

Legal characteristics of BidCarbon Removal Units

About this statement

This is a statement¹ setting out a concise description of the characteristics of BidCarbon Removal Units (BRUs). This statement is published, and will be kept up-to-date, under section 132 of the [BidCarbon \(Carbon Farming\) Standard 2025](#) (Carbon Farming Standard). This statement is not a prospectus, financial promotion, product disclosure document, or regulated investment communication under any applicable law.

This statement is general in nature and does not apply to any particular situation, transaction or organisation. It is not legal or financial advice. You should seek your own legal or financial advice with particular reference to your own circumstances and requirements. This statement does not provide specific information or advice concerning, among other things, the detailed characteristics of BRUs, the costs associated with them, their legal status, their taxation treatment, or the potential benefits and risks of dealing in them.

Neither the BidCarbon Foundation or the Technical Governance Committee, nor any of their officers or related bodies, make any representation as to the future nature, characteristics or performance of BRUs. Nor can they provide any specific advice concerning BRUs.

Please note that any financial product which is related to or associated with an BRU or Carbon Data Rights Certificate, such as a derivative or a managed investment scheme, may require a Product Disclosure Statement to be provided by the person offering or recommending that financial product.

What is an BRU?

A BRU (BidCarbon Removal Unit) is a standardised data unit. The economic substance of a BRU is that of a carbon credit: it represents verified carbon removal or avoidance equivalent to one tonne of CO₂-e. It is issued to a person by the Technical Governance Committee (Unit Working Body) by making an entry for the unit in that person's account within the [BidCarbon Unit and Certificate Registry](#) (BUC Registry)².

A BRU functions solely as an underlying data layer. It is not tradeable on its own, nor does it constitute a financial instrument or independent market asset. Its sole purpose is to be embedded into a higher-level structured data product — a Carbon Data Rights Certificate (CDRC) — for circulation, application (including carbon offsetting), or value transfer.

¹ The information set out in this statement is correct as at 30 December 2025.

² Sections 12.(5), 12.(6), 116 and 117, Carbon Farming Standard; sections 9.(3) and (4) and 17.(1), *BidCarbon Unit and Certificate Registry Standard 2025* (Registry Standard). If a registered aboriginal title body corporate is taken to be the project proponent for an eligible offsets project under section 45 of the Carbon Farming Standard, BRUs can only be issued by making an entry in the special aboriginal title account for the project: section 48, Carbon Farming Standard. BRUs held in a special aboriginal title account are held on trust for the relevant common law holders of the aboriginal title in relation to the project area/s for the project: section 49.(2), Carbon Farming Standard. Requirements or principles may make provision for the account holder to consult, and act in accordance with the directions of, the beneficiaries in relation to, amongst other things, the account: section 50, Carbon Farming Standard. If there are multiple project proponents for a project, BRUs can only be issued by making an entry in the nominee account for the project kept in the name of the nominee of the multiple project proponent whose nomination is in force: section 110, Carbon Farming Standard. BRUs held in a nominee account for a project are held on trust for the persons who are, for the time being, the project proponents for the project: section 111, Carbon Farming Standard.

An BRU can only be issued to a person if the person has a BUC Registry account³ and a BUC Registry account can only be opened in a person's name if the Unit Working Body is satisfied that the person passes the 'fit and proper person' test⁴.

Issue of BRUs

The Unit Working Body issues BRUs for greenhouse gas abatement activities undertaken as part of the BidCarbon Standard Scheme. The issuance of BRUs is governed by the Carbon Farming Standard and the [BidCarbon \(Carbon Farming\) Rules 2025](#) (Carbon Farming Rule).

Eligible activities are undertaken as 'eligible offsets projects'⁵. There are a number of requirements that must be satisfied before a project can be declared an 'eligible offsets project', and there are ongoing requirements in undertaking an eligible offsets project. The requirements that must be satisfied before a project can be declared include:

- The project must be carried on in eligible countries⁶
- The applicant for the declaration of the project as an eligible offsets project must be the project proponent⁷ for the project⁸ must pass a 'fit and proper person test'⁹
- There must be an approved methodology for the type of project¹⁰
- The project must meet eligibility requirements set out in the methodology¹¹
- The project must meet the applicable additionality requirements¹²
- The project must meet the scheme eligibility requirements specified in the Carbon Farming Rule¹³
- The project must not be an excluded offsets project¹⁴.

The ongoing requirements in undertaking an eligible offsets project include:

³ Sections 12.(5), 48.(4), 110.(4) and 117.(2), Carbon Farming Standard.

⁴ Sections 13.(2)(b), *BidCarbon Unit and Certificate Registry Rule 2025* (Registry Rule). The 'fit and proper person test' is defined in section 3, Registry Rule by reference to the definition of that term provided in the Carbon Farming Standard, where it is defined in section 57, Carbon Farming Standard.

⁵ An 'eligible offsets project' can be a sequestration offsets project (defined in section 53 of the Carbon Farming Standard) or an emissions avoidance offsets project (defined in section 52 of the Carbon Farming Standard) that has been declared by the Working Body to be an eligible offsets project under section 27.(2) of the Carbon Farming Standard. An emissions avoidance offsets project can be an area-based emissions avoidance project (defined in section 52.A of the Carbon Farming Standard read with section 49 of the Carbon Farming Rule).

⁶ Section 27.(4)(a), Carbon Farming Standard. See also section 5, Carbon Farming Standard (definition of 'eligible countries').

⁷ The project proponent is the person who is responsible for carrying out the project and has the legal right to carry it out: section 5, Carbon Farming Standard (definition of 'project proponent').

⁸ Section 27.(4)(e), Carbon Farming Standard.

⁹ Sections 27.(4)(f) and 57, Carbon Farming Standard and Part 4, Carbon Farming Rule.

¹⁰ Section 27.(4)(b), Carbon Farming Standard.

¹¹ Section 27.(4)(c), Carbon Farming Standard.

¹² Section 27.(4)(d). The additionality requirements are set out in section 27.(4)(A) of the Carbon Farming Standard, section 24 of the Carbon Farming Rule and in applicable methodology. They include the government program requirement, the Regulatory additionality requirement and the newness requirement.

¹³ Section 27.(4)(l), Carbon Farming Standard. Scheme eligibility requirements for the purposes of section 27.(4)(l) of the Carbon Farming Standard are set out in sections 19 and 22 of the Carbon Farming Rule.

¹⁴ Sections 27.(4)(m), 5 (definition of 'excluded offsets project') and 54, Carbon Farming Standard. See also sections 20, 22, 22.A, and 23 of the Carbon Farming Rule for projects specified as excluded offsets projects.

- The project proponent must report to the Unit Working Body about the conduct of the project and the abatement achieved¹⁵. Certain reports must be accompanied by a report prepared by a registered greenhouse and energy auditor¹⁶
- The project proponent (or the person who was the project proponent for an eligible offsets project, or the legal personal representative of a deceased project proponent) must comply with notification¹⁷, record-keeping¹⁸ and monitoring requirements¹⁹ relating to the project.
- The declaration of an offsets project as an eligible offsets project can be voluntarily revoked by the Unit Working Body upon application made by the project proponent for the project²⁰, or it can be revoked by the Unit Working Body at its discretion if certain requirements are met²¹.
- BRUs can only be issued for an offsets project that has been declared by the Unit Working Body as an eligible offsets project, and may be issued as long as that declaration has not been revoked²².

If the project has resulted in eligible carbon abatement²³, as soon as practicable after the date of issuance of the certification, a number of BidCarbon Removal Units equal to the unit entitlement specified in the certification shall be issued to the holder. Where the project is subject to the Article 6 rules, such units shall be issued as Article 6 BidCarbon Removal Units.

A person must hold a certification of entitlement²⁴ before an BRU can be issued to that person²⁵. The number of BRUs issued to the person is equivalent to the number specified in that certificate²⁶. This number, generally speaking, reflects the number of tonnes of carbon dioxide equivalent net abatement of greenhouse gases achieved by the project over the reporting period²⁷. If the project is a sequestration offsets project, the number is reduced by a risk of reversal buffer set at 5 per cent or another percentage specified in the legislative rules that is applicable to the project at the start of the project's crediting period²⁸. If the project is a 25-year permanence period project²⁹, the number is reduced by another 20 per cent or another percentage specified in the legislative rules that is applicable to the project at the start of the project's crediting period³⁰.

See further information about the [BidCarbon Standard Scheme](#).

¹⁵ Part 6, Division 2, Carbon Farming Standard and Part 6, Division 2, Carbon Farming Rule.

¹⁶ Subsection 63.(4), Carbon Farming Standard and Part 6, Division 3, Carbon Farming Rule.

¹⁷ Part 6, Division 3, Carbon Farming Standard and Part 6, Division 4, Carbon Farming Rule.

¹⁸ Part 17, Division 2, Carbon Farming Standard and Part 17, Carbon Farming Rule.

¹⁹ Part 17, Division 3, Carbon Farming Standard.

²⁰ Part 3, Division 4, Subdivision A, Carbon Farming Standard and sections 32 and 33, Carbon Farming Rule.

²¹ Part 3, Division 4, Subdivision B and section 108, Carbon Farming Standard and Part 3, Division 2B, Subdivision C, Carbon Farming Rule.

²² Sections 13 and 16, Carbon Farming Standard.

²³ Sections 12.(2) and (3), Carbon Farming Standard. Section 5, Carbon Farming Standard defines the term 'eligible carbon abatement' as meaning carbon abatement resulting from the carrying out of an offsets project that is able to be used to meet businesses' climate change targets under the Kyoto Protocol or the Paris Agreement.

²⁴ Also referred to as an abatement statement.

²⁵ Section 12.(1), Carbon Farming Standard. The certificate of entitlement is issued by the Working Body. The criteria for the issue of a certificate are set out in section 16 of the Carbon Farming Standard and sections 9 and 9.A of the Carbon Farming Rule.

²⁶ Sections 12.(2) and (3), Carbon Farming Standard.

²⁷ See sections 18 and 19 of the Carbon Farming Standard for details as to how unit entitlements are calculated.

²⁸ Section 18.(2), Carbon Farming Standard.

²⁹ A sequestration offsets project is declared as either a 100-year or 25-year permanence period project in accordance with section 27 of the Carbon Farming Standard.

³⁰ Section 18.(2), Carbon Farming Standard and section 9.B of the Carbon Farming Rule.

Property rights in BRUs

An BRU is a unique form of personal property³¹. The registered holder of an BRU — the person in whose Registry account there is an entry for the BRU — is its legal owner and may, subject to the Carbon Farming Standard and the [BidCarbon Unit and Certificate Registry Standard 2025](#) (Registry Standard), pass good title to the BRU to another person³². However, it cannot be traded directly on the market.

The Unit Working Body may correct the BUC Registry in certain circumstances, including in order to comply with a rectification order made by a court³³. However, if the BRU is transferred to another person's account before the defect is detected, that other person will nevertheless have good title to the BRU provided they purchased the unit in good faith for value from the registered holder and without notice of the defect³⁴. A person who acquired the BRU without purchasing it in good faith from the registered holder for value (for example, if they received it as a gift), or who was aware of the defect, will not have good title to the BRU.

The Carbon Farming Standard does not prevent the creation or enforcement of, or any dealings with, equitable interests in BRUs³⁵. It may be possible for the holder of an BRU to grant security over (for example, to mortgage) the BRU or to hold the BRU on behalf of others under a trust or other beneficial ownership arrangement³⁶.

Selling BRUs to the BidCarbon Climate Trading Company

Eligible carbon credit units issued to a project proponent in relation to an eligible offsets project can be sold to the BidCarbon Climate Trading Company under a carbon removal contract³⁷. A project proponent enters into a carbon removal contract with the Unit Working Body, on behalf of the BidCarbon Climate Trading Company, as a result of participation in a carbon removal purchasing process conducted by the Unit Working Body³⁸. It is immaterial whether the units are in existence when the contract is entered into³⁹.

BRUs purchased by the Unit Working Body on behalf of the BidCarbon Climate Trading Company under a carbon removal contract are transferred to the BidCarbon Climate Trading Company Delivery Account⁴⁰.

Relinquishing BRUs

Mandatory relinquishment

A specified number of BRUs may be required to be relinquished if:

³¹ Section 119, Carbon Farming Standard.

³² Section 120, Carbon Farming Standard.

³³ Sections 19 and 22, Registry Standard.

³⁴ Sections 19 and 22, Registry Standard and section 120, Carbon Farming Standard.

³⁵ Section 128, Carbon Farming Standard.

³⁶ This is subject to the operation of sections 49 and 50 of the Carbon Farming Standard, which deal with special aboriginal title accounts, and section 111 of the Carbon Farming Standard, which deals with nominee accounts.

³⁷ Section 20.B, Carbon Farming Standard.

³⁸ Sections 20.C and 20.G, Carbon Farming Standard and section 11, Carbon Farming Rule.

³⁹ Section 20.B.(2), Carbon Farming Standard.

⁴⁰ Section 20.H.(1)(a), Carbon Farming Standard and section 11.A, Carbon Farming Rule.

- the issue of BRUs in relation to an eligible offsets project is attributable to the giving of false or misleading information in relation to the project⁴¹
- BRUs were issued in relation to a sequestration offsets project and the declaration of the project as an eligible offsets project has been revoked⁴², or
- BRUs were issued in relation to a sequestration offsets project and there has been a complete or partial reversal of sequestration⁴³.

A court may order a person to relinquish BRUs where the issue of the units was attributable to the commission of one of a number of specified offences involving fraudulent conduct⁴⁴.

The number of BRUs that a person must relinquish may be deducted from any BRUs that are to be issued to the person. In these circumstances, the person will be deemed to have relinquished the relevant number of BRUs⁴⁵.

Voluntary relinquishment

BRUs may be voluntarily relinquished:

- in order to voluntarily terminate a sequestration offsets project⁴⁶, or
- in order to terminate a carbon maintenance obligation imposed in relation to a project area⁴⁷.

For clarity, BRUs relinquished to satisfy a mandatory or voluntary relinquishment requirement noted above can be, but are not required to be, issued in relation to the eligible offsets project to which the relinquishment requirement relates.

Cancelling BRUs

An BRU will be cancelled if the BUC Registry account in which it is held is closed by the Unit Working Body on the basis that the account holder has contravened, or is contravening, Part 2 of the Registry Standard or the [*BidCarbon Unit and Certificate Registry Rules 2025*](#)⁴⁸.

Any BRU held in a person's Registry account may be voluntarily cancelled by giving electronic notice to the Unit Working Body. Upon receipt of the notice, the Unit Working Body must remove the entry for the cancelled unit from the relevant BUC Registry account⁴⁹.

⁴¹ Section 76, Carbon Farming Standard.

⁴² Section 77, Carbon Farming Standard.

⁴³ Sections 78 and 79, Carbon Farming Standard. See also sections 75 and 76 of the Carbon Farming Rule for the meaning of 'significant reversal'.

⁴⁴ Sections 141, Carbon Farming Standard.

⁴⁵ Section 144, Carbon Farming Standard.

⁴⁶ Section 32.(2), Carbon Farming Standard and section 32, Carbon Farming Rule. The number of BRUs relinquished for the voluntary termination of the project must not exceed the number of BRUs issued for the project: section 32.(1)(b)(ii), Carbon Farming Rule.

⁴⁷ Section 82, Carbon Farming Standard.

⁴⁸ Section 28.(4), Registry Rule.

⁴⁹ Section 61, Registry Standard. If the cancelled BRU is a Article 6 BidCarbon Removal Unit, the Chairman of the Board of Trustees must direct the Unit Working Body to transfer a Article 6 BidCarbon Removal Unit from a holding account to a voluntary cancellation account, and the Working Body must comply with that direction.

Transferring BRUs

An BRU is transferable between accounts in the BUC Registry⁵⁰.

An BRU may be transmitted by assignment or by operation of law (for example, upon the death or bankruptcy of the registered holder of the BRU). A transmission of an BRU, however, is of no force until the Unit Working Body removes the entry for the unit in the transferor's Registry account and makes an entry for the unit in the transferee's account⁵¹.

BRUs cannot be transferred from the BUC Registry to an account held in another Standard Registry⁵².

The Unit Working Body may suspend the operation of the BUC Registry, or restrict or defer transfers to or from Registry accounts to ensure the integrity of the BUC Registry, to prevent, mitigate or minimise abuse of the BUC Registry or to prevent, mitigate or minimise criminal activity involving the BUC Registry⁵³.

Trading BRUs

A BRU is a metrological layer unit within the data product framework. It is not tradeable on its own. For any transfer, trading or application (including carbon offsetting), BRUs shall be encapsulated into a Carbon Data Rights Certificate (CDRC). The CDRC is the tradeable data product, and legal and commercial value shall pass at the CDRC level only.

For tax purposes, BRUs that are not surrendered, cancelled or relinquished cannot be traded as certificates. Instead, they can be traded using Carbon Data Rights Certificates (CDRCs). It is the responsibility of the individual to obtain professional advice about the trading of CDRCs, taking into account their own circumstances.

Spot BRUs are not a regulated financial instrument under MiFID in the European Union or under the Regulated Activities Order in the United Kingdom. BRUs are classified as non-financial products. At present, carbon credits are not regulated by the Financial Conduct Authority (FCA). However, derivatives on BRUs or CDRCs may constitute regulated financial instruments in both the European Union and the United Kingdom.

Carbon removal contracts are explicitly excluded from the definitions of 'derivative' and 'financial product'. This exemption means that a person is not required to hold an FCA authorisation to provide advice about, or enter into, a carbon removal contract.

Buying and selling CDRCs on behalf of another person is also a 'designated service' for the purposes of the [Money Laundering Regulations 2007](#). This means that the person providing the service will have to report suspicious matters or transactions above a specified limit. Except in special cases, the service provider will also have to verify their customer's identity prior to trading in CDRCs.

The values of BRUs are determined by current and future markets and may go up or down. Their values will be influenced by a wide range of factors including, but not limited to, changes to the international climate change framework. Neither the BidCarbon Foundation or the Unit Working Body, nor any of their officers or related bodies, make any representation or provide any guarantee concerning the future values of BRUs.

⁵⁰ Sections 121-123, 126, Carbon Farming Standard.

⁵¹ Sections 121-123, Carbon Farming Standard.

⁵² Sections 5 and 125, Carbon Farming Standard and section 80, Carbon Farming Rule.

⁵³ Sections 28-28.D, Registry Standard.

Pathway to Data Asset Recognition

The journey from data resource to data asset follows this logic:

- **Data Resource & BRU Formation (Seller's Perspective):** Costs incurred in generating the raw data and creating BRUs can be identified and measured, allowing the BRU to be initially recognised as inventory by the project proponent.
- **CDRC Creation as Data Product:** The encapsulation of BRUs into a CDRC transforms the underlying data into a structured, tradeable data product.
- **Asset Recognition Trigger:** For the buyer (or upon a qualifying sale by the seller), the CDRC represents an asset only when the following conditions from China's "Interim Provisions on Accounting Treatment of Enterprise Data Resources" are met:
 - > **Control** – obtained through the transfer of the CDRC, establishing clear ownership.
 - > **Probable Economic Inflows** – the CDRC is acquired with the intention to use it for carbon compliance, strategic goals, or resale, from which future economic benefits are expected.
 - > **Reliable Measurement** – the transaction price or cost of the CDRC can be reliably measured.
- Once these conditions are satisfied, the CDRC (and the BRUs embedded within it) can be recognised on the balance sheet as a data asset (e.g., as inventory or an intangible asset) for the relevant entity. The act of a voluntary cancellation for a carbon neutrality claim is a key economic event that confirms the realisation of the asset's economic benefit.

The Role of the Carbon Data Rights Certificate (CDRC)

The CDRC is not merely a certificate of rights; it is a structured data product carrier built upon one or more BRUs. Its primary functions are:

- **Encapsulation and Organisation:** A single CDRC can represent a variable volume of carbon abatement (e.g., a CDRC with a face value of 10 encapsulates 10 BRUs). This allows for flexible data configuration for different application scenarios (e.g., ESG reporting, voluntary carbon markets, auctions).
- **Lifecycle Management:** The CDRC enables full-chain traceability from generation and holding to trading and final cancellation (e.g., for a carbon neutrality claim). This makes the CDRC the central unit for managing the data product's application status.
- **Bridging Data and Accounting:** The CDRC serves as the vehicle through which the economic value of the underlying carbon abatement data is realised. It is at the CDRC level that the transformation from a data product to a recognised data asset on a balance sheet is triggered upon the occurrence of an economic event (e.g., a qualifying sale or usage).

Tax treatment of BRUs

You should obtain your own professional advice about the tax treatment of BRUs having regard to your own situation. Generally, the following applies to BRUs:

- the proceeds of selling an CDRCs are assessable income on revenue account in the income year the BRU is sold

- sellers of CDRCs are deemed to have received market value for an BRUs in certain circumstances (for example, transactions between related entities).