



ALLIANCE OF SMALL ISLAND STATES

The ALLIANCE OF SMALL ISLANDS STATES (AOSIS) comments on the Draft Registry Procedure (Version post-meeting, 23 June 2026)

AOSIS is responding to the call for stakeholder inputs on the draft registry procedure (Version post-meeting, 23 June 2026) to ensure that the decisions taken by the CMA are faithfully executed in the procedures of the Supervisory Body. The Supervisory Body is mandated to implement the decisions taken by the CMA and is accountable to the CMA.

The draft registry procedure does not yet fully or transparently operationalize decision 6/CMA.6, paras. 12-14 on post-issuance authorization, despite concerns having been raised at the previous SB meeting in this regard. These elements were part of a political package at Baku that enabled the notion of post-issuance authorization to be agreed. Hence if there is to be post-issuance authorization, the criteria set out in these paragraphs must be satisfied.

Decision 6/CMA.6, Section III, creates a series of requirements associated with post-issuance authorization.

Paragraph 12 provides, among other things, that in the event of post-issuance authorization, the requirements for corresponding adjustments must be applied with respect to the MCUs already forwarded for SOP and cancelled for OMGE.

Paragraph 14 *"requests the Secretariat, with the approval of the Supervisory Body, to establish necessary guidelines for and operationalize the process referred to in paragraph 12 above, ensuring that*

(a) Respective mitigation contribution Article 6, paragraph 4, emission reductions are still held by the mitigation activity participants and have not been transferred in or out of the mechanism registry;

(b) Corresponding adjustments pursuant to decision 2/CMA.3, annex, chapter III (Corresponding adjustments), are applied by the host Party as if the authorization had been provided no later than at issuance;

(c) Respective shares of proceeds for adaptation received by the Adaptation Fund pursuant to decision 3/CMA.3, annex, chapter VII (Levy of share of proceeds for adaptation and administrative expenses), are comprised of authorized Article 6, paragraph 4, emission reductions rather than of mitigation contribution Article 6, paragraph 4, emission reductions."

Paragraph 14(b) addresses the number of A6.4ERs for which corresponding adjustments must be applied by the host Party, which cannot be fewer than the number required to be applied if authorization had taken place no later than issuance. Paragraph 14(b) requires corresponding adjustments for the entire number of units forwarded as share of proceeds to the Adaptation Fund and directed to the OMGE cancellation account for cancellation.

Paragraph 14(c) provides that in the event of post-issuance authorization, the share of proceeds for adaptation received by the Adaptation Fund (AF) are comprised of authorized 6.4 ERs rather

than MCUs. This impacts the number of A6.4ERs that the AF must receive as AERs, which cannot be fewer than would have been received under 3/CMA.3, Ch. VII if authorization had taken place no later than issuance.

The elements in 14(b) and (c) are essential to make sure that the AF receives SOP units that are of no lesser volume or value for monetization than the AF would have received if authorization had been granted at the time of initial issuance, recognizing that AERs will have a significantly higher market value than MCUs.

These elements of decision 6/CMA.6 must be fully and transparently operationalized by the Supervisory Body and registry administrator.

One approach to operationalization would be ensure that where a Party submits a para. 11(c) statement, in which it allows issuance while reserving the option to later authorize issued MCUs as AERs, the shares of issued A6.4ERs forwarded to the AF account and cancelled to the OMGE account are forwarded and cancelled as authorized A6.4ERs that are first transferred. The AF would then be unimpacted by any post-issuance authorization of the remainder of the related units held by activity participants.

A second approach would be to ensure that in connection with any post-issuance authorization, the related MCUs previously forwarded for SOP and remaining in the AF account at the time of authorization are updated as first transferred AERs and a quantity of AERs is also forwarded from activity participant accounts to the AF in the amount needed to replace any MCUs that have already been monetized by the AF. Previously cancelled OMGE units would also be updated as first transferred AERs.

6/CMA.6 paras. 11-14 must be fully implemented to avoid perverse incentives that might otherwise be created, e.g., if a reduction in corresponding adjustments were permitted where MCUs have been on-sold by the AF,¹ we might see strategic delays in authorization for MCUs held by activity participants, or targeted purchasing of AF MCUs to avoid corresponding adjustments for these units.

With 6/CMA.6 paras. 11-14 fully applied, activity participants continue to retain the ability to delay issuance until the host Party is ready to make a decision on authorization, or to request issuance of MCUs in the context of these requirements for post-issuance authorization; the AF can undertake monetization efforts without worry; and the full value of decision 3/CMA.3 Section VII to the AF is preserved.

AOSIS looks forward to the transparent implementation of these requirements in the next iteration of the Draft Procedure.

¹ The problematic proposal contained in the previous Draft Procedure: Article 6.4 mechanism registry (Version 05.0) cover note at para. 20, last line, and section 6.2, paras. 54-56, which approach does not appear to have been altered in the current draft.

Comments

#	Section	Paragraph	Comment	Proposed change
1	3	8p	The definition of "Forwarding" at 8p seems to exclude movements from the pending account that are not first transfers. But there are movements from the pending accounts that do constitute first transfers, for example the movement of authorized A6.4ERs to the AF for SOP under 7/CMA.4, para 39, which effect a first transfer.	
2	6.1	57, n. 34, n. 36	Re n. 34, the rules set out at 6/CMA.6 for post-issuance authorization are relevant not just to activity participants but also to the general public and to potential future holders of MCUs. So if this footnote is to remain, it should be reformulated. In addition, the footnote is misleading as drafted because not all MCUs still remaining in activity participant accounts are necessarily eligible for post-issuance authorization. For example, under 6/CMA.6, para. 11(b), some MCUs may have been tagged to indicate that they may not be authorized post-issuance. Time limits may also be placed on post-issuance authorization under 6/CMA.6, paras. 12 and 13. Footnote 36 is in opposition to decision 6/CMA.6, para. 11(b) and should be deleted	The draft procedure needs to set out a clear process for post-issuance authorization consistent with decision 6/CMA.6 in the text of section 6.2. If footnote 34 is to remain, it could be reformulated as follows: "All stakeholders Activity participants should note that under decision 6.CMA.6, not all MCUs are eligible to be authorized post-issuance. See decision 6/CMA.6, Section III. post-issuance authorization is only possible for MCUs distributed to and still held in an account of the activity participant. Delete footnote 36. Section 6. 2 should then set out a clear step by step approach to post-issuance authorization.

			to avoid confusion. Where a host Party statement of authorization provides that the host Party does not authorize A6.4ERs, its flag "NPI" should not be eligible for updating for post-issuance authorization. Statements provided in connection with para. 11(c) in contrast allow for later authorization.	
3	6.2	63-65 and n. 38	These paragraphs should be replaced with clear text detailing step by step how the post-issuance authorization process is operationalized by the registry administrator in a manner consistent with all elements of decision 6/CMA.6, paras. 11-14. The reference to "eligible affected MCUs" is not sufficiently clear here. The footnote 38 reference to "the post-issuance authorization does not create an invalidity in the mechanism registry" is also not clear here. Paras 63-65 need to be replaced and Section 6.2 needs to be expanded to lay out the preconditions and steps required for post-issuance authorization of units and the consequences of post-issuance authorization for A6.4ERs previously transferred to the AF account and to the OMGE cancellation account. These procedures must ensure that the requirements set out in decision 6/CMA.6, paragraphs 12-14 are satisfied.	Eliminate current paras 63-64. Replacement language could read in concept as follows: 64. Upon receipt of a verified valid request for post-issuance authorization of eligible MCUs, the registry administrator shall: (1) update the corresponding MCUs previously forwarded for SOP and still held by the Adaptation Fund as first transferred AERs (2) forward to the Adaptation Fund from activity participant accounts, as first transferred AERs, a quantity of AERs equal to any difference between the quantity of the related MCUs previously forwarded for SOP and those still held by the AF account at the time post-issuance authorization is effectuated, of the same nature and vintage as the MCUs previously forwarded for SOP (3) update the MCUs cancelled to the OMGE cancellation account as first transferred authorized AERs. This will implement 6/CMA.6, and the requirements set out at paragraphs 12, 14b and 14c by ensuring that in the event of post-issuance authorization, the AF receives the SOP in full as AERs and receives the same quantity of AERs as it would have if authorization had taken place no later than issuance. It will also ensure that corresponding adjustments are made for SOP and OMGE as they would have been made if authorization had taken place no later than issuance.

			The previous draft failed to satisfactorily address situations in which related MCUs forwarded to the AF have been monetized prior to post-issuance authorization of related units still held in activity participant accounts from the perspective of 14(b) and failed to implement 14(c). The current draft also fails to address these issues. The registry procedures need to ensure that should be more clear here, to ensure that the MCUs previously directed to the AF for SOP and still held by the AF are updated as authorized A6.4ERs that have been first transferred, and that an approach is applied to make the AF whole, consistent with para. 14(c) where a portion of related MCUs has been monetized and post-issuance authorization of A6.4ERs still held in the mitigation activity participants' accounts follows.	
4	7	76	Transfers by Parties of AERs to retirement accounts - these AERs would have to be first transferred AERs to be used toward NDCs without double counting.	Parties may transfer <u>first transferred</u> AERs, from their holding account to their retirement account...