

Agenda item 3.5.

Paragraph 24 of the annotated agenda, Annex 4

Procedure: Article 6.4 mechanism registry

Article 6.4 Supervisory Body – 21st meeting

Bonn, Germany, 18 to 21 May 2026



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 SBM015, the Supervisory Body adopted the “Procedure: Article 6.4 mechanism registry”
- At SBM018, the Supervisory Body considered a further revised version of the registry. procedure and requested a CN on matters related to addressing termination of accounts including dormant accounts and post-issuance authorization.
- At SBM020, the secretariat provided a CN on suspension, reactivation and termination of accounts in the mechanism registry and a revised procedure, but discussion was postponed.



Purpose

The purpose of this revision is to update the registry procedure in accordance with the request from the SBM to the secretariat to continue the development of the mechanism registry.



Key issues and proposed solutions

This proposed revision to the registry procedure includes updates regarding:

1. Implementation of CMA guidance relating to authorizations.
2. Account opening processes.
3. Suspension, reactivation and termination of accounts (including dormant accounts).
4. Transfer procedures.
5. Interpretation of the Standard: Requirements for activities involving removals under the Article 6.4 mechanism.
6. The procedure's structure and other editorial fixes (reference to glossary in relation to description of first transfer).



Vintage year accounting and rounding

- Business rules pertaining to implementing the registry procedure (provided as Appendix two) will override the Standard: 'Addressing non-permanence and reversals in mechanism methodologies' to implement CMA requirements for vintage year accounting and rounding for levies.
- Partial authorizations will be applied to levies proportionately – ie. Including the vintage year and the percentages distributed across MCUs and AERs as needed
- Where issuance request provides for both AERs and MCUs, AERs will form the first part of the serial range numbering



Post-issuance authorizations

- Only A6.4ERs held by activity participants and those forwarded and still held by Adaptation Fund account and OMGE accounts are eligible – for post-issuance authorization.
- The '*no-further-transfer*' rule (6/CMA.6) is not applied to forwarding from the pending account to the activity participant's account.
- Buffer pool A6.4ERs are not eligible - they are not held by activity participants and have no CMA exemption.
- Same approach as pre-issuance authorizations: partial authorizations applied proportionally to levied portions and earlier serial numbers are updated first as AERs.
- Implemented via business rules.



Post-Issuance changes of authorization

- Only AERs not yet transferred in or out of the mechanism registry are eligible (unless specified in terms of authorizations to allow otherwise).
- Same logic as pre-issuance: changes apply to the first issued AERs unless specified.
- If T&Cs allow changes after first transfer, this could create invalidities (e.g., MCU in an AER-only account). These cases will not be implemented until guidance is provided.
- Issues involving A6.4ERs in connected registries are not covered; they will be handled through interoperability processes and escalated to the Supervisory Body as needed.
- Implemented via business rules.



Updates to authorized A6.4ERs at the end of their applicable NDC period

- After the final date for first transfer, any non-first-transferred AERs are converted to MCUs (no further corresponding adjustment possible).
- Implemented via business rules.



Updates to processes for account opening to:

- Clarify that activity participants must submit forms pertaining to opening accounts.
- Provide that upon opening an account, account holders must designate two authorized representatives.
- Clarify that the Adaptation Fund account operates as a holding account.



Suspension, reactivation and termination of accounts

Updates provisions to:

- Provide for account statuses 'active', 'suspended' and 'terminated'.
- Update the circumstances for suspension and termination, including providing for the suspension and termination of Party accounts.
- Provide instruction on how any A6.4ERs or CERs held in accounts determined for termination shall be addressed.



Provides for **suspension** of accounts in following cases:

- **Entity accounts**
 - a) When an irregularity is detected;
 - b) When the entity has breached, or suspected to have breached the T&Cs and suspension is appropriate;
 - c) Exceptional circumstances where there is basis to do so;
 - d) When the entity requests the suspension of the account;
 - e) When account is pending termination;
 - f) When the authorizing Party has requested the entities account be suspended;
 - g) When the account is of an activity participant who has failed to submit a monitoring report by its due date pursuant to the Standard: Requirements for activities involving removals.



Provides for **suspension** of accounts in following cases (continued):

- **Party accounts**
 - a) When an irregularity is detected;
 - b) Exceptional circumstances where there is basis to do so;
 - c) When the Party has requested suspension of the account.



Suspension, reactivation and termination of accounts

Provides for **termination** of accounts in following cases:

- **Entity accounts**
 - a) When the entity has breached, or suspected to have breached the T&Cs of entity account holders and termination is appropriate;
 - b) Exceptional circumstances where there is basis to do so;
 - c) When the authorizing Party has requested the entity's account be terminated;
 - d) When the entity requests termination of the account.
- **Party accounts**
 - a) Exceptional circumstances where there is basis to do so;
 - b) When the Party requests termination of the account.

Dormant accounts

The ability to suspend or terminate dormant accounts (extended period of inactivity) is implicitly provided as such account holders would fail to pay required fees, amounting to a breach of the 'T&Cs' of the entity account holders.



Process for **implementing termination** of accounts:

- A6.4ERs and CERs to remain in cancellation accounts upon termination (as these are end-of-life accounts).
- Holding accounts may not be terminated when holding A6.4ERs or CERs.
- If requested for termination and still holding A6.4ERs and CERs, holding accounts will be suspended pending transfer of A6.4ERs or CERs. If no instructions for transfer are received within 30 calendar days, any held A6.4ERs or CERs will be scheduled for administrative cancellation.
- Transfers to administrative cancellation account (i.e., to enable termination as above) will not be recorded as a first transfer.
- Accounts updated from suspended to terminated on the 10th of each month.
 - a) Another proposal is that the termination is processed only after a decision by the SBM



Transfer procedures

This revised procedure introduces acceptance procedures for transfers in the mechanism registry. These procedures provide for the following process:

- When a transfer is proposed to another account holder:
 - a) The recipient account holder shall be notified of the requested transfer and may accept or decline;
 - b) If the recipient accepts, the transfer is made;
 - c) If the recipient declines, the transfer/transaction is voided and the requesting account holder is notified accordingly.
- When a transfer is proposed to an account of the same account holder it is processed automatically (no acceptance required).



Interpretation of the Standard: Requirements for activities involving removals under the Article 6.4 mechanism

The Standard: Requirements for activities involving removals under the Article 6.4 mechanism provides that if activity participants fail to submit a monitoring report by its due date, the operations of issuance, transfer, and cancellation of A6.4ERs resulting from the activity for which the monitoring report was due shall be suspended.

Current registry design does not allow for operations pertaining to specific A6.4ERs to be suspended. Instead, the mechanism system will implement this as follows:

- The A6.4 Mechanism Information System will prevent issuance from these activities.
- The mechanism registry will suspend the account(s) of the activity participant, thereby preventing the transfer or cancellation of any A6.4ERs from the activity which are held by the activity participant.
- The design is still being worked on at the moment, and we are trying to find a better approach to this.



Restructured Procedure

- Procedure reorganized to follow the actual flow of how account holders interact with the registry.
- New structure aligns with the Procedure: International registry and Additional Registry Services (ARS).
- Improves consistency across secretariat documents.

Editorial Improvements

- Numerous editorial updates to enhance clarity and readability.
- Streamlined text and improved navigation throughout the procedure.

Changes are not shown in yellow highlight as substantial restructuring made highlighting impractical. (including reference to glossary on First Transfer)



The secretariat recommends that the Supervisory Body:

- Agrees to separate the buffer pool and reversal risk related updates to be removed from this update of the registry procedure, this will be moved listed as a separate item at a future SBM meeting
- Adopts the updated registry procedure, without the updates related to reversals and buffer pool.
- Takes note of the business rules included in Appendix Two.

