Agenda item 3.5.
Paragraph 16 of the annotated agenda, Annex 13

Revision to Procedure: Article 6.4 mechanism registry

Article 6.4 Supervisory Body – 18th meeting
Bonn, Germany, 6 to 10 October 2025

UNFCCC Secretariat
Mitigation Division

Procedural background

CMA decisions

- 3/CMA.3, 7/CMA.4 and 6/CMA.6;
- 2/CMA.3, 6/CMA.4 and 4/CMA.6 with regard to A6.4ERs that are ITMOs and the connection to the international registry.

SBM decisions

- At SBM 010, the Supervisory Body requested the secretariat to undertake a legal and editorial review of all regulations
- At SBM 015, the Supervisory Body considered and adopted the "Procedure: Article 6.4 mechanism registry"
- At SBM 017, the Supervisory Body considered and agreed to an amendment related to the account opening process for entities. The Supervisory Body requested the secretariat to communicate this amendment to DNAs and invite them to express any concerns.

Purpose

The purpose of this revision is to address some of the outstanding issues previously identified at SBM 015 (See cover note from A64-SBM015-AA-A09), along with any issues that have since been identified and, in addition, to incorporate changes as a result of a legal and editorial review (mandated at SBM 010).

Updates pursuant to the Standard: Requirements for activities involving removals under the Article 6.4 mechanism.

This version adds provisions for the following functions:

- Reversal risk buffer: Contributions to the reversal risk buffer pool account;
- Negligible reversal flag: Registry flag for A6.4ERs with minimal reversal risk;
- Reporting requirements: Enhanced reporting for buffer and cancellation accounts;
- Cancellation for reversal risk: Transfers to cancellation account in accordance with Supervisory Body's instruction;
- Suspension/resumption of operations: Suspension of issuance, transfer, and cancellation of A6.4ERs from activity if reversal occurs or reports are late; operations resume upon SBM instruction.

Legal and editorial review

- Legal and editorial review completed; recommendations incorporated.

Account opening process

- Enhanced account opening procedures: Clarifies which entities can open accounts and how, including the Adaptation Fund's share of proceeds for adaptation, activity participants, and non-activity participant public and private entities;
- Account holder responsibilities: Requires at least two authorized representatives per account; representatives are responsible for all accounts of the account holder.

Transaction procedure acceptance of transfer provisions

- Account holders can now accept or reject transfers, giving them greater control and aligning with the international registry and additional registry services procedure.

Subsequent work and timelines

Secretariat will continue developing provisions and proposing amendments as needed

- Key areas include:
  - Termination of accounts, including dormant accounts;
  - Voluntary cancellation platform operations;
  - Risk management for money-laundering, terrorism financing, and other illegal activities.
  - Security interest facilitation as requested by the Supervisory Body;
  - Post-issuance authorization, including invalidities and management of A6.4ERs in reversal risk, adaptation, and cancellation accounts.
- Secretariat to prepare concept notes on the Voluntary Cancellation Platform (VCP) and on termination of accounts and post issuance authorization for SBM 020 and update the procedure at SBM 023.

Recommendations to the Supervisory Body

- Consider and adopt the revised procedure;
- Mandate the secretariat to prepare two concept notes:
  a) Termination of accounts (including dormant accounts & post-issuance authorization);
  b) Functioning of the VCP, the online platform for voluntary cancellation of CERs under Article 6.4; and
- Mandate the secretariat to maintain and update the procedure as needed.