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POLLUTION RIGHTS TRADING: A STUDY BASED ON THE QUOTATION SYSTEM OF MARKET MAKERS

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Abstract

Pollution control is vital for human beings to create a harmonious living environment, and it is an important challenge for all countries worldwide. The emissions trading applicability in the market maker system can play an important role in the process of pollution control. To evaluate the effectiveness of the quotation trading system, it is necessary to develop a system strategy for market makers in emissions trading. In this paper, first the mechanism of the formation of the best offer to market makers is studied based on the construction of the three players' dynamic game model. Then, we construct the system cost model of the market maker quotation transaction by comparing the system costs of the market maker. Finally, this paper provides a set of incentives and constraints to guarantee the quotation trading of market makers, including policy recommendations for the implementation of the quotation trading system of market makers etc.

Key words: emissions rights pricing, emissions trading, market maker

Received: October, 2019; Revised final: March, 2020; Accepted: April, 2020; Published in final edited form: September, 2020

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