

## Submission to a Call for Input: Ownership of account holdings in the A6.4 mechanism registry

*Document reviewed: Analysis of the Pros and Cons Related to Framing Users' Rights with regard to Control Versus Confirming Ownership of Account Holdings (Document A6.4-SBM015-AA-A11)*

Section	Feedback
<b>Legal complexity of ownership</b>	<p>Recognizing legal ownership within the registry would require harmonization across diverse national legal systems, which is difficult and could expose the registry to legal liability.</p> <p>Most international registries (e.g., CDM, voluntary carbon registries) avoid formal recognition of ownership for this reason.</p>
<b>Advantages of a control-based approach</b>	<p>Grants account holders clear rights to manage and transact A6.4ERs. Simplifies registry design by avoiding complex ownership verification processes.</p> <p>Reduces risk and liability for the UNFCCC Secretariat as registry administrator.</p>
<b>Financial and market implications</b>	<p>Market participants may prefer ownership recognition to facilitate financial structuring (e.g., using credits as collateral).</p> <p>However, a control-rights framework can still support financial instruments through contractual arrangements</p>
<b>Pledging and security interests</b>	<p>Establishing security interests (e.g., pledges) does not require formal recognition of ownership. Control rights alone are sufficient to create enforceable agreements between parties.</p> <p>To maintain integrity and compliance within the registry system:</p> <ul style="list-style-type: none"> <li>• Pledge holders should be required to become account holders in the registry.</li> <li>• They must be subject to AML/CFT screenings, like any other registry user.</li> <li>• The UNFCCC Secretariat, in its role as registry administrator, may be called upon to enforce valid security interests, in line with the registry's terms and conditions.</li> </ul>
<b>Liability and risk management</b>	<p>A control-based model allows for clearer risk allocation and reduces the potential for disputes involving the registry administrator.</p>

	Dispute resolution can be kept between transacting parties, preserving registry neutrality.
--	---