C/2023/457

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P9_TA(2023)0098

# Revision of the EU Emissions Trading System

**European Parliament legislative resolution of 18 April 2023 on the proposal for a directive of the European Parliament and of the Council amending Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading within the Union, Decision (EU) 2015/1814 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme and Regulation (EU) 2015/757 (COM(2021)0551 — C9-0318/2021 — 2021/0211A(COD))**

**(Ordinary legislative procedure: first reading)**

(C/2023/457)

*The European Parliament*,

— having regard to the Commission proposal to Parliament and the Council (COM(2021)0551),

— having regard to Article 294(2) and Article 192(1) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C9-0318/2021),

— having regard to Article 294(3) of the Treaty on the Functioning of the European Union,

— having regard to the reasoned opinion submitted, within the framework of Protocol No 2 on the application of the principles of subsidiarity and proportionality, by the Czech Senate, asserting that the draft legislative act does not comply with the principle of subsidiarity,

— having regard to the opinion of the European Economic and Social Committee of 8 December 2021 ([1]),

— having regard to the opinion of the Committee of the Regions of 28 April 2022 ([2]),

— having regard to the provisional agreement approved by the committee responsible under Rule 74(4) of its Rules of Procedure and the undertaking given by the Council representative by letter of 8 February 2023 to approve Parliament's position, in accordance with Article 294(4) of the Treaty on the Functioning of the European Union,

— having regard to the decision by the Conference of Presidents of 9 March 2023 to authorise the Committee on the Environment, Public Health and Food Safety to split the legislative procedure and to proceed with the tabling of two separate consolidated texts for consideration in plenary;

— having regard to Rule 59 of its Rules of Procedure,

— having regard to the opinions of the Committee on Budgets, the Committee on Industry, Research and Energy, the Committee on Development and the Committee on Transport and Tourism,

— having regard to the report of the Committee on the Environment, Public Health and Food Safety (A9-0162/2022),

1. Adopts its position at first reading hereinafter set out ([3]);

2. Takes note of the statements by the Commission annexed to this resolution;

3. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;

4. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

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([1]) OJ C 152, 6.4.2022, p. 175.
([2]) OJ C 301, 5.8.2022, p. 116.
([3]) This position replaces the amendments adopted on 22 June 2022 (OJ C 32, 27.1.2023, p. 108).

**P9_TC1-COD(2021)0211A**

**Position of the European Parliament adopted at first reading on 18 April 2023 with a view to the adoption of Directive (EU) 2023/… of the European Parliament and of the Council amending Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading within the Union and Decision (EU) 2015/1814 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading system**

*(As an agreement was reached between Parliament and Council, Parliament's position corresponds to the final legislative act, Directive (EU) 2023/959.)*

ANNEX TO THE LEGISLATIVE RESOLUTION

**Commission statements on the occasion of the adoption of Directive (EU) 2023/959 [1] of the European Parliament and of the Council amending Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading within the Union and Decision (EU) 2015/1814 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading system**

Innovation Fund and maritime

*The dedicated topics for maritime in calls for proposal referred to in Article 10a(8) should deploy 20 million allowances up to 2030 in these areas, following the applicable rules thereunder.*

Market transparency

*In order to further enhance the integrity and transparency of the European carbon market, the Commission will introduce changes in the delegated acts which govern the auctioning of emission allowances and functioning of the Union Registry, to improve regulatory reporting and market monitoring in the market of emission allowances and derivatives thereof, promote the prevention and detection of market abuse and help in maintaining orderly markets for emission allowances and related derivatives.*

*Article 36 of Commission Regulation (EU) No 1031/2010 (Auctioning Regulation) establishes an obligation for the auction platform to report the complete and accurate details of every auctioning transaction to their competent national authority designated under Directive 2014/65/EU (MiFID 2). In the upcoming revision of the Auctioning Regulation, the Commission will provide for data on auctions to also be reported directly to the European Securities and Markets Authority (ESMA). This will enhance the efficient monitoring of auctions in emission allowances and relevant linkages with the secondary market.*

*Article 55(4) of Commission Regulation (EU) 2019/1122 (Registry Regulation) provides that purely bilateral OTC transactions have to be marked upon the initiation of a transfer of emission allowances in the Union Registry. However, this marking is not done systematically by market participants. The Commission will amend the requirement of marking of purely bilateral OTC transaction, in order to better inform account holders and to ensure a better implementation of this provision. In addition, the Commission will implement technical adjustments in the system of the Union Registry to make this marking a mandatory requirement for the execution of transactions.*

*In order to improve the quality of data available to market regulators for the so-called spot market of emission allowances, the Commission will also amend the Registry Regulation to allow the market regulators to request regular access to data from the Union Registry. This will allow regulators to receive timely information which can be cross-checked with regulatory data received on derivatives markets and to intervene if appropriate in order to uphold the proper functioning of the European carbon market.*

*Finally, the Commission would like to remind that, as from January 2018, emission allowances are classified as financial instruments by the Directive on Markets in Financial Instruments (MiFID2). Previously, only the derivative contracts of emission allowances were in the scope of financial market rules. In practice, this classification creates very specific obligations for entities trading in the European carbon market.*

*According to Article 58 of Directive 2014/65/EU (MiFID2), all market participants must report on a daily basis the number of positions they are holding in the carbon market (position reporting). These position reports are submitted to relevant national competent authorities and are published on a weekly basis by ESMA.*

*According to Article 26 of Regulation (EU) No 600/2014 (MiFIR), market participants must also report details of all their financial transactions in emission allowances and derivatives thereof, including over-the-counter transactions, to national authorities (obligation to report transactions). According to Article 16 of Regulation (EU) No 596/2014 (Market Abuse Regulation), all market participants are subject to strict rules on preventing market abuse, including legal obligation to notify any suspicious trading behavior to the relevant financial authorities.*

*Market participants must report their transactions in allowances and derivatives thereof to the relevant national competent authorities, which are responsible for the oversight of the carbon market. At European level, their actions are coordinated by the ESMA, as is the case for other financial instruments.*

[1] OJ L 130, 16.5.2023, p. 134.

Revenue use

*The Commission considers that Articles 3d(4), 10(3) and 30d(6) of Directive 2003/87/EC do not oblige Member States to set aside any funds at national level. That Directive establishes both the source of the revenue and sets general purposes for the Member States to choose from for the use of that revenue.*

*The Commission confirms that Member States are not required to earmark the revenues from the auctioning of ETS allowances, but may use 'the equivalent in financial value' of these revenues.*