

Chapter 3

Notification rules for UK recognised bodies

3.27 RAP auction clearing price and adjustment of the auction calendar

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- (1) In accordance with regulation 7(1)(a) of the *UK auctioning regulations*, the auction clearing price is the price of the bid at which the sum of the volumes bid matches or exceeds the volume of allowances auctioned.
- (2) A *RAP* must decide on the methodology to determine the auction clearing price and the secondary market price in circumstances where the auction clearing price (determined in accordance with (1)) would be significantly below the price on the secondary market prevailing during and immediately before the bidding window, taking into account the short-term volatility of the price of allowances over a defined period preceding the auction. In determining that methodology, the *RAP* must treat the price of the bid which matches or exceeds the secondary market price as the auction clearing price (regulations 7(1)(b), 7(2) and 7(4) of the *UK auctioning regulations*).
- (3) In accordance with regulation 7(4) of the *UK auctioning regulations*, a *RAP* is required to notify the *FCA* the methodology in (2) before an auction is started.
- (4) In accordance with regulation 7(6) of the *UK auctioning regulations*, a *RAP* is required to notify the *FCA* without delay if, in between two bidding windows, it modifies the methodology in (2).
- (5) The notifications referred to in ■ REC 3.27.1G(3) and (4) should be undertaken in accordance with ■ REC 3.2.2R.

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