refer to the appropriate United Kingdom authority, the words "to the Commission" and "to ESMA" shall not apply to the United Kingdom, and the following sentence shall be inserted at the end "As regards the United Kingdom, the appropriate United Kingdom authority shall notify the reports and the summary referred to in paragraph 1 to ESMA in accordance with Article 12 [Market Oversight] of the Agreement [insert full title: EU-UK ETS linking Agreement]".

24. In paragraph 5 of Article 44, only the following subparagraph shall apply to the United Kingdom and shall be inserted at the end of the paragraph: "As regards the United Kingdom, auctioneers and auction platforms shall actively cooperate with the appropriate United Kingdom authority and between themselves, and, upon request, provide the appropriate United Kingdom authority with any information in their possession that relates to the auction and is reasonably required for the monitoring of the auctions. The appropriate United Kingdom authority shall actively cooperate with the Commission and upon request provide any information to the Commission in its possession that relates to the auction and is reasonably required for the monitoring of the auctions in accordance with Article 12 [Market Oversight] of the Agreement [insert full title: EU-UK ETS linking Agreement]".

25. In Article 44(7) and points (c) and (h) of Article 53(3), the words "or, as regards the United Kingdom, by national law" shall be inserted after the words "Union law".

26. In Article 46:

(i) In paragraph (1), reference to "the competent national authorities referred to in Article 48(1a) of Directive (EU) 2015/849" shall be understood, as regards the United Kingdom, to refer to the appropriate United Kingdom authorities, and the words "or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial

Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]" shall be inserted after the words "Directive (EU) 2015/849", in both places it occurs;

(ii) In paragraph (3), the words "or, as regards the United Kingdom, the appropriate United Kingdom authorities" shall be inserted after the word "situated".

27. In Article 47(1), reference to "the national authorities competent under Regulation (EU) No 596/2014" shall be understood, as regards the United Kingdom, to refer to the appropriate United Kingdom authorities.

28. In paragraph 2 of Article 47, the words "or, as regards the United Kingdom, in accordance with Article 12 [Market Oversight] of the Agreement [insert full title: EU-UK ETS linking Agreement], the appropriate United Kingdom authorities" shall be inserted after the words "auction platform".

29. In the first and third sentence of Article 48(1), the words "or, as regards the United Kingdom, the United Kingdom competent authority" shall be inserted after the words "Commission".

30. In the second sentence of Article 48(1), the words "or, as regards the United Kingdom, the United Kingdom" shall be inserted after the words "Commission" and the words "or, as regards the United Kingdom, the Commission" shall be inserted after the words "the Member States concerned".

31. In Article 50:

(i) In paragraph (2)(b), the words "or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the [insert full title: EU-UK ETS Linking Agreement]" shall be inserted after the words "Directive (EU) 2015/849";

(ii) In paragraph (4), reference to "competent national authorities designated in accordance with Regulation (EU) No 596/2014 and Directive (EU) 2015/849 by the Member States where the persons referred to in paragraph 1 are established" shall be understood, as regards the United Kingdom, to refer to the appropriate United Kingdom authorities;

(iii) the words "or, as regards the United Kingdom, the relevant United Kingdom national law in accordance with the application of Article 11a [Financial Regulation & Supervision] of the

[insert full title: EU-UK ETS Linking Agreement]" shall be inserted after the words "Directive (EU) 2015/849".

32. In Article 55(2), only the following subparagraph shall apply to the United Kingdom, which shall be inserted at the end of the paragraph: "As regards the United Kingdom, the extra-judicial mechanism referred to in paragraph 1 must include procedures for the fair, independent and impartial resolution of appeals against decisions of the opt-out auction platform. A decision in relation to an appeal must be given in writing, with full reasons."

33. By way of derogation from paragraphs 2 and 3 of Article 22 [horizontal adaptations] of this Agreement, in paragraph 11 of Annex I of the Delegated Regulation, references to "Member State" and the "Union" shall be understood as including the United Kingdom.

— Commission Implementing Regulation (EU) 2018/2066 of 19 December 2018 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council and amending Commission Regulation (EU) No 601/2012 (OJ EU L 334, 31.12.2018, p. 1, ELI: http://data.europa.eu/eli/reg_impl/2018/2066/oj),

The provisions of Implementing Regulation (EU) 2018/2066 shall be read, for the purposes of this Agreement, in accordance with the following technical adaptations:

1. In Articles 38(5), 39(4), 39a(3)-(5), 53a(4), 54a(2) and (6), as regards the references to Article 31a of Directive (EU) 2018/2001, paragraph 3 of Article 31a shall not apply to the United Kingdom.

2. In the first and second sentences of the third subparagraph of Article 2, the word "or, as regards the United Kingdom, in the United Kingdom" shall be inserted after the word "EEA".

3. In paragraph 6 of Article 38 the following subparagraph shall be inserted: "As regards the United Kingdom, until the United Kingdom provides a mass balance system in accordance with the sixth subparagraph of paragraph 5, biogas injected in the United Kingdom's gas grid and subsequently received by an installation in the United Kingdom cannot be counted towards the zero-rated biomass fraction of a source stream in accordance with the first subparagraph of paragraph 5. When the United Kingdom complies with the requirements under paragraph 5, it shall notify the Union in accordance with Article 52(7) [Transitional Provisions]."

4. In Art 49 (2), 50 (2)(3) and in Annex I the words "or, as regards the UK, the installation's UK identification code" shall be inserted after the word "installation's installation identification code"

5. In paragraph 1 of Article 55, the following subparagraph shall be inserted at the end of the paragraph: “As regards the United Kingdom, for the purposes of determining whether the threshold set out in this paragraph is met, “flights” means flights departing from, or arriving in, aerodromes located in the United Kingdom or flights departing from, or arriving in, aerodromes located in an EEA State.”

6. In paragraph 2 of Article 55, the following subparagraph shall be inserted after the first subparagraph: “As regards the United Kingdom, the total annual emissions lower than 3 000 tonnes referred to in the previous subparagraph shall be understood as including the total annual emissions of flights subject to surrender obligations in the UK ETS or the EU ETS”.

7. In Article 56a(8), in the first sentence, the words “or, as regards the United Kingdom, to the UK ETS Authority who shall review whether the tools meet the requirements in this Regulation and, if it considers that the tools are compliant, submit the technical specifications of the tools and its recommendation to the Commission” shall be inserted after the word “Commission”, and the words “As regards specifications submitted to the Commission by the UK ETS Authority, the Commission shall take the recommendation of the UK ETS Authority into account in its assessment.” shall be inserted after the second sentence.

8. In Article 68(4), the words "or, as regards the UK, the UK regulator" shall be inserted after the words "Member States" and the words "as regards the UK, the UK ETS Authority" shall be inserted after the word "Commission"

9. By way of derogation from paragraph 2 of Article 22 [Horizontal Adaptations] of this Agreement, in point (9) of section 2 of Annex X of the Implementing Regulation, the reference to “Member State” shall be understood as including the United Kingdom.

— Commission Implementing Regulation (EU) 2018/2067 of 19 December 2018 on the verification of data and on the accreditation of verifiers pursuant to Directive 2003/87/EC of the European Parliament and of the Council (OJ EU L 334, 31.12.2018, p. 94, ELI: http://data.europa.eu/eli/reg_impl/2018/2067/oj)

The provisions of Implementing Regulation (EU) 2018/2067 shall be read, for the purposes of this

Agreement, in accordance with the following technical adaptations:

1. In point (32) of Article 3, the words “or, as regards the United Kingdom, until 31 December 2029, for the year ending 31 December 2030, and subsequently each five-year period ending 31 December of each fifth year thereafter” shall be inserted the words after “until 31 December 2025 and subsequently each five-year period ending 31 December of each fifth year thereafter”.

2. At the end of paragraph 3 in Article 34b, the following subparagraph shall be inserted:

“As regards the United Kingdom, if a physical site visit for the aircraft operator has been carried out under the EU ETS and the requirements for virtual site visits of paragraphs 1 and 2 of this Article are met, then the United Kingdom may exempt a verifier from the requirements in this paragraph.”.

3. In paragraph (7) of Article 43, the final sentence shall not apply to the United Kingdom.

4. In paragraph 1 of Article 46, after the words "Member State" insert “or, as regards the United Kingdom, the national law of the United Kingdom or one of the EEA States”.

5. In paragraph 2 of Article 49, the following subparagraph shall be inserted:

“As regards the United Kingdom, accreditation certificates issued before the entry into force of the [EU UK ETS linking agreement] shall be valid until the end of their validity date.”

6. Articles 56 and 67 shall not apply to the United Kingdom. In paragraph 2 of Article 66 the words “and shall inform the Commission thereof” shall not apply to the United Kingdom.

— Commission Delegated Regulation (EU) 2025/723 of 6 February 2025 supplementing Directive 2003/87/EC of the European Parliament and of the Council by laying down detailed rules for the yearly calculation of price differences between eligible aviation fuels and fossil kerosene and for the EU ETS allocation of allowances for the use of eligible aviation fuels (OJ EU L, 2025/723, 16.4.2025, ELI: http://data.europa.eu/eli/reg_del/2025/723/oj),

The provisions of Delegated Regulation (EU) 2025/723 shall be read, for the purposes of this Agreement, in accordance with the following technical adaptations:

1. In Article 2(3), the following sentence shall be inserted “or, as regards the United Kingdom, references to “harmonised minimum levels of taxation on fossil fuels” shall refer to the level of any taxation applicable under UK national law”.

2. In Articles 4(1) and (5), and 6(2) and (3), the words, “or as regards the United Kingdom, GBP” shall be inserted after the word “EUR”.

3. In Articles 4(3), (4) and (7), 5(1), (2) and (3), and 6(4), (5) and (6), the words, “or as regards the United Kingdom, the United Kingdom ETS Authority” shall be inserted after the word “Commission”.

4. In Article 4:

(i) in paragraph 5, in the definition of “price of ETS emission allowance”, the words “or, as regards the United Kingdom, as published on the United Kingdom auction platform, in GBP per allowance” shall be inserted after “in EUR per allowance”;

(ii) in paragraph 7, the words “or as regards the United Kingdom, in an appropriate official publication in the United Kingdom” shall be inserted after “in the Official Journal of the European Union”.

5. As regards the United Kingdom, in Article 5:

(a) paragraph (4) shall not apply.

(b) in paragraph 5 of Article 5, the words "or, as regards the UK, to the application of UK competition rules" shall be inserted after the words "to the application of Union competition law"

6. As regards the United Kingdom, in Article 6:

(a) paragraph (1), the words “paragraph 2 or” shall not apply;

(b) paragraph (2) shall not apply;

(c) paragraph (3), the words “which were uplifted at airports other than the airports identified in Article 3c(6), third subparagraph, point (c), of Directive 2003/87/EC” shall not apply.

B. Market stability reserve

— Decision (EU) 2015/1814 of the European Parliament and of the Council of 6 October 2015 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme and amending Directive 2003/87/EC (OJ EU L 264, 9.10.2015, p. 1, ELI: http://data.europa.eu/eli/dec/2015/1814/oj),

The provisions of Decision (EU) 2015/1814 shall be read, for the purposes of this Agreement, in accordance with the following technical adaptations:

1. Articles 1(3) to (4a) and (5a), 1a, 2 and 3 shall not apply to the United Kingdom.

2. In paragraph 2 of Article 1, only the following subparagraph shall apply to the United Kingdom and be inserted at the end of the paragraph: "As regards the United Kingdom, the quantity of allowances in the United Kingdom market stability reserve shall be as set out in Article 11 [Market Stability Reserve] of [this Agreement.]".

3. In paragraph 5 of Article 1, only the following sentence shall apply as regards the United Kingdom and shall be inserted at the end of that paragraph: "As regards the United Kingdom, from 1 January 2031, the amount of allowances that the United Kingdom shall place in the United Kingdom market stability reserve, as part of its operation, in a given month shall be equivalent to 6,7 percent of the amount of allowances that the Union places in the Union market stability reserve in that same month.".

4. In paragraph 6 of Article 1, only the following sentence shall apply to the United Kingdom and shall be inserted at the end of that paragraph: "As regards the United Kingdom, the amount of allowances that the United Kingdom shall release from the United Kingdom market stability reserve, as part of its operation, and add to the volume of allowances to be auctioned in a given month, shall be equivalent to 6,7 percent of the amount of allowances that the Union releases from the Union market stability reserve in that same month.".

5. In paragraph 7 of Article 1, only the following subparagraph shall apply to the United Kingdom and shall be inserted at the end of that paragraph: "The United Kingdom shall release 5 million allowances from the reserve and add it to the volume of allowances to be auctioned. Where fewer than 5 million allowances are in the United Kingdom market stability reserve, all allowances in the reserve shall be released.".

6. In the first sentence of paragraph 8 of Article 1, the words “following the publication of the total number of allowances in circulation” shall not apply to the United Kingdom. The third sentence of paragraph 8 of Article 1 paragraph shall not apply to the United Kingdom.

C. Carbon capture and storage

— Directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on the geological storage of carbon dioxide and amending Council Directive 85/337/EEC, European Parliament and Council Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) No 1013/2006 (OJ EC L 140, 5.6.2009, p. 114, ELI: http://data.europa.eu/eli/dir/2009/31/oj),

-The provisions of Directive 2009/31/EC shall be read, for the purposes of this Agreement, in accordance with the following technical adaptations:

1. By way of derogation from paragraph 2 of Article 22 [Horizontal adaptations] of this Agreement, references to “Member States” of the Union and competent authorities of Member States of the Union shall be understood as including the United Kingdom, except as regards the participation in the decision-making and governance of the bodies, offices and agencies of the Union. Procedures, institutional arrangements or other provisions concerning the work of committees and groups of experts that assist the European Commission shall be read in accordance with Article 18 [Consultation in the drafting of legal acts of the Union](6) and (7). References to “third countries” shall be understood as not including the United Kingdom.

2. Articles 30 to 41 shall not apply to the United Kingdom.

3. In paragraph 2 of Article 8, the words “or, as regards, the United Kingdom, Secretary of State for the UK's Department for Energy Security and Net Zero or its successor department, or other designated authority” shall be inserted after the word “Commission”.

4. In paragraph 1 and 2 of Article 10, the words “or, as regards, the United Kingdom, Secretary of State for the UK's Department for Energy Security and Net Zero or its successor department, or other designated authority” shall be inserted after the word “Commission” and the words “or, as regards the United Kingdom, the relevant competent authority in the United Kingdom” shall be inserted after the word “Member States”. In paragraph 2 of Article 10 the words “or, as regards the United Kingdom, from the opinion of the Secretary of State for the UK's Department for Energy

Security and Net Zero or its successor department, or other designated authority" shall be inserted after the words "from the Commission opinion".

5. At the end of Paragraph 1 of Article 10, a new subparagraph shall be inserted: "The United Kingdom shall notify the Commission of any permit applications within one month after receipt, with information on location and storage capacity. The United Kingdom shall notify the Commission of all storage permits within one month of the permit being granted."

6. In the first sentence of paragraph 4 of Article 18, the words "or, as regards, the United Kingdom, to the Secretary of State for the UK's Department for Energy Security and Net Zero or its successor department, or other designated authority" shall be inserted after the word "Commission".

7. In the third, fourth and fifth sentences of paragraph 4 of Article 18, the words "or, as regards the United Kingdom, the Secretary of State for the UK's Department for Energy Security and Net Zero or its successor department, or other designated authority" shall be inserted after the word "Commission". In the fifth sentence of paragraph 4 of Article 18, the words "or, as regards the United Kingdom, the relevant competent authority" shall be inserted after the words "Member State." At the end of Paragraph 4 of Article 18, a new subparagraph shall be inserted: "As regards the United Kingdom, the relevant competent authority shall notify its draft decision to the Commission within one month after the draft decision has been made."

8. In the last sentence of paragraph 5 of Article 18, the words "or, as regards the United Kingdom, to the Secretary of State for the UK's Department for Energy Security and Net Zero or its successor department, or other designated authority" shall be inserted after the first reference to the Commission and the words "or, as regards the United Kingdom, from the opinion of the Secretary of State for the UK's Department for Energy Security and Net Zero or its successor department, or other designated authority" shall be inserted after the words "from the Commission opinion"

9. At the end of paragraph 5 of Article 18, a new subparagraph shall be inserted: "As regards the United Kingdom, the relevant competent authority shall notify its final decision to the Commission within one month after the decision has been made."

D. Maritime transport monitoring and reporting, verification and accreditation

— Regulation (EU) 2015/757 of the European Parliament and of the Council of 29 April 2015 on the monitoring, reporting and verification of carbon dioxide emissions from maritime

transport, and amending Directive 2009/16/EC (OJ EU L 123, 19.5.2015, p. 55, ELI: http://data.europa.eu/eli/reg/2015/757/oj),

The provisions of Regulation (EU) 2015/757 shall be read, for the purposes of this Agreement, in accordance with the following technical adaptations:

1. In the second subparagraph of Article 11(1), the words "or as regards the United Kingdom, to the administering authority responsible and to the United Kingdom flag State authority for ships flying the flag of the United Kingdom," shall be inserted after the word "Commission".

2. In the second paragraph of Article 11, the words “or as regards the United Kingdom, to the administering authority responsible, to the United Kingdom flag State authority for ships flying the flag of the United Kingdom and to the new company,” shall be inserted after the word “Commission”.

3. In Article 17(4), the words “or as regards the United Kingdom, to the United Kingdom competent authority and the authority of the flag State,” shall be inserted after the words “the flag State”.

4. In Article 20:

(a) the second paragraph shall not apply to the United Kingdom;

(b) in the first subparagraph of paragraph (3), the words from “the Commission” to the words “Member States and”, and the final sentence, shall not apply to the United Kingdom;

(c) in the second subparagraph of paragraph (3), the final sentence shall not apply to the United Kingdom.

5. In Article 21(1) to (4), the words “or as regards the United Kingdom, the United Kingdom competent authority,” shall be inserted after the words “Commission”. Paragraphs 5 and 6 of Article 21 shall not apply to the United Kingdom.

— Commission Delegated Regulation (EU) 2023/2917 of 20 October 2023 on the verification activities, accreditation of verifiers and approval of monitoring plans by administering authorities pursuant to Regulation (EU) 2015/757 of the European Parliament and of the Council on the monitoring, reporting and verification of greenhouse gas emissions from

maritime transport, and repealing Commission Delegated Regulation (EU) 2016/2072 (OJ EU L, 2023/2917, 29.12.2023, ELI: http://data.europa.eu/eli/reg_del/2023/2917/oj),

The provisions of Delegated Regulation (EU) 2023/2917 shall be read, for the purposes of this Agreement, in accordance with the following technical adaptations:

1. The final sentence of Article 45(10), Article 62 and paragraph 2 of Article 70 shall not apply to the United Kingdom.

2. In Article 23(3), the words "or, as regards the United Kingdom, the competent authority of the United Kingdom," shall be inserted after the word "Commission"

3. In point (a) of Article 39(2) the words "the Member State in which the verifier is established or" shall not apply to the United Kingdom.

4. In paragraph 4 of Article 51, the following subparagraph shall be inserted:

"As regards the United Kingdom, accreditation certificates issued before the entry into force of the [EU UK ETS linking agreement] shall be valid until the end of their validity date.".

— Commission Implementing Regulation (EU) 2023/2449 of 6 November 2023 laying down rules for the application of Regulation (EU) 2015/757 of the European Parliament and of the Council as regards templates for monitoring plans, emissions reports, partial emissions reports, documents of compliance, and reports at company level, and repealing Commission Implementing Regulation (EU) 2016/1927 (OJ EU L, 2023/2449, 7.11.2023, ELI: http://data.europa.eu/eli/reg_impl/2023/2449/oj),

The provisions of Implementing Regulation (EU) 2023/2449 shall be read, for the purposes of this Agreement, in accordance with the following technical adaptations:

1. In paragraph 1 of Articles 1, 2, 3 and 4, the words "or, as regards the United Kingdom, "Manage your UK ETS reporting service ('METS')"" shall be inserted after the last reference to 'Thetis MRV'.

— Commission Implementing Regulation (EU) 2023/2599 of 22 November 2023 laying down rules for the application of Directive 2003/87/EC of the European Parliament and of the Council

as regards the administration of shipping companies by administering authorities in respect of a shipping company (OJ L, 2023/2599, ELI: http://data.europa.eu/eli/reg_impl/2023/2599/oj),

The provisions of Implementing Regulation (EU) 2023/2599 shall be read, for the purposes of this Agreement, in accordance with the following technical adaptations:

1. In paragraph 1 of Articles 3, the words “or, as regards the United Kingdom, “Manage your UK ETS reporting service (‘METS’)”” shall be inserted after the word “Thetis MRV”.

Annex 1a

RELEVANT FINANCIAL SERVICES PROVISIONS FOR THE PURPOSE OF THIS AGREEMENT

This Annex contains the list of legal acts of the Union and other Union acts incorporated into this Agreement to the extent they are relevant for the functioning and oversight of the market for emission allowances and derivatives thereof, as last amended and published in the OJEU before this Agreement entered into force or, as the case may be, the date of the provisional application of this Agreement, or as amended or replaced by legal acts of the Union and other Union acts incorporated into this Agreement by the Joint Committee in accordance with paragraph 7 of Article 11a [Financial Regulation & Supervision]. For the purpose of this Agreement references to a legal act of the Union referred to in this Annex shall be understood to include the Union acts adopted on the basis of such legal acts of the Union, as last amended and published in the OJEU before this Agreement entered into force or, as the case may be, the date of the provisional application of this Agreement. Such references shall also be understood as including any new Union acts adopted on the basis of such legal acts of the Union and incorporated into this Agreement by the Joint Committee in accordance with paragraph 7 of Article 11a [Financial Regulation & Supervision] of this Agreement.

— Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (MIFID II)

— Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (MIFIR)

— Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (MAR)

— Directive 2014/57/EU of the European Parliament and of the Council of 16 April 2014 on criminal sanctions for market abuse (market abuse directive) (CS-MAD)

— Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the

prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (AMLD)

ANNEX 2

REFERRALS TO THE COURT OF JUSTICE OF THE EUROPEAN UNION

SOLE ARTICLE

1. The arbitration tribunal may make a referral to the Court of Justice of the European Union pursuant to its obligation in Article 31 [Referral to the Court of Justice of the European Union for the interpretation of Union acts] at any time in the proceedings.

2. Prior to making a referral pursuant to Article 31(1) [Referral to the Court of Justice of the European Union for the interpretation of Union acts], the arbitration tribunal shall notify the Parties of its intention to refer the question of interpretation to the Court of Justice of the European Union. A Party may, within 10 days of that notification, make submissions to the arbitration tribunal.

3. Each Party may send a reasoned request to the arbitration tribunal to make a referral to the Court of Justice of the European Union. The arbitration tribunal shall reject such a request if it considers the conditions for a referral to the Court of Justice of the European Union laid down in Article 31(1) [Referral to the Court of Justice of the European Union for the interpretation of Union acts] are not met. If the arbitration tribunal rejects a Party's request for a referral to the Court of Justice of the European Union, it shall give reasons for its decision in the decision on the substance of the case. For the avoidance of doubt, only the arbitration tribunal may make a decision to refer a question of interpretation to the Court of Justice of the European Union, in accordance with its obligation under Article 31 [Referral to the Court of Justice of the European Union for the interpretation of Union acts].

4. The arbitration tribunal shall make a referral to the Court of Justice of the European Union by means of a notice in which it will set out precisely the legal and factual background of the case and the legal questions it raises. In particular, the notice shall contain at least the following information:

(a) a brief description of the dispute; and

(b) the relevant act of the Union, or the relevant provisions of this Agreement which involve a concept of Union law and that concept of Union law, to be interpreted in accordance with Article 23(2) [Uniform interpretation] of this Agreement.

The arbitration tribunal shall promptly provide a copy of the notice referred to in this paragraph to the Parties.

ANNEX 3

ON THE APPLICATION OF ARTICLE 43 [FINANCIAL CONTRIBTION]

ARTICLE 1

List of the activities of the Union agencies, information systems and other activities to which the United Kingdom is to contribute financially

The United Kingdom shall contribute financially to the following:

(a) agencies:

None.

(b) information systems:

- NEATS (operated by Eurocontrol)

(c) other activities:

- Monitoring of market developments and drafting the annual Union carbon markets report (carried out by the European Securities and Markets Authority)

- Development of specific guidance documents and templates in relation to monitoring, reporting and verification by the European Commission to be used by the United Kingdom

- Development of ETS policy, including in particular verifying data from United Kingdom installations for the purpose of calculating benchmarks

ARTICLE 2

Terms of payment

1. Payments due pursuant to Article 43 [Financial Contribution] of this Agreement shall be made in accordance with this Article.

2. When issuing the call for funds of the financial year, the European Commission shall communicate the following information to the United Kingdom:

(a) the amount of the operational contribution[11]; and

(b) the amount of the participation fee.

3. The European Commission shall communicate to the United Kingdom, as soon as possible and at the latest on 16 April of each financial year, the following information in relation to the United Kingdom's participation concerning the activities of the Union agencies, information systems and other activities listed in Article 1:

(a) the amounts in commitment appropriations of the definitively adopted annual Union budget inscribed on the relevant Union budget subsidy line(s) of the year in question for each Union agency, and the amounts in commitment appropriations in relation to the Union adopted budget of the year in question for the relevant budget of the information systems and other activities, covering the participation of the United Kingdom in accordance with Article 1;

(b) the amount of the participation fee referred to in Article 43 [Financial Contribution] of this Agreement; and

(c) as regards agencies, in year N+1, the amounts in budgetary commitments made on commitment appropriations authorised in year N on the relevant Union budget subsidy line(s) in relation to the annual Union budget inscribed on the relevant Union budget subsidy line(s) of year N.

4. On the basis of its draft budget, the European Commission shall provide an estimate of

[11] Any costs incurred before the date of entry into force of this Agreement or, as the case may be, the date of its provisional application in relation to the relevant information systems and other activities will not be included. Any costs incurred as from the date of entry into force of this Agreement or, as the case may be, the date of its provisional application budgeted for the year in question, including the development of new systems serving the equivalent objective and purpose of an existing information system, will be included.

information under points (a) and (b) of paragraph 3 at the latest by 1 September of the relevant financial year.

5. Each year the European Commission shall issue to the United Kingdom, at the latest on 16 April, a call for funds that corresponds to the contribution of the United Kingdom under this Agreement for each of the agencies, information systems and other activities in which the United Kingdom participates.

The United Kingdom shall pay the amount indicated in this call for funds at the latest 60 days after the call for funds is issued.

The United Kingdom may make separate payments for each agency, information system or other activity.

6. By way of derogation from paragraph 5, if the date of entry into force of this Agreement or, as the case may be, the date of its provisional application is later than 16 March, the European Commission shall issue, for that financial year, a single call for funds within 30 days of the date of entry into force or, as the case may be, the date of provisional application.

The United Kingdom shall pay the amount indicated in the call for funds at the latest 60 days after the call for funds is issued.

7. Any delay in the payment of the financial contribution shall give rise to the payment of default interest by the United Kingdom on the outstanding amount as from the due date until the day on which that outstanding amount is paid in full.

8. The interest rate for amounts receivable not paid on the due date shall be the rate applied by the European Central Bank to its principal refinancing operations, as published in the C series of the Official Journal of the European Union, in force on the first day of the month in which the due date falls, or 0 %, whichever is higher, plus 3,5 percentage points.

ARTICLE 3

Adjustment of the United Kingdom’s financial contribution to Union agencies in the light of

implementation

The adjustment of the United Kingdom's financial contribution to Union agencies shall be made in year N+1, when the initial operational contribution shall be adjusted upwards or downwards by the difference between the initial operational contribution and an adjusted contribution calculated by applying the contribution key of year N to the amount of budgetary commitments made on commitment appropriations authorised in year N under the relevant Union subsidy budget line(s). Where applicable, the difference shall take into account, for each agency, the percentage-based adjusted operational contribution as defined in Article 1.

ARTICLE 4

Transitional arrangements

In the event that the date of entry into force of this Agreement or, as the case may be, the date of its provisional application is not 1 January, this Article shall apply by way of modification to Article 2.

For the first year of implementation of this Agreement, in relation to the operational contribution due for the year in question as established in accordance with Article XXX [Financial contribution] of this Agreement and Articles 1 to 4 of this Annex, the payment shall be reduced on a pro rata temporis basis by multiplying the amount of the annual operational contribution due to the ratio of the following:

(a) the number of calendar days from the date of entry into force of this Agreement or, as the case may be, the date of its provisional application, until 31 December of the year in question; and

(b) the total number of calendar days of the year in question.

ANNEX 4

SENSITIVE LEVEL, HANDLING INSTRUCTIONS AND SECURITY REQUIREMENTS

ARTICLE 1

Sensitivity levels

1. The Parties shall make use of the sensitivity marking to identify sensitive information that is handled and exchanged within this Agreement.

To this end, the following markings shall be applied as follows:

- ETS sensitive shall be applied in the Union and in the United Kingdom as: 'SENSITIVE: ETS'

- ETS critical shall be applied in the Union and in the United Kingdom as: 'SPECIAL HANDLING: ETS Critical'

2. Any assessment to identify or amend the sensitivity level shall be carried out in accordance with the relevant instructions contained in the European Commission Security Notice, Marking and handling of sensitive non classified information (C(2019) 1904 final), as published in the Commission Registry, including any subsequent amendments, and in the handling instructions of the Directorate-General for Climate Action of the European Commission.

ARTICLE 2

Handling instructions and security requirements for the different handling steps

1. When sharing with the Union sensitive information in relation to this Agreement, the United Kingdom shall recategorise it in order to allow the Union to handle the information in line with its handling instructions and security requirements as applicable in the Union.

2. When handling sensitive information shared by the Union in relation to this Agreement, the

United Kingdom shall apply the handling instructions and security requirements for the different handling steps [that are more or as restrictive than those set out in European Commission Security Notice, Marking and handling of sensitive non classified information (C(2019) 1904 final), as published in the Commission Registry, including any subsequent amendments and in the handling instructions of the Directorate-General for Climate Action of the European Commission.

ARTICLE 3

Linking technical standards and security requirements

The Parties shall comply with the security requirements contained in the Annex 5 [Linking technical standards].

ARTICLE 4

Implementation and future amendment of this Annex

1. For the proper implementation of this Annex, the Union shall notify to the United Kingdom any subsequent amendments to or any act replacing its rules or acts containing the handling instructions and security requirements for the different handling steps set out in this Agreement or any new acts related to the sensitivity levels, handling instructions or the security requirements. The United Kingdom shall notify to the Union any such subsequent amendments to the rules governing its handling of 'Official' information.

2. Following a notification by the Union of an amending act pursuant to paragraph 1 of this Article, the Joint Committee on ETS Linking shall meet to decide upon any necessary amendments to this Annex to align to those rules. When the Union adopts new acts related to the sensitivity levels, handling instructions or the security requirements, or adopts acts replacing the European Commission, Security Notice, Marking and handling of sensitive non classified information C(2019) 1904 final, the Joint Committee on ETS Linking shall amend this Annex in order to refer to the new instructions regarding the security requirements, the sensitivity levels and handling of sensitive information in the Union and the United Kingdom.

ANNEX 5

LINKING TECHNICAL STANDARDS

ARTICLE 1

General obligation

1. To operationalise the link between the EU ETS and the UK ETS a permanent registry link shall be implemented.

2. Within four months of the entry into force of this Agreement, or as the case may be, its provisional application, and in any case before the link is effective, the Parties shall agree in the Joint Committee on ETS Linking, on the basis of the principles set out in this Annex, the linking technical standards containing the detailed requirements for establishing a robust and secure connection between the United Kingdom registry and the Union registry.

3. This Annex and the linking technical standards agreed pursuant to paragraph 2 of this Article can be amended by the Joint Committee on ETS Linking, as necessary.

ARTICLE 2

Specifications of the linking technical standards

The linking technical standards (LTS) shall specify:

- The architecture of the communication link;

- Data structures to be exchanged;

- The security of data transfer;

- The list of functions (transactions, reconciliation …);

- The definition of the applicable data exchange protocols;

- The data logging requirements;

- The operational arrangements (Call desk, support);

- The communication activation plan and the testing procedure;

- The security testing procedure.

The LTS shall specify that the administrators shall take reasonable steps to ensure that the United Kingdom registry, the Union Registry and the link are operational 24 hours a day, 7 days a week, and that any interruptions to the operation of the United Kingdom registry, the Union registry and the link are to be kept to the minimum.

The LTS shall specify communications protocols to be used between the United Kingdom registry and the Union Registry that ensure the necessary security levels for the sensitivity level of the data exchanged.

The LTS shall provide for means of updating technical specifications as needed, to account for future changes in applicable technological standards and their implementing technologies.

ARTICLE 3

Security requirements

1. The LTS shall set out additional security requirements for the United Kingdom registry, and the Union registry and these additional security requirements shall be documented in a ‘security management plan’. In particular, the LTS shall specify that:

(a) if there is a suspicion that the security of the United Kingdom registry, the Union registry has been compromised, both Parties shall immediately inform each other and suspend the link between

the United Kingdom registry and the Union registry;

(b) in the event of a security breach, the Parties shall commit to immediately share the information with each other. To the extent that the technical details are available, a report describing the incident (date, cause, impact, remedies) shall be shared between the United Kingdom registry administrator and the Union central administrator within 24 hours after a security incident is identified as a security breach.

2. The security testing procedure set out in the LTS shall be completed before the communication link between the United Kingdom registry and the Union registry is established, and whenever a new version or release of the United Kingdom registry or the Union registry is required.

3. The Parties shall provide evidence through the United Kingdom registry administrator and the Union central administrator that an independent security assessment of their systems has been performed in the previous 12 months in accordance with the security requirements set out in the LTS. Security testing and in particular penetration testing shall be performed on all new major releases of the software in accordance with the security requirements set out in the LTS. The penetration testing shall not be performed by the software developer or by a subcontractor of the software developer.

Joint Declaration on further references to Union law in the acts referred to in Annex I

For greater certainty, both Parties consider that where legal acts of the Union and other Union acts referred to in Annex 1 [Legal acts of the Union and other Union acts incorporated into this Agreement] contain further references to legal acts of the Union not referred to in that Annex, or to "applicable Union law", to "requirements under Union law" or similar further references, such further references are to be interpreted and applied in accordance with the principle of uniform interpretation and application enshrined in Article 23 [Uniform interpretation principle](2).

JOINT DECLARATION OF THE PARTIES

The Parties intend to allow storing CO2 that originates from each Party in their respective territories from 2031 if this is made possible under Union law in accordance with Union's procedures, legal frameworks and decision-making autonomy.

The Parties acknowledge that neither Party has legislated on the integration of greenhouse gas removals or municipal waste incineration in their respective ETS. The Parties agree that the United Kingdom can trigger the procedure under Article 21 [Procedure for unilateral inclusion of additional activities and greenhouse gases] in order to request the integration of greenhouse gas removals and municipal waste incineration in the UK ETS independently of the Union. The status of this request could be discussed by the Parties in the Joint Committee on ETS Linking in a timely manner.

If the Union would cover such activities, the United Kingdom would have to follow the Union rules in accordance with Part Three [Part III Institutional provisions] of this Agreement. In that case and subject to the decision in accordance with the procedures under this Agreement or any applicable domestic procedures, the Parties intend that the United Kingdom should be able to distribute allowances in respect of greenhouse gas removals directly to operators, and to manage the impacts of the municipal waste incineration integration on local authorities outside the ETS, while preventing the risk of carbon leakage.

Engagement prior to entry into force

In order to facilitate the future smooth implementation of this Agreement, the Parties intend to exchange information on regulatory developments fundamental for the effective implementation of this Agreement in line with their respective domestic procedures, legal frameworks and their decision-making autonomy.