3rd July 2024

Subject: A6.4 Registry Mechanism : Financial Security Interests / Recognition of

Dear Members of the Article 6.4 Supervisory Body,

In response to your call for inputs for A6.4-SBM013-AA-A14 Terms and Conditions for entities using the mechanism registry, I would like to submit my thoughts and opinions, with respect to Section 3.2 Whether the Terms recognizes ownership of account holdings.

My focus in the enclosed submissions, addresses only the view of a financial market participant (efficient allocation of capital), and therefore centered on creation of conducive environment to attract Private Capital (Looking for returns) and Capital Commitments of Early buyers (as opposed to only off-take agreements) into Article 6.4 projects

My most humble and sincere thanks for offering the opportunity to make these submissions to the esteemed body and hope to contribute a financial markets' perspective towards operationalizing Article 6.4.

Kind regards
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Submissions have been made in personal capacity only

Need for acknowledgement of Ownership

I wish to highlight 3 key reasons why the esteemed members of the SB may consider embedding acknowledging ownership mechanism in the A6.4 Registry.

a. Ability to hold clear title which can be transferred: ability to claim clear title of ownership will re-affirm A6.4 ERs are a property held by the title holder.

b. With clear title established, Article 6.4ERs will then be capable of assumption by 3rd party vide a legally binding contract and when transferred the rights and entitlements are also transferred to the transferee

c. The title may further be held in a Special Purpose Entity / Vehicle (SPE / SPV), administered by a trustee and title be enforced in insolvency

The above forms the pillar of legal framework which will allow for securitization of the Article 6.4ERs for financing.

Further, the title to Article 6.4ERs being held by parties other than project owners enables segregation of Economic activity from Carbon potential (elaborated in submission made in 24 May 2024)

Enabling creation of Financial Security Interest in Article 6.4ERs

The acknowledgement of ownership can form a valid title document which may be used by parties to enter into a "*True Sale*" allowing Article 6.4ERs to be efficiently encumbered as collateral for financial institutions against bankruptcy proceedings of the transferer's estate.

Here, I would like to draw similarities to use of Warrants by London Metal Exchange which are swiftly traded and used as collateral.

It is pertinent to note that emergence of Article 6.4 registry mechanism and the focus on enabling the use of mechanism to attract large capital coincides with significant changes to regulatory capital regime where valuable capital available against perfected security interest / securitized collateral will flow easily as compared to long dated project finance without segregation of carbon potential from the project's business and economic activity.

Terms & Conditions for Entities using the Mechanism Registry : Rights and Responsibilities of Parties

Host parties will benefit significantly via Article 6 mechanism including registry mechanism by attracting huge capital and therefore, be the owners of responsibilities associated with ensuring the domestic legal framework is aligned to ensuring the rights to ownership of Article 6.4ERs wrests with account holder.

Thank you very much once again for allowing me to present the above thoughts and opinions and my most sincere wishes to Article 6.4 Supervisory Board members for success in their endeavours.