

A6.4-SBM013-AA-A13

Draft Procedure

Article 6.4 mechanism registry

Version 02.0

DRAFT



United Nations
Framework Convention on
Climate Change

COVER NOTE

1. Procedural background

1. The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA), through decision 3/CMA.3,¹ adopted the rules, modalities and procedures (RMPs) for the mechanism established by Article 6, paragraph 4, of the Paris Agreement (the Article 6.4 mechanism), as contained in the annex to the decision. The decision requested the Supervisory Body to develop provisions for various processes necessary to operate the mechanism, including the registry for the mechanism (hereinafter referred to as the mechanism registry). Requirements of the mechanism registry are provided throughout the RMPs, including, but not limited to, in sections V.H, V.J, V.K, VI, V.III, and XI.B.²
2. The CMA, through decision 7/CMA.4, annex I, further elaborated the requirements of the mechanism registry, including, but not limited to, in its sections II.A, II.B, IV and VI.³
3. The Supervisory Body, at its sixth meeting, considered modalities for the operation of the mechanism registry and requested the secretariat to develop a concept note on the general functional aspects and issues related to the registry procedure; and to launch a call for input on issues related to account holders and the services needed for them. The Supervisory Body, at its tenth meeting, considered this concept note, and requested the secretariat to prepare a procedure for the mechanism registry.
4. The Supervisory Body, at its eleventh meeting, considered the Draft Procedure: Article 6.4 mechanism registry, and requested the secretariat to evaluate and incorporate, where applicable, the following elements:
 - (a) Visual representations of the transaction rules, accounts and unit life cycles;
 - (b) Provisions for real-time transparency and interoperability of publicly accessible information based on best practices;
 - (c) Options for the fee schedule;
 - (d) Improvements to document consistency and references, including the necessary references to CMA 3 and CMA 4 guidance;
 - (e) Identification of areas pending guidance from the CMA and/or the Supervisory Body, as applicable;

¹ Decision 3/CMA.3. Available at:
https://unfccc.int/sites/default/files/resource/cma2021_10_add1_adv.pdf#page=25.

² Decision 3/CMA.3, paragraph 5

³ Decision 7/CMA.4. Available at:
https://unfccc.int/sites/default/files/resource/cma2022_10a02_adv.pdf#page=33.

2. Purpose

5. The purpose of this procedure is to establish the procedural framework for the operation of the mechanism registry. This draft procedure proposes steps, roles and responsibilities of various actors, and operational requirements for the functioning of the mechanism registry for consideration by the Supervisory Body. Exceptions are noted, such as when referencing CMA decision text to provide context or clarity on specific operational elements within this draft procedure.
6. This procedure does not encompass responsibilities mandated to the secretariat under the supervision of the Supervisory Body, including the detailed and specific technical-level operational requirements associated with the administration, maintenance, and operation of the mechanism registry.⁴

3. Key issues and proposed solutions

3.1. Opening of accounts

7. Pursuant to paragraph 32 of annex I to decision 7/CMA.4, many different types of accounts will be created within the mechanism registry. Some of them are relevant to accounting and reporting at the Party level for demonstration of achievement of nationally determined contributions (NDCs) of Parties, while others are relevant only to the demonstration of mitigation efforts at the global level, or at individual public or private entity level.
8. Based on this consideration, as well as to ensure the transparency of the activities in the mechanism registry, the draft procedure proposes to place some restrictions on some types of accounts that may be opened in the mechanism registry.
9. Also, pursuant to paragraph 63 of the RMPs, and 33 of decision 7/CMA.4 annex I, this procedure clarifies that each holding account of a public or private entity shall be associated with a Party, and such association is to be established by the authorization by that Party of the opening of the holding account. It is further clarified that the same public or private entity may open multiple accounts in the mechanism registry, including accounts associated with a different authorizing Party.

3.2. Suspension, re-activation and termination of accounts

10. Due to the implications of transactions involving a holding account in the mechanism registry on the NDC implementation of the Party that authorized the account, or possible irregularity in the use of any account in the mechanism registry, the draft procedure proposes to allow the Party or the mechanism administrator to suspend, re-active or terminate the account under certain conditions that may be necessary for the Party's obligations under the Paris Agreement or to ensure the integrity of the registry process, while being fair to the affected account holders. The draft procedure indicates to develop such conditions later.

⁴ Paragraph 65 of the RMPs. Available at:
https://unfccc.int/sites/default/files/resource/cma2021_10_add1_adv.pdf#page=37.

3.3. Transaction rules

11. The transaction rules for the registry in Appendix 2 are an exhaustive list of operations which the registry undertakes. The rules define operations that are permitted in the registry in general; the conditions that need to be met in order for the registry to be able to execute an operation; and the changes to the unit and descriptor object records in the registry database that happen as a result of such an operation. At a high level, the business rules provide for the following operations, in accordance with the required functionality of the registry:
 - (a) Creation of A6.4 emission reductions (ERs) as units in unit blocks into the pending account;
 - (b) Acquisition of certified emission reductions (CERs) from the clean development mechanism (CDM) registry;
 - (c) Transfer of A6.4ERs and CERs between accounts;
 - (d) Authorization of A6.4ERs which designates them as authorized emission reductions (AERs);
 - (e) Recording of the first transfer event which marks an AER as “first transferred”.
12. These operations are treated as indivisible, or “atomic”. That is, all operations in a transaction must be successfully completed for the entire transaction to complete, otherwise the transaction will void. This atomicity is important for complex transactions which have multiple steps with conditionality between them.
13. For example, the transaction rules require every individual operation in this transaction to successfully complete for the registry to issue AERs authorized for other international mitigation purposes (OIMP), with first transfer defined as “authorization”.
14. Some aspects of the procedure, and therefore the business rules will need to be updated based on future guidance of the CMA.

3.4. Fees

15. Unlike most other costs associated with the mechanism which are incurred in relation to activities and therefore recovered mostly via fees charged to activity participants, the registry serves a wider audience than the activity participants. It is reasonable that all users should pay towards the costs of operating the registry rather than activity participants subsidizing others by incorporating the registry costs into other existing fees.
16. There are different approaches to establish fees to cover the costs of registry operations. For example:
 - (a) A one-off account opening fee, which could apply to the following, or a combination of the following:
 - (i) All account holders;
 - (ii) All non-activity participant account holder's;
 - (iii) All accounts opened in addition to an account holder's first account;

- (iv) All account holders except Parties;
 - (b) An annual account maintenance fee, which may be scaled according to the number of accounts held by an account holder (i.e., low fee for the first account, with increased fees for all subsequent accounts);
 - (c) A per-A6.4ER transfer fee for transfers except those related to compliance (i.e., share of proceeds and overall mitigation in global emissions);
 - (d) [Connection fee for other registries referred to in decision 2/CMA.3., annex paragraph 29.]
17. The fee model should be fair and reasonable in respect of the operational costs of the registry, and the environment in which the mechanism operates. Additionally, it should be predictable for account holders, and easy to administer. The Supervisory Body may wish to consider the following fee model:
- (a) An account opening fee for all entity accounts: A one-off fee charged at the point of opening an account. The fee would adjust in accordance with the number of accounts opened – the first account incurring the lowest fee of [500], and subsequent accounts incurring a higher fee of [800], recognizing that more accounts is likely to mean more transactions which incur administration costs. Activity participants are exempt from the account opening fee for their first account opened. All party accounts are exempt from account opening fees;
 - (b) An annual account maintenance fee: This would be an annual fee of [400] charged for each account in advance of the payable period. This would be a fixed fee, set to recover the anticipated costs of the administration and management of registry activity associated with the accounts. Accounts would be exempt from the account maintenance fee in their first year of operation, the costs of which would be recovered primarily through the account opening fee;
18. This registry fee schedule in Appendix 1 was developed based on data, analysis, modelling and benchmarking against other carbon market systems (among them, the CDM, Gold Standard, Verra, Universal Carbon Registry, and Climate Action Reserve).
19. The fees proposed are middle of the range and reflect a comparable recovery of the anticipated costs of operation to other registry systems, with operation costs projected as slightly higher than the fees charged.
20. The costs of operating the registry will largely depend on the usage of the registry. This is difficult to predict at this stage, meaning that the fee levels set, or the model of charging fees, may need updating in future to better reflect account holders paying a fair and reasonable contribution to the costs of operating the registry.

4. Financial security interests and ownership in the mechanism registry

21. This registry procedure does not address considerations of ownership, or financial security interests in A6.4ERs. This procedure will be updated in future to accommodate any future decision by the Supervisory Body on this matter.

5. Real-time information availability and reporting

22. In accordance with the Supervisory Body's request detailed in paragraph 4(b) above, this procedure has been revised to provide provision for real-time information of holdings in the registry to be made publicly available.
23. As is standard practice of registries, this real-time information may be provided by information from the registry being fed through to a publicly available system in real-time. This connection will provide equivalent transparency and real-time information on the registry holdings.

6. Impacts

24. The mechanism registry is essential for operationalizing the Article 6.4 mechanism, in particular relating to the management of A6.4ERs and other units to ensure the integrity of the accounting of Parties participating in the Article 6.4 mechanism in the context of implementation of their NDCs. The development and adoption of a mechanism registry procedure is an indispensable step towards the full implementation of the Article 6.4 mechanism.

7. Subsequent work and timelines

25. This procedure will need to be revised as further guidance from the CMA and the Supervisory Body become available, in particular on:
- (a) The implementation of the rules for corresponding adjustments referred to in paragraph 12 of the annex to decision 2/CMA.3;
 - (b) The authorization on the use of A6.4ERs, including any subsequent change or revocation thereof. The current draft procedure assumes that the authorization status of A6.4ERs is determined prior to or, at the latest, at issuance, and does not change throughout the life of the A6.4ERs;
 - (c) The handling of CERs transferred from the CDM registry;
 - (d) Ownership and financial security interests in A6.4ERs held in the mechanism registry.
26. In addition, the following documents would need to be developed for smooth operation of the mechanism registry:
- (a) Terms and conditions for account holders, elaborating the rules of use, roles and responsibilities of the users of the mechanism registry for various types of account holders that the users of the mechanism registry need to agree to before starting to use the mechanism registry;
 - (b) A document outlining the roles and responsibilities of Parties in respect of the registry;
 - (c) A user guide, elaborating the features and common usage scenarios, with detailed instructions on how to implement them in the mechanism registry IT system.

8. Recommendations to the Supervisory Body

27. The secretariat recommends that the Supervisory Body consider the draft mechanism registry procedure as contained in this document and adopt the procedure.

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1. Introduction

1.1. Background

1. The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA), at its third session, adopted rules, modalities and procedures (RMPs) for the mechanism established by Article 6, paragraph 4, of the Paris Agreement (the Article 6.4 mechanism).¹
2. The RMPs define general functions of the registry for the Article 6.4 mechanism (hereinafter referred to as the mechanism registry).² The CMA, at the same session, requested the Supervisory Body to develop provisions for various processes necessary to operate the Article 6.4 mechanism, including those for the operation of the mechanism registry.³
3. The CMA, at its fourth session, elaborated on the requirements of the mechanism registry, in terms of its form and functions, transaction procedure, and connection with the international registry.⁴

1.2. Objective

1. The objective of the “Procedure: Article 6.4 mechanism registry” (hereinafter referred to as this procedure) is to set out key components of the mechanism registry and procedural steps and requirements relating to the functioning and the use of the mechanism registry.

2. Scope, applicability, and entry into force

2.1. Scope

2. This procedure describes the administrative steps to follow for Parties, public or private entities, the Supervisory Body and the UNFCCC secretariat (hereinafter referred to as the secretariat) for issuance of Article 6, paragraph 4, emission reductions (A6.4ERs), distribution, transfer, retirement and cancellation of A6.4ERs and certified emission reductions (CERs), as applicable, interactions of the mechanism registry with the international registry, and reporting and public availability of the information obtained by the mechanism registry.

2.2. Entry into force

3. This version of the procedure enters into force on [DD Month Year].

¹ Annex to decision 3/CMA.3.
https://unfccc.int/sites/default/files/resource/cma2021_10_add1_adv.pdf#page=25.

² Including, but not limited to, in its sections V.H, V.J, V.K, VI, VIII and XI.B.

³ Paragraph 5(a) of decision 3/CMA.3.

⁴ Annex I to decision 7/CMA.4.
https://unfccc.int/sites/default/files/resource/cma2023_10a02E.pdf#page=33.

3. Terms and definitions

4. The following terms apply in this procedure:

- (a) “Shall” is used to indicate requirements which must be followed;
- (b) “Should” is used to indicate that among several possibilities, one course of action is recommended as particularly suitable;
- (c) “May” is used to indicate what is permitted;
- (d) “Party” refers to a Party to the Paris Agreement;
- (e) “Authorized A6.4ERs” or “AERs” refer to A6.4ERs that are authorized by the host Party of the Article 6.4 mechanism activity (A6.4 activity) for which the A6.4ERs are issued, for use towards achievement of nationally determined contributions (NDCs) of Parties and/or for other international mitigation purposes pursuant to paragraph 42 of the RMPs;
- (f) “Mitigation contribution units” or “MCUs” refer to A6.4ERs that are not specified as authorized for use towards achievement of NDCs of Parties and/or for other international mitigation purposes pursuant to paragraph 29(b) of annex I to decision 7/CMA.4;
- (g) A6.4ERs refers to AERs and MCUs collectively;
- (h) “CERs” refer to certified emissions reductions issued under the clean development mechanism (CDM) under the Kyoto Protocol that are eligible for use towards achievement of an NDC and have been transferred from the CDM registry to the mechanism registry in accordance with paragraph 75(b) of the RMPs;
- (i) “Mechanism registry administrator” is the secretariat in its role to maintain and operate the mechanism registry under the supervision of the Supervisory Body in accordance with paragraph 65 of RMPs;
- (j) “International registry” refers to the international registry referred to in paragraphs 30–31 of annex to decision 2/CMA.3;⁵
- (k) “Centralized accounting and reporting platform” or “CARP” refers to the platform referred to in paragraph 25 of decision 6/CMA.4;⁶
- (l) “Activity cycle procedure” refers to the “Article 6.4 activity cycle procedure for projects” or the “Article 6.4 activity cycle procedure for programmes of activities” adopted by the Supervisory Body, as applicable;
- (m) “First transfer” refers to the movement of AERs that triggers the corresponding adjustment to the accounting of the host Party as referred to in paragraph 2 of decision 2/CMA.3;

⁵ Available at: https://unfccc.int/sites/default/files/resource/cma2021_10_add1_adv.pdf#page=11.

⁶ Available at: https://unfccc.int/sites/default/files/resource/cma2023_10a02E.pdf.

- (n) “Other transfer” or “transfer” refers to the movement of AERs, MCUs or CERs that does not trigger the corresponding adjustment to the accounting of the host Party as referred to in paragraph 2 of decision 2/CMA.3.

4. Registry functions and components

4.1. General

- 5. The mechanism registry administrator shall develop and maintain a transactional information system that supports the functioning of the mechanism registry in accordance with this procedure, with a view to automating its functions wherever possible to ensure the accurate and timely functioning of the mechanism registry.

4.2. Functions

- 6. Pursuant to paragraphs 27–28 of annex I to decision 7/CMA.4, the mechanism registry shall:
 - (a) Take the form of a standardized electronic database and shall track A6.4ERs and CERs;
 - (b) Be consistent with the requirements for registries contained in the guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement and further relevant decisions of the CMA;
 - (c) Be hosted and maintained by the secretariat.
- 7. The mechanism registry shall track A6.4ERs and CERs as units. Each unit shall be indivisible, and transactions in the mechanism registry may only involve full units.
- 8. Each A6.4ER tracked in the mechanism registry shall have a unique identifier, comprising:
 - (a) The identifier as the unit issued under the Article 6.4 mechanism, for the purpose of reporting, as assigned by the CARP administrator if the A6.4ER is an AER;
 - (b) The identifier as the unit issued under the Article 6.4 mechanism and not authorized by the host Party on its use, if the A6.4ER is an MCU;
 - (c) The identifier of the mechanism registry for the purpose of reporting, as assigned by the CARP administrator and identical for all A6.4ERs;
 - (d) The host Party identifier as per the common nomenclature of Parties;
 - (e) The year when the greenhouse gas (GHG) emission reductions or net GHG removals occurred for which the unit is issued (hereinafter referred to as the vintage year);
 - (f) The A6.4 activity identifier as communicated in the issuance instruction by the Article 6.4 mechanism information system;
 - (g) The serial number of each A6.4ER, starting at 1 for each vintage year and for each A6.4 activity.

9. Each CER tracked in the mechanism registry shall have a unique identifier, comprising:
 - (a) The designation as “CER”, identical for all CERs in the mechanism registry;
 - (b) The vintage year for which the CER was issued in the CDM registry;
 - (c) The Kyoto Protocol serial number of the CER as transferred from the CDM registry;
 - (d) A unique identifier for received CERs that were transferred from the CDM registry.⁷
10. Each A6.4ER or CER shall be held in only one account in the mechanism registry at a time.

4.3. Account types

11. Pursuant to paragraph 32 of annex I to decision 7/CMA.4, the mechanism registry shall have the following account types:
 - (a) Pending account, to which all A6.4ERs shall be issued;
 - (b) Holding account, which may acquire A6.4ERs or CERs tracked in the mechanism registry;
 - (c) Share of proceeds for adaptation account, which receives A6.4ERs in accordance with paragraph 58 of the RMPs;
 - (d) Account for the mandatory cancellation of A6.4ERs for overall mitigation in global emissions (OMGE) in accordance with paragraph 59 of the RMPs (mandatory cancellation for OMGE account);
 - (e) Account for the voluntary cancellation of A6.4ERs for OMGE in accordance with paragraph 70 of the RMPs and paragraph 40 of decision 7/CMA.4;
 - (f) Retirement account for AERs and CERs used towards achievement of NDCs;
 - (g) Account for cancellation of AERs for other international mitigation purposes;
 - (h) Account for voluntary cancellation of AERs for other purposes;
 - (i) Account for voluntary cancellation of MCUs and CERs for other purposes;
 - (j) Account for administrative cancellation of A6.4ERs and CERs tracked in the mechanism registry for corrective actions and other purposes, as necessary.
12. The mechanism registry administrator shall open one account for each account type referred to in paragraph 11 above except for those referred to in paragraph 11(b) and (f)–(h) above.
13. Any Party, or public or private entity, may open its own holding account referred to in paragraph 11(b) above by submitting a request for opening such account through a dedicated interface on the UNFCCC website.
14. [The opening and maintenance of a holding account is subject to fees in accordance with the fee schedule contained in appendix 1.]

⁷ Decision 7/CMA.4. paragraph 19

15. Opening a holding account in the mechanism registry for a public or private entity shall be authorized by the Party specified in the request for opening the holding account for accounting purposes. The mechanism registry administrator shall inform the Party of receipt of such request and request the Party to authorize or reject the opening of a holding account through a dedicated interface on the UNFCCC website. Upon authorization by the Party [and receipt of the account opening fee from the requesting entity], the mechanism registry administrator shall open the requested holding account as associated with the authorizing Party in the mechanism registry. The same public or private entity may open a holding account associated with a different Party subject to the authorization by that different Party.
16. Any Party may open its own accounts for retirement and/or for cancellation for other international mitigation purposes and for other purposes referred to in paragraph 11(f)–(h) above in the mechanism registry by submitting a request for opening such accounts through a dedicated interface on the UNFCCC website.
17. A Party, or public or private entity, wishing to open an account within the mechanism registry in accordance with paragraphs 13 and/or 16 above shall designate a representative who assumes the authority to take any action regarding the account in accordance with this procedure.
18. Accounts shall be identifiable by unique account numbers, which shall be designated at either the establishment of the mechanism registry or the opening of accounts in accordance with this procedure, as applicable.
19. A Party, or public or private entity, having a holding account, retirement account and/or account for cancellation of AERs and CERs referred to in paragraph 11(b) and (f)–(h) above, as applicable, in the mechanism registry may request the mechanism registry administrator to suspend, re-activate or terminate the account that it had requested to open at any time.
20. A Party may request the mechanism registry administrator to suspend, re-activate or terminate any of the holding accounts of public or private entities that it had authorized to open in the mechanism registry at any time subject to the conditions for suspension, re-activation or termination of the holding accounts in accordance with [*rules to be developed*].
21. If a holding account is requested for termination, and if it still contains **A6.4ERs** and/or CERs, the registry administrator shall arrange for the transfer of the remaining units in accordance with [*rules to be developed*].
22. The mechanism registry administrator may suspend an account in the mechanism registry if it finds irregularity in the operation or use of the mechanism registry.

5. Transaction procedure

5.1. General

23. Transactions of units within the mechanism registry shall be in accordance with the transaction rules contained in appendix 2.

5.1.1. Issuance

24. Upon approval of a request for issuance of A6.4ERs by the Supervisory Body in accordance with the activity cycle procedure, the mechanism registry administrator shall issue the quantity of A6.4ERs specified in the request for issuance as approved by the Supervisory Body into the pending account.
25. For the A6.4ERs issued in the pending account, the mechanism registry administrator shall:
 - (a) Distinguish whether they are AERs or MCUs in accordance with the statement by the host Party on the authorization on the use of issued A6.4ERs referred to in paragraph 42 of the RMPs;
 - (b) Assign the unique identifier referred to in paragraph 8 above to each issued A6.4ER.
26. The mechanism registry administrator shall immediately:
 - (a) Effect a first transfer of 5 per cent of the quantity of AERs, or forward 5 per cent of the quantity of MCUs, to the share of proceeds for adaptation account referred to in paragraph 11(c) above;
 - (b) Effect a first transfer of 2 per cent of the quantity of AERs, or forward 2 per cent of the quantity of MCUs, to the mandatory cancellation for OMGE account referred to in paragraph 11(d) above.

5.1.2. Distribution

27. For the remainder of A6.4ERs in the pending account, the mechanism registry administrator shall forward or effect a first transfer of them in accordance with the request for distribution attached to the request for issuance in accordance with the activity cycle procedure.
28. If there is an issue in the request for distribution preventing complete distribution of all issued A6.4ERs, the mechanism registry administrator shall not initiate the issuance of A6.4ERs until the issue is resolved.

5.2. Transfers

5.2.1. General

29. A Party, or public or private entity, that has its own holding account in the mechanism registry may, through a dedicated interface on the UNFCCC website, transfer the A6.4ERs and/or CERs in its holding account to other account(s), specifying at a minimum:
 - (a) The unit type(s) (AER, MCU and/or CER) for transfer;
 - (b) The amount of units for transfer for each unit type, with a series of unique identifiers of the units;
 - (c) The destination account(s).

30. The mechanism registry shall transfer the units in accordance with the specifications in the transfer request by distinguishing the transfer as a first transfer or other transfer in accordance with the transaction rules contained in appendix 2.
31. [The transfer of A6.4ERs and/or CERs from a holding account shall be subject to a fee in accordance with the fee schedule contained in appendix 1].

5.2.2. Retirement for use towards nationally determined contribution

32. A Party may transfer AERs or CERs in its holding account to its applicable retirement account.

5.2.3. Cancellations

33. A Party, or public or private entity, having a holding account in the mechanism registry may transfer A6.4ERs in its holding account to the account for voluntary cancellation for OMGE in the mechanism registry referred to in paragraph 11(e) above.
34. A Party, or public or private entity, having a holding account in the mechanism registry may transfer AERs in its holding account to the account for cancellation of AERs for other international mitigation purposes referred to in paragraph 11(g) above if the Party has opened the latter account in the mechanism registry.
35. A Party, or public or private entity, having a holding account in the mechanism registry may transfer AERs in its holding account to the account for voluntary cancellation of AERs for other purposes in the mechanism registry referred to in paragraph 11(h) above.
36. A Party, or public or private entity, having a holding account in the mechanism registry may transfer MCUs and CERs in its holding account to the account for voluntary cancellation of MCUs and CERs in the mechanism registry referred to in paragraph 11(i) above.
37. The A6.4ERs and CERs transferred to a cancellation account in accordance with this section shall not be further transferred or used for any purpose, including towards achievement of any NDC or for other international mitigation purposes or for other purposes.

6. Interaction with other systems

38. The mechanism registry shall interact with the following systems at a minimum, as required for its operation:
 - (a) The international registry;
 - (b) The CDM registry;
 - (c) The Article 6.4 mechanism information system;
 - (d) The United Nations Enterprise Resource Planning System.

39. Regarding the interaction with the international registry, pursuant to paragraph 49 of annex I to decision 7/CMA.4 and paragraph 23 of annex I to decision 6/CMA.4, the mechanism registry shall be connected to the international registry. The connection shall:
 - (a) Allow for automated pulling and viewing of data and information on holdings and the action history of AERs for use by Parties participating in the Article 6.4 mechanism that have an account in the mechanism registry;
 - (b) Enable the functions referred to in paragraphs 9–10 of annex I to decision 6/CMA.4.
40. Regarding the interaction with the CDM registry, the mechanism registry shall be able to receive data from the CDM registry for the purpose of transferring CERs in accordance with paragraph 75(b) of the RMPs.
41. Regarding the interaction with the CARP, pursuant to paragraph 46 of annex I to decision 7/CMA.4, the interaction shall enable the synchronization of common nomenclatures, the automated prefilling of the agreed electronic format and of other quantitative information requirements pursuant to chapter IV (Reporting) of the annex to decision 2/CMA.3.
42. The mechanism registry administrator shall manage the data exchange between the mechanism registry and these other systems in accordance with Standards and recommended practices to be developed in accordance with decision 6/CMA.4. paragraph 32.

7. Reporting and transparency

7.1. Publicly available information

43. The mechanism registry shall stream information on the activities of the mechanism registry to be publicly available on the dedicated UNFCCC website in real time. This information shall include the information on, at minimum:
 - (a) The total amount of AERs and MCUs issued, AERs, MCUs and CERs cancelled mandatorily and voluntarily by cancellation type and purpose, and AERs and CERs retired in the reporting period and the accumulated amount since the beginning of the first report;
 - (b) The amount of AERs, MCUs and CERs in the holding accounts by vintage year.
44. The mechanism registry administrator shall prepare:
 - (a) Input to the annual report of the Supervisory Body to the CMA regarding the activities of the mechanism registry;
 - (b) Input to the annual report of the secretariat to the CMA on the infrastructure as per paragraph 36(c) of the annex to decision 2/CMA.3.
45. Pursuant to paragraph 48 of annex I of decision 7/CMA.4, the mechanism registry administrator shall make non-confidential information relating to the activities of the mechanism registry publicly available and provide a publicly accessible interface on the UNFCCC website.

7.2. Party-specific information

46. Pursuant to paragraph 46 of annex I to decision 7/CMA.4, the mechanism registry administrator shall, for each Party participating in the Article 6.4 mechanism, prepare the automatic prefilling of the agreed electronic format and of other quantitative information requirements pursuant to chapter IV (Reporting) of the annex to decision 2/CMA.3 in relation to AERs and create records of internationally transferred mitigation outcomes in the accounts of the international registry so as to enable tracking pursuant to chapter VI.A (Tracking) of the annex to decision 2/CMA.3.
47. Pursuant to paragraph 47 of annex I to decision 7/CMA.4, the mechanism registry administrator shall produce and disseminate reports to the designated national authorities of Parties participating in the Article 6.4 mechanism on the holdings and transaction history in relation to the accounts and transactions associated with the respective Parties.

7.3. Account holder-specific information

48. The mechanism registry shall allow account holders to see the authorization status and the first transfer status of A6.4ERs held in their holding accounts. The mechanism registry shall also allow account holders to see if a transaction is the first transfer in the transaction history of their accounts.

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Appendix 1. Fee schedule

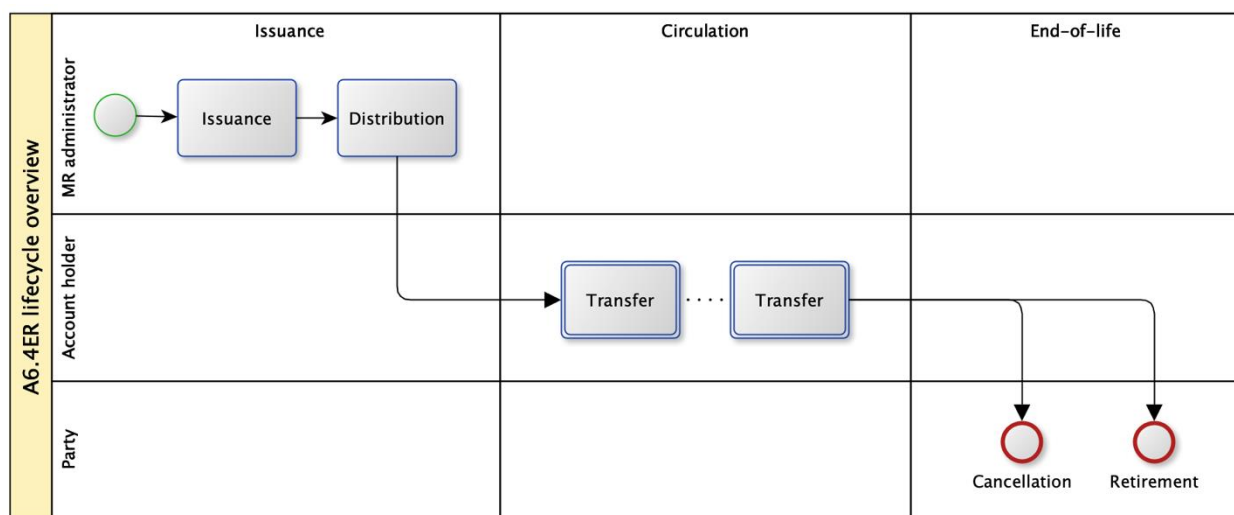
1. The following fees shall apply to account holders of the mechanism registry:
 - (a) An account opening fee for all entity accounts:
 - (i) [500] for the first account opened by an account holder;
 - (ii) [800] for the second and any subsequent accounts opened by an account holder;
 - (b) An annual account maintenance fee of [400] for all entity accounts;
 - (c) Connection and initialization fees for all connecting registries at a level to be determined.
2. The following exemptions shall apply:
 - (a) Activity participant account holders shall be exempt from the account opening fee for the first account they open (fee 1(a));
 - (b) Account holders shall be exempt from account maintenance fees if they opened their account within the maintenance fee payable period (within 12 months) (fee 1(b));
 - (c) Parties' accounts shall be exempt from all account opening fees.

Appendix 2. Transaction rules

1. Unit life cycle

1. Units in the mechanism registry follow a life cycle starting with issuance. Depending on the transaction rules described below and the needs of Parties and account holders, the units may be subsequently transferred multiple times during the turnover phase of their life before being permanently deposited in either retirement or cancellation “end-of-life” accounts.

Figure 1. Overview of the A6.4ER life cycle



2. Transitioned CERs technically follow a similar life cycle. They are generated in the pending account by the mechanism registry administrator and then transferred to a holding account in a transaction called “Acquisition of CERs in a holding account”.
3. Table 1 contains a quick reference of possible transfers between accounts in the mechanism registry.

Table 1. Possible transfers in the mechanism registry

From account \ To account	Pending	Holding	Holding (SoP Adaptation)	Retirement (use for NDC)	Cancellation for OIMP	Voluntary cancellation for other purposes	Cancellation for OMGE	Voluntary cancellation for OMGE
Pending				C				
Holding				C				
Holding (SoP Adaptation)								

	Not possible to transfer to the same account
	Transfer of all A6.4ERs possible
	Transfer possible for AERs
C	Transfer possible for AERs and CERs
	Transfer not possible

4. Note that the transfer of MCUs is possible only to accounts linked to the host Party or to the account for the share of proceeds for adaptation.

2. Identification of mitigation outcomes in the mechanism registry

5. The following parameters are sufficient to uniquely identify a mitigation outcome¹ in the mechanism registry:
- (a) Identifier of the host Party;
 - (b) Identifier of the activity;
 - (c) Vintage;
 - (d) Serial number.

¹ Note that should non-GHG metrics become usable in the Article 6 mechanism, the identifier of the metric of the mitigation outcome according to the UNFCCC common nomenclature of metrics will need to be added in order for the identifiers to remain unique. Should it become possible to generate non-GHG ITMOs, the unique identifiers of AERs will also need to be reformatted to include the identifier of the metric, accordingly.

6. As the parameters listed above are sufficient to identify a mitigation outcome, they are also sufficient to identify an internationally transferred mitigation outcome (ITMO) that is based on such a mitigation outcome.
7. For convenience, readability and comparability in international reporting, ITMOs follow a convention on visual display of the ITMO unique identifier, comprising the following parameters joined by a dash (-) sign:
 - (a) Cooperative approach identifier according to the UNFCCC common nomenclature (string, “CA” plus a four-digit zero-padded number, CA0001 for the Article 6.4 mechanism);
 - (b) Identifier of the issuing registry according to the UNFCCC common nomenclature (string, ISO 3166 alpha-2 country code of the country² that first declared the use of the registry plus a two-digit number of the registry within the country if the country uses multiple registries);
 - (c) Identifier of the host Party according to the UNFCCC common nomenclature (ISO3166 alpha-2 country code of the host Party);
 - (d) Article 6.4 activity identifier (integer number);
 - (e) Vintage (four-digit year);
 - (f) Serial number (integer number);
 - (g) List of extents of authorization (a combination of “N” - NDC, “I” - OIMP and “O” - other purposes);
 - (h) Authorization conditionality marker (“C” if the authorization contains further conditions).
8. AERs are ITMOs; therefore their identifiers fully comply with the format for ITMO identifiers.
9. For example, **CA0001-UN01-TH-0211-2021-242323-NIO-C** is an AER issued by the mechanism registry for a mitigation outcome generated in Thailand under activity 0211 in 2021 and authorized for all uses with conditionality.
10. The convention for the display of unique identifiers for MCUs in the mechanism registry comprises the following parameters joined by a dash (-) sign:
 - (a) The “MCU” string;
 - (b) Identifier of the host Party according to the UNFCCC common nomenclature (ISO3166 alpha-2 country code of the host Party);
 - (c) Article 6.4 activity identifier (integer number);
 - (d) Vintage (four-digit year);
 - (e) Serial number (integer number).

² Or “UN” if the registry is established by the United Nations.

11. For example, **MCU-TH-0211-2021-242323** is an MCU issued for a mitigation outcome generated in Thailand under activity 0211 in 2021.
12. The convention for the display of unique identifiers for CERs in the mechanism registry comprises the following parameters joined by a dash (-) sign:
 - (a) The “CER” string;
 - (b) Full unique identifier of the CER as transitioned from the CDM registry.
13. For example, **CER-TH-5-1045380-1-1-0-2660** is a CER with the original serial number “TH-5-1045380-1-1-0-2660” transitioned from the CDM registry.

3. Definition of the transaction description language

14. All transactions below will be defined in consistent form, using the following elements:
 - (a) Prerequisites are the conditions that need to be met in order for the transaction to be attempted by the registry system;
 - (b) Flow is the step-by-step description of the way the transaction is processed by the registry system leading to its successful completion;
 - (c) Outcome is the final changed state of the mechanism registry database upon successful completion of the transaction;
 - (d) Exceptions is a list of envisaged problems with the completion of the transaction;
 - (e) Roll-back is the plan to recover from the consequences of partially succeeded operations in case the entire transaction fails due to one of the exceptions.
15. The flow includes a graphical presentation of the transaction. Simple flow diagrams are used in order to improve readability.

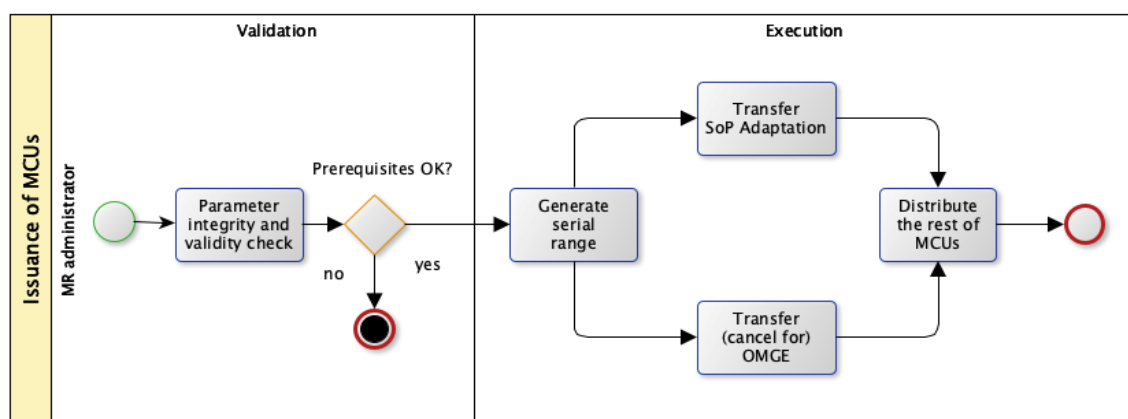
4. Transaction types

16. The following transaction types are defined in the mechanism registry:
 - (a) Issuance of MCUs;
 - (b) Issuance of AERs;
 - (c) Forwarding of MCUs;
 - (d) First transfer of AERs, including at retirement and cancellation;
 - (e) Domestic and international transfer of AERs that have been first transferred;
 - (f) Acquisition of CERs;
 - (g) Retirement of CERs for NDC;
 - (h) Corrective transfer.

4.1. Issuance of MCUs

17. Issuance of MCUs is a transaction that is initiated by a request made by the mechanism registry administrator on the basis of a parameter package communicated from the mechanism information system or entered manually. MCUs are issued into the pending account³ and immediately distributed (forwarded) according to the applicable guidance⁴ and the instructions provided by activity participants.
18. Prerequisites:
 - (a) Parameter package communicated from the mechanism information system or entered by the mechanism registry administrator manually, comprising:
 - (i) Unique identifier of the Article 6.4 activity, as assigned in the mechanism information system;
 - (ii) Vintage, as per the common nomenclature of vintages;
 - (iii) Host Party identifier, as per the common nomenclature of Parties to the Paris Agreement
 - (iv) Number of MCUs to be issued;
 - (v) Distribution instruction for all units with account numbers to which resulting MCUs need to be transferred, including share of proceeds for adaptation⁵ and OMGE.⁶
 - (b) A go-ahead instruction from the mechanism registry administrator.

Figure 2. Issuance of MCUs



³ Paragraph 37, annex I, decision 7/CMA.4.

⁴ Section IV.B, annex I, decision 7/CMA.4.

⁵ Paragraph 39, annex I, decision 7/CMA.4.

⁶ Paragraph 40, annex I, decision 7/CMA.4.

19. Flow:

- (a) Check parameter package integrity:
 - (i) Use of common nomenclatures;
 - (ii) Vintage shall be of a past or current year;
 - (iii) The registry shall be aware of the activity identifier;
- (b) Check the validity of request:
 - (i) The number of units requested, including the number of units already issued to the activity, shall not exceed [the maximum number for which the registry IT solution is designed][the annual amount of emission reductions planned to be generated by the activity in its project documentation multiplied by the number of vintages it has requested issuance for, including the current request];
 - (ii) All accounts mentioned in the distribution instruction shall exist in the registry and be in a state that allows receipt of MCUs;
 - (iii) The number of MCUs to be transferred to a holding account of the Adaptation Fund⁷ shall be 5 per cent of the total number of MCUs requested;
 - (iv) The number of MCUs to be transferred to an OMGE⁸ cancellation account shall be at least 2 per cent of the total number of MCUs requested;
- (c) Generate the serial range of MCUs starting the numbering from 1 if the activity had no issued units in the requested vintage or from the last issued serial number plus 1 if there are issued units for the given activity in the same vintage and place the generated range in the pending account;
- (d) Transfer units to accounts according to the distribution instructions, starting with the levies.

20. Outcome:

- (a) Newly issued MCUs in mechanism registry accounts according to the distribution instructions, including the transferred levies for adaptation and OMGE.

21. Exceptions:

- (a) The parameters do not follow common nomenclatures;⁹
- (b) The registry is unable to hold the number of units specified;
- (c) Any of the accounts in the distribution instructions do not exist;

⁷ Paragraph 39, annex I, decision 7/CMA.4. Note that here and ahead, where the calculation of percentage to be transferred for levies results in a fraction of a unit, the amount of the levy is to be rounded up to the next whole unit.

⁸ Paragraph 40, annex I, decision 7/CMA.4.

⁹ E.g. the parameter package contains a Party identifier or vintage identifier that is not known to the CARP.

- (d) Any of the accounts in the distribution instructions are not in a state¹⁰ that allows receipt of MCUs from the pending account;
- (e) The distribution to the account of the Adaptation Fund is incorrectly calculated;
- (f) The distribution to the account for OMGE cancellation of the Adaptation Fund is incorrectly calculated (insufficient).

22. Roll-back:

- (a) Undo all changes made to the database in the course of execution of the flow.

4.2. Issuance of AERs

23. Issuance of AERs is a transaction that is initiated by a request made by the mechanism registry administrator on the basis of a parameter package communicated from the mechanism information system or entered manually. AERs are issued into the pending account and immediately distributed according to the applicable guidance and the instructions provided by activity participants.

24. Prerequisites:

- (a) Parameter package communicated from the mechanism information system or entered by the mechanism registry administrator manually, comprising:
 - (i) Unique identifier of the Article 6.4 activity, as assigned in the mechanism information system;
 - (ii) Vintage, as per the common nomenclature of vintages;
 - (iii) Host Party identifier, as per the common nomenclature of Parties to the Paris Agreement;
 - (iv) Number of AERs to be issued;
 - (v) Distribution instruction for all units with account numbers to which resulting MCUs need to be transferred, including share of proceeds for adaptation¹¹ and OMGE;¹²
 - (vi) Authorization extents: NDC (N), OIMP (I) and other purposes (O);
 - (vii) The marker of the presence of conditionality in the authorization document (C) requiring the manual check of applicability of authorization to units at issuance and at use or cancellation;
 - (viii) First transfer definition for AERs authorized for OIMP: authorization, issuance, cancellation or use;
 - (ix) Authorization document payload;

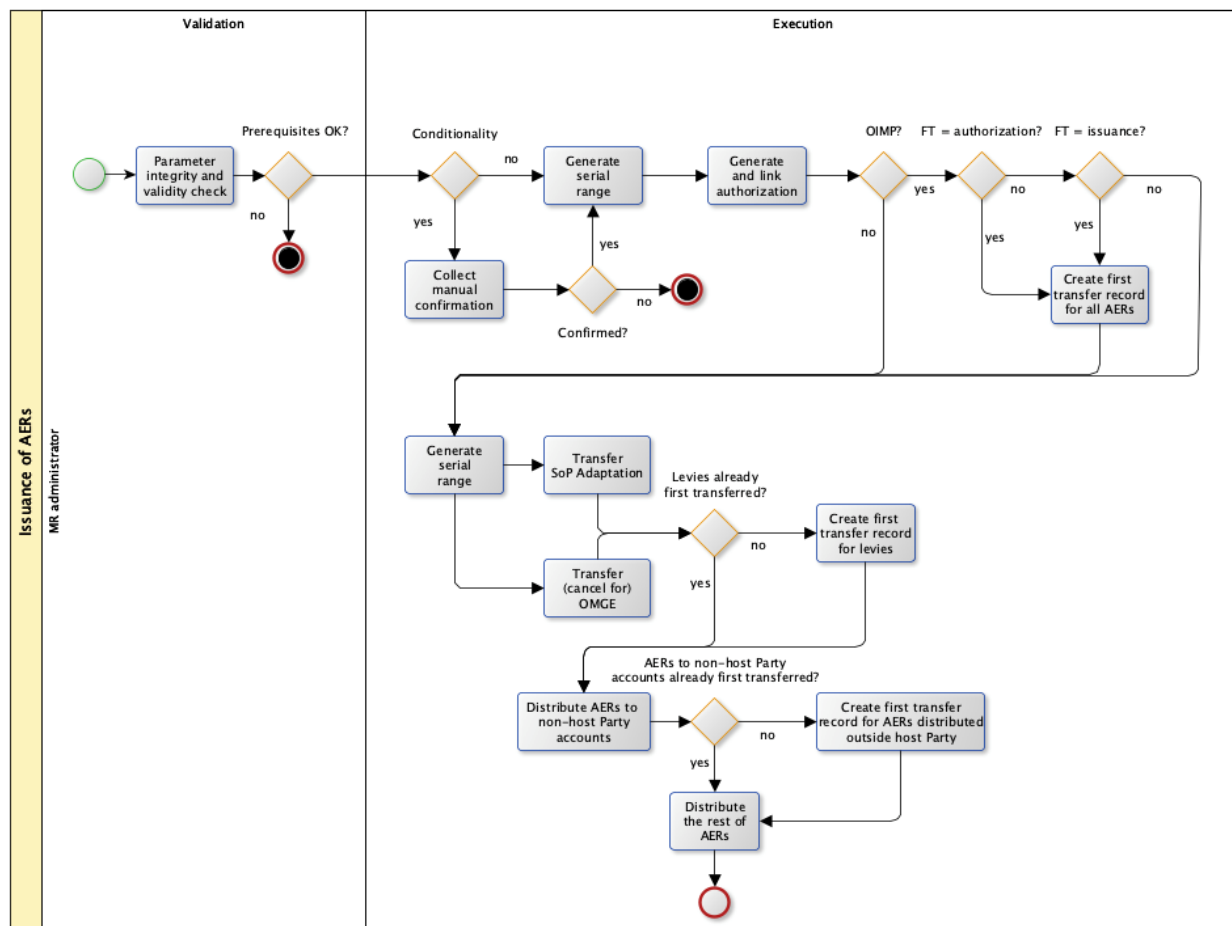
¹⁰ The account shall be active for receipt, i.e. it needs to have completed opening and “Know Your Client” procedures and not be suspended or terminated.

¹¹ Para 39, Annex I, decision 7/CMA.4.

¹² Para 40, Annex I, decision 7/CMA.4.

- (b) A go-ahead instruction from the mechanism registry administrator.

Figure 3. Issuance of AERs



25. Flow:

- (a) Check parameter package integrity:
- (i) Use of common nomenclatures;
 - (ii) Vintage shall be of a past or current year;
 - (iii) The registry shall be aware of the activity identifier;
- (b) Check the validity of request:
- (i) The number of units requested, including the number of units already issued to the activity, shall not exceed [the maximum number for which the registry IT solution is designed][the annual amount of emission reductions planned to be generated by the activity in its project documentation multiplied by the number of vintages it has requested issuance for, including the current request];
 - (ii) All accounts mentioned in the distribution instruction shall exist in the registry and be in a state that allows receipt of AERs;

- (iii) The number of AERs to be transferred to a holding account of the Adaptation Fund¹³ shall be 5 per cent of the total number of MCUs requested;
 - (iv) The number of AERs to be transferred to an OMGE¹⁴ cancellation account shall be at least 2 per cent of the total number of MCUs requested;
- (c) Should the conditionality marker be present in the authorization, collect manual confirmation of the applicability of authorization to units to be issued from the mechanism registry administrator;
- (d) Generate the serial range of AERs starting the numbering from 1 if the activity had no issued units in the requested vintage or from the last issued serial number plus 1 if there are issued units for the given activity in the same vintage and place the generated range in the pending account;
- (e) Generate an authorization record using the parameters and extents of authorization from the parameter package and assign "CA0001" as the identifier of the cooperative approach;
- (f) Link the authorization record to AERs generated;
- (g) Should the AERs be authorized for OIMP and the definition of the first transfer be either authorization or issuance, create a first transfer record and link it to:
 - (i) All AERs being issued;
 - (ii) The current issuance transaction;
- (h) Transfer units to accounts for levies for adaptation and OMGE;
- (i) Unless already first transferred, generate first transfer records and link them to:
 - (i) The AERs being transferred to accounts for levies;
 - (ii) The current issuance transaction;
- (j) Transfer the units to accounts linked to the host Party of the activity according to the distribution instructions;
- (k) Transfer the remaining units according to the distribution instructions to accounts not linked with the host Party, if any;
- (l) Unless already first transferred, generate first transfer records for the units distributed to accounts not linked to the host Party and link them to:
 - (i) The AERs being transferred to activity participants' accounts;
 - (ii) The current issuance transaction;
- (m) Transfer the remaining units according to the distribution instructions to accounts linked with the host Party, if any.

¹³ Para 39, Annex I, decision 7/CMA.4. Note that here and ahead, where the calculation of percentage to be transferred for levies results in a fraction of a unit, the amount of the levy is to be rounded up to the next whole unit.

¹⁴ Para 40, Annex I, decision 7/CMA.4.

26. Outcome:

- (a) Newly issued AERs in mechanism registry accounts¹⁵ according to the distribution instructions, including the transferred levies for adaptation and OMGE;
- (b) Authorization records linked to the newly issued AERs;
- (c) First transfer records linked to the issuance transaction in case the AERs are authorized for OIMP and the definition of the first transfer is either authorization or issuance;
- (d) First transfer records linked to the transfer of levies in respect of the AERs that have not been first transferred as described in point (c) above;
- (e) First transfer records linked to the transfer to activity participants with accounts linked to Parties other than the host Party, according to distribution instructions in respect of the AERs that have not been first transferred as described in points (c) and (d) above.

27. Exceptions:

- (a) The parameters do not follow common nomenclatures;
- (b) The registry is unable to hold the number of units specified;
- (c) Any of the accounts in the distribution instructions do not exist;
- (d) Any of the accounts in the distribution instructions are not in a state that allows receipt of AERs from the pending account;
- (e) The distribution to the account of the Adaptation Fund is incorrectly calculated;
- (f) The distribution to the account for OMGE cancellation of the Adaptation Fund is incorrectly calculated (insufficient);
- (g) Where a manual check of conditionality is needed.

28. Roll-back:

- (a) Undo all changes made to the database in the course of execution of the flow.

4.3. Forwarding of MCUs

29. Forwarding of MCUs is a transaction that is initiated by an account holder to transfer MCUs from a holding account in the mechanism registry to another account linked to the same Party in the mechanism registry or to one of the global accounts for levies.

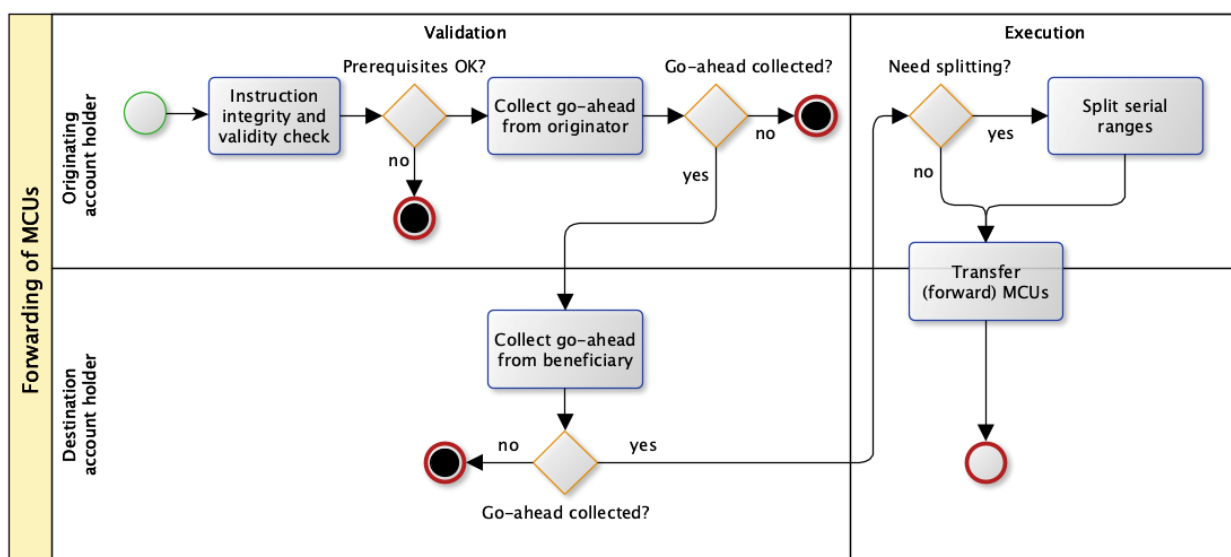
30. Prerequisites:

- (a) A forwarding instruction from the originating account holder, comprising:
 - (i) The originating account number;

¹⁵ Note that the current version of these transaction rules does not take into account standards and recommended practice to be developed in accordance with the decision 6/CMA.4. paragraph 32.

- (ii) The destination account number;
- (iii) Unique identifier of the Article 6.4 activity, as assigned in the mechanism information system (integer);
- (iv) Vintage, as per the common nomenclature of vintages;
- (v) Number of MCUs to be forwarded;
- (vi) Optionally, a specific serial number range or ranges to be forwarded;
- (b) A go-ahead instruction from the account holder;
- (c) A go-ahead instruction from the account holder of the destination account.

Figure 4. Forwarding of MCUs



31. Flow:

- (a) Check forwarding instruction integrity:
 - (i) Use of common nomenclatures;
 - (ii) The originating account shall be a holding account;
 - (iii) Serial numbers and ranges, if included, shall exist in the registry;
- (b) Check the validity of request:
 - (i) The originating account shall be held by the originating account holder and be in a state that allows outgoing transfer;
 - (ii) The destination account shall be held by the destination account holder and be in a state that allows incoming transfer;
 - (iii) The destination account shall be linked to the same Party as the originating account or be one of the global accounts for levies;

- (iv) If specified, the serial range to be forwarded shall be in the originating account;
 - (v) The units in the serial number range, if specified, shall be MCUs;¹⁶
 - (vi) The originating account shall hold a sufficient number of unburdened¹⁷ MCUs for the requested forwarding;
 - (c) If serial number range is not specified, earmark the serial number ranges to be transferred in the originating account, splitting¹⁸ the existing ranges as necessary;
 - (d) Transfer the earmarked or specified serial number ranges to the destination account.
32. Outcome:
- (a) Serial number ranges are split in order to produce a set of serial number ranges that contain the necessary number of MCUs in the originating account;
 - (b) MCUs are transferred to the destination account.
33. Exceptions:
- (a) The parameters do not follow common nomenclatures;
 - (b) The originating account is not in a state that allows outgoing transfers;
 - (c) The destination account is not in a state that allows incoming transfers;
 - (d) Active authorizations exist for the serial number range specified (the units to be transferred are not MCUs);
 - (e) There are insufficient unburdened MCUs in the originating account;
 - (f) If specified, the specific serial number range to be transferred is burdened.
34. Roll-back:
- (a) If already performed, keep the splitting of serial number ranges in the originating account;
 - (b) Undo all other changes made to the database in the course of execution of the flow.

¹⁶ A6.4ERs that do not have an authorization record linked to them are MCUs. Should revocation of authorization be possible and the consequence for AERs with revoked authorization be that they become MCUs, the A6.4ERs for which the latest version of the linked authorization record contains a revocation of authorizations, are also MCUs.

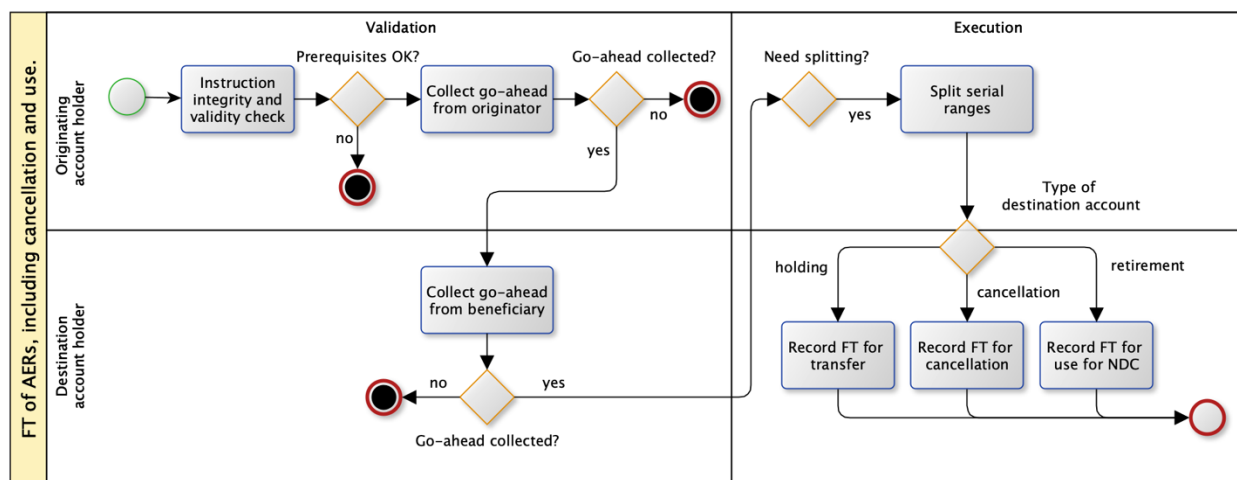
¹⁷ Account holdings may be restricted or blocked in accounts due to a variety of operational conditions that may occur, including legal proceedings or the possible implementation of registration of third parties' financial interest in holdings in the registry. "Unburdened" units are those units that are not subject to any such blockage or restriction.

¹⁸ Earmarking operation will be designed in a way to minimize the need for splitting and hence fragmentation of serial number ranges in the registry.

4.4. First transfer of AERs, including first transfers defined as cancellation and use.

35. First transfer of AERs is a transaction that is initiated by an account holder to transfer AERs from a holding account in the mechanism registry to another account in the mechanism registry that is either linked to a different Party than the one to which the originating account is linked or is a cancellation or retirement account. The transaction is referred to as:
- (a) “First transfer” if the destination account is a holding account;
 - (b) “Cancellation” if the destination account is a cancellation account;
 - (c) “Retirement” if the destination account is a retirement account.
36. Prerequisites:
- (a) A first transfer instruction from the originating account holder, comprising:
 - (i) The originating account number;
 - (ii) The destination account number;
 - (iii) Unique identifier of the Article 6.4 activity, as assigned in the mechanism information system;
 - (iv) Vintage, as per the common nomenclature of vintages;
 - (v) Number of AERs to be first transferred;
 - (vi) Optionally, a specific serial number range or ranges to be first transferred;
 - (b) A go-ahead instruction from the account holder;
 - (c) A go-ahead instruction from the account holder of the destination account.

Figure 5. First transfer of AERs, including cancellation and use



37. Flow:

- (a) Check first transfer instruction integrity:
 - (i) Use of common nomenclatures;
 - (ii) The originating account shall be a holding account;
 - (iii) Serial numbers and ranges, if included, shall exist in the registry;
- (b) Check the validity of request:
 - (i) The originating account shall be held by the originating account holder and be in a state that allows outgoing transfer;
 - (ii) The destination account shall be held by the destination account holder and be in a state that allows incoming transfer;
 - (iii) The destination account shall be linked to a different Party than the originating account, be a cancellation or use account linked to the same Party, or be one of the global accounts for levies;
 - (iv) If specified, the serial range to be forwarded shall be in the originating account;
 - (v) The units in the serial number range, if specified, shall be AERs¹⁹ that have not yet been first transferred;
 - (vi) The originating account shall hold a sufficient number of unburdened AERs for the requested forwarding;
 - (vii) If the serial number range is specified and the destination account is a retirement account, an account for cancellation for OIMP or an account for cancellation of AERs for other purposes, the AERs in the serial number range shall be authorized for the respective purpose;
- (c) If serial number range is not specified, earmark the serial number ranges of AERs that have not yet been first transferred and are authorized for the purpose of the destination account in the originating account, splitting the existing ranges as necessary;
- (d) Transfer the earmarked or specified serial number ranges to the destination account;
- (e) Generate first transfer record and link it to:
 - (i) The earmarked or specified serial number ranges of AERs being first transferred;
 - (ii) The current first transfer transaction, if the destination account is a holding account;

¹⁹ AERs are A6.4ERs that have a linked authorization record that allows use for at least one of the purposes specified in the guidance.

- (iii) The current cancellation transaction, if the destination account is a cancellation account;
- (iv) The current retirement transaction, if the destination account is a retirement account.

38. Outcome:

- (a) Serial number ranges are split in order to produce a set of serial number ranges that contain the necessary number of MCUs in the originating account;
- (b) MCUs are transferred to the destination account.

39. Exceptions:

- (a) The parameters do not follow common nomenclatures;
- (b) The originating account is not in a state that allows outgoing transfers;
- (c) The destination account is not in a state that allows incoming transfers;
- (d) The serial number range specified is not authorized or not authorized for the purposes of the destination account;
- (e) There are insufficient unburdened and appropriately authorized AERs in the originating account;
- (f) If specified, the specific serial number range to be transferred is burdened.

40. Roll-back:

- (a) If already performed, keep the splitting of serial number ranges in the originating account;
- (b) Undo all other changes made to the database in the course of execution of the flow.

4.5. Domestic and international transfer of AERs that have already been first transferred

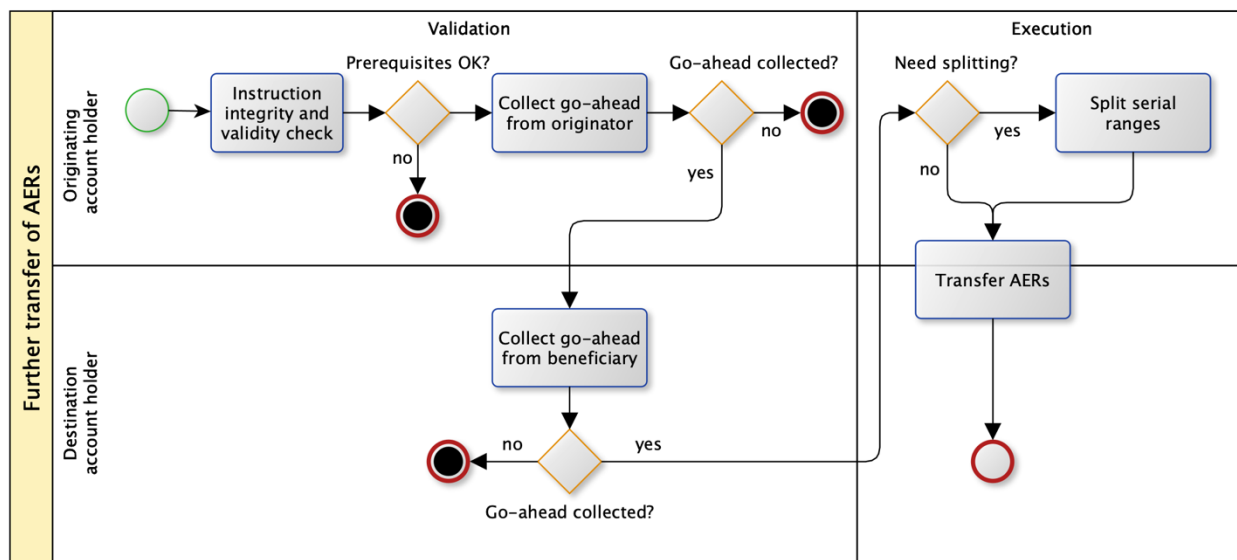
41. Domestic or international transfer of AERs is a transaction that is initiated by an account holder to transfer AERs from a holding account in the mechanism registry to another account in the mechanism registry.

42. Prerequisites:

- (a) A transfer instruction from the originating account holder, comprising:
 - (i) The originating account number;
 - (ii) The destination account number;
 - (iii) Unique identifier of the Article 6.4 activity, as assigned in the mechanism information system;
 - (iv) Vintage, as per the common nomenclature of vintages;
 - (v) Number of AERs to be transferred;

- (vi) Optionally, a specific serial number range or ranges to be forwarded;
- (b) A go-ahead instruction from the account holder;
- (c) A go-ahead instruction from the account holder of the destination account.

Figure 6. Further transfer of AERs



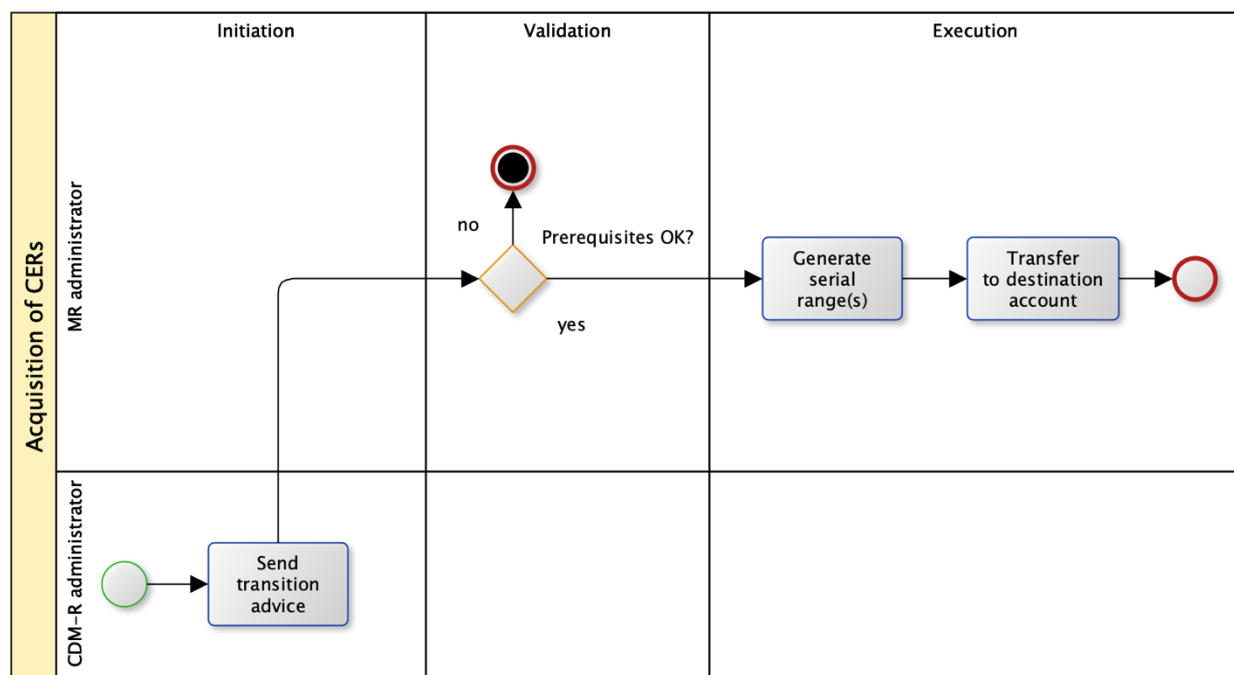
43. Flow:

- (a) Check transfer instruction integrity:
 - (i) Use of common nomenclatures;
 - (ii) The originating account shall be a holding account;
 - (iii) Serial numbers and ranges, if included, shall exist in the registry;
- (b) Check the validity of request:
 - (i) The originating account shall be held by the originating account holder and be in a state that allows outgoing transfer;
 - (ii) The destination account shall be held by the destination account holder and be in a state that allows incoming transfer;
 - (iii) If specified, the serial range to be transferred shall be in the originating account;
 - (iv) The units in the serial number range, if specified, shall be authorized and first transferred;
 - (v) The originating account shall hold a sufficient number of unburdened authorized and first transferred AERs for the requested transfer;

- (c) If the serial number range is not specified, earmark the serial number ranges to be transferred in the originating account, splitting²⁰ the existing ranges as necessary;
 - (d) Transfer the earmarked or specified serial number ranges to the destination account.
44. Outcome:
- (a) Serial number ranges are split in order to produce a set of serial number ranges that contain the necessary number of AERs in the originating account;
 - (b) AERs are transferred to the destination account.
45. Exceptions:
- (a) The parameters do not follow common nomenclatures;
 - (b) The originating account is not in a state that allows outgoing transfers;
 - (c) The destination account is not in a state that allows incoming transfers;
 - (d) The serial number range specified is not authorized;
 - (e) The serial number range specified has not been first transferred;
 - (f) There are insufficient unburdened authorized and first transferred AERs in the originating account;
 - (g) If specified, the specific serial number range to be transferred is burdened.
46. Roll-back:
- (a) If already performed, keep the splitting of serial number ranges in the originating account;
 - (b) Undo all other changes made to the database in the course of execution of the flow.
- 4.6. Acquisition of CERs**
47. Acquisition of CERs in a holding account is a transaction that is initiated by the mechanism registry administrator upon advice on the transition of CERs in the CDM registry received from the CDM registry administrator.
48. Prerequisites:
- (a) An acquisition instruction from the mechanism registry administrator, comprising:
 - (i) A list of original serial number ranges of CERs transitioned from the CDM registry;
 - (ii) The destination account number;
 - (b) A go-ahead instruction from the mechanism registry administrator.

²⁰ Earmarking operation will be designed in a way to minimize the need for splitting and hence fragmentation of serial number ranges in the registry.

Figure 7. Acquisition of CERs



49. Flow:

- (a) Check the validity of request:
 - (i) The destination account number shall exist in the registry and be either a holding account or an account for retirement for NDC;
 - (ii) The destination account shall be in a state that allows incoming transfer;
- (b) Generate the serial ranges of transitioned CERs in the pending account by:
 - (i) Setting the cooperative approach part of the serial number as “CER”;
 - (ii) Setting the vintage to 2020;
 - (iii) Copying the serial numbers of CERs;
- (c) Transfer the generated serial number ranges to the destination account.

50. Outcome:

- (a) CERs placed in the destination account.

51. Exceptions:

- (a) The destination account is not in a state that allows incoming transfers;
- (b) The specified serial number range(s) of CERs are already present in the mechanism registry.

52. Roll-back:

- (a) Undo all other changes made to the database in the course of execution of the flow.

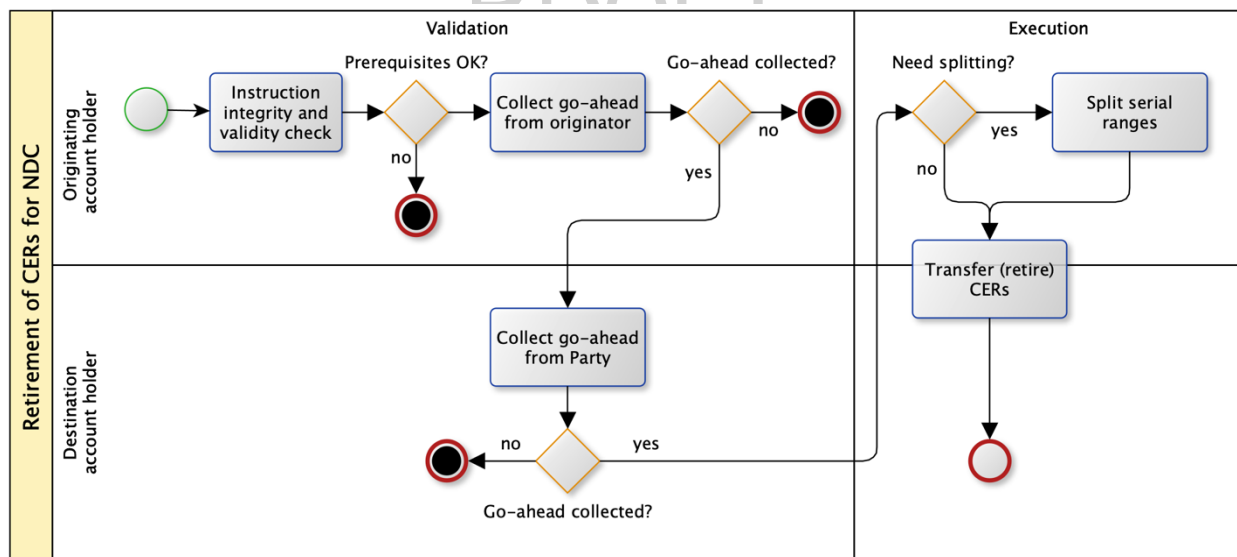
4.7. Retirement of CERs for NDC

53. Retirement of CERs for NDC is a transaction that is initiated by an account holder to transfer CERs from a holding account in the mechanism registry a retirement account for NDC.

54. Prerequisites:

- (a) A retirement instruction from the originating account holder, comprising:
 - (i) The originating account number;
 - (ii) The destination account number;
 - (iii) The number of CERs to be retired;
 - (iv) Optionally, a specific serial number range or ranges to be retired;
- (b) A go-ahead instruction from the originating account holder;
- (c) A go-ahead instruction from the Party-account holder of the destination retirement account.

Figure 8. Retirement of CERs for NDC



55. Flow:

- (a) Check CER retirement instruction integrity:
 - (i) The originating account shall be a holding account;
 - (ii) Serial numbers and ranges, if included, shall exist in the registry;

- (b) Check the validity of request:
 - (i) The originating account shall be held by the originating account holder and be in a state that allows outgoing transfer;
 - (ii) The destination account shall be held by the destination account holder and be in a state that allows incoming transfer;
 - (iii) The destination account shall be an NDC retirement account held by a Party.
 - (iv) If specified, the serial range to be forwarded shall be in the originating account;
 - (v) The units in the serial number range, if specified, shall be CERs;
 - (vi) The originating account shall hold a sufficient number of unburdened CERs for the requested forwarding;
 - (c) If serial number range is not specified, earmark the serial number ranges of CERs in the originating account, splitting the existing ranges as necessary;
 - (d) Transfer the earmarked or specified serial number ranges to the destination account.
56. Outcome:
- (a) CERs are retired to the specified destination account.
57. Exceptions:
- (a) The originating account is not in a state that allows outgoing transfers;
 - (b) The destination account is not in a state that allows incoming transfers;
 - (c) There are insufficient unburdened CERs in the originating account;
 - (d) If specified, the specific serial number range to be transferred is burdened.
58. Roll-back:
- (a) If already performed, keep the splitting of serial number ranges in the originating account;
 - (b) Undo all other changes made to the database in the course of execution of the flow.

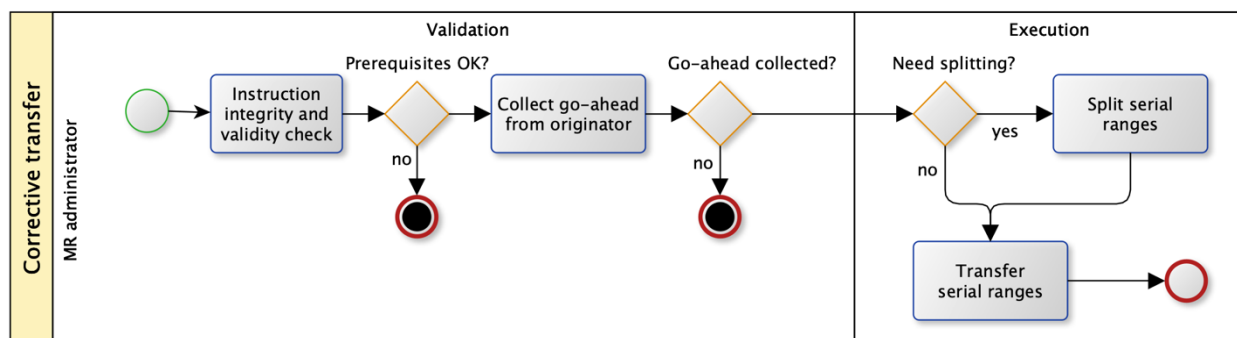
4.8. Corrective transfer

59. Corrective transfer is a transaction available to the mechanism registry administrator used for correction of erroneous transfers, cancellation of erroneous issuances, involuntary transactions on accounts of account holders in implementation of binding arbitrators' decisions and other extraordinary circumstances not covered by other transaction rules.

60. Prerequisites:

- (a) A transfer instruction from the registry administrator, comprising:
 - (i) The originating account number;
 - (ii) The destination account number;
 - (iii) A specific serial number range or ranges to be transferred;
 - (iv) A corrective transfer type;²¹
 - (v) A manually entered justification for the corrective transfer;
- (b) A go-ahead instruction from the registry administrator.

Figure 9. Corrective transfer



61. Flow:

- (a) Check transfer instruction integrity:
 - (i) Serial numbers specified shall exist in the registry;
- (b) If the serial number range(s) specified includes a subset of an existing range(s), split the existing ranges to obtain the specified ranges;
- (c) Transfer the specified serial number ranges to the destination account.

62. Outcome:

- (a) Ranges are split as necessary;
- (b) Ranges are transferred to the destination account.

63. Exceptions:

- (a) The parameters do not follow common nomenclatures.

²¹ The exact nomenclature of types of corrective transfers will be elaborated by the mechanism registry administrator and possibly included as a common nomenclature in the CARP in order to make it usable by the international registry and other registries.

64. Roll-back:
- (a) Undo all other changes made to the database in the course of execution of the flow.

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